



# Benefit Cap White Paper



## About the White Paper

This White Paper was written to draw your attention to the process that was developed in partnership by Lewisham Council and Policy in Practice to help significantly mitigate the impact of the Benefit Cap. We aim to spread best practice across local government.

The impact of the Benefit Cap will not only be felt by an estimated 40,000 families who see their incomes decrease, but also by local authorities that have a statutory duty to house these families. According to Birmingham City Council, the estimated cost of a homelessness application to a local authority is in the region of £8,000 per year.

Lewisham Council realised the potential costs of not taking action. They had over 700 residents at risk of losing £3.5 million collectively. The council were clear that one of the important missing links in the current process for working face-to-face with residents affected by UC and the Benefit Cap was a tool which could visually explain the financial impacts at an individual level. They contacted Policy in Practice because of our detailed policy insight into both the current benefit system and Universal Credit, combined with our technical expertise to build clear and accurate online tools that deliver policy results.



## About Policy in Practice

Policy in Practice was founded to ensure that policy is informed by the experience of people on the frontline of public services. We support organisations with the effective implementation of policy and support cost-effective and user-centred delivery.



## About the Author

Deven Ghelani is the founder and director of Policy in Practice. He has been involved in and advising on Universal Credit since its inception and led on welfare, employment and public spending policy for the Centre for Social Justice as a senior policy advisor. Deven combines an in-depth insight into policy with the ability to utilise the power of technology to support service delivery.

He is supported by a team who each combine deep policy expertise with experience of delivering services on the frontline.



## About the Universal Credit and Benefit Cap Calculators

The Universal Credit Calculator has been available for over two years and can be accessed for free online at [policyinpractice.co.uk](http://policyinpractice.co.uk). It is used by over 20,000 people each month, who over time have suggested features and improvements that have led to an incredibly clear and user-friendly design.

Policy in Practice developed the Benefit Cap Calculator in partnership with Lewisham Council in order to provide a tool which could visually explain the impact of the Benefit Cap at an individual level. You can see it in action [here](#).

## Executive Summary

### The Lewisham Approach

As part of their status as a Universal Credit Pilot, Lewisham Council is pioneering a new approach for supporting residents to manage the impacts of the household Benefit Cap due in the summer, and to support residents prepare for the transition to Universal Credit later this year.

Lewisham recognised that the impact of the cap will not only be felt by the households affected, but by the local authority that has a statutory duty to house families that are evicted as well.

In order to meet this challenge, Lewisham has developed a holistic approach that brings together support linked to four key areas: budgeting monthly payments, sustaining tenancies, transacting online, and accessing employment.

Step 1: Initial contact – letters and telephone triage

Step 2: Engagement – face-to-face interviews using the Benefit Cap Calculator

Step 3: Ongoing support – Individual support plan developed and signposting to service providers

### The Impact

Before the approach:

- 88% of people said that they knew nothing or very little about the Benefit Cap and how it would affect them personally
- 92% of people said that they knew nothing or very little about Universal Credit
- 80% of people said that they knew nothing or just a little about how much better off they would be in work once the Benefit Cap and UC were introduced

After the approach:

- 85% of people reported knowing all or most of what they needed to know about the Benefit Cap
- 79% of people said they knew all or most of what they needed to know about Universal Credit
- 89% of people said they clearly understood the results of the personal financial calculation
- **85% of people said they were more likely to look for work following their appointment**

**The outcomes will have saved many households a great deal of hardship** and the local authority will have **saved many times the cost of the intervention** through lower support costs for homelessness and temporary accommodation.

### Key Lessons

- **The style of letters is important;** friendly, personalised letters had better response rates.
- **Letters should initially be sent in small batches;** a big batch of letters generates more contact than staff can handle.
- **Local authorities should identify households that are exempt before making contact.** This not only saves households that have been incorrectly identified as affected by the cap from undue stress, but it also saves staff resources by avoiding unnecessary phone calls.
- **The timing of calls is important.** Avoid times that are generally busy for families (e.g. the school run).
- **The [Benefit Cap Calculator](#) is a powerful tool** that helps to explain the household's current entitlement, the impact of the Benefit Cap, and the benefits of work. Importantly, it is fast and

visual, which means that the advisor can spend more time with an engaged claimant on the next steps.

- **The local authority Benefit Cap team may in some cases be better placed to provide ongoing support**, rather than handing over to external agencies.

## Learn More

Read on to learn more about this emerging best practice, its lessons and results.

