

Press release: Benefit cap restores fairness to the system

New analysis has revealed how the cap restored fairness to the system – before they were capped, nearly 180 households were getting the equivalent of a pre-tax salary of at least £57,000 in benefits.

Since its introduction in 2013, 26,000 households who were previously capped have moved into work, with a further 14,000 reducing their housing benefit claim, or ending their claim altogether. Anyone eligible for Working Tax Credits is exempt from the cap, providing a clear incentive to move into work.

The new benefit cap, limiting the total amount workless households can receive in benefits to £20,000 across the UK or £23,000 within Greater London, is now in place across the country following its successful rollout.

Work and Pensions Secretary Damian Green said:

Since the benefit cap was introduced in 2013, people in tens of thousands of households have moved into work. The new lower cap continues to build on that success by incentivising work.

There are over three quarters of a million job vacancies across the country, and we are determined to do everything we can to help people into work.

We are creating a country which works for everyone, and the lower cap ensures the system remains fair to both the taxpayers who pay for it and to those people who need it.

Anyone eligible for Working Tax Credits is exempt from the cap, providing a clear incentive to move into work. People claiming Carer's Allowance, Guardian's Allowance, and most disability benefits are also exempt from the cap, ensuring those who cannot work are supported.

The Department for Work and Pensions is also working closely with local authorities, and will have provided them with over £1 billion of Discretionary Housing Payments by the end of this Parliament to support people transitioning to our reforms, as the new cap is introduced.

The new benefit cap is set at £20,000 a year outside London and £23,000 in Greater London to reflect higher rent costs. For single people without children, the cap is £15,410 in Greater London and £13,400 elsewhere.

Anyone working and receiving Working Tax Credits is exempt from the cap, as are households where someone receives Disability Living Allowance (DLA), Personal Independence Payment (PIP), or the support component of Employment

and Support Allowance (ESA).

Those claiming Carer's Allowance or Guardian's Allowance are exempt from the new cap, in recognition of the valuable contribution they make to society.

Statistics on the new lower benefit cap will be released in May 2017.

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