

Benefit Cap

[Benefit Cap](#)

[Benefit Cap limit](#)

[Benefits taken into account](#)

[In-work exemption](#)

[Calculating Benefits](#)

[Reducing Universal Credit](#)

[Claimant support](#)

[Migration](#)

[Appeals](#)

Benefit Cap

The benefit cap is a limit to the total amount of benefits a claimant and other members of their household can receive.

The benefit cap is applied to Universal Credit. It will reduce the amount a claimant receives if their total amount of benefits is above the limit for their circumstances.

The benefit cap will not apply if a claimant or their partner:

- is treated as having limited capability for work and work-related activity
- care for someone with a disability
- are in work and earn more than the current monthly earnings threshold, after tax and National Insurance contributions

The exemption also applies where the claimant, partner or child is entitled to:

- Armed Forces and Reserve Forces Compensation Scheme known as Armed Forces Independence Payment (AFIP)
- Attendance Allowance
- Carers Allowance
- Disability Living Allowance (DLA)
- Employment and Support Allowance that includes the support component
- Guardian's Allowance
- Industrial Injuries Benefits
- Limited Capability for Work Related Activity element of Universal Credit
- Personal Independence Payment (PIP)
- War pensions
- War Widow's or War Widower's Pension

Benefit Cap limit

The benefit cap limit is set at different levels and depends on whether a claimant:

- lives inside or outside [Greater London](#)
- is single
- is part of a couple or lone parent

The maximum amount of benefit before the cap applies is:

Claimant/claim type	Inside Greater London	Outside Greater London
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)

Benefits taken into account

The benefits taken into account to see if income exceeds the limit for the benefit cap are:

- Bereavement Allowance
- Child Benefit
- Child Tax Credit
- Employment and Support Allowance except where the support component is in payment
- Housing Benefit
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance
- Maternity Allowance
- Severe Disablement Allowance
- Widowed Parent's Allowance (or Widowed Mother's Allowance or Widow's Pension if you started getting it before 9 April 2001)
- Universal Credit

In-work exemption

The benefit cap is intended to be an incentive to work so there is an exemption for households that are considered in-work.

To qualify for the in-work exemption, the claimant or if a couple their combined earnings must be equal to or above the earnings threshold after tax and national insurance. The earnings threshold is based on 16 hours times the National Living Wage.

Where the benefit cap is not applied and it is later identified the claimant did not meet the in-work exemption the cap is imposed retrospectively and overpayment action considered.

For information on earnings, see Treatment of earnings

Grace period

There is also a grace period where the cap will not apply for 9 months when a job has ended.

To qualify a claimant, partner or ex-partner must have earned at or above the level of the in-work exemption threshold in each of the previous 12 months.

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

For those who were working and not claiming Universal Credit, the grace period starts the day after the last date of employment.

Claimants who were working and receiving Universal Credit, the grace period starts on the first day of the of the assessment period in which earnings fall below the in-work exemption threshold.

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 split during a grace period the remainder of the grace period is applied to both parties.

The benefit cap is applied in the assessment period after the assessment period in which the grace period ends.

Calculating Benefits

Where the benefit is taken into account as unearned income on the Universal Credit award, this is the amount taken into account for the benefit cap. This includes benefits received for a month or less.

Weekly paid benefits are converted to a monthly figure. The amount the claimant is entitled to at the end of the assessment period is the amount used to convert to a monthly figure.

Housing Benefit – specified accommodation

Housing Benefit paid by the local authority to claimants in specified accommodation will be disregarded in the benefit cap calculation.

If, after the housing benefit is disregarded the total amount of benefits exceeds the limit, the benefit cap is applied.

In all other cases, housing benefit is taken into account.

Reducing Universal Credit

The Universal Credit adjusted award is used in the benefit cap calculation.

The adjusted award is the amount after any deductions for capital, income, and earnings are taken and before any sanction, over-payment or third party deductions applied.

Eligible childcare costs that are repaid through the Universal Credit payment are not subject to the benefit cap.

Where the total amount of benefits exceeds the benefit cap limit in an assessment period, the amount of the Universal Credit award is reduced by:

- the excess amount; or
- the excess amount minus any amount included in the award for childcare costs

Where the childcare costs exceed the excess, the benefit cap is not applied.

Claimant support

It is important, that claimants subject to the benefit cap receive the right level of support in Universal Credit. They must be made aware and understand the changes to their payment and of receiving a reduced amount. The support offer is on-going and can include:

- employment support to help them find work
- budgeting support
- housing advice and access to discretionary housing payments (DHPs)

For those in the Intensive Work Search regime the benefit cap offer aims to deliver support through existing work search interviews. Claimants in all other regimes will be offered up to 6 additional interviews (240 minutes).

For information on available support, see:

- Discretionary Housing Payments
- Flexible Support Fund
- Internships

- National Provision
- Money guidance and Alternative Arrangement Payments
- Voluntary Work

Migration

Claimants receiving a legacy benefit who were not entitled to Housing Benefit would not have had the benefit cap applied regardless of an exemption being met.

These cases will not receive transitional protection when they migrate naturally or are part of the managed migration process. The cap is applied immediately on transferring to Universal Credit.

Appeals

There is no right of appeal against a decision to apply the benefit cap. Claimants can ask for a decision to be re-considered if they believe their benefit entitlement has been calculated incorrectly.