



Department  
for Work &  
Pensions



# In-depth interviews with people affected by the Benefit Cap

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Research Report No 895

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# Summary

These in-depth interviews with representatives from a total of 50 households affected by the Cap were carried out as part of a wider programme of research being undertaken by and for the Department for Work and Pensions (DWP) to assess the impact of the Benefit Cap. The sample was deliberately stratified to include an even mixture of those who were still capped and those who were no longer capped, most of whom had found work. It was also stratified to include a mixture of those capped by larger and smaller amounts.

The households interviewed had between two and seven children living at home. More than half had five or more children. In London, the size of families affected is more mixed, so some smaller families (with two or three children) were included here.

Around two-thirds of those who were still capped were searching for employment. A lack of language skills, qualifications and caring responsibilities for large families were all mentioned as barriers to employment. The other third said they would like to work in the future, but caring responsibilities or ill health currently prevented this. Some of the capped households were working part-time (below the number of hours required to qualify for tax credits) and would have liked to have worked longer, but their employers were currently unable to offer this.

Of those who had moved off the Cap by finding work, nearly all were working part-time. For some (single parents especially) this was all they wanted, whereas others were hoping for longer hours, but currently unable to find them. Some households were attempting self-employment such as cleaning, taxi driving and home-based craft activities.

Work had, in most cases, put households in a similar financial position as before they were capped, the benefit loss being similar to the employment income gained. In a few cases households said they were significantly better off in work. Most, however, spoke very positively about the benefits of being in work on their health and family life.

Around half those interviewed reported no change in their attitude to job seeking – usually because they had already been looking hard for a job – and half said they had looked harder or altered the types of jobs they would consider in response to the Cap. This usually entailed being willing to accept low-skilled, low-paid jobs, rather than pursuing further qualifications which they hoped would help them get a better job in the future. The main driver for looking harder was the desire to avoid the Cap and to have full Housing Benefit (HB) reinstated.

Some households had moved to lower cost housing to avoid the Cap. Some still affected by the Cap wanted to move but found that a lack of suitable accommodation, especially social housing, was a barrier. Many of those still capped did not want to move and this was usually because their current housing option, they believed, was already the cheapest in their local area and they could not access social housing.

Nearly all households were already on very tight budgets before the impact of the Cap. Most had debts including unpaid bills and overdue loans some of which predated the Cap, but others were taken out since. Coping strategies included cutting spending and getting support with budgeting from voluntary sector agencies. Some described having insufficient money for things such as weekly supermarket shops and utility bills. A quarter of those interviewed were under threat of eviction and said this was because of arrears related to the Cap<sup>1</sup>.

Many of those affected by the Cap said that they could understand the rationale behind it, and agreed with the principle of it, even though those still affected often felt that their personal circumstances made it very hard for them to cope with its effects at the current time.

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<sup>1</sup> Please note: those capped under £10 were excluded from this research.

# Contents

Acknowledgements .....	6
The Author .....	7
Glossary of terms .....	8
List of abbreviations.....	9
1 Introduction.....	10
1.1 Aims .....	10
1.2 Research methods .....	11
2 Research findings: household circumstances .....	14
3 Initial response to the Cap.....	15
3.1 Communication and the introduction of the Benefit Cap .....	15
3.2 Discretionary Housing Payments .....	17
3.2.1 Knowledge of DHP.....	17
3.2.2 Outcomes of DHP applications .....	17
3.2.3 Conditionality and time limits attached to DHP .....	17
4 Work and attitudes towards work .....	19
4.1 Households who are still capped.....	19
4.1.1 Out-of-work households.....	19
4.1.2 Job-hunters .....	19
4.1.3 Those not looking for work.....	21
4.1.4 Part-time workers.....	21
4.2 Households no longer capped.....	22
4.2.1 Employment.....	22
4.2.2 Self-employment.....	22
4.2.3 Finding work.....	23
4.2.4 Childcare.....	23
4.2.5 The impact of being in work.....	23
4.3 The impact of the Cap on attitudes to work.....	24

