

Benefit Cap External Partner High Level Briefing

Welfare reform

The Welfare Reform and Work Act 2016 is bringing in welfare reforms that are about incentivising work and ensuring we have a welfare system that is fair.

There are now well over two million more people in work than in 2010 and the number of workless households is at a record low.

The Welfare Reform and Work Act, alongside other Government reforms such as the introduction of the National Living Wage and the increase in the Personal Tax Allowance, will build on progress so far and help move Britain to a higher-wage, lower-tax, lower-welfare economy.

The welfare reforms will ensure that work always pays more than life on benefits; that support is focused on the most vulnerable; and crucially, that the system is fair to those who pay for it, as well as those who benefit from it.

Benefit cap changes

The benefit cap was introduced in April 2013 as a key part of the Government's commitment to full employment, with the cap level set at £26,000.

The Welfare Reform and Work Act (2016) includes lowering the benefit cap to £23,000 in London and £20,000 in the rest of Great Britain. The current plan is that it will be introduced in autumn 2016. Two new exemptions from the benefit cap for certain carers and guardians will also be introduced at the same time.

The new levels are shown in the table below:

Household	Where claimant lives	Each year	Each month	Each week
<ul style="list-style-type: none"> • Household made up of a couple (with or without children), or • Lone parent (and the children they look after live with them) 	Greater London (the 32 London Boroughs and the City of London)	£23,000	£1,916.67	£442.31
	The remainder of Great Britain	£20,000	£1,666.67	£384.62
<ul style="list-style-type: none"> • If the claimant is a single person and: <ul style="list-style-type: none"> ➤ they have no children, or ➤ the children they look after don't live with them 	Greater London (the 32 London Boroughs and the City of London)	£15,410	£1,284.17	£296.35
	The remainder of Great Britain	£13,400	£1,116.67	£257.69

Why the lower benefit cap levels are being introduced

The benefit cap continues to provide a clear incentive to work, helping to reduce long term welfare dependency. By continuing to exempt households which include a member who is entitled to Working Tax Credit, or who qualifies for the in-work exemption in Universal Credit from the cap, a clear incentive to move into employment is created.

The different benefit cap levels better reflect the circumstances of many hard working families in the country, 4 in 10 households earn around £20,000 outside of London, and 4 in 10 households earn around £23,000 in London. Housing Benefit awards are on average £3,000 more per year in London than elsewhere, therefore supporting the rationale for the changes.

Why the new exemptions are being introduced

As part of the wider Government strategy to invest in and support carers, all carers entitled to Carer's Allowance or payments towards carer's costs in Universal Credit, will be exempt from the benefit cap, whether living with the cared for person, or not.

We will also be exempting all recipients of Guardian's Allowance from the benefit cap. This recognises the service that guardians provide by providing a stable home for children where a parent has died.

These changes will be brought in by regulations later in the year.

Claimant Support

DWP work coaches and contracted employment support providers will use existing support to help claimants obtain employment, overcome challenges to employment or earn more in order to be exempt from the benefit cap. JSA claimants and most Universal Credit claimants are already in receipt of such support.

DWP will also signpost to local authorities for help to reduce housing costs (by renegotiation of existing rents or by moving) and signposting to Local Authority administered Discretionary Housing Payments (DHP) where that is applicable.

Claimants will also be offered support to review and reorganise household budgeting to assist them in making better use of the funds available to them. This will be provided by local authorities, Money Advice Service and other third sector organisations such as Citizen Advice.

How claimants can find out more

Claimants can:

- find out more information and use our online calculator to see how their benefit may be affected by visiting www.Gov.UK/benefit-cap
- find out more about the benefits they may be able to claim, or the benefits which exempt them from benefit cap by visiting www.Gov.UK/benefits-adviser
- call our helplines to find out general information about the changes, and about the help we can give them, on the following numbers:

Benefit cap helpline Telephone: 0345 605 7064; Textphone: 0345 608 8551
Welsh Language helpline Telephone: 0345 605 7066; Textphone: 0345 608 8551
UC Service Centre helpline Telephone: 0345 6000 723; Textphone: 0345 6000 743
Welsh Language UC helpline Telephone: 0345 600 3018; Textphone: 0345 6000 743

How DWP can help claimants

DWP can help claimants find work, learn new skills, provide options for child care, and support them to manage their money better.

Claimants may already meet with one of our work coaches. If so, we will discuss the benefit cap and the support available during these interviews. If claimants don't have a work coach we will contact them and offer them a voluntary interview.

Contact information for organisations that may provide support to claimants

Local authorities will also have access to Discretionary Housing Payment funding, which they can use where claimants may have issues meeting their payments of rent. To contact the local authority visit www.Gov.UK/find-your-local-council

Help and advice can be sought from www.citizensadvice.org.uk for England and Wales; or www.cas.org.uk for Scotland

Shelter offers confidential advice on housing, benefits and debt. Contact the freephone Housing Advice Helpline on 0808 800 4444, or visit www.shelter.org.uk in Scotland and England; or www.sheltercymru.org.uk in Wales

Money Advice Service offer free independent advice on budgeting, savings and dealing with debt. Visit www.moneyadviceservice.org.uk