

# JRHT

JOSEPH  
ROWNTREE  
HOUSING TRUST

## **Welfare Reform:**

What you need to know

## **Information Sheet:**

Benefit Cap

# Benefit Cap

## What is the change?

The Government is going to put a limit on the total amount of benefit that a single person or couple **of working age** is entitled to. The cap is currently predicted to be £500 per week for lone parents and couples (with or without children) and £350 per week for single people without children.

## When will it happen?

The cap will be introduced in April 2013.

## How will it be worked out?

The cap will apply to the combined income a household receives from the following benefits:

- Job Seeker's Allowance
- Employment and Support Allowance
- Income Support
- Housing Benefit
- Child Benefit
- Child Tax Credit
- Carer's Allowance

The cap will not include **council tax benefit**, the **childcare element** of child tax credit, or passported benefits such as **free school meals**.

Until Universal Credit is introduced in October 2013, the cap will be administered through Housing Benefit payments. This means that if your household income exceeds the limit, then your housing benefit payment will be reduced.

## Is anyone exempt?

Households will be exempt from the cap if a member of the household is claiming **Disability Living Allowance, Attendance Allowance, Working Tax Credit** or the **support component** of Employment and Support Allowance.

These exemptions only apply to the claimant, their partner and any dependent member of the household. This means that if an adult child is receiving Disability Living Allowance then the cap will still apply.

For people who have been in work for a year who then lose their job and claim benefits, there will be a nine month 'grace period' before the cap will apply.

## **Who will it affect?**

People most at risk of losing money because of the cap are those living in high rent areas such as London and the South East, and those that have larger than average families.

Examples of families that could exceed the limit are:

- A couple on Jobseekers Allowance who have four dependent children will have their housing benefit reduced if the housing benefit award is approximately £110\* a week or more
- A couple on Jobseekers Allowance with five dependent children will have their housing benefit reduced if the housing benefit award is approximately £45\* a week or more

\*Please note that these figures are only examples, as the benefit rates for 2012/13 are not known and the cap rates have not been officially set.

## **What is working age?**

The rules will only affect people of working age – those below the Pension Credit age. This age is expected to be 61 in April 2013, and will rise in line with the women's state pension age until the pension age for men and women is the same in 2018. By 2020, the government has proposed that the state pension age will be 66 for everyone.

## **What can I do about it?**

The options for dealing with the cap are quite limited. However, the following solutions are available:

- Reducing general expenditure in order to make up any Housing Benefit shortfall
- Moving to cheaper accommodation
- Finding employment, or increasing hours of work in order to qualify for Working Tax Credit. For more information about how to qualify for Working Tax Credit, please contact The Garth on the numbers below.

**If you are worried about these changes or would like any more information, please contact the Money and Benefits Advisers –**

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