Universal Credit and the Benefit Cap

This factsheet explains how the Benefit Cap works for people claiming Universal Credit.

Topics covered include:

1. What is the Benefit Cap?
2. Exceptions for people who are disabled or have caring responsibilities
3. Exceptions for people who are working or have recently stopped work
4. Help with the Benefit Cap
5. Where to get more information.

1. What is the Benefit Cap?

The Benefit Cap reduces the amount of Universal Credit (or Housing Benefit) you can receive unless an exception applies – see sections 2 and 3. This factsheet focuses on how it applies to Universal Credit.

The cap applies once your benefit entitlement (and that of your partner if you are in a couple) exceeds the following amounts:

- £1,413.92* per month if you are a single person and live in Greater London;
- or £2,110.25* per month if you are a couple or lone parent and live in Greater London.

**April 2026/7 figures*

If your total benefit entitlement is more than the above limits, the DWP will deduct the excess from your Universal Credit, so your monthly award will be reduced. However, note that your UC will not be reduced if you are entitled to help with childcare costs in your UC and this is higher than the amount by which your benefits exceed the cap.

The following benefits are considered when deciding whether the cap applies:

- Universal Credit;
- Jobseeker's Allowance;
- New-Style Employment and Support Allowance (if neither you or your partner are in the support group);
- Child Benefit;
- Maternity Allowance;
- Severe Disablement Allowance;
- Widowed Parents Allowance;
- Widow's Pension.

Note that your full benefit entitlement is usually considered even if deductions are being applied (such as to repay an overpayment, council tax debts, payments to third parties, fines and sanctions).

2. Exceptions for people with ill health, disability or caring responsibilities

The Benefit Cap will only apply if you or your partner are receiving Universal Credit or working-age Housing Benefit. However, it will not apply if you or your partner work and your joint earnings are higher than a specified amount (see section 3) or receive any of the following:

- Universal Credit that includes a limited capability for work-related activity element;
- New-Style Employment and Support Allowance that includes a support component
- Carer's Allowance, Guardian's Allowance or Universal Credit that includes the carer element;
- Attendance Allowance;
- Personal Independence Payment, Disability Living Allowance (for yourself or a child) or Armed Forces Independence Payment. This exemption also applies if you are claiming for a child for whom you or your partner are responsible;
- Industrial Injuries Disablement Benefit, Reduced earnings Allowance or Retirement Allowance;
- a War Pension.

An exemption also applies if you, your partner, or child are entitled to one of the above benefits, but payments have been suspended due to hospitalisation or residence in a care home.

ROYAL borough of GREENWICH

3. Exceptions for workers or people who have recently stopped work

The Benefit Cap will not be applied if:

- you (or your partner) are working, either employed or self-employed and your combined net earnings is at least £881 in your monthly Universal Credit assessment period (*Your UC assessment period is the recurring monthly cycle UC is based on, starting from the first day you made your claim*).
- you are in a 'grace period' after leaving work (explained below).

The nine-month grace period

You can get up to nine months without the cap being applied if any of the following apply:

- **You are on UC and have recently stopped work**
  - your earnings (or joint earnings if a couple) are now below £881 a month *(£2026/27 figure*),
  - but in each of the previous 12 months you earned at least £881 or if different, the relevant monthly income threshold at that time. *The 2025/26 figure was £846.*
- **You stopped work before your current period of UC entitlement**
  In each of the 12 months before claiming UC, your earnings (or joint earnings if a couple) were at least £881 a month (*or if different, the relevant monthly threshold at that time – see above*).

Get advice if you are on maternity, adoption, paternity, parental/shared parental or bereavement leave, you may still count as in work, although the UC rules do not state this explicitly.

4. Help with the Benefit Cap

If you are struggling to pay your rent due to the Benefit Cap, you may be able to get a housing payment. These are discretionary payments made by the council for residents who are experiencing exceptional difficulties or pressures and need extra help to meet their housing costs (such as to cover a rent shortfall).

You may also wish to apply if you:

- are affected by the bedroom tax but are unable to move due to rent arrears;
- are in rent arrears or have a rent shortfall and are at risk of being made homeless without support.

To qualify, you must be entitled to help with housing costs in your Universal Credit award. Housing Payments cannot cover shortfalls arising because ineligible charges are included in your rent (such as for water rates, meals, fuel charges and some service charges).

To apply: complete an online form on the Royal Greenwich website. If you need a paper application, you can request one in the following ways:

- by calling the contact centre (020 8921 4900)
- emailing benefits@royalgreenwich.gov.uk
- download it from the website.

The council will look at your income and circumstances and decide if you are eligible and how much help you can receive and for how long.

Residents affected by the Benefit Cap can also contact Royal Greenwich's Welfare Reform Team on 020 8921 2840 for advice and support.

5. Where to get more information

If you need benefits advice or would like to check if you are missing out on any entitlements, ring Royal Greenwich's:

Welfare Rights Service
Public Advice Line
(for borough residents only)
020 8921 6375
Textphone 18001 020 8921 6375
Mon, Thurs: 10am -1pm

You can also visit the Royal Greenwich website (www.royalgreenwich.gov.uk) to view our benefit pages, download factsheets or use our online benefit calculator.

This factsheet is correct as of October 2026