

Benefit cap

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Introduction

In the summer budget 2015 it was announced that the benefit cap would be lowered. The reduction was introduced from 7 November 2016.

Any claimants affected by the new benefit cap rules were notified by October 2016 and offered help and support from a work coach to prepare for the changes.

Annual and monthly benefit cap amounts:

Claimant/claim type	Greater London	Rest of Great Britain
Single claimants	£15, 410 (£1284.17 per month)	£13,400 (1116.67 per month)
Couple/lone parents	£23,000 (£1916.67 per month)	£20,000 (£1666.67 per month)

The benefit cap aims to achieve long term positive behavioral effects through changed attitudes to welfare, responsible life choices and strong work incentives.

Purpose of the benefit cap

The benefit cap may reduce the amount of Universal Credit a household receives.

The benefit cap limits a household's total entitlement to the following welfare benefits:

- Universal Credit
- Jobseeker's Allowance
- Income support
- Employment and Support Allowance (except where the support component is in payment)
- Child Benefit
- Maternity Allowance
- Bereavement Allowance
- Widowed Mother's Allowance
- Widowed Parent's Allowance
- Widow's Pension
- Housing benefit
- Child tax credit
- Incapacity Benefit
- Severe disablement allowance

The benefit cap has been introduced to encourage people into work and to promote fairness between those in work and those on out-of work benefits.

Benefit cap exemptions

Claimant(s) or members of their household will not be affected by the benefit cap if they:

- receive certain benefits (see the list below)
- are responsible for a child or young person who is receiving certain benefits
- qualify for a grace period (see below)
- earn £520 or over per assessment period

Benefits that make a claimant exempt from the benefit cap

- Universal Credit payment for Limited Capability for Work and Work Related Activity
- Disability Living Allowance
- Attendance Allowance
- Personal Independence Payment
- Industrial Injuries Disablement Benefit
- Armed Forces Compensation Scheme
- Armed Forces Independence Payment

- War Pension Scheme (including War Widows and War Disablement Pension)
- Guardians allowance
- Carers Allowance or Universal Credit for care

Claimants won't be affected by the benefit cap if they're entitled to one of these benefits, even if they're currently not receiving it. For example, if the claimant is in hospital or residential care.

If there is a delay in reported earnings

The benefit cap won't be applied if a claimant or their partner is in regular employment but no earnings have been reported in an assessment period. For example, this may happen if there's a delay in 'Real Time Information'. However, if the claimant or partner did not earn more than £520 in an assessment period, then the benefit cap will be applied retrospectively, and an overpayment will be created.

Grace period

Claimants who have a history of being employed may not have a benefit cap applied. This is known as a 'grace period'.

The grace period runs for 9 months, and continues to apply even if the claimant starts work.

Claimant(s) or members of their household may be eligible if they:

- earned £430 or more in each month for the previous 12 months up to March 2017, or £520 or more in each month from April 2017
- are continuing in employment but have had a reduction in hours or earnings
- are no longer receiving Working Tax Credits
- have recently separated from someone in paid employment or self employment

Claimants or members of their household will be considered to be employed and have earnings if they are receiving:

- Statutory Adoption Pay – paid by employers
- Statutory Maternity Pay – paid by employers
- Statutory Paternity Pay – paid by employers
- Statutory Sick Pay – paid by employers

The start date for the grace period is either:

- the day after the employment ended, if employment ended before the Universal Credit claim was made

- the first day of the assessment period in which their monthly net earnings fell below the in-work exemption earnings threshold (for a new claim to Universal Credit this is the claim start date)

If a claimant has a grace period and they separate from a partner and make a new claim. The grace period is carried into the new claim the start date is either the day after employment ended or the first day of the assessment period in which their earnings fall.

The grace period remains the same even if there are any breaks in the Universal Credit claim. Once the grace period has been applied, it remains fixed, even if two claimants in a joint claim separate after it has been applied.

Benefit cap offer and support

Work-related support is offered to claimants who are subject to the benefit cap. Claimants who are subject to the benefit cap or have a grace period applied must be made aware that work-related support is available. Claimants must be told about all the support that is on hand to help them find work.

The benefit cap offer aims to deliver support through existing work search interviews for those in the Intensive Work Search Regime.

Claimants in all other regimes listed will be offered up to 6 additional interviews (240 minutes), plus signposting to help with issues such as childcare and where needed the Flexible Support Fund:

- Light Touch
- Work Preparation
- Work Focused Interview
- No Work Related Requirements
- Working Enough

This support is purely voluntary and will be tailored to the individual claimant. Other areas of support can be offered to the claimant.

Any support not already offered regardless of the regime should be considered and discussed with the claimant.

The list below gives examples of the support available: rrent Policy/Activity	Eligibility Now	Eligibility for claimants affected by the benefit cap
Support to get into work delivered by a	Universal Credit is resourced to provide full	Yes – anyone in receipt of a qualifying benefit

Work Coach	support to claimants in receipt of an out of work benefit and light touch signposting support to those in employment	including those affected by the benefit cap
Flexible Support Fund Advisor Discretionary	Available for Universal Credit claimants to move them closer to employment/remove barriers to work	Yes – Work Coach discretion may identify opportunities to support customers using the FSF move closer to/into employment
Flexible Support Fund Grant Activity	Available for Universal Credit claimants to move them closer to employment/remove barriers to work and wider community	Yes – Work Coaches can refer customers to engage in Partnership activity
Work together	Available to any individual regardless of benefit status	Yes – volunteering could be targeted at this group to help move them closer to employment
Jobcentre Plus Support Contract	Available to Universal Credit claimants not in the Work Programme	Yes – Work Coach discretion may identify referrals to the modular support for those customers affected by the benefit cap
Work Clubs	Available to any individual regardless of benefit status	Yes – attending these may motivate customers towards employment
New Enterprise Allowance	Day 1 eligibility for JSA, Lone Parents on IS and ESA claimants	National policy, only those in receipt of a qualifying benefit may participate(benefit cap is not applicable?)
Work Experience	16-24 year olds in receipt of JSA	Benefit Cap not applicable? - mandatory components prevent Universal Credit from attaching conditionality, however customers could source opportunities elsewhere
Sector based work	JSA and ESA claimants	Benefit Cap not

academies	aged 19+ years	applicable? National policy, only those in receipt of a qualifying benefit may participate
Work Programme/Work Choice etc.		Yes – if the claimant is subject to the benefit cap

Claimants can also be signposted to the following as appropriate:

- their local authority for advice and support with housing costs including accessing Discretionary Housing Payments (DHP's)
- Barriers to work – childcare, language, available training
- Flexible Support Fund
- [Personal Budgeting Support](#)

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