

Benefit cap inquiry

Gingerbread written submission the Work and Pensions Committee

About Gingerbread

1. Gingerbread is the leading charity working with single parent families. We campaign against poverty, disadvantage and stigma to promote fair and equal treatment and opportunity for single parents and their families. Over 800,000 single parents visited our website last year, many of them seeking the expert information and advice we provide online and through our helpline.

Summary

2. The benefit cap does not serve its purpose for benefit claimants, the welfare system or wider society. The benefit cap is at odds with other parts of the welfare system, failing to recognise parents' intent or ability to find work. As a result, single parents – particularly those with young children – often have little opportunity to escape the benefit cap, at least in the short- to medium-term. The impact on benefit claimants – especially single parents – is severe, damaging finances and wider family well-being. The lowered benefit cap has seen little change in achieving policy objectives, and has instead extended the reach of the policy's negative impact to more families, across a wider geographic area.
3. The benefit cap is not fit for purpose for single parent families. Should the government not abandon this policy, Gingerbread recommends a more proportionate and robust policy by reviewing exemptions, the benefits within scope of the cap and proactive support for capped households to ensure consistency with the wider welfare system and fairness for families with children.

How have claimants responded to the lower benefit cap? What difficulties are claimants experiencing in adjusting to the cap? What is the effect on claimants who are not subject to job search conditionality in the benefits they claim?

4. The DWP states that the aim of the benefit cap for benefit claimants is to “incentivise work to reduce poverty and increase economic prosperity”. Recognising the types of households affected by the benefit cap is vital to understanding how claimants have responded and whether this matches government intentions.
5. The benefit cap disproportionately affects single parent families. Single parents make up the overwhelming majority of claimants affected by the benefit cap. At May 2018, nearly three-quarters (72 per cent) of those with their Housing Benefit capped were single parent households (DWP, 2018). Until recently, figures were only available for legacy benefits. New data now shows that these trends have continued under Universal Credit. Despite roll-out only relatively recently opening up to single parents, they already made up around two-thirds (64 per cent) of capped households receiving Universal Credit at May 2018.
6. Most capped single parent households have very young children. Under legacy benefits, three-quarters (76 per cent) of these capped single parents' youngest children were of

pre-school age (under five years) and therefore not subject to full job-seeking conditions under work-related benefit rules, despite the government's intentions with the benefit cap. A third (31 per cent) of capped single parents had a youngest child aged two or under.

7. For single parents, as both the main earner and main carer, there are practical difficulties to move into and sustain work. This is particularly the case for parents of young children, when childcare hours may be shorter or less regular than school hours. The benefit cap objective of incentivising work fails to recognise the reality facing single parents regarding the lack of flexible and/or part-time work and lack of suitable childcare.

Lack of suitable flexible jobs

8. Part-time work is a good indication of the availability of suitably flexible work that often allows single parents to balance work and care. Research shows there are significant shortages in the availability of part-time vacancies. One study found that only 9.8 per cent of 'quality' jobs (that pay at least £20,000 FTE) are advertised flexibly at the point of hire (Timewise, 2017). More pertinently, similar findings have been found in previous studies of the government's Universal Jobmatch website, which benefit claimants have been encouraged – and sometimes mandated – to use (Dewar and Ben-Galim, 2017). The proportion of flexible jobs therefore remains low across the UK in comparison to the very high demand. Further, even this small pool of part-time vacancies will not necessarily be suitable for parents with young children to escape the benefit cap. Some will include evening or overnight shifts which are difficult to reconcile with parenting duties or available childcare. Others will not provide sufficient hours to start a Working Tax Credit claim, or meet the equivalent threshold under Universal Credit.
9. Since the benefit cap was lowered, single parents continue to regularly call Gingerbread for support as a result of the difficulties in finding work to escape the benefit cap or maintaining a flexible job. For example:

A single parent with three children is losing £50 a week under the benefit cap. He has been looking for work but he cannot find anything that fits in with caring responsibilities, particularly as he has to do the school run to three different schools.