Contact Lisa Stidle at [lisa@policyinpractice.co.uk](mailto:lisa@policyinpractice.co.uk) to find out more. We would be delighted to have a conversation about how your local authority will be impacted by the Benefit Cap.

## Main Report

### How local authorities can respond to the Benefit Cap

#### The Lewisham Approach

As a DWP-funded Universal Credit Pilot, Lewisham Council is pioneering a new approach to mitigate the impacts of the household Benefit Cap due in the summer.

The project is being delivered by a dedicated team of officers from the council's benefit and housing teams and staff from the Jobcentre Plus. The approximate cost of the one-year project is £128,000 which covers front line staff, technical developments such as the Benefit Cap Calculator built by Policy in Practice, and funding for the customer insight, training and evaluation stages of the project.

|     |                                                |
|-----|------------------------------------------------|
| 724 | Households impacted by the cap in Lewisham     |
| 524 | Households identified as the sample group      |
| 418 | Spoken to as part of a triage / telephone call |
| 218 | Appointments completed                         |
| 238 | Fewer households affected by the Benefit Cap   |

Initially, an estimated 724 households were affected by the Benefit Cap in Lewisham. A household could be at risk of losing just a few pounds a week to over £20,000 per year. Collectively, households in Lewisham were at risk of losing £3.5 million per year, or £4,800 per household on average.

Lewisham recognised that a similar cost was likely to fall on the local authority (through Adult Services, Children's Services, Homelessness, Section 21 eviction notices) unless they intervened early to help families avoid the cap. Data from Birmingham Council suggests that a single homelessness application can cost a council £8,000 per year.

At present, most of the support available to residents affected by the welfare changes is specifically focused on one or two elements of transitional support (e.g. support with rent through their housing provider or discretionary housing payments (DHPs), or support with finding work through Jobcentre). Lewisham wanted to develop a holistic approach that would bring together various strands of support linked to four key areas:

- **Financial Capability:** Budgeting skills and banking access
- **Housing:** Prioritising rent and sustaining tenancies
- **Online access:** IT capability and internet connectivity
- **Employment:** Employability skills, finding work and overcoming barriers

A sample of 524 households was selected to take part in the process, with 200 households serving as a control group in order to evaluate the project's success. The process developed to support those affected by the Benefit Cap is detailed below:

#### Step 1: Initial Contact

1. Mailshots: A letter was sent out to all 524 households in the trial group. Learning from the Behavioural Insights Team, Lewisham developed different communications (letters, SMS) using 'nudge' techniques. A friendly worded letter along with a hand-written note and envelope helped to personalise the first contact and generated the highest response rates.

A Claimant  
1 High Street  
Canford  
London  
SE6 1AB

Universal Credit Pilot Team  
4th floor Laurence House  
Canford  
SE6 4RU  
direct line 020 8314 9090

date 23/03/2013

### IMPORTANT

Dear A Claimant

#### Do Not Ignore this letter

From July 2013 you will lose money from your housing benefits.

#### What you can get is changing

The Government has capped the amount of benefit each non-working household can receive.

- Families will receive no more than £500 per week.
- Single people will receive no more than £350 per week.

#### How this will affect you

Our records show that your total entitlement, including housing benefit and out-of-work benefits, is more than the cap.

A Claimant  
1 High Street  
Canford  
London  
SE6 1AB

Hi Amy,  
  
Please do give  
me a call.  
  
Samantha

Universal Credit Pilot Team  
4th floor Laurence House  
Canford  
SE6 4RU  
direct line 020 8314 9090

date 23/03/2013

Dear A Claimant

#### I have been trying to contact you

I have been trying to call you to let you know about changes to Benefits that will affect your family. Our records show you will lose money when the benefit cap is introduced on 1 July.

I am inviting you to talk about the changes and to let you know what you can do to prepare. Please ring me on 020 8314 9090 and I will call you back. You can also either e-mail your number to [universalcredit@lewisham.gov.uk](mailto:universalcredit@lewisham.gov.uk) or use the courtesy phone in Access Point to ring me on 49090.

I have spoken I have spoken to many Lewisham residents who, like you, are affected by these changes. The feedback we have received from them has been really good. Most

53% of people who received a 'scary' letter responded

76% of people who received a 'friendly' letter responded

#### Key lessons:

- The style of letters is important; friendly personalised letters had better response rates.
- Letters should initially be sent in small batches; a big batch of letters generates more contact than staff can handle.

