

The Benefit Cap in Northern Ireland



Law Centre (NI)

At a glance

From 31 May 2016, the benefit cap limits the amount, in total, that claimants in Northern Ireland can receive in benefit payments each week.

Aimed at frontline advisers and support workers, this briefing explains:

- how the cap will be applied;
- the benefits which entitle claimants to be exempted from the cap;
- additional protection for families until 31 March 2020;
- likely impact of the benefit cap.

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9.30 to 1pm, Monday to Friday 9024 4401

1. The benefit cap: what is it?

From 31 May 2016 the benefit cap limits the amount, in total, that claimants can receive in benefit payments each week.

The cap for single claimants is currently £350 a week.

The cap for couples with or without dependent children, and for lone parents is currently £500 per week.

2. How does it work?

Where a person's benefit entitlement for the week exceeds the cap limit, a reduction will be made to the person's Housing Benefit award to reduce the benefit payments to the cap limit.

Example

Josie is a lone parent in receipt of Income Support, Child Tax Credit and Housing Benefit. Added together, her benefit payments total £535 per week. From 31 May 2016, Josie's benefit payments will be subject to a £500 cap. As a result her Housing Benefit payments are reduced by £35 per week.

Note: see 3. *Additional protection for claimants with children*, for specific protection available in Northern Ireland.

2.1 What benefits does it apply to?

The following benefits are taken into account in calculating the weekly amount:

- Bereavement Allowance
- Child Benefit
- Child Tax Credit
- Employment and Support Allowance
- Guardian's Allowance
- Housing Benefit
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance
- Maternity Allowance
- Severe Disablement Allowance
- Widowed Parent's Allowance
- Widowed Mothers Allowance
- Widows Pension

2.2 When is Housing Benefit not taken into account?

Where a person is in receipt of Housing Benefit and is living in certain types of accommodation (this would include certain types of managed properties, refuges and hostels) then the amount of Housing Benefit is treated as nil. However, all other benefit payments are taken into account as normal.

3. Exemptions

3.1 Which benefits are exempted?

The cap will not apply where the person claiming or her/his partner is receiving one of the following benefits:

- Disability Living Allowance (including if received for a dependent child)
- Working Tax Credit (or later, UC as long as one person is working at least 16 hours per week)
- Personal Independence Payment
- Attendance Allowance
- Industrial Injuries Benefits
- Employment and Support Allowance, only if paid with the support component
- War Widow's or War Widower's Pension
- Carer's Allowance

3.2 Are there other exemptions?

Yes. The cap will also not apply where the person claiming or her/his partner had, in at least 50 out of the last 52 weeks, been in employment and not entitled to Income Support, JSA or ESA.

In these circumstances, the cap will not apply for 39 weeks from the day after the last day of employment.

For these purposes, employment also includes any period where the person was on maternity leave, paternity leave, adoption leave or shared parental leave or in receipt of Statutory Sick Pay.

4. Additional protection for claimants with children

As a result of special provisions made for Northern Ireland, additional protection for claimants with children is available until 31 March 2020.

Where a person's Housing Benefit is reduced due to the benefit cap and the person resides with and is responsible for a child or qualifying young person, s/he will be entitled to a supplementary payment equal to the reduction in Housing Benefit.

4.1 Who does it apply to?

The supplementary payment will only apply in the following circumstances:

- where, on 31 May, a person's or couple's total daily entitlement to benefit is at least £71.42 (which is roughly equivalent to a benefit entitlement of £500 per week), or
- where a person is in receipt of one of the benefits listed above which is taken into account for the benefit cap on 30 May and continues to receive one of those benefits up until the date s/he is affected by the cap.

Examples

Joanne and Gerry are a couple with five children. They claim JSA together. They live in rented accommodation and receive Housing Benefit. Their total weekly benefit entitlement is £580. On 31 May, the benefit cap starts to apply to them and their Housing Benefit is reduced by £80 per week. However, as their total benefit entitlement is in excess of £71.42 per day (or £500 per week) and they are responsible for children, the couple are entitled to a supplementary payment of £80 per week.

Mark is a single parent with four children. He receives Income Support and Child Tax Credit. He lives with his parents and does not claim Housing Benefit. His weekly total entitlement to benefit on 31 May (when the benefit cap first applies) is around £290 per week. In July 2016, he moves into his own rented accommodation and claims Housing Benefit. His entitlement to Housing Benefit results in his weekly total entitlement increasing to £521 per week. As this is over the benefit cap, his entitlement is reduced to £500 per week and £21 is deducted from his Housing Benefit award. However, as Mark was in receipt of Income Support (or Child Tax Credit would also qualify him) on 30 May and has remained entitled up to the date he is affected by the benefit cap, he is entitled to a supplementary payment of £21.

4.2 How is it paid?

The supplementary payment is paid four-weekly, in arrears. The payment is made directly to the landlord if the Housing Benefit award is normally paid direct to the landlord.

The supplementary payment can continue to be paid up to 31 March 2020.

4.3 What happens when circumstances change?

If a person's total amount of benefit entitlement reduces due to a change in circumstances (*for example, in the case of Joanne and Gerry above, their weekly entitlement drops to £550*), the supplementary payment will be reduced by the same amount.

However, there is no provision to increase the supplementary payment amount if a person's total weekly entitlement increases (*for example, Joanne and Gerry's total weekly entitlement increased to £610 per week*).

The maximum amount of the supplementary payment will always be fixed to the amount a person was entitled to the first time the benefit cap was applied.

5. How many people will this affect?

The Department¹ had provided statistics that, without supplementary payments, approximately 400 families would be financially affected by the benefit cap, with an average loss of benefit of around £44 per week. It is likely that the majority of those affected will have children and so will also be likely to qualify for a supplementary payment until 31 March 2020, as long as their circumstances do not change.

This figure also takes into account those who would be exempt from the cap because they are in receipt of certain benefits (ESA with the support component, or DLA). As further welfare reform changes happen, and in particular those in receipt of DLA start to be reassessed under the new rules for Personal Independence Payment, then the number of persons exempt from the benefit cap may fluctuate.

The benefit cap amounts are also going to change, probably later in 2016. The change will see the £350 cap for single claimants reduced to £258 per week, and the £500 cap for couples or families with children reduced to £385 per week. We understand that the rules concerning the supplementary payments will be amended to take into account the lower benefit cap limits.

Department statistics show that approximately 2,500 Northern Ireland families would have their benefit reduced by these lower limits and would face an average of £62 per week reduction in benefit entitlement.

Advisers are welcome to contact the Law Centre's social security advice line if they encounter any difficulties with this issue or with any complex cases.

Law Centre (NI) advice line: 9.30 to 1pm, Monday to Friday 9024 4401

¹ <https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/ni-benefit-cap-information-booklet.pdf>

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