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**No way out: Why families struggle to escape the benefit cap**

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**Summary**

* This month, benefits will rise by 6.7% (September’s inflation rate) and Local Housing Allowances will be uprated after a four year freeze. This is a welcome step that will provide some much needed relief for struggling families.
* But the approximately 77,000 families affected by the benefit cap will not see a penny more, leaving them falling further behind and deeper into poverty.
* At the same time, the uprating of benefits and the Local Housing Allowance will see some households capped for the first time, as their overall income tips them over the cap thresholds. These families won’t feel the full impact of uprating as the benefit cap claws back any increase to their benefits.
* Research from the four-year Benefit Changes and Larger Families project shows that families affected by the benefit cap are experiencing extreme hardship.
* Parents are often unable to escape the cap through paid work due to the insurmountable barriers they face to entering employment.
* Parents find it impossible to escape the cap through moving to cheaper accommodation as they are often already in the cheapest accommodation available.
* The benefit cap needs to be removed urgently, as part of wider efforts to effectively tackle child poverty.

**What is the benefit cap and why does it matter**

Today, a range of benefits including Universal Credit, Tax Credits and Housing Benefit will be uprated, bringing a welcome increase in households' incomes. Earlier in April, Local Housing Allowances (LHA) were uprated following a four-year cash freeze. This will improve housing support for many private renters. However, households affected by the benefit cap will see no extra income from these changes. Some households will be newly affected by the cap as additional income from benefit and LHA upratings will push them over the threshold of the cap.

Introduced in 2013, the benefit cap sets a limit on the total amount a working-age household can receive in benefit payments if no-one in the household is working a minimum number of hours (albeit with exemptions for households in receipt of some disability benefits). This results in a reduction in entitlement to the already very low levels of social security support in the UK. The cap was further reduced in November 2016, and has only been increased once (in April 2023) across the ten years in which it has been in operation. Today it stands at £25,323 for families living in London and £22,020 for families living elsewhere.

The lack of real change in living standards from the benefit and LHA upratings for households subject to the benefit cap is concerning as capped households are experiencing extreme hardship due to inadequate social security support. Added to this, the main options put forward for escaping the benefit cap - entering paid work or moving to cheaper accommodation - are not routinely possible for affected households.

This briefing draws on data from the [Benefit Changes and Larger Families](https://largerfamilies.study) project to outline the harms the benefit cap causes, and detail the difficulties households face in escaping the cap. The Benefit Changes and Larger Families project is a four year mixed-methods research programme which is investigating the impacts of the two-child limit and the benefit cap on families with three or more children (see Appendix A for methodology). We report from four rounds of interviews with parents affected by the benefit cap and/or two-child limit (25 parents at round one) conducted between April 2021 and January 2024, providing crucial insight into how the benefit cap affects families' everyday lives.

**Harms caused by the cap**

Interviews with parents subject to the cap show that affected households suffer multiple interlocking harms as a direct result of the reduction to their entitlement. Parents spoke of the difficulties in affording basic necessities including food, clothing and heating. Leylo and Alisha told us:

*We don't have electricity, gas. Sometimes after electricity, gas, we don't have any money. I ask somebody "borrow money, borrow money". Then they no give…some times three hours, four hours, I don't have the gas, my gas. Don't have the gas, don't have the electricity. I tried for you know my phone light, because we don't have a gas, we don't have the money.*

(Leylo, benefit cap and the two-child limit, round four)

*My two year old, bless him, he was crammed into trainers that didn’t fit him, I couldn’t get him any and again that’s been provided for us by a charity.*

(Alisha, benefit cap and the two-child limit, round one)

The interviews show that inability to afford basic necessities has a knock-on effect on parents' mental health, with parents commonly speaking of the anxiety, stress, depression and insomnia they experience:

*Obviously both my wife and I are stressed by the situation, our mental health is all over the place…we are here, we are struggling, we have been struggling.*

(Noor, benefit cap, round one)

*I’ll be up most nights thinking about, oh God the rent. I mean it was the bills first and now it’s added to the rent, but I think the rent is more scary because obviously when you’ve got children and stuff you just want that paid off first don’t yer?*

(Jyoti, benefit cap, round one)

[Quantitative research](https://onlinelibrary.wiley.com/doi/full/10.1111/spol.12768) from the *Benefit Changes and Larger Families* project shows that the benefit cap causes significant harm to individuals’ wellbeing, and particularly affects lone parents.