## In-depth interviews with people affected by the Benefit Cap

5	Mobility and household structure.....	27
5.1	Moving house.....	27
5.1.1	Making the move.....	27
5.1.2	Looking to move.....	28
5.1.3	Not looking to move.....	28
5.2	Household structure.....	29
6	Income and wellbeing.....	31
6.1	Family finances.....	31
6.2	Coping with careful budgeting.....	31
6.3	Struggling with finances.....	32
6.4	Negotiating a rent reduction.....	33
6.5	Paying the rental shortfall.....	34
6.6	Reasons for not paying.....	35
6.7	Rent arrears and risk of losing a home.....	35
7	Claimants' attitudes towards benefit receipt.....	37
8	Conclusions.....	39
9	Policy information.....	40
Appendix	Background information on the Benefit Cap evaluation.....	42

### List of tables

Table 1.1	Interviewee profile by capped status, region and amount capped.....	12
Table 2.1	Interviewee profile by family type, number of children and tenure.....	14

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The research team also included Michael Jones, Sanna Markkanan, Sarah Monk and Sam Morris.

# Glossary of terms

<b>The Benefit Cap</b>	The Cap, introduced from April 2013, limits the total amount of benefits that most out-of-work working-age households can receive to £500 a week for couples and families and £350 a week for single people without dependent children.
<b>Discretionary Housing Payments (DHP)</b>	Payments awarded by local authorities, usually on a temporary basis, when they consider that a claimant requires further financial assistance towards housing costs. The DWP allocates funding for DHP to local authorities, who decide how to allocate it and may also choose to top up the funding from their own resources.
<b>Housing Benefit</b>	Financial support paid to tenants (or to landlords on their behalf) for those who are out of work or on low incomes to help pay their rent. It can cover up to the entire value of the rent, depending on the claimant's circumstances and income.
<b>Local Housing Allowance (LHA)</b>	Housing Benefit paid to most tenants in the private rented sector. It is limited to the 30th percentile of rents charged in the Broad Market Rental Area (as defined by the Valuation Office).
<b>Local Housing Allowance caps</b>	Caps placed on Local Housing Allowance levels introduced during 2011 which limited LHA rates to between £250 a week (for one bed roomed homes) to £400 a week (for four or more bed roomed homes), mainly affecting central London and other high priced areas.



# List of abbreviations

<b>CAB</b>	Citizens Advice Bureau
<b>CSA</b>	Child Support Agency
<b>DHP</b>	Discretionary Housing Payments
<b>DLA</b>	Disability Living Allowance
<b>DWP</b>	Department for Work and Pensions
<b>ESA</b>	Employment and Support Allowance
<b>JSA</b>	Jobseeker's Allowance
<b>LHA</b>	Local Housing Allowance
<b>PRS</b>	Private Rented Sector
<b>SHBE</b>	Single Housing Benefit Extract (DWP administrative data held on Housing Benefit receipt)

# 1 Introduction

In 2013, the Government introduced a cap on the total amount of benefit that most working-age households (between 16 and the female State Pension age<sup>2</sup>) can receive so that, broadly, households on out-of-work benefits will no longer receive more in welfare payments than the average weekly wage after tax for working households. The Cap limits the combined sum that a household may receive in benefits to £500 per week for families/couples and £350 per week for single people without dependent children. Details of the benefits to which the Cap applies and exemptions can be found in the Appendix. In practice very few single people or childless couples have been affected and those affected are mainly larger families and/or those with high rents. In total 25,508 were capped by the time the Cap was fully operational (October 2013), rising slightly to 27,019 by May 2014, the time of this research<sup>3</sup>. This represents just 1.5 per cent of all Housing Benefit (HB) claimants in London, and between 0.2 and 0.5 per cent in other regions of Britain<sup>4</sup>.

The reduction needed to bring their benefits within the Cap limit is taken from the household's HB claim.

An additional £65m of funding for Discretionary Housing Payments (DHP) was made available to local authorities in 2013/14, and a further £45m in 2014/15 so that they could assist some of those affected by the Cap who were not able change their circumstances immediately, by topping up their HB payments for a fixed period of time.

These are intended to support people who need extra help in making the transition to the new system, whilst they look to find work, increase their hours of work or move to alternative accommodation.

This qualitative research feeds into a wider evaluation of the Benefit Cap, including a survey of capped households, ad hoc analysis of administrative data and interviews with local authorities and stakeholders. All will be published as part of the suite of evaluation publications informing the Benefit Cap Review following its first year of operation.<sup>5</sup> Further details can be found in the Appendix.

