



Tweaking the benefit cap is not enough

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The childcare challenge includes being able to afford childcare for multiple children.

The benefit cap was introduced in 2013, and limits the total amount of support some low-earning and non-working families can receive from the social security system. What has been the impact of this policy? What will a recently announced change to the cap mean for families? And does this change go far enough?

The benefit cap made an unexpected but welcome appearance in the 2022 Autumn Statement. In his speech, chancellor Jeremy Hunt announced that the benefit cap would rise with inflation. This came as a surprise given the cap's history. The benefit cap level was originally set at £26,000 a year for families. This figure was based on average earnings. It was then lowered in 2016 to £23,000 for families living in London and £20,000 for families living elsewhere, meaning more

households were subject to the cap and capped families had their benefits reduced further. During the pandemic, the cap was not lifted despite the financial strain families were under and the inability for most to escape the benefit cap through entering paid work (the benefit cap applies to those with household earnings below £617 a month).

Following Hunt's announcement, from April 2023 the benefit cap will rise from £23,000 to £25,323 for

families living in London and from £20,000 to £22,020 for families living outside London. While this rise is welcome, findings from a major mixed-methods research project currently underway show that what is really needed – and urgently – is to abolish the benefit cap altogether. The benefit cap causes considerable harm to families. What is more, escaping the cap is routinely extremely difficult for families, if not impossible.



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A questionable rationale

The benefit cap was introduced with the stated purpose of ‘fairness’: that families in which no-one is working should not receive more in state support than a working family gets in earnings. This rationale was quickly questioned: the figure for median earnings did not include additional support for working families through child benefit, tax credits and universal credit. Allowances are not made for family size, and as a result, the policy disproportionately affects larger families. The most recent Department for Work and Pensions (DWP) statistics show that 53 per cent of capped households have three or more children. They also show that 70 per cent of capped households are single-parent families. The benefit cap also particularly affects people in high-rent areas as it is usually support with high housing costs that pushes people into the cap. While entering paid work is promoted as the main way of escaping the cap, the government has also suggested that people could opt to move to cheaper accommodation. There are exemptions from the cap for people in receipt of certain disability-related benefits, including attendance allowance, disability living allowance and personal independence payment, but not for those with significant caring responsibilities.

Impact on larger families

Given the disproportionate effect of the benefit cap on larger families, we have been undertaking a three-year research project to investigate the impacts of the benefit cap on families with three or more children. We interviewed 24 parents subject to the benefit cap on three occasions in 2021 and 2022.

We first spoke to parents in 2021, as the UK gradually emerged from the depths of the COVID pandemic. In these interviews, parents explained how the benefit cap was causing significant financial hardship and making it difficult to afford necessities including food, clothing and heating. Jessica, a single mum to four children, was capped by £500 a month at the time of the first interview. During the pandemic her marriage broke down and she had to close her business, leaving her reliant on benefits.

She explained how her low benefit payments meant she did not have enough money to buy food and that this was resulting in debt:

‘I’m having an awful time with the finances. I’m in private rented so my universal credit only covers my rent and leaves me with £60 a week to live on with four children... I’m getting in debt now... I get the food bank every other week because I can’t even afford basic food for us all.’

The difficulties in meeting needs and covering essential bills take a huge toll on parents’ mental health. Alice, a single mum to three children who was capped by £230 a month at the first interview, told us:

‘Definitely I’m spending less because I’m always like, scared that something’s gonna happen. Yeah, so I’m benefit capped, that means my rent’s not paid, so I’ve been mentally like really stressed out.’

We returned to speak with parents for a second and third time across 2022. The threat from the pandemic had receded for many (though not all), but the cost of living crisis had emerged. Parents shared with us how much harder it was to get by and manage the effects of the benefit cap because of this economic crisis. Bushra, a single parent to seven children, became subject to the benefit cap following the breakdown of her marriage. At the third interview, she was being capped by £642 each month. Her monthly universal credit payments were running out 10 days before the next one was due.