**No way out**

The government has put forward two key options for escaping the benefit cap: entering paid work (at a level that will enable them to escape the cap) and/or moving to cheaper accommodation. But our research shows that these are simply not feasible for most households subject to the benefit cap.

Can’t work (or work more)

[Analysis of the Labour Force Survey](https://onlinelibrary.wiley.com/doi/pdf/10.1111/ijsw.12651) demonstrates that the net effect of lowering the cap in 2016 had almost no impact on employment rates and most people remain subject to the cap month to month. Similarly, recent [DWP research](https://assets.publishing.service.gov.uk/media/643faafb22ef3b000c66f4ce/evaluation-of-the-lower-benefit-cap.pdf) found that most people remained subject to the cap because they did not enter employment. Importantly, many of those subject to the cap are already working, but not working enough to escape it. Claimants must be working at least 16 hours at the national minimum wage in order to be lifted out of the cap.

Our interviews with parents affected by the benefit cap explain why households not currently in employment are unable to escape the cap by entering paid work. The parents we interviewed faced considerable - and often insurmountable - barriers to undertaking paid work. The main barriers concerned health conditions and the lack of available and affordable childcare. Laura, who suffered from a health condition that meant she had severe migraines, dizziness and couldn't lift heavy things or bend down, told us:

*I mean I don’t see it, I mean there’s two things; one is am I gonna be healthy enough to work, and also like this kind of, things are so uncertain for my youngest at the moment, you know, they’re testing him for multiple conditions and I just don’t know if I’m ever gonna be able to not be caring for him full-time. So I’d love to [go] back to work, yeah so he’s got suspected autism but they also think that he might have [health condition] which is like a genetic condition, which I kind of don’t really understand yet. I can’t, you know, what, what his needs are gonna be as he gets older but right now he needs full-time care.*

  (Laura, benefit cap and the two-child limit, round one)

Although people can become exempt from the cap through claiming certain disability-related benefits, many of the participants who had health conditions (or had children with health conditions) were not receiving any of these benefits.

Childcare costs and childcare logistics also made entering paid work impractical for the participants, as Alisha's words show:

*Even if I put this one [baby] 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, if I was having to pay for childcare through the day and then childminders to pick them up and things like that, again all that money has to come out of my wage before I’ve got it and before they will give it back; I’d then have to send the receipts in to prove to universal credit for them to then give me that money back… I would basically be in the same financial position I’m in now but technically my well, wellbeing would be a bit better mentally because I’d be working with people but it would be disheartening coming home and still not being actually any better off, plus not getting to see my kids.*

(Alisha, benefit cap and two-child limit, round one)

Childcare issues can be particularly significant for larger families and lone parent families, making it difficult for the very families most likely to be affected by the benefit cap to escape the policy through entering paid work. These are structural barriers caused by widely known (and reported) problems with the child care sector and a paid labour market that is routinely inaccessible for many disabled people. This reality clashes with a political narrative that suggests that claimants simply lack the motivation to find paid work and need to be incentivised—via the benefit cap—to enter paid work.

Our interviews also show that it can be difficult for people affected by the cap who are already in paid work to increase their incomes above the threshold needed to escape the cap. Faduma worked for an agency as a paid carer. She needed just one more hour of work a week to escape the cap. She kept asking the agency for more work, but was not given it. At her third and last interview with us, she explained:

*It’s not on your hand, it’s with them, because you’re, you’re waiting, yeah, you’re waiting. She said: “A lot of people working, we’ve got a limit”...these people they don’t care, you know, these people they don’t care, yeah, they don’t care about you, they do only what they have to do, yeah*.