A single parent who lives outside London and has four children, the youngest aged three, is losing £300 a month under the benefit cap. "I would love to go out and work but in the small town where I live there is currently no jobs available that are not demanding you to be 'flexible' that is on call at any time. I've have had to make the choice some weeks of buying enough food to see us through or making sure there is money on the gas and electric meters."

A single parent who has two children and lives outside London has always worked but had to give up her job, as she found it impossible to juggle her work with the care of her children. Her manager was not sympathetic and unable to accommodate her needs. She has been unable to find another job, and the grace period for prior employment will shortly end, after which she will be affected by the benefit cap.

Insufficiency of suitable childcare

10. Related to the availability of flexible work, the availability of suitable childcare is also a significant barrier to work for single parents. The benefit cap is imposed regardless of

the suitability of childcare available for single parents affected – whether in terms of cost, hours, location or quality. Given the households affected – typically single parents with pre-school children, who will rely most on childcare to make work feasible – this is particularly important.

11. While the government will cite available subsidised childcare, this is not sufficient. There is no free childcare entitlement for children under two years. The provision of childcare for disadvantaged two year olds and three/four year olds is for 15 hours a week in term time (38 weeks), which would not be sufficient for year-round work and/or those with a commute. The extended entitlement of free childcare to 30 hours a week is only available to parents already working.
12. Moreover, some local areas simply do not have childcare provision for young children. The Family and Childcare Trust (2018) found only half of local authorities in England had sufficient childcare for children under two. A third (33 per cent) of local authorities in England did not have enough places for '15 hours' universal entitlement for three and four year olds.
13. Finally, there is some correlation between the areas which are most likely to be affected by the benefit cap due to high housing costs – eg London and the South East – and the high cost of childcare. These regions still top costs for nursery and childcare minder costs for children under three years (Harding and Cottell, 2018).
14. Again, single parents regularly tell us the difficulty of balancing work and childcare while trying to avoid the benefit cap. Since the lowering of the cap, calls have increased and come from further afield, expressing concern at how to find work due to the lack of suitable childcare. For example:

A single parent has had to give up work because of a lack of childcare for her two year old son. She is recently separated from her partner and is living with grandparents as a temporary measure. She lives in London and wants to move into her own accommodation. The Local Housing Allowance in her borough for a 2-bedroom property would see a shortfall of nearly £20 a week under the benefit cap.

Response to the cap

15. In line with the difficulties and examples outlined above, Gingerbread has found that single parents struggle to move off the benefit cap quickly, if at all. This is supported by the government's administrative data, which shows single parents are notably less likely to move off the cap than other households. At May 2018, 63 per cent of single parents who had been capped to date had managed to move off the benefit cap, compared with 76 per cent of couple parents (DWP, 2018). The difference is particularly notable for parents of pre-school children. Taking parents whose youngest child is under five, just 58 per cent of capped single parents managed to leave the cap, compared with 76 per cent of couple parents. Just a quarter of capped single parents whose youngest child was of pre-school age moved off the benefit cap and into work (measured by opening a Working Tax Credit claim). The DWP's own qualitative analysis of the original cap supported this, noting: "single parents who had found work were more likely than the still capped group to have children aged four or over at school or nursery" (DWP, 2014).
16. While the DWP may no longer explicitly state this as a policy intention, one expected response was that claimants would simply move to cheaper accommodation. However, as reported previously, the high cost of housing precludes this as an option for many

single parents. This impact is felt all the more since the benefit cap was lowered. While the original benefit cap typically affected larger families, Shelter's analysis has forecast that even small single parent families – for example, with two children – would be affected by the lowered benefit cap (Butler and Arnett, 2015). Furthermore, the impact would be felt in smaller towns and cities – again, expanding the impact of the cap. For instance, where a single parent has two children and needs different bedrooms they will be capped in over a third of areas (39%) in Britain, including those not considered particularly expensive (eg Portsmouth, Southend and Luton). This has been borne out by Gingerbread's experience over the last two years, with helpline calls increasingly coming from beyond London and the South East from single parents worried about or already affected by the benefit cap. For example:

A single parent living outside London has a ten year old and a six-month old child. After a 39-week exemption period, she will be affected by the benefit cap, losing around £30 a week. She could not negotiate a lower rent as it is already much lower than the market rent, and had found the accommodation through a friend following difficulties getting housed from the council waiting list and finding private rented housing.