## 1.1 Aims

These in-depth interviews were carried out with representatives from a total of 50 households affected by the Cap as part of a wider programme of research being undertaken by and for the Department for Work and Pensions (DWP) to assess the impact of the Benefit Cap.

The research sought to explore the ways in which claimants have responded to the introduction of the Cap as well as any particular issues arising for specific groups including single parents, large families, Black and Minority Ethnic (BME) households and vulnerable people. The key aims were to help understand the impact of the Benefit Cap on:

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<sup>2</sup> Currently 62.5 years of age.

<sup>3</sup> Data shows little change – up to 27,232 by August 2014. See: [www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-august-2014](http://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-august-2014)

<sup>4</sup> A breakdown of numbers capped can be found at: [www.gov.uk/government/collections/benefit-cap-statistics](http://www.gov.uk/government/collections/benefit-cap-statistics)

<sup>5</sup> The focus of the evaluation is Great Britain (England, Scotland and Wales).

### Work and wellbeing

- What impact has the Cap had on movement into work or increases in hours of employment?
- What impact has the Cap had on work retention and progression, hours worked, job tenure?
- Has the Benefit Cap been a spur for a behaviour change to start or increase job seeking?
- Has it changed the type of job people are willing to consider?
- Are people more willing to take 'micro jobs' of only a few hours?

### Mobility and household structure

- Have claimants moved or considered moving in response to the Benefit Cap? What factors help or hinder moves? Has the Benefit Cap had any impact on household structure?

### Income and wellbeing

- What impact has the Cap had on claimants' income levels?
- What coping strategies are used by people who are capped? Do these strategies change dependent on the amount the households are capped by?
- What role have DHP played in mitigating the impact of the Benefit Cap on household finances? Have conditions been attached to DHP, and how have they affected claimants' behaviour?

### Beliefs and expectations

- What impact has the Cap had on claimant attitudes towards work and benefit receipt?

## 1.2 Research methods

A sample of households who were subject to the Cap in October 2013 was created for this research. A total of 50 interviews were carried out throughout Britain between April and June 2014. The Cap was introduced nationally between July and September 2013<sup>6</sup>, which meant that by the time of the interviews most of those affected had their benefits capped for between six and 11 months. In total 48 interviews, were carried out face-to-face, and two by phone (on request). The sample was deliberately stratified to include an even mixture of those who were still capped, and those who were no longer capped, most of whom had found work. This split (with an even mixture of capped and no-longer capped households), does not reflect the actual composition of households who have been capped, most of whom are still capped. People whose circumstances changed so that they started to be capped for the first time after October were also not included in the research. It is not possible to draw robust generalisations from a small sample such as this. It does, however, allow us to explore the factors that help people to move off the Cap and to understand better how households have responded to the Cap.

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<sup>6</sup> It was initially rolled out in four London boroughs from April 2013.

## In-depth interviews with people affected by the Benefit Cap

Table 1.1 shows the profile of those interviewed:

**Table 1.1 Interviewee profile by capped status, region and amount capped**

	Profile Target (set by the DWP)	Achieved
<b>Capped status</b>		
Currently capped	25	24
Not capped, working	20	21 <sup>1</sup>
Not capped, not working	5	5 <sup>2</sup>
<b>Region/ country</b>		
London	23	23
East of England	3	4
South East	5	4
South West	2	3
North West	3	3
North East	1	1
Yorkshire & Humber	3	2
East Midlands	2	2
West Midlands	4	4
Wales	2	2
Scotland	2	2
<b>Amount capped</b>		
£10-£50	17	15
£50-£100	17	23
Over £100	16	12
<b>Total</b>	<b>50</b>	<b>50</b>

<sup>1</sup> This includes four who had moved house initially to avoid the Cap, and then found work.

<sup>2</sup> These comprised those who had moved to lower-rent homes (2), claimed Disability Living Allowance for someone in the household (1), had a child leave home (1), and had a (working) husband move back in (1).

The targets for the number who were currently capped, working or not capped and not working were set by the DWP in order to ensure a range of circumstances were covered, as were the splits between those capped by different amounts. The geographical split reflects the distribution of capped households, as of December 2014<sup>7</sup>. Difficulties faced in setting up interviews with those in the London area and those capped by larger amounts were the cause of the slightly lower than planned figure of participation for people capped over £100.