2. Follow-up call for triage: The letter was followed by a telephone call that included 14 questions, designed to elicit problems faced with *financial capability* (budgeting and managing monthly payments), *housing costs* (sustaining tenancies in the social and private rented sector), *online capability* (transacting with government services online), and *employment* (accessing employment and work-focused training).

The initial response from households varied, but the following capture the majority of responses:

- Very worried
- Felt it was unfair
- Many were unaware of the Benefit Cap
- Confused over entitlement and what was happening
- Wanted to know how much they could lose
- Wanted to know about exemptions
- Wanted to know the next steps they could take

Lewisham found that around 20% of households contacted were not impacted by the Benefit Cap because of exemptions such as entitlement to DLA or a change of circumstances.

#### Key lessons:

- Local Authorities should identify households that are exempt before making contact. This not only saves households that have been incorrectly identified as affected by the cap from undue stress, but it also saves staff resources by avoiding unnecessary phone calls.
- The timing of calls is important. Avoid times that are generally busy for families (e.g. the school run).

### Step 2: Engagement

After initial interviews were conducted over the telephone, households identified as vulnerable were invited into the office for a face-to-face interview. Face-to-face engagement is an essential part of the process.

Those who attended the face-to-face interview said that they came because:

- They were told to attend

- They thought they may be penalised for non-attendance
- They wanted face-to-face support
- They wanted to know how the changes would affect them personally

Many felt that they would not be affected by the cap, either because they thought people in social housing would not be affected or they thought that the council would re-house them or get them a job. Much of the time in the interview was spent explaining that this was not the case, that this was going to affect them, and that the best option for them was to find work.

A minority of those impacted were reluctant to change. Advisors found that one effective response to change their mindset was to talk about the benefits of work - not just the financial benefits, but the social benefits too.

### The needs of people affected by the cap

Overall, residents had a broad range of different needs and advisors were surprised by the high level of need and vulnerability among those affected by the Benefit Cap. Most people affected by the Benefit Cap had been out of the labour market for a number of years. Some of their barriers to work were:

- They did not know where and how to find work
- Lack of qualifications / employability skills / work experience
- Finding appropriate and affordable childcare
- Language – often interpreters were required at interviews
- Health / depression / high level of need

One of the important missing links in many local authority processes is a tool which can visually explain the financial impacts at an individual level. In partnership with Lewisham, Policy in Practice developed a Benefit Cap Calculator that clearly explains what residents are entitled to before the cap, the financial impact of the cap on them personally, and the benefits of work. It helps advisors engage the resident in a job search and budgeting focussed conversation.

### The Benefit Cap Calculator

Policy in Practice built a Benefit Cap Calculator in order to explain the effect of the Benefit Cap on residents personally and elicit behaviour change. It is fast and easy tool for advisors, requiring only 3 steps:

#### Step 1: Input personal circumstances

**Universal Credit Calculator**  
built for Lewisham Borough Council

Weekly

**Part 1 - About your circumstances**

Complete the fields below to estimate your Universal Credit award

|                                            |                                    |
|--------------------------------------------|------------------------------------|
| Name<br>Donna                              | Unemployment element<br>£ 71.70    |
| National insurance number<br>QQ 15 24 58 A | Child element<br>£ 323.44          |
| Relationship status<br>Single              | Child benefit<br>£ 87.30           |
| Number of dependent children<br>6          | Housing element<br>£ 290           |
| Are you exempt from the benefit cap?<br>No | Child disability element<br>£ 0.00 |

Enter your weekly jobseekers allowance, income support, employment support allowance or incapacity benefit.

#### Step 2: Input (potential) work details

**Part 2 - What if you were to move into work?**

**Universal Credit and work**

Please enter your wages or salary and average weekly hours below:

