



From the Secretary of State  
for Work and Pensions

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## **BENEFIT CAP**

Thank you for your letter concerning the reports in Sunday's Observer.

Before I comment on the policy I note the record shows that Ministers in the previous Government had a policy of not commenting on leaks: "It is not, of course, the Government's policy to comment on leaks" (*Hansard* 23 November 2005, Col. 471WH). This is certainly not the position you are currently advocating Government takes. Nonetheless I will deal with some of the issues on the Benefit Cap you raise.

Our reforms of the Welfare System are about restoring fairness to a system that has allowed to spiral out of control under the previous Government. The introduction of the household benefit cap will play an integral part in this as its aims are to achieve long term positive behavioural effects through changed attitudes to welfare, responsible life choices and strong work incentives.

The benefit cap is based on fairness. It will mean that people on benefit will face choices about housing costs similar to those faced by people in work. But it will not necessarily mean that they will need to move from their home. Even within the limits of this cap, households will still be able to receive significant amounts of financial assistance from state welfare payments, amounts up to the average national wage without going out to work. And if a member of the household moves into work they will be exempt from the impacts of the cap.

Turning to the concerns you have expressed about the letter from the Department for Communities and Local Government. This letter was sent in January and the figures contained in it drew on some initial internal work which had not been externally verified. It is impossible to predict the results of this policy because it depends on how people respond. It also depends on the detail of the policy implementation and since it was written the Government has said we will be looking at transitional arrangements for particularly hard cases.

There is a range of help Local Authorities can offer to households at risk of becoming homeless including the provision of Discretionary Housing Payments. We

have already made an additional £190m available over the spending review period for this purpose as a result of the changes we have made to Housing Benefit.

The Government published its Impact Assessment of the Benefit Cap in February alongside the introduction of the Welfare Reform Bill. This made clear that it is not possible to estimate the number of additional homelessness applications that might arise as a consequence of the overall benefit cap because this would have to be based on behavioural changes. This Impact Assessment is agreed with the DCLG, and also signed off by the DWP's chief analyst as a fair and accurate representation of the policy impacts. The Government fully stands by the impacts it outlines. As I have said it is not the intention to make anyone homeless and we will work with councils to make sure everyone has appropriate housing support.

The position set out in the Impact Assessment has been made clear throughout all the Welfare Reform Bill debates, and over two dozen Parliamentary Questions on this subject since the policy was announced. It remains the Government's position. I remind you also that you refer to Jenny Willott raising this figure in the Bill's Committee stage.

The Benefit Cap is an important part of the Government's programme of Welfare reform and something I would hope all sides of the House can support. I remain confused by the Opposition's position on the Benefit Cap and Welfare Reform more generally. You tabled a number of amendments but retracted all but one, and then voted against the Bill. It would be very helpful if you could make your position absolutely clear in future discussion.

I hope this clarifies the situation. I am copying this letter to The Speaker and to the Secretary of State for Communities and Local Government.



**The Rt Hon Iain Duncan Smith MP**

SECRETARY OF STATE FOR WORK AND PENSIONS

*NB: As you have raised this matter in the House we can place a copy in the library.*