

Raising three kids on £3 a week

The reality of the benefit cap

October 2025

Summary

- The benefit cap limits the amount of social security support some of the poorest households across the UK can receive, regardless of their need.¹ Families with children, particularly those living in high rent areas, are disproportionately affected.
- When the cap was first introduced in 2013, it affected 28,000 families. However, as the cost of living has skyrocketed the cap is now affecting many more families all over England and Wales. The latest stats show that 124,000 households with nearly 300,000 children are capped.²
- A lone parent family with three children can now expect to be capped across 95 per cent of England and Wales, compared to 60 per cent just two years ago in 2023.
- The cap leaves all affected families with very little to live on once housing costs are accounted for. In inner London, a lone parent family with three children can be left with just £3 a week to live on after paying rent. In Brighton, a similar family would be left with just £89 a week to live on after rent.
- The government must scrap the benefit cap in its upcoming child poverty strategy. It pushes 300,000 children into even deeper poverty, does not achieve its purported aims and would only cost £300 million to abolish.

Introduction

The benefit cap, introduced in 2013, restricts the total amount of support a working-age household can receive from the social security system if the household (1) is not in paid work or (2) has earnings of less than the equivalent of 16 hours a week at the minimum wage.

The benefit cap was introduced by the coalition government as an austerity measure, purportedly to incentivise low-earning households to take on (more) paid work or move to cheaper accommodation. However, one of the architects of the policy, Lord Freud, admitted in 2021 that the government knew that the policy would save very little.³ And, the government's own evaluation of the policy found that the vast majority of capped households do not move into work as a result of this policy.⁴

These households are out of work or on very low earnings because they experience significant barriers to paid employment. These barriers are particularly high for single parents (69 per cent of households affected by the cap are single parent households) who have considerable caring responsibilities, which the cap does not help to address.

¹ Mitigations to the benefit cap exist in Scotland and Northern Ireland.

² CPAG's calculations from UC Point in Time Caseload/HB Point in Time Caseload May 2025, Benefit Cap, Stat Xplore, DWP

³ House of Lords, *Hansard*, 2 November 2021, col 1128

⁴ Department for Work and Pensions, *Evaluation of the lower benefit cap*, 2023

When the cap was first introduced, a smaller number of households were capped as the total amount of benefits a household could receive was set at £500 a week (£700 in today's prices). However, the threshold of the cap was lowered in 2016 and since then has remained frozen, apart from in 2023 when it was uprated by the annual inflation rate. Since 2013, the cost of living has risen sharply and rents in particular have skyrocketed. This means the long-term trend is more and more households affected by the cap. The latest stats show that 124,000 households with nearly 300,000.⁵

How much are families left with to live on?

The cap is currently set at £423.46 a week for households outside of London, and £486.98 for those in London.⁶ This is clearly not enough for households to live on, but to highlight the acute inadequacy families are facing, it is worth looking at how much families are left with after paying their rent, an unavoidable cost. There are many possible combinations of household characteristics, therefore we have narrowed our analysis to look at a lone parent with three children renting in the private sector.⁷

This family is disproportionately likely to be affected by the cap. Families with children face higher costs and therefore have higher social security entitlement, so they are more likely to reach the threshold of the cap. As outlined, lone parents have higher barriers to work so are often unable to earn enough to avoid being capped. We find that in 95 per cent of areas across England and Wales, a typical lone parent with three children could become capped. This is a large rise from when we conducted similar analysis in 2023, which showed they could be capped in 60 per cent of areas.⁸

Table 1: Selected local rental areas and weekly entitlement after housing costs for a lone parent of three children

| Local rental area | Weekly post-rent income |
|-------------------|-------------------------|
| Inner London | £3 |
| Guildford | £82 |
| Brighton and Hove | £89 |
| Oxford | £118 |
| Bristol | £123 |
| Harlow | £144 |
| Northampton | £170 |
| Cardiff | £210 |
| Manchester | £210 |

Note: Author’s calculations from benefit and local housing allowance rates

Table 1 shows selected rental areas and weekly post-rent income for a lone parent with three children. We can see that post-rent incomes are very low, but in areas with particularly high housing costs they are particularly low. In inner London, a lone parent with three children will have only £3 a week after