(Faduma, benefit cap, round three)

As Faduma's words show, despite trying, it was not possible for her to get the extra hour of work she needed to escape the benefit cap as the agency she worked for did not give it to her. This left her stuck on the cap with an inadequate income to cover her families' needs.

*Can’t move*

Our interviews also show that moving to cheaper accommodation is not a realistic option for families affected by the benefit cap. The vast majority of the participants were already in the cheapest accommodation, which was often poor quality and overcrowded. Amanda and Laura explained:

*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.*

(Amanda, benefit cap and two-child limit, round one)

*I can say that is absolute gospel, I would not find cheaper private accommodation than the accommodation I’m in right now, and what am I supposed to do, call up the council and say to them, can you move me because it’s too expensive? You can’t get moved when you’re overcrowded, you can’t get moved when you’ve got damp all over your flat, let alone because you’re fed up of the bill. You think they’re gonna move you? That’s ridiculous.*

(Laura, affected by the benefit cap and the two-child limit, round two)

As Laura's words show, moving from private rented to council or social housing was not possible.

The families also struggled with lack of affordable housing that was adequate for their size, as Kalima explained:

*We are six people in a four person flat so we’re overcrowded as it is, so there’s no way we could get a house [of a] good price rent-wise. So I couldn’t downsize, if I downsized I wouldn’t; it’s affecting the kids being in a small three bedroom anyway, so I couldn’t downsize, so that’s like not an option.*

(Kalima, benefit cap and two-child limit, round one)

Escaping the cap by entering paid work or moving to cheaper accommodation were simply not options for the vast majority of the project's participants.

**The way forward: removing the cap**

The benefit cap reduces assessed entitlement to social security and causes significant harm to affected households. Larger and single parent families are disproportionately affected by the cap: these very families find entering paid work (or increasing their hours) and moving to cheaper accommodation—the main means of escaping the cap—particularly difficult, if not impossible. This leaves them stuck on an inadequate income with no means of escape.

These families, who experience particularly inadequate social security support on account of the cap, often miss out when financial support is increased. Families affected by the cap did not receive the £20 uplift to Universal Credit. The welcome uprating of working-age means-tested benefits and Local Housing Allowances—without any uprating of the benefit cap—is another instance of capped families being left out, and falling further below the poverty line.

The solution is clear: the cap needs to be removed so that affected families are not left even further behind.

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**Appendix A: *Benefit Changes and Larger Families* Research Methods**

The Benefit Changes and Larger Families research project is a collaboration between researchers at the University of York, the University of Oxford and the LSE, with the Child Poverty Action Group as project partner. To investigate the impacts of the two-child limit and benefit cap on larger families (classified as those with three or more children), the Benefit Changes and Larger Families project is using both quasi-experimental quantitative methods and qualitative longitudinal research. Qualitative longitudinal research involves repeat interviews, with time becoming both a tool and a focus of study. Four waves of interviews have been conducted between April 2021 and January 2024.

The main aim of the qualitative longitudinal work is to find out how larger families are experiencing and responding to the changing policy context. We have followed 45 larger families in Yorkshire and London. We had initially planned to do face-to-face interviews, but due to Covid-19 we have done most of the interviews over the phone.

We conducted the first round of interviews in 2021. The second round of interviews took place between January and June 2022 and the third round of interviews took place between September 2022 and January 2023. The fourth round of interviews took place with a subsample of 16 participants between November 2023 and January 2024. At the first round of interviews, 21 participants were affected by the two-child limit, 12 were affected by the benefit cap and 12 were affected by both policies. Reflecting the national picture, families with three children were most common in the sample. We intentionally have participants from a mix of ethnic backgrounds due to concerns raised about the disproportionate effects these policies could have on families from certain ethnic minority backgrounds. The research is underpinned by an ethics of care and reciprocity, and principles of anonymity and confidentiality mean that all names have been changed in this briefing.

The Benefit Changes and Larger Families Final Report is available at:

<https://largerfamilies.study/publications>