

Business Support

Overview and Scrutiny Committee

Briefing Note – No 9

Date: September 2016

To: All Members of the Business Support Overview and Scrutiny Committee

Purpose: At the meeting of the Business Support Overview and Scrutiny Committee held on 25 August 2016, Members considered a six monthly [progress report on Universal Credit and Welfare Reforms](#) and asked for further information on what benefits were included and excluded from the benefit cap.

Across Medway the Department for Work and Pensions estimates that there are 572 residents likely to be affected by the benefit cap. Of these there may be as many as 23 Medway Council HRA tenants affected by the cap. Set out below is a guide to the benefit cap produced by the Council's housing team which sets out the information that Members requested.

Heading: **Benefit Cap Reduction**

Background

The benefit cap is a limit on the total amount of income from certain benefits a household can receive. If you receive more than the benefit cap allows then your Housing Benefit or Universal Credit will be reduced until you are brought back within the cap.

If you are a couple or have children your benefit cap is currently £500 per week. The limit for single people with no children is £350 per week.

From 7th November 2016 the benefit cap is going to be reduced:

- £384.62 a week if you are a couple or have children
- £257.69 a week if you are a single person and live outside London

When the reduced benefit cap is introduced, the benefits included when seeing if your benefit income exceeds the cap will be:

Included Benefits

- Child Benefit
- Child Tax Credit
- Housing Benefit
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance
- Employment and Support Allowance (except when in the support group)
- Maternity Allowance
- Severe Disablement Allowance
- Widowed Parent's Allowance & Bereavement Allowance

Exemptions

You will not be affected by the cap if:

- you are over pension age
- you are in work and entitled to Working Tax Credit (even if you don't receive a payment because your income is too high)
- you have recently been in work - see exemptions for current or recent work
- you, your partner or a child receives a disability benefit - see exemptions for disability
- you live in [supported exempt accommodation](#)
- you do not receive Housing Benefit (unless you claim Universal Credit)
- you receive Carer's Allowance (in Northern Ireland from 31 May)

Exemptions for disability

If you receive any of the following disability benefits you will be exempt from the cap:

- Disability Living Allowance
- Personal Independence Payment
- Constant Attendance Allowance
- Attendance Allowance
- Industrial Injuries Disablement Benefit
- Employment and Support Allowance with a support component
- Armed Forces Independence Payment
- Limited Capability for Work Related Activity element of Universal Credit
- War widows and widowers will also be exempt

Exemptions for current or recent work

The benefit cap is intended to increase work incentives so there is an exemption for households that are considered to be "in work." You will be considered in work and

be exempt from the benefit cap if you are entitled to [Working Tax Credit](#).

In addition, there is a “grace period” of 39 weeks for people who are over the benefits cap but had been in work for the previous 12 months. The grace period means that if your circumstances change because your job has ended there is a 9 month breathing space before your benefits are reduced. The grace period will include any periods when you are claiming statutory sick pay or statutory maternity/adoption pay.

How is the Benefit Cap applied?

If you receive more than the benefit cap allows then your local council reduce your Housing Benefit

Your local council may be able to provide some assistance through a [Discretionary Housing Payment](#) if you struggle to meet your housing costs as a result of the benefit cap.

Further information: Marc Blowers, Head of Housing Management 01634 334382