She explained how she had to reduce her heating to try to manage the rising prices on an inadequate income:

‘The heating I have to minimise even to use it because if [I] keep using it..., it will finish quicker; so I have to manage it that way and the house is a bit cold as well, because we’re dealing with the damp as well, the same thing, because when I call someone to look at the damp but they say to me, “The more you put more heating the damp will be less.” So then I said, “How can I do it ‘cos I can’t afford it every night the heat to be on?”’

The research findings also show that the detrimental impacts on mental health are getting worse in the context of the cost of living crisis. Leylo has the sole responsibility for eight children and is capped by £870 each month. She told us that since the second interview:

‘There was a lot of change. My life has been really hard since then. There was inflation, the gas and electricity and everything became more expensive and the benefits that we get are not enough to cover that. I’m even taking antidepressants for now.’

Before the cost of living crisis, families affected by the benefit cap were really struggling to make ends meet. The cost of living crisis has made a difficult situation impossible, as benefit payments are far too low to cover bill and price rises.

An obstacle to entering paid work for many parents is difficulty in finding childcare.



A mother with her three daughters in housing in need of repair, west London.



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No viable options to escape the cap

The harms the benefit cap cause are especially problematic given the difficulties people face in escaping the cap. Entering paid work was not an option for many of the parents we spoke to. A key reason for this was difficulties in finding childcare. Jyoti, a single mum to four primary-school-aged children, explained:

'I'm at home now and I don't mind working, it's just that I've got no childcare. I've contacted childminders as well and they won't take on all four of my children; so that's a difficult thing to do as well.'

The benefit cap disproportionately affects larger families, yet parents in these households face some of the biggest challenges in entering paid work due to the difficulties of finding childcare for multiple children. The parents also explained that it was difficult to find and afford childcare for younger children. Over half of the parents who took part in the research had a child under three and were not expected to enter paid work under DWP conditionality rules. Yet they were still affected by the benefit cap.

Many of the parents also struggled to enter paid work due to their health conditions or the additional needs of their children. Although Jessica had a long work history, when we spoke to her, she was struggling to re-enter paid work. She told us:

'I would like to [enter paid work] but it's just not possible at the moment with my health, and, to be honest, there's appointments every week with the children at the moment with the things they're going through.'



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While there are exemptions from the benefit cap for those claiming certain disability-related benefits, a lot of the parents we spoke to did not qualify for these. The benefit cap does not take into account that people are not in paid work because circumstances in their lives make it impossible for them to be able to, for a period of time. This leaves them struggling on an inadequate income.

Most of the parents also explained that they could not move to cheaper accommodation to avoid the cap. When Amanda, a single mum to four children, was asked if moving to cheaper accommodation was an option, she replied:

'I am in the cheaper accommodation. I've moved to this house because I couldn't afford the rent of the last house and I still can't afford the rent on this house. So to say to move to cheaper accommodation, I've done that and we're squished and squeezed in this house, there's five of us in a three bedroom with two box rooms and a slightly big double room, and there's nowhere to put our clothes and the house is riddled with damp.'

The families who took part in the study often explained that they were already living in overcrowded accommodation that was in poor condition. Cheaper accommodation is not available. Many of the participants in private rented accommodation have been 'bidding' for years on social housing but there is not enough supply.

The changes to the benefit cap levels announced in the 2022 Autumn Statement are undoubtedly welcome. They mean that capped families in London will see their benefit income increase by up to £193 a month and families living outside of London will see an increase of up to £168. While this will help, it does not go nearly far enough and will still leave many families unable to meet their

basic needs. Our research shows the serious harms that inadequate benefit payments cause. As many families are unable to escape the cap by entering paid work or moving to cheaper accommodation, the primary and inevitable consequence of the cap is to condemn affected families to unnecessary poverty. The benefit cap needs to be scrapped immediately. That is the only way to protect families from its needless and punitive harms.

Kate Andersen is a researcher at the University of York, and involved in the Benefit Changes and Larger Families study. The study is funded by the Nuffield Foundation, but the views expressed in this article are the author's and not necessarily those of the Foundation.
largerfamilies.study

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