⁵ CPAG’s calculations from UC Point in Time Caseload/HB Point in Time Caseload May 2025, Benefit Cap, Stat Xplore, DWP
⁶ There are lower thresholds for single adult households without children.
⁷ This household’s universal credit entitlement consists of: the standard allowance for a single adult aged 25 or over, the first child element from pre-April 2017, a second child element, and a housing element equal to the maximum possible currently payable in universal credit (as set by the local housing allowance). The household also receives child benefit.
⁸ CPAG, *The benefit cap: an unhappy anniversary*, 2023

paying rent, while in Brighton they'll have just £89.⁹ Families affected by the cap tell us that they face an impossible choice: keep up with their rent payments and try to survive on no money, or feed their children and pay other bills, and go into rent arrears.

Impact on children and families

The impact of the benefit cap on families with children is well documented. The Benefit Changes and Larger Families study conducted qualitative research with families affected by the benefit cap and found that the policy adversely affects parents' mental health and causes material, social and emotional harm to children.¹⁰ We often hear from capped families and those who support them about how little money families have once they have paid their rent.

'Just over 2 years ago, following the death of my partner, me and my two children were impacted by the benefit cap. As our rent was high, the amount received from benefits was only just enough to cover our rent plus one utility bill and because of this, we really struggled. I had to stop paying all of our rent because of this. There was nothing left over for food or any other bills.' (Aurora, Changing Realities participant)¹¹

A couple family with four children living in Bristol was subject to the benefit cap. The dad, who had previously been working, was picking up intermittent bits of work but not enough to escape the cap. The mum was caring for one of their children who had a high level of needs. They were using all their universal credit just to cover their rent and still falling into arrears. They were surviving on child benefit and whatever help they could get from family and friends. Living in hardship for months and going without to put their kids first took a toll on the parents' mental health. Their deteriorating health led to them becoming eligible for disability benefits, which meant they were exempt from the cap. (Early Warning System, September 2025)

One couple family with two very young children living in London has been benefit capped since the husband had to stop work because he has a short-term health problem. He was on a zero-hours contract and as well as working was studying two days a week to be a mechanic. He is waiting for an operation which has been cancelled once, and can't work until the operation has been done. After rent is paid to their housing association, the family has only £573 to live on per month. They are having to use a food bank and have accrued council tax arrears. (Case study shared with CPAG, October 2025)

A lone parent with three children living in Bristol is benefit capped while also experiencing a shortfall between her local housing allowance and the rent she must pay. Her three bedroom privately rented property costs £1,650 per month but she only receives £1,300 in support to pay for housing, having to make up the rest from her universal credit standard allowance. As a self-employed cleaner she has struggled to earn enough to escape the cap and balance looking after her children. This has become slightly easier now her youngest child has turned two and she has been able to get 15 hours free childcare, but she is still earning too little to become uncapped. As a single mum it is much harder for her to lift herself and family out of the cap as she must satisfy the earnings threshold independently. (Early Warning System, October 2025)

⁹ The benefit cap threshold is higher in London as housing costs are higher in London. However, the rise in housing costs in London has outstripped other areas, meaning that even with the higher threshold, households in London are disproportionately affected.

¹⁰ R Patrick and others, [Needs and entitlements](#), Benefit Changes and Larger Families study, 2023

¹¹ Changing Realities is a participatory online project working with 200 parents and carers living on a low income across the UK. See changingrealities.org for more details.

Conclusion

The benefit cap must be scrapped as part of the forthcoming child poverty strategy. It leaves families with next to nothing to live on, pushing them into very deep poverty. Removing the cap would reduce the depth of poverty for 300,000 children at a cost of £300 million. This is a small price to pay for reducing deep poverty, which is particularly detrimental to children's life chances. Keeping the cap in place will mean that almost any further investment to support children and families via the social security system will be hampered by this policy, which by design stops children getting the support they need. Any government that is serious about removing barriers to opportunity and increasing prosperity must remove the benefit cap immediately.

About CPAG

Child Poverty Action Group 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 is a registered charity in England and Wales (294841) and Scotland (SC039339). cpag.org.uk

We have particular expertise in the functioning of the social security system through our welfare rights, training and policy work. CPAG's *Early Warning System* collects case study evidence from advisers across the UK on the impacts of welfare reform, and has collected thousands of cases to date.

Thanks to the advisers and Changing Realities participants who shared evidence with us to inform this briefing.