The sample was drawn from the people who had already been included in a survey of capped households, carried out by Ipsos MORI in February 2014<sup>8</sup>, which was drawn from those capped in the October 2013 Single Housing Benefit Extract (SHBE). Although every

<sup>7</sup> See *Benefit Cap – households capped and off flows, data to December 2013*, GB, published 6 February 2014. London: Department for Work and Pensions.

<sup>8</sup> Early findings from the longitudinal survey were published in April 2014. See [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/303102/benefit-cap-headline.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/303102/benefit-cap-headline.pdf)

## **In-depth interviews with people affected by the Benefit Cap**

effort was made to ensure a representative sample was interviewed, there were difficulties in securing interviews with those in certain circumstances, such as people in the process of being evicted, whose phones were cut off or with poor spoken English. Interpreters were offered, but this was not taken up. The original survey from which the qualitative sample was drawn was interviewed only in English, so non-English speakers were already excluded. It is the case that it is not possible to draw robust conclusions about all capped households from a small sample such as this. Rather the aim was to explore in more depth the ways in which people were responding to the Cap.

## 2 Research findings: household circumstances

The interviewees were a mixture of couples and single parents with children, with most having between four and six children in their household, as shown below:

**Table 2.1 Interviewee profile by family type, number of children and tenure**

	Number
<b>Family type</b>	
Single parent (all female) <sup>1</sup>	31
Couple with children	19
<b>Number of children</b>	
2	6
3	7
4	9
5	16
6	10
7	2
<b>Tenure</b>	
Rented from council	8
Rented from housing association	9
Private rented (LHA)	30
Temporary accommodation (may be leased from private or social landlord)	3

<sup>1</sup> These included one single mother living with her own mother, one living with her nieces and one with a grandchild, as well as their own children in all three cases.

This broadly matches the national profile in terms of proportion of lone parents, though larger families (with five or more children) represent a lower proportion of the national caseload (36% in March 2014)<sup>9</sup>.

The smaller families were generally in London in high-priced private rented accommodation.

Despite the difficulties encountered in securing interviews with some people because of language difficulties, around half were born outside the UK and had English as a second language – including 19 out of the 23 London interviewees.

Most of the interviewees had at least one pre-school child, with 14 of them having a child aged one or under. Some of the families included non-dependent children aged between 16 and 21, and younger children in all cases. It should be noted that any benefit income received by non-dependent children is not included in the Cap as they are considered to be separate benefit units.

<sup>9</sup> Please see [www.gov.uk/government/collections/benefit-cap-statistics](http://www.gov.uk/government/collections/benefit-cap-statistics)

## 3 Initial response to the Cap

### 3.1 Communication and the introduction of the Benefit Cap

Most claimants recalled that they had been informed about the Cap by the DWP or their local authority before it came into effect. The press coverage given to the Benefit Cap had also been noticed by most of those who had realised that they were likely to be affected:

*'The Government sent me the papers ... says the Government is changing the law, changing the rules; all family entitled only £500 a week.'*

*I received notification from the Department for Work and Pensions that I was going to be affected somewhere between July and September last year [2013].'*

A small number (five – two housing association tenants and three private rented tenants) said that they were unaware (or unable to recall having been notified) that the Cap would affect them until they were informed about their rent arrears by their landlord. These were all tenants whose HB was paid direct to their landlord, who in turn had made them aware of the Benefit Cap only after arrears had started to mount:

*'I don't receive full payment in September. In October my landlord say to me: "Your payment is coming down. You have to pay more money or leave the property".'*

*'I didn't have a letter and one day the Housing Benefit just stopped.'*

Those losing large amounts expressed shock when initially informed of the extent of the shortfall, though they had, in the main, been aware that this was coming:

*'It scared the living daylights out of me ... I thought: "Where am I getting this money from?".'*

*'I felt hopeless. I felt I'd have to leave my house. I was calling my friends who live out of London and asking what it was like living there. But I have family here and they aren't really good friends out of London. I didn't want to move.'*

*'It really distressed me. She [DWP adviser] said: "If you can't afford your rent the next option is to move you to another area". Hearing that, everything just fell apart, there and then.'*

Some felt that they had experienced a lack of support<sup>10</sup>:

*'I didn't get any support at all. It was basically: "You have to pay your rent now. This has stopped." That's it ... nothing – not even from the Jobcentre – nothing at all.'*

One interviewee had assumed she would be unaffected as her daughter was in receipt of Disability Living Allowance (DLA). However, the daughter had been reassessed at around the time the Cap was introduced and found no longer to be eligible for DLA, causing a large and unexpected drop in income.

