

IMPACTS OF THE REDUCED BENEFIT CAP

When the benefit cap is reduced to £20,000pa (£383.56pw) there will be an increase in the number of out of work Flintshire households containing children it will impact upon.

In the following examples the adults are receiving an out of work means-tested benefit which passports them through to their maximum Housing Benefit entitlement.

1) Couple – Both Unemployed - Social Housing Household

An unemployed couple with three children are renting a FCC three bedroom property at a rent of £70pw (and £13.00pw water/sewage charges).

The couple currently receive out of work benefit income of £402.98pw. This comprises of £114.85 Jobseekers Allowance, £173.03 Child Tax Credit, £48.10 Child Benefit and £70 Housing Benefit.

When the couple become subject to the benefit cap the maximum out of work income they can receive is £383.56pw. Their current weekly income will be capped at this amount by reducing their Housing Benefit award by £19.42pw.

Thus, to avoid accruing rent arrears the household will have to pay FCC £19.42pw on top of their £13.00pw water rates.

2) Single Parent - Unemployed - Private Sector Household

An unemployed single parent with four children is privately renting a three bedroom property at a rent of £120pw.

The single parent currently receives out of work benefit income of £478.13pw. This comprises of £73.10 Jobseekers Allowance, £223.23 Child Tax Credit, £61.80 Child Benefit and £120 Housing Benefit.

When the single parent becomes subject to the benefit cap the maximum out of work income they can receive is £383.56pw. Their current weekly income will be capped at this amount by reducing their Housing Benefit award by £94.57pw. Thus, to avoid accruing rent arrears they will have to pay this amount to their Private Landlord.

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3) Couple - Both Unfit for Work – Social Housing Household

A couple have both been assessed as incapable for work and placed in the Employment and Support Allowance work activity group. They have three children and are renting a Housing Association three bedroom property at a rent of £80pw.

The couple currently receive out of work benefit income of £442.03pw. This comprises of £143.90 Employment and Support Allowance, £170.03 Child Tax Credit, £48.10 Child Benefit and £80 Housing Benefit.

When the couple become subject to the benefit cap the maximum out of work income they can receive is £383.56pw. Their current weekly income will be capped at this amount by reducing their Housing Benefit award by £58.47pw. Thus, to avoid accruing rent arrears they will have to pay this amount to their Housing Association.

4) Couple – Carer & Unfit for Work – Private Sector Household

A couple with two children are renting a 2 bedroom house from a Private Landlord at a rent of £110pw. One member of the couple receives Carers Allowance for looking after a disabled relative and the other member has been assessed as incapable for work and placed in the Employment and Support Allowance work related activity group.

The couple currently receive out of work benefit income of £445.28pw. This comprises of £121.95 Income Related Employment and Support Allowance, £62.10 Carers Allowance, £116.83 Child Tax Credit, £34.40 Child Benefit and £110 Housing Benefit.

When the couple become subject to the benefit cap the maximum out of work income they can receive is £383.56pw. Their current weekly income will be capped at this amount by reducing their Housing Benefit award by £61.71pw. Thus, to avoid accruing rent arrears they will have to pay this amount to their Private Landlord.