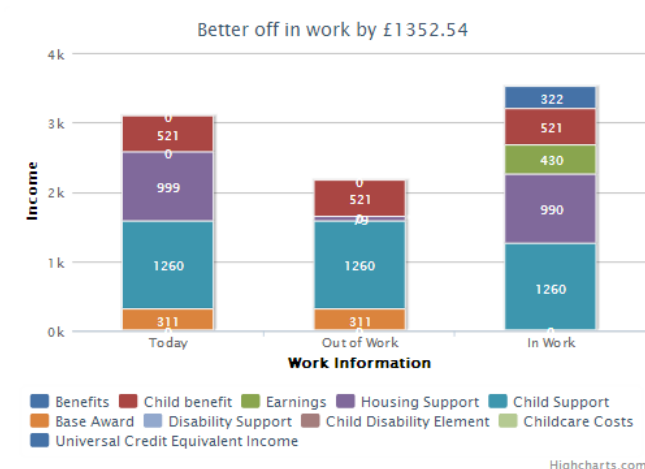
Payment cycle  
Weekly

|                                               |                                      |
|-----------------------------------------------|--------------------------------------|
| <b>Your Salary</b>                            | <b>Your Partner's Salary</b>         |
| Hourly wage<br>£ 6.19 per hour                | Hourly wage<br>£ 0.00 per hour       |
| Weekly hours worked<br>16.00 per week         | Weekly hours worked<br>0.00 per week |
| Hours of formal childcare each week<br>20     |                                      |
| Monthly childcare costs<br>£ 411.06 per month | £ 94.60 per week                     |

[Back](#) [Better off in work calculation](#)

### Step 3: Benefit Cap/Better off in work Calculations

Summer 2013



The total amount you currently receive in benefits is

£ 3092.51 per month £ 711.70 per week

The amount you will receive after the cap is

£ 2172.62 per month £ 500.00 per week

The extra rent you would need to find is

£ 919.89 per month £ 211.70 per week

If you find paid work, you will be better off by

£ 1352.54 per month £ 311.27 per week

### Lessons and Benefits

- Entering in the resident's name helps to engage them in the process and gives more weight to the calculation
- 'Tooltips' provide useful information (e.g. who is exempt from the cap) so that anyone can use it
- Includes childcare costs to give a true better off in work calculation, as childcare is a major barrier to work for many
- Visual illustrations explain how a resident would be impacted by the Benefit Cap in financial terms and demonstrates the benefits of work.
- Works for both benefit systems – both the current system and Universal Credit
- Residents said that they clearly understood their entitlement, and how the changes would affect them personally. Seeing their circumstances visually made them think more, and helped them to see that they would be better off in work.

If you would like to learn more about the Benefit Cap Calculator, you can watch a demonstration [here](#) or [contact us](#).

#### Key lessons:

- The calculator is an important tool because:
  - People don't understand what they're entitled to
  - People don't understand the impact the Benefit Cap will have on them
  - People don't understand benefits of work
  - With a clear, visual explanation of the above, advisors will get to spend more time focussing on the next steps (e.g. finding a job, childcare, etc.)

### Step 3: Ongoing Support

In follow-up interviews, many of those affected did want further support. Lewisham intended to refer / signpost people to alternative service providers who would be able to provide effective support to help people overcome specific barriers.

The success of interventions often depended on both the handover process and who they were passed on to. The relationship and sense of 'ownership' of the advisor and the resident are key to successful interventions.

Having trialled a sign-posting / referral approach, in the second phase of the Pilot, Lewisham want to try a case management approach in which their advisors would work with customers on an ongoing basis to identify in more detail the step-by-step actions individuals need to take.



Policy in Practice is working with Lewisham Council to develop and improve the effectiveness of the resident action plan, and create a process that ensures that behaviour change is sustained.

Lewisham is now in the process of rolling some of the learning gained from the first phase of their UC pilot into the existing Housing Benefit and Housing Services so that ongoing support can be provided to customers affected by the Benefit Cap.

*Key lessons:*

- Consider where it would be better to handover to external support agencies or whether a case management approach would lead to better outcomes. Transitional support planning with hand-offs to key agencies will be sufficient support for some customers. However, others may require more ongoing support in the form of a case management approach to help them transition.

## The Impact

Resident contact for the new approach started in January 2013. Post-appointment evaluation surveys show that Lewisham's approach is having a positive impact. Lewisham's residents affected by the Benefit Cap are now **more knowledgeable about welfare reform and how it will affect them personally and more likely to look for work.**

Before the face-to-face interview:

- 88% of people said that they knew nothing or very little about the Benefit Cap and how it would affect them personally
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After the face-to-face interview:

- 85% of people reported knowing all or most of what they needed to know about the Benefit Cap
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**The outcomes will have saved many households a great deal of hardship** and the local authority will have **saved many times the cost of the intervention** through lower support costs for homelessness and temporary accommodation.

## Learn More

If you would like to learn more about this emerging best practice that is helping local authorities to manage the impact of the Benefit Cap and improve the lives of residents or to learn more about the [Universal Credit](#) and [Benefit Cap](#) Calculators, then please contact Policy in Practice by emailing Lisa Stidle at [lisa@policyinpractice.co.uk](mailto:lisa@policyinpractice.co.uk).