



BENEFIT CAP FACT SHEET

1/9/12

What is it ?

The benefit cap is an upper limit on the amount of benefit that a family or a single person can receive.

Which benefits count towards the cap?

The combined Income from the following benefits is capped at **£500 for a family, £350 for a single person**:

- the main out-of-work benefits (Jobseeker's Allowance, Income Support, and Employment and Support Allowance except when the Support Component is in payment);
- Housing Benefit
- Child Benefit
- Child Tax Credit
- other benefits such as Carer's Allowance.

Which benefits won't be touched ?

One-off payments, for example, Social Fund Loans and non-cash benefits, such as Free School Meals, are not included in the assessment of benefit income.

How is it done ?

Presently benefits are capped by reducing housing benefit only. Even if the cap is greater than housing benefit people will still only lose their housing benefit.

If Universal Credit comes in, other benefits counting towards the cap will also be reduced if necessary, to impose the entire cap.

Class cleansing ?

For people living in high rent areas, such as London & other cities, housing benefit will be high. These households will be more likely to suffer the cap. It is estimated that nearly 50% of people being capped will live in London.

The government are telling people to move to low rent areas to avoid losing benefit. That means out of London, or their home city. The cap affects where people will be able to live, based on their financial situation.

Destroying communities

Forcing people to move to cheaper areas means

- breaking up and destroying communities
- taking children out of schools disrupting their education and well-being
- moving away from communities and support networks
- moving away from families and friends

Working Tax Credit (WTC) eligibility

People living in households where no one is eligible for WTC (adults or children) will have their benefits capped.

To be eligible for WTC you must work at least the following number of hours a week:

- Single parent - 16 hours
- Adults in a family - 24 hours between them
- Single people - 30 hours a week.

Even if you would have a 'nil' WTC award because of higher earnings, it is important to apply for it, to show your eligibility and avoid the household having benefits capped.

These means working people could be capped if they do not work enough hours to claim WTC.

Who's NOT affected ?

Households where **somebody, including a child**, receives any of the following will be exempt from the cap:

- Disability Living Allowance
- Personal Independence Payment
- Industrial Injuries Benefit
- War Disablement Pension and payments from the Armed Forces Compensation Payments Scheme
- Attendance Allowance
- Support component of Employment and Support Allowance

The cap only applies to people of working age. **Pensioners** are not affected, unless they live with other people who are of working age. A pensioner couple will only be exempt if both people are receiving state pensions.

No appeal

There is no appeal against a cap decision, but people can ask the DWP to review the calculations used when setting a cap. This might clog the system if everyone did this.

Grace period

If someone has been in work for 12 continuous months there will be a grace period of 39 weeks before a benefit cap is applied (some conditions apply).

Families hit hardest

Since child benefit and child tax credit is included in the calculations, families with 3 or more children will be hit hardest. But families with fewer than 3 children and single people will also be affected as shown in the DWP Benefit Cap report [†] of what's happened so far (June 2013), e.g. 115 families with 1 child have been hit and 1,111 families with 3 children have been hit.

When and where

On April 15th 2013 the cap was introduced to 4 London boroughs: Haringey, Enfield, Bromley and Croydon. In August DWP published figures for capping in these 4 boroughs from April to June[†]. We have used these statistics in this fact sheet. The **coalition government hopes** that by September the rest of the country will be affected.

Who benefits ?

No one. The cost of implementing far outweighs the estimated savings of £275 million a year. This does not include the cost to society of poor health and disrupted childhoods that'll result from poverty and homelessness, over many years ahead.

How many are affected ?

Since April 2013 about 750 families in Haringey alone have had their benefits capped. Across the first 4 boroughs nearly 3,000 families had housing benefit capped by the end of June. Of the four, 48% of capped households were in Enfield[†].

Homelessness

When benefits are cut, especially housing benefit, families can no longer afford their rent. Some families may become homeless, others will cram into smaller and smaller accommodation; some may move in with friends; some will move to different bits of the country; some will get into greater and greater debt; some will work the system to survive.

We have already seen eviction notices being served on tenants by a housing association.

Haringey council has postponed the worst effects of the cap by giving people Discretionary Housing Payments; this won't last as the money is limited, soon families will start becoming homeless or having to make changes to where they are living.

Increasing numbers

Since April 2013 the numbers of people having their benefits capped have been steadily growing month by month. At the end of June, the 2nd full month, over 200 more families had lost benefit than at the end of May.[†] This is only in 4 boroughs, what will it be like when the whole country is subjected to the cap ?

Delays

Initially the government wanted the Benefit cap to be rolled out nationwide in April 2013. Because of fears of chaos and dissent, the cap was rolled out in only four test areas. There were also fears that the new computers system wouldn't cope, the DWP wouldn't be able to give local authorities correct details of who to cap or local authorities wouldn't be able to do it properly.

Government's cynical advice

Families should get work, cut down on living expenses or move to cheaper rented accommodation. They then say they doubt if people will be able to do these things.^{††}

The Government says:

"Within the cap, there is a very clear incentive for people to work, as those claiming Working Tax Credit will be exempt and Universal Credit builds on this, ensuring claimants know they are better off in work than on benefits."

We say Bollocks - there are not enough jobs & this is just a way to penalise the poor.

*Guardian 7/8/13

†DWP 'Benefit Cap – number of households capped across phased area Local Authorities' data to June 2013

†† DWP Impact Assessment July 2011

Average wage ?

The government says this amount of benefit is equivalent to the 'average' wage, after tax & NI which is conveniently £26K. However families earning this would also be claiming benefits such as housing and child benefit, so this is not a fair comparison. The Children's Society think £31K is a better figure to use.

Median wage is used as the average, based on a sample of 20,000 working households taken between April '11 & March '12. Will the cap be updated in line with wages ?

The poorest affected most

74% of families who have lost benefit through the cap in the first 4 boroughs are single parent families* and the majority of these will be single mothers. This is nearly 2,000 single parent families[†].

A Tax (Attacks) on children

85% of families being capped at the end of June have between 1 and 4 children. So far over 9,000 children are in families who have lost benefits through the cap. This is an attack on children, through no fault of their own.[†] The Children's Society estimated 80,000 children would be made homeless as a result in total. 3 times as many children are affected by the cap as adults.

Who's next ?

The second phase started on July 15th 2013: about 300 areas had the cap imposed. In the final stage local authorities having over 275 capped families will be included, i.e. the remaining London boroughs and other larger communities. These areas will be capped from August 2013. By September the government hope the whole country will be affected (except Northern Ireland, where spring 2014 is the target).

Some more facts

Examples we know of:

A single mother with 7 children will have to pay £282/week for rent out of her children's benefits as she cannot cover it with her own benefit of £71.70/w.

A mother with 4 children is expected to pay £69 a week towards rent. When the DHP runs out the council is saying they will have to leave London.

Haringey council is expecting to spend £29.6 million and all London councils £393 million on temporary accommodation in 2013/14 as people lose their homes. (See Bureau of Investigative Journalism).

Research by the Childhood Well Being Research Centre for the Department of Education (Jan 2013) concludes "Extreme stressful events, such as homelessness, victimisation or abuse, can have long-term effects on children's outcomes".

There is probably irretrievable damage being done to children by the overall benefit cap.