

Benefit cap

Last updated:

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The benefit cap

The benefit cap may reduce the amount of Universal Credit a household receives. It limits a household's total entitlement to the following welfare benefits:

- Universal Credit (see exceptions below)
- Jobseeker's Allowance
- Income support
- Employment and Support Allowance (see exceptions below)
- 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

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) |

Benefit cap exemptions

The benefit cap will not affect households if the claimant, claimants or members of their household:

- receive certain [benefits](#)
- are responsible for a child or young person who is receiving certain benefits
- qualify for a [grace period](#)
- earn £542 or over per assessment period

Benefits that make a claimant exempt from the benefit cap

- Employment and Support Allowance support component (this means the claimant is found to have Limited Capability for Work and Work Related Activity)
- Universal Credit payment where the claimant has 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 Care element

The benefit cap will not affect claimants who are entitled to one of the above benefits, even if they are currently not receiving it. For example, if the claimant is in hospital or residential care.

Earnings

To support the work incentive Universal Credit claimants earning over the earnings threshold, are exempt from the benefit cap.

However earnings below the threshold still help when benefits are reduced because of the cap. Earnings are deducted from Universal Credit before the cap is applied.

Some earnings can be ignored for the purpose of Universal Credit (because of the earnings taper and a work allowance may apply).

For those earnings that are taken into account, they are deducted from the maximum amount of Universal Credit before the benefit cap is applied. In this way the total net earnings available can offset the reductions in benefit due to the benefit cap.

From 1st April 2018 the earnings threshold will be £542 due to an increase in the National living rate. This threshold is calculated by a formula based on earnings from 16 hours of work per week at the national living wage.

If there is a delay in reported earnings

In some cases the earnings data feed may not be received for a claimant in an assessment period. This can be due to a legitimate reason.

An example is when a claimant has just commenced employment and the RTI feed is not due to come in until the following assessment period. If no earnings are received in the assessment period then the Universal Credit payment is calculated on the basis of nil earnings. The benefit cap will be applied.

Grace period

Claimants who have a history of being employed may not have the benefit cap applied. This is called a 'grace period'. The benefit cap will not be applied for 9 months to those who have been in work for the previous consecutive 12 months.

To qualify for a grace period, a household, claimant and/or partner or ex-partner must have worked for:

- 12 months immediately prior to their last day of work or reduction in hours/earnings, and
- during that time, earned £520 or more in each month for the previous 12 months up to March 2018, or £542 or more in each month from April 2018.

If a claimant is relying on work and earnings from an "ex-partner" to qualify for a grace period, they must have been a couple during that period of work.

Claimants or members of their household will be treated as employed if they receive:

- 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 last day of employment for those who have been working but not claiming Universal Credit

- the first day of the assessment period in which their earnings fall below the in-work exemption threshold for those who have been working and claiming Universal Credit

The grace period is fixed for 9 months, within which, if a claimant moves into work (and off benefits) and then back out of work (and onto benefits), they resume the remainder of the grace period.

If a couple has a grace period applied the period remains fixed. If they separate and make a new claim the grace period continues to apply to both people for the remainder of the grace period.

Calculating the benefit cap

The correct order for calculating a benefit capped Universal Credit award is:

- calculate Universal Credit maximum amount (standard allowance plus any elements)
- deduct for any earnings
- compare revised Universal Credit amount with cap maximum
- reduce Universal Credit to cap level, if relevant
- take into account any loans, advances or penalties

Benefit cap offer and support

Work-related support is offered to claimants who are subject to the benefit cap. A claimant who is subject to the benefit cap or has a grace period applied, must be made aware that work-related support is available. Claimants must be told about all the support available 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 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.

This support is 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: Current Policy/Activity | Eligibility Now | Are claimants affected by the benefit cap eligible? |
|--|--|---|
| Support to get into work delivered by a Work Coach | Universal Credit offers a range of support depending on the claimant's conditionality regime and specific circumstances. This ranges from intensive support to move into work for those in intensive work search regime to lighter touch signposting for those who have earnings over a certain level. | Yes. Anyone in receipt of a qualifying benefit 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 including payments for children. |
| 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 |
| 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 |
| Work Experience | 16 to 24 year olds in receipt of JSA | Mandatory components |

| | | |
|-----------------------------|--|--|
| | | prevent Universal Credit from attaching conditionality, however customers could source opportunities elsewhere |
| Sector based work academies | JSA and ESA claimants aged 19 plus years | National policy, only those in receipt of a qualifying benefit may participate |
| Work Programme/Work Choice | | 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