



Benefit changes
& larger families

TRAPPED BY THE CAP

An analysis of work conditionality and the benefit cap

March 2023

Key findings

Data obtained by Child Poverty Action Group (CPAG) via a freedom of information request reveals that a third (34 per cent) of people subject to the benefit cap, which the government claims is a work incentive, are not expected to seek employment because their circumstances prevent them from working. Rather than being a work incentive, it is pushing children deeper into poverty.

Of the 111,000 households on universal credit (UC) who are subject to the benefit cap, fewer than half are required to actively seek work by the Department for Work and Pensions (DWP). Of the remaining 59,000 (53 per cent) capped households:

- 38,000 (34 per cent) are not expected by the DWP to search for work because they are the primary carer of a child aged under three.
- 21,000 (18 per cent) are already in work, but do not earn enough to reach the threshold for the cap to be lifted.

About the benefit cap

The benefit cap limits the benefit income of households who earn less than £658 a month.^{1,2} It pushes households into deep poverty by cutting their benefit income by, on average, £230 a month.³

¹ Equivalent to working 16 hours a week at the minimum wage.

² Households with some disabled people or people who provide full-time care for someone who is disabled are exempt from the benefit cap. A full list of exemptions is [here](#).

³ Benefit cap stats via Stat-Xplore

Of the total of 123,000 households subject to the cap, which includes those claiming UC and those claiming housing benefit,⁴ 106,000 (87 per cent) are households containing children. 56,000 (46 per cent) are households with a child aged under five.⁵ A total of 309,000 children are affected by the benefit cap.⁶

A third of households subject to the cap are unable to work

The UK government defends the policy as a ‘work incentive’.⁷ But the data obtained by CPAG reveals that 38,000 households affected by the cap (34 per cent) are not expected to search for work because they are caring for very young children.

The benefit cap can apply to parents as soon as their child is born. For example, we heard about Amanda,⁸ a single parent expecting her second child, through our welfare rights services. When her baby is born she will have to stop working and will immediately be affected by the benefit cap.

Laura⁹ is a single mum affected by the benefit cap. She’s eager to work, but isn’t able to because of the care needs of her two-year-old son:

I’d love to back to work. [But my two-year-old has] suspected autism... they also think that he might have a genetic condition... right now he needs full-time care.

It is particularly difficult for single parents to earn enough to escape the cap as they need to reach the earnings threshold and cover childcare costs singlehandedly. 86,000 households (70 per cent) affected by the cap are single-parent families, and 19,000 have a child aged under two.¹⁰

Alisha,¹¹ a single mum, is unable to work enough hours to escape the cap because her employment options are restricted by school hours and childcare availability.

There’s nothing I can do, I can’t fix this situation; even if I put this one in childcare and try to get a job, I can still only get a job three days a week while the other two are in pre-school, there isn’t enough hours there; and again I still have to do the school run.

⁴ This includes the 111,000 households claiming UC who are capped and the 12,000 claiming housing benefit who are capped. Employment information for the latter group is not readily available.

⁵ DWP, [Benefit cap: number of households capped to May 2022](#), 2022

⁶ See note 3.

⁷ In correspondence CPAG received in February, Guy Opperman MP, Minister for Employment states that ‘There are no plans to abolish the benefit cap as it continues to provide a strong work incentive’.

⁸ We have used pseudonyms throughout this briefing. This case came to CPAG’s attention through our [Early Warning System](#).

⁹ Laura is a participant in the [Benefit Changes & Larger Families](#) study.

¹⁰ DWP, [Benefit cap: number of households capped to May 2022](#), 2022

¹¹ Alisha is a participant in the [Benefit Changes & Larger Families](#) study.

21,000 households are subject to the cap despite being in work

A further 21,000 households affected by the benefit cap are already in work but earn less than the threshold for the cap to be lifted.

Claire¹² is a single parent working part time. Her earnings vary from month to month and some months she is subject to the benefit cap. When this happens, she has as little as £50 UC left to live on for the month after paying the rent.

The £658 threshold to escape the cap is equivalent to the monthly earnings of someone working 16 hours a week at the minimum wage. However, many minimum wage earners are paid on a four-weekly cycle. This means that some people are subject to the benefit cap despite working 16 hours a week because they have only received a pay cheque for four weeks, rather than a full month, of work.

Faduma¹³ is a single mum in this situation. She loses £320 a month through the benefit cap despite working 16 hours a week, because she is paid on a four-weekly basis. If she worked one more hour a week her earnings would pass the threshold but the agency she works for says there is nothing available.

They told me ... if you look [for] one hour extra, you're not gonna get benefit capped... I told [the agency] but they said it's a waiting list, when we get more jobs available we can give it to you, and I'm just waiting.

Esme¹⁴ is a single parent in a similar situation. She leaves her oldest child to care for her other children so she can work 16 hours a week. Despite her best efforts, she's still subject to the benefit cap because she's paid four-weekly.

The cap is causing extreme hardship to vulnerable children and families

The benefit cap is causing extreme hardship to the children and families affected. Ashley,¹⁵ a single parent subject to the cap, explains how she is at breaking point:

It's got to the point where I just give up... I'm living on hardly anything... my daughter's been walking around with holes in her shoes... I can't afford to get her a pair of school shoes.

The benefit cap causes children to experience deep poverty from a young age, which is particularly damaging for children's life chances.

Rachel¹⁶ is a single parent. She was subject to the benefit cap as soon as her maternity pay came to an end. This meant her income dropped twice – from the loss of maternity pay and the application of the benefit cap. She is dramatically worse off as a result – after paying the rent she only has £213 left each month for her and her children to live on. She is reliant on food banks.