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<sup>10</sup> Additional funds were provided to Jobcentre Plus to provide support to capped households.

## **In-depth interviews with people affected by the Benefit Cap**

Some tenants in London were confused about the distinction between the Local Housing Allowance (LHA) caps which came into effect during 2011 and the overall Benefit Cap, perceiving them all as cuts to HB. Some of these tenants had responded to the Benefit Cap by finding work in the belief that they would no longer be subject to the Cap, but had instead found that their rent was still subject to the LHA cap.

People on Jobseeker's Allowance (JSA) had more regular dealings with Jobcentre Plus than single parents of under fives, who instead receive Income Support with fewer work-related conditions attached to it. Some job seekers had been able to access help around understanding their situation from the Jobcentre:

*'We received a letter but it was difficult to understand from that. So we went to see the council and the Jobcentre Plus and they explained it.'*

*'First I heard about it on the news but I couldn't believe it. I thought it's impossible and then I attended the course [at the Jobcentre] and they said the government is serious and please take action now.'*

Similarly some of those in social housing had received support from their landlords in preparation:

*'I phoned up and they gave me the right information. When I went to the Housing Office, I was well informed about it. I was one person who saw it coming and understood what it was about.'*

*'I had someone come out and see me from [housing association] anyway and they sat with me and went through things with me and trying to cut my budget as much as it was already cut anyway and stuff and things like that.'*

*'When I received this letter I was very upset and I was worried ... so I called and I speak with the advisor [at council housing department]. The advisor was very, very helpful I think that lady, I tell to her that I cannot manage it this time because I'm suffering with some economical problem so if she give me a chance I will pay in instalment.'*

Single parents in the private rented sector generally had fewer sources of support, but in some cases had received help from voluntary sector agencies:

*'When I was first capped I fell apart, it was absolutely horrible, I went into arrears, I could not cope, but I got help from [named worker], from a national specialist advice service. He was wonderful, still keeps in touch with me to see how I'm getting on.'*

*'From Home Start, there was a lady who was so nice [who came to visit] she provided me with all that advice: "Do this so that you look for something, otherwise you will be affected. If you are affected you have to make sure that the money you have left after paying the rent will be enough so that you won't keep struggling and getting in more debt", things like that.'*



## 3.2 Discretionary Housing Payments

### 3.2.1 Knowledge of DHP

Just under half of those interviewed said they had not heard of DHP, even when these were described to them by the interviewer. The majority of these were outside London and capped by lower amounts.

Eight of the interviewees (a sixth) said that they had heard of DHP, but that they had not applied. For a couple of people this was because they didn't know enough about it, or how it worked. A further two people had got the forms to apply but not done so because they felt the process was too difficult and, in one case having had the forms returned to them by the council asking for more information which they were unwilling to provide:

*'You had to write a big essay to try and get it ... for someone who's got dyslectic reading and writing, I find it hard to understand these big words and how to deal with it. I didn't know how to deal with it.'*

*'They wanted too much evidence – they wanted detail on household budgeting with receipts for shopping.'*

A couple of others said that they had not applied because they believed that having home internet, a mobile phone or Sky TV would make them ineligible:

*'I was told that because I had a mobile phone I would not get any, as it was a luxury item. So I didn't bother – they said I could apply anyway, but there was no point.'*

A few had the process managed for them by the DWP or their landlord and were unaware that it was DHP they were receiving, stating instead that the Cap was being paid for them for a few months.

### 3.2.2 Outcomes of DHP applications

The vast majority of those who had heard about DHP had applied and it would appear that all of these applications had been at least partially successful, with most people awarded DHP to cover the entire shortfall.

In a few cases, the DHP covered the shortfall resulting from the Benefit Cap, but still left a pre-existing shortfall on the actual rent, most often because the rent had already been over the LHA limit. Claimants did not always understand the different reasons why their rent was not met in full, and the role of DHP within this.

### 3.2.3 Conditionality and time limits attached to DHP

The claimants in receipt of DHP appeared generally to be aware that they had been awarded on a temporary basis, and in most cases knew how many months they were for and when they would end. They were therefore aware that it was a temporary solution and that they needed to find a long-term solution.

