Benefits factsheet

2020 Benefit Cap

The Benefit Cap is a limit to the total amount in means-tested benefits that working-age people can receive, even if their full entitlement would otherwise be higher.

The Benefit Cap usually applies if the claimant or partner are of working age and receive Housing Benefit, or Universal Credit Housing element. The Benefit Cap does not apply if people are exempt or are in a grace period.

How much is the Benefit Cap?

Couples and lone parents in Greater London
£442.31 per week (£1,916.67 per month or £23,000 per year)

Couples and lone parents outside Greater London
£384.62 per week (£1,666.67 per month or £20,000 per year)

Single adults in Greater London
£296.35 per week (£1,284.17 per month or £15,410 per year)

Single adults outside Greater London
£257.69 per week (£1,116.67 per month or £13,400 per year)

Who is exempt?

People are exempt from the Benefit Cap if they (or partner or child) are receiving:

- Personal Independence Payment
- Disability Living Allowance
- Attendance Allowance
- Carer's Allowance
- Guardian's Allowance
- Carer's Element of Universal Credit
- Support component of Employment and Support Allowance
- Limited Capability for Work Related Activity (LCWRA) element of Universal Credit
- Armed Forces Compensation Scheme Payments
- Armed Forces Independence Payment
- Industrial Injuries Disablement Benefit
- War Disablement Pension
- War Widow's or Widower's Pension
- Claimant (or your partner) qualify for but do not receive Carer's Allowance
- Claiming Universal Credit and claimant (and partner) earn at least the amount for 16 hours per week on national minimum wage
- Claiming Housing Benefit and claimant (and your partner) work enough hours to qualify for Working Tax Credit
• are over Pension Credit age

How much work is needed to be exempt?

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Hours/amount of earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal Credit</td>
<td>earning at least the amount for 16 hours per week at national minimum wage</td>
</tr>
<tr>
<td>Housing Benefit</td>
<td>enough hours to claim Working Tax Credit</td>
</tr>
<tr>
<td>Working Tax Credit</td>
<td>lone parent - 16 hours per week couple with children and one is entitled to Carer’s Allowance - one has to work 16 hours per week couple with children - both have to work a total of 24 hours per week and one must work at least 16 hours per week Single and aged over 25 - 30 hours per week</td>
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</tbody>
</table>

Grace period

This is a period of time when the benefit cap will not apply because people had previously been working or their earnings were above the earnings exemption threshold.

For Universal Credit the grace period is 9 months if the claimant (or partner) earned at least the amount they would get for 16 hours per week at national minimum wage for the previous 12 months.

For Housing Benefit claims the grace period is 39 weeks if the claimant (or partner) were working for at least 50 out of the previous 52 weeks, and whilst working, were not entitled to Income Support, Jobseeker’s Allowance or Employment and Support Allowance.

How does the Benefit Cap work?

To work out the Benefit Cap, the Department for Work and Pensions (DWP) adds together the amounts that have been awarded of the following benefits:

• Child Benefit
• Child Tax Credit
• Employment and Support Allowance (except when in the Support Group)
• Housing Benefit (except for households in Supported Exempt Accommodation)
• Incapacity Benefit
• Income Support
• Jobseeker’s Allowance
• Maternity Allowance
• Reduced Earnings Allowance
• Severe Disablement Allowance
• Universal Credit (except the Childcare Costs element)
• Widowed Parent’s Allowance, Widowed Mother’s Allowance, Widow’s Pension

Any benefits not listed above are not included in the cap.

If the total entitlement of the benefits included in the cap is more than the Benefit Cap amount, and the Benefit Cap applies to, benefits will be reduced to bring the claimant within the cap amount.

For people claiming Housing Benefit, the amount of Housing Benefit that they receive each week will be reduced to the cap amount.
For those claiming Universal Credit, the amount of Universal Credit that they receive each month will be reduced to the cap amount (except for the Childcare Costs element). The Childcare Costs element of Universal Credit, is protected and will not be reduced even if this means people receive more than the Benefit Cap amount.

People who have a shortfall in their rent can apply to their local authority for Discretionary Housing Payment to meet the shortfall. This may be time-limited and is at the discretion of the local authority.

**This factsheet is a general guide. It is not a full statement of the law.**

Last updated July 2020