

Press release:

ONE IN TWO ARE FAILING TO ESCAPE THE BENEFIT CAP

New analysis of over ten thousand benefit capped households by Policy in Practice finds that for every child whose parents move into work as a result of the cap, eight will grow up in families whose financial circumstances have worsened following the introduction of this policy.

- For every claimant who managed to move off the cap, there is more than one household who is stuck under the cap for six months or longer
- Those 'stuck' households are disproportionately made up of single households (25% vs 9% among those who moved off cap), and by ESA claimants (15% vs 8%)
- Single claimants on ESA appear to be a group who are particularly unresponsive to the work incentives introduced by the cap
- Two thirds of these households are estimated to be facing a cash shortfall between their monthly income and estimated costs, against only one in five of all other working age housing benefits claimants in the sample
- 37% of people that escaped the cap did so due to an increase income. Policy in Practice analysis against a control group found that the policy has increased the likelihood of moving into work by 21%.
- The average gap between rent and housing benefit for families 'stuck' on the cap is £3,750 per annum.

Further by analysis carried out on a sample of council tenants across 11 local authorities across England showed those stuck on the benefit cap are more likely to be in debt

Capped tenants are two thirds more likely to be in rent arrears than all other tenants claiming housing benefits.

28% of all households currently affected by the cap are in receipt of a Discretionary Housing Payment.

Deven Ghelani, Director of Policy in Practice said:

"This policy has always been meant to have a positive impact on those families moving into work. However, our analysis shows that the positive employment outcomes and savings generated do not appear to offset the financial costs, or crucially, the human and social costs associated with rising levels of economic destitution."

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Contact information

Further information can be found in the attached report. Please contact the director of Policy in Practice, Deven Ghelani via email deven@policyinpractice.co.uk or mobile 07863 560677 to discuss coverage.

Editor's notes

Policy in Practice is an independent organisation founded by one of the architects of Universal Credit to make policy work for people on the frontline.

It provides policy expertise, analytics and software that is used by over 10,000 people each day through their benefit calculation engine available on GOV.UK.

The research is supported by the Trust for London, as part of a project tracking the living standards of over 574,000 low income households across London over two years. It allows policymakers to ask a different set of questions:

- A datastore includes over 10 million records, to show the impact of reforms on large cohorts and individual households
- Our policy engine allows us to model changes now and in the future, such as Universal Credit and self-employment
- Tracking households over time allows us to understand causal relationship between interventions and outcomes
- We can benchmark the impact geographically to understand drivers and pinpoint support to individual households
- Layered over this is an analytics engine the allows councils to take a proactive and predictive approach to supporting families on low incomes, and track the effectiveness of their interventions.