What are the cap's knock-on effects on other public spending, such as local authority expenditure? What are the consequences for Discretionary Housing Payments (DHPs) and what impact does the use of DHPs have on behavioural change?

17. DHPs can be a vital lifeline for mitigating the impact of the benefit cap. However, there are strong concerns about the access to this support. Previous objections have raised the short-term nature of this support, with repeat applications required, which sits at odds with the potential long-term effect of the cap when single parents struggle to find work or move house.
18. There is now also a growing concern about the availability of DHP funding. The number of single parents hit by the benefit cap in any given month has more than trebled when comparing the numbers capped under Housing Benefit in May 2018 with November 2016. At the same time, many calls to Gingerbread's helpline have flagged the lack of availability of proportionate (or indeed any) support from DHP funding:

A single parent lives outside of London, her youngest child is three and is on Income Support. She has been capped and has lost all but 50p a week of her Housing Benefit, so has to pay her full rent of £600 a month. She has been given DHPs but only for £1.23 a week.

A single parent with one child under five has been capped and now has to pay £93 towards rent a week. No DHP has been granted.

A single parent lives in Lancashire and her youngest child is four. She has been capped and has been turned down twice for DHPs, even when the decision was reviewed.

19. Our helpline calls suggest there is a knock-on effect on other public spending, particularly local services. Some have reported being supported by their housing association, for example, to move into work. Councils may also see an impact as a result of the increased risk of homelessness due to rent arrears. One helpline caller was evicted from her previous private rented sector property, partly because the landlord no

longer wanted to let the property as the benefit cap meant he could no longer get market rent.

To what extent is the benefit cap achieving its aims and what steps could be taken to improve this?

20. The benefit cap is manifestly not achieving its stated aim of incentivising work for single parents – and certainly not its ultimate aim of reducing poverty. Single parents can face massive shortfalls in income as a result of the benefit cap. Worse, many single parents housed in the private rented sector are in effect facing the impact of two caps as a result of restrictions on the Local Housing Allowance. For example:

A single parent has three children. She and two of her children have mental health concerns, and the caller has been trying to find work for some time. She has previously been affected by the benefit cap and will be now unless she is successful in claiming Disability Living Allowance for her children or Personal Independence Payment for herself, or is able to find work of 16 hours a week. The benefit cap means a reduction in housing benefit of between £130-£215 a week (depending on which part of the borough she will be living in due to different LHA rates).

A single parent who is studying on an access course for university will at first have a shortfall of around £230 a month in her rent due to LHA limits; after a 39-week exemption, they will also be affected by the benefit cap. At this point, there will be a difference of £828 a month between her Housing Benefit and rent due.

A single parent in London who has two children aged three and five, living in private rented accommodation. As she works under 16 hours, she cannot claim Working Tax Credit to escape the benefit cap. She is finding it hard to work more due to the ages of her children. She is losing £25 a week under the benefit cap. She can no longer afford to heat her home as a result of the cap.

21. As a result, many single parents are being placed in an intolerable position financially, through no fault of their own and in spite of an intention to work or study. A combination of a lack of suitable work, childcare or affordable housing – or simply changes to a living situation – can leave single parents with the choice to either remain in an unmanageable situation or go without the resource to care for their children. For example:

A single parent has a two year old child and is a part-time student. She had to move due to domestic abuse for which her ex-partner is in prison. She is also having difficulties maintaining her job, as her mother who helped pick up her son from nursery had a stroke. If she gave up work, she would be affected by the benefit cap after a 39-week exemption period, with a loss of £18 per week on top of a shortfall in her LHA of £70 a week.

