

# The proposed benefit cap for those out of work means that government expects people to live on 62p per day

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*The Welfare Reform Bill is to be debated by the House of Lords later today. One of its most controversial features is a benefit cap of £26,000 for those out of work.*

**Tim Leunig** takes a close look at what this cap will mean in reality for those on benefits, and finds that people could be left with as little as 62p per day after basic expenses.



Today I published an analysis of the Government's £26,000 benefits cap for people out of work. It makes for grim reading.

After basic expenses – rent, council tax and utilities – it turns out that the government expects people to live on 62p per day. That is physically impossible. I have been asked where my figures came from, so here is the breakdown.

£392.31 for rent (the allowable rent for Tolworth, typical of a cheaper property)

£39.06 for council tax (Kingston Council, Band E)

£28.18 for gas and electricity (DECC English average + 20% for large family, in 2011 £s)

£7.21 for water (OfWAT UK average + 20% for large family)

£6 for telephone/broadband – the cheapest BT anytime package

Starting from £500 means that you have £26.23 per week left over for the family, which is 62p per person per day to the nearest penny.

We can argue over these exact figures. Clearly the family could choose to be cold, or to shower infrequently to save money. But against that, private rented housing is typically less well insulated, the family are at home every day, so energy bills may be larger still. I have not included a mobile phone, or any calls to mobile phones, or to 08 numbers not included in the basic package.

In any case, even after rent and council tax, the family has only £1.64 per person per day to live on. No alternative figures will make any difference: this is simply not a living income for a family with 4 children in private rented accommodation in a cheap part of outer London.

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