Some had already reached the end of their initial awards and had made a subsequent application, or were in the process of doing so. Some were confused about when their DHP had started, whether there were gaps between awards, or whether they would be backdated.

## **In-depth interviews with people affected by the Benefit Cap**

Local authorities can, if they choose, make DHP awards conditional on the applicant taking actions to address their situation and find a longer-term solution. Half the claimants who had received DHP (eight of the 15) were aware that the awards were conditional on looking for work or increased hours:

*'They told me until the eighth of January they will pay the full rent. After the eighth of January you have to find a job or you have to pay £208 per week.'*

*'He said this is what is going to happen, and after the period of time that I have and to try and boost up my hours [at work] and get onto working and tax credits and then that will make all the difference for me.'*

Most stated that these conditions were not a problem for them, because they were looking for work anyway, though a few felt that they were not yet able to do so:

*'They wanted me to go back to work so I have to go look for work to be able to get it [DHP] so I said: "I will not be able to work. I've just had a baby". I mean my body needs to heal ... but you still have to look for work in order to get the discretionary payment.'*

One further person reported that the DHP were conditional on her looking to move house. The other seven were unaware of any conditions imposed, other than proving they could not afford their rent at present.

## 4 Work and attitudes towards work

The interviews sought to explore whether the Benefit Cap had influenced claimants' job seeking behaviour.

Twenty-six of the 50 interviewees were no longer capped, in most cases because they had found work. It should not be inferred that half of all households initially capped had found a way out of the Cap by the time of the interviews<sup>11</sup>. It is instead because the sampling for this research was deliberately stratified to include half the interviewees being still capped, and half no longer capped, in order to explore the factors that help people to move off the Cap.

### 4.1 Households who are still capped

Of the 24 households who were still capped, 20 had nobody in paid work, and four had one member working part-time, but too few hours to qualify for tax credits.

Work histories varied. Some had not worked for many years, most often because they had had children at a young age, and had lots of children. Others had worked most of their lives, or had until quite recently been living with a husband who was in work whilst they looked after the children<sup>12</sup>.

#### 4.1.1 Out-of-work households

Overall 14 of the 20 households where no one had yet found a job said that they were looking for work. These included all 12 of the claimants in receipt of Jobseeker's Allowance (JSA), and two of the four single parents were in receipt of Income Support.

#### 4.1.2 Job-hunters

Interviewees stated that they faced a variety of barriers to work including language skills, a lack of qualifications and caring responsibilities. Some described in detail the difficulties they had had in finding work, unsuccessful interviews and unreturned calls:

*'I handed out like 30 CVs...and I never got anything back.'*

*'I went to Sainsbury's, Tesco, leave my CV. They say we will get in touch when there is a vacancy – but they never do.'*

*'I have signed on for a lot of places but I can't get any calls back from agencies.'*

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<sup>11</sup> DWP data shows that nationally 41 per cent who have been capped at some point since April 2013 were no longer capped as at May 2014. Of these, 39 per cent had an open Working Tax Credit claim in May 2014 which indicates that they were working sufficient hours to qualify for Working Tax Credit.

<sup>12</sup> Claimants whose partner or ex-partner worked for at least 50 out of the preceding 52 weeks are eligible for a 39-week grace period before the Cap takes effect.

## In-depth interviews with people affected by the Benefit Cap

*'I am looking every day, I am calling agencies, I am asking Manpower, I got an interview at Landrover but they did not call me back. I have interview last week, one week's time, I am always looking for work.'*

*'I travelled 200 miles to go for one interview just to be told that I was unsuccessful a couple of days afterward.'*

Many felt that it was a stiffly competitive job market for low-skilled jobs. A large number struggled with the English language or lacked qualifications:

*'When I came here in UK, that time, the first problem was my language was Punjabi and I start to struggle for speak English ... So the major problem was the language and after that education because I haven't any [qualification] ... So I try to settle for what I can: work in a Tesco filling the shelves. I went there but I failed that. I attempt two, three interview also. One of the questions asked [is whether] you have experience here. I say that I haven't any experience because I came six months ago.'*

*'It's mainly been factory work [that I've been looking for] ... when they do come up most of them want, to be honest, qualified people ... some of them want a driving license, and experience really.'*

The difficulty of fitting a job around caring responsibilities was a theme that emerged very strongly from most of the interviewees. Nearly all had at least one pre-school child, including seven of the eight single parents.