22. There is also a significant inconsistency with other areas of the DWP, which attempt to recognise nuances in job-seeking behaviour and the well-being of children. For example, there are established legal protections and guidance for work coaches that mean that work search criteria for single parents can be different from other jobseekers (eg journey times to work and hours of work can differ from others). These protections exist to recognise the needs of children but also to make it more likely that parents will move into work that they can sustain whilst bringing up younger children. However,

there are no such protections under the benefit cap with just a blanket rule of securing a job with a specified minimum number of hours.

23. Similarly, an important exemption from job-seeking for Universal Credit claimants with children aged three or four for a year, if studying on a relevant course. There is no similar distinction under the benefit cap to recognise those who are intending to move into work and making steps to ensure this is a sustainable move. There is, therefore, a clear tension between the ‘work first’ approach of the benefit cap and the attempts at valuing a more robust approach to job-seeking. For example:

A single parent from outside London contacted Gingerbread very worried about the impact of the benefit cap on her family. She has three children, including a two year old. She is set to lose £126 a week from the benefit cap. She is keen to move into work and is already training to be a childminder. Under wider welfare rules she would be allowed to complete this training which finishes in four months. The benefit cap is putting pressure on her to move into any work as quickly as possible and not complete her training.

24. A genuine intention to support poverty reduction and increase the economic prosperity of benefit claimants would value parents undertaking these commitments – particularly among those who may be less likely to immediately find work (eg single parents with young children).
25. Given the pernicious and often unavoidable impact on single parent families – mostly with young children – and the knock-on impact on wider local services and the voluntary sector, it is difficult to see whether the policy is achieving its broader public aims around economic well-being, promoting a fair and healthy society and maintaining public confidence in the welfare system.

Recommendations

26. The Supreme Court has already found that the original benefit cap breached the United Kingdom’s international obligations in relation to the welfare of children under the UN Convention on the Rights of the Child ([2015] UKSC 16). Given the critical flaws with the benefit cap and the lack of alternative support, we agree with the High Court judgment stating the benefit cap causes “real misery to no good purpose” ([2017] EWHC 1446 (Admin)). While this case is still making its way through the courts, the benefit cap’s negative impact on single parents and children is clear.
27. If the benefit cap is to stay in place, we recommend a number of exemptions:
- Single parents with a child aged two or under should be exempt from the benefit cap, consistent with job-seeking expectations under Universal Credit
 - Single parents whose youngest child is three or four should be exempt from the benefit cap where they are improving skills or undertaking study to secure work
 - Single parents with insufficient local childcare or flexible work opportunities to manage caring responsibilities should be exempt from the benefit cap
28. We also recommend the benefit cap level should be reviewed:
- The benefit cap should take better account of private rent levels, particularly to reflect the high costs of temporary accommodation

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- The benefit cap should exclude the Maternity Allowance, to treat self-employed parents on an equal footing to employees
 - The benefit cap should exclude children's benefits, including the Widowed Parent's Allowance, to safeguard children's well-being by retaining state support intended for the additional costs of raising children
29. The DWP should offer more proactive support to capped households, including:
- Assist those working 'mini jobs' who are not yet exempt from the benefit cap, to progress to longer hours. This should include access to the extended '30 hours' offer of childcare for parents of three and four year olds
 - Urgently review of the Universal Jobmatch replacement, 'Find a job', to increase the number of part-time jobs, including considering incentives to employers to increase part-time vacancies (eg through establishing a job share register)
30. If the DWP is to persist with the lowered benefit cap, it must commit to:
- Proportionate funding for DHPs, to ensure security of support for those households unable to move off the cap
 - More robust evaluation of both the effectiveness of the policy in moving households into – and, crucially, sustaining – work and its impact on children's well-being.

Bibliography

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