¹² See note 8.

¹³ Faduma is a participant in the [Benefit Changes & Larger Families](#) study.

¹⁴ See note 8.

¹⁵ Ashley is a participant in the [Benefit Changes & Larger Families](#) study.

¹⁶ This case came to CPAG's attention through our Early Warning System.

In some cases, the benefit cap can cause children to grow up homeless.

Taylor¹⁷ is a single parent with a new baby. She is homeless and living in temporary accommodation. If she finds a home, she will not be able to get enough UC to cover her new rent, because of the benefit cap. The DWP does not expect her to work because her baby is less than a year old.

Uprating the benefit cap doesn't go far enough

The UK government recently announced that the benefit cap will be uprated in April by 10.1 per cent, in line with inflation.^{18 19} This will mean that capped households can gain from annual benefit uprating for the first time since the cap was implemented in 2013.

But the benefit cap has not increased since it was introduced in 2013 and, in 2016, it was lowered even further. Even after April's uprating the benefit cap will still be £225 a month lower in real terms than it was in 2016 (and £260 lower for families in London) due to it being frozen in previous years.

Uprating the benefit cap is a welcome step, but it is not enough to counter the cost pressures that capped families face. Inflation is currently at 10.1 per cent, and families on the lowest incomes face an even higher inflation rate as they spend proportionally more on food and energy which have seen the biggest price increases.

The Scottish government announced in February that it has allocated £8.6 million in direct support for people affected by the UK benefit cap in Scotland, mitigating the cap as fully as possible using discretionary housing payments.²⁰

The UK government must do more than uprate the cap to prevent families experiencing extreme hardship.

Conclusion: there is no justification for the hardship the benefit cap is causing families

The UK government defends the benefit cap a 'work incentive'.²¹ But this data reveals that over half of those subject to the cap are either unable to work or already working. This policy is indefensible – it pushes families, many with very young children, into deeper poverty.

Removing the cap would put an additional £52 a week into the pockets of some of the poorest households across the country, a lifeline in the current cost of living crisis. Removing the cap would only cost £300 million, 0.1 per cent of total spending on social security.²²

There is widespread consensus that the government's response to the cost of living crisis should prioritise the poorest. Any attempt to support those most in need will be undermined as long as the benefit cap is in place.

¹⁷ See note 8.

¹⁸ HM Treasury, [Autumn Statement 2022](#), 2022

¹⁹ Based on the Consumer Price Index in September 2022.

²⁰ Scottish Government, ['Helping families with their living costs'](#), 20 February 2023

²¹ See note 7.

²² The results presented here are based on UKMOD version A3.5+. UKMOD is maintained, developed and managed by the Centre for Microsimulation and Policy Analysis (CeMPA) at the University of Essex. The process of extending and updating UKMOD is financially supported by the Nuffield Foundation (2018-2021). The results and their interpretation are the author's sole responsibility. All calculations are for financial year 2023/24.

Notes

The FOI data is specific to the 114,000 capped households who claim UC as equivalent data is not available for the 13,000 households claiming legacy benefits who have their housing benefit capped.

The FOI data shows the ‘conditionality regime’ of capped households who are on UC. The conditionality regime is used by DWP to determine which claimants are required to actively seek work, which claimants are already working and which claimants are expected to seek work.

Universal credit claimants who undergo a work capability assessment and are found to have ‘limited capability for work and work-related activity’ are exempt from the benefit cap. The main reason for a benefit capped claimant to be in the ‘no work requirements’ conditionality group is that they are the primary carer of a child aged under one.

Table 1: The number of households capped on UC by conditionality regime of primary claimant, August 2022, Great Britain

Conditionality regime	Description	Count	%
Searching for work	Claimant is required to take action to secure work, or more / better paid work.	51,101	46%
Working - no requirements	Claimant or household earnings are over the level at which conditionality applies.	4,437	4%
Working - with requirements	Claimant is in work but could earn more, or they are not working but has a partner with low earnings	16,175	15%
No work requirements	Claimant has a health problem or caring responsibility which prevents them from working or preparing for work.	15,013	13%
Planning for work	Claimants is a lone parent or lead carer of child aged one. They are required to plan for their return to work.	8,795	8%
Preparing for work	Claimants is a lone parent or lead carer of child aged two. They are required to prepare for their return to work.	14,162	13%
Unknown	In some cases the DWP has not been able to link the benefit cap data with conditionality data.	1,577	1%
Total		111,262	100%

The case study examples in this briefing have been provided to us through CPAGs Early Warning System and through the Benefit Changes & Larger Families study.

CPAG works on behalf of the more than one in four children in the UK growing up in poverty. It doesn’t have to be like this. We use our understanding of what causes poverty and the impact it has on children’s lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. We also carry out high profile legal work to establish and protect families’ rights.

CPAG's **Early Warning System** helps us get a better understanding of how changes to the social security system are affecting the lives of children and families. We gather information from advisers about the experience of children and families. This intelligence informs much of our policy, research and campaigning work, and also feeds into the advice we give frontline advisers. Thank you to everyone who has contributed to our Early Warning System – to every adviser who has submitted a case.

The **Benefit Changes & Larger Families** study is a collaboration between the universities of York, Oxford, London School of Economics and Political Science. CPAG is the policy and communications partner. The project is funded by the Nuffield Foundation, but the views expressed are those of the authors and not necessarily the Foundation. More information is available at: largerfamilies.study.