*'They were doing that continental stuff: 12 hours on 12 hours off like four days on, four days off or something I don't know so some people have got to work 12 hours and so I can't do that shift 'cause I got four kids.'*

*'I was doing bar work then about four or five years ago... I just used to do a couple of nights a week ... It was just difficult 'cause it was night time work I would find it difficult to get someone to have the children especially on a Saturday.'*

*'My son goes up to secondary school next year so I will not have to pick him up and drop him off so that will leave only three that I could put in after school clubs for an hour or so then I can work more ... At the moment it would be too hard because of having the four.'*

Relatively few of the interviewees cited the costs of childcare as a factor, and those that did were quick to dismiss paying for childcare for multiple children as a viable option. Most were focused on trying to find a job that would fit in within the hours their children were already in free nursery care or school<sup>13</sup>. This was the case not just for the single parents, but also for some of the couples who mentioned the difficulties of taking multiple children to two or more different primary schools requiring both parents and/or a car driver. Some of the couples also had one member who was currently ill or incapacitated (though not eligible for Disability Living Allowance (DLA) or the Employment and Support Allowance (ESA) Support group) and therefore unable to care for the children:

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<sup>13</sup> Three and four-year-olds are entitled to 15 hours' free nursery care per week.

*'When he's had his operation he can't do anything so I am having to look after him and the children but I'm trying to look for work around the children because he can't cook. He can't do anything with his ankle.'*

Bureaucratic barriers and the costs of becoming accredited or licensed for professions such as construction or childminding were also cited by some people as barriers to starting work. For instance, one person wanted to register as a childminder but needed to pay to be registered and obtain a criminal records check. Another wanted to become a self-employed taxi driver but lacked the money to insure his car for this purpose. The DWP's Flexible Support Fund aims to give support, including training, to help people start or move towards finding work, but those interviewed here did not appear to be aware of funding to help with these kinds of things.

Whilst getting a job was being held up to most of the capped households as the best solution to the Cap, they were not always eligible for the state support offered to others. One single parent described how she was not eligible to do a course to help her become qualified as a childminder of disabled children until she was claiming JSA, which would only be after her youngest child started school. Lone parents can elect to receive JSA instead of Income Support even if their youngest child is under five, though they must meet the JSA requirements of being available for work.

### 4.1.3 Those not looking for work

The other six capped households all stated that at least one member of their household would like to be working in the future, but felt that the expectation that they get a job had been unrealistic at the time when they were first capped. This group comprised two single parents with pre-school children and four couples all in receipt of ESA in the work-related activity group and/or Carer's Allowance, all of whom said that neither of them was able to take a job currently because of their caring responsibilities or ill health, but that they hoped to do so in the future:

*'I was unable to get a job being pregnant.'*

*'I am in the [ESA] group that at the moment can't work but in the future hopefully will be able to. Really it's more that I need the employer to understand my mental health needs because I still have bad days.'*

*'The advice was go back to work ... At that time my baby was I think she was about two months, so I said that is the plan but it's not gonna be for now.'*

### 4.1.4 Part-time workers

A further four interviewees were working and capped because they worked too few hours to qualify for tax credits. Three of these were couples where one person was working between 16 and 29 hours, and the fourth was a single parent working under 16 hours. All of these were looking for more hours but their employers had been unable to find them more work:

*'I say please give me some more hours .... He said he already has enough staff.'*

## **In-depth interviews with people affected by the Benefit Cap**

*'I say, if you don't give me more than 16 hours then tell me and I can look for another job. Still I am applying. Some jobs involve travelling and it is difficult to manage .... We had a meeting about increasing my hours or my rate and he says he will think about it. I am looking for other employment and when I find it will give notice.'*

*'[I want] more hours, but the agency doesn't give them. It took a year to find this job, went to training, had interviews and all that – so I can't leave them until I find a better one first.'*

Three of these four households had been working before they were capped, whilst the other had found a job in response to the Cap, but was as yet unable to secure sufficient hours to be exempt from the Cap.

## **4.2 Households no longer capped**

### **4.2.1 Employment**

Twenty-one of the 26 no-longer-capped households had at least one person in work. Of these, 13 were working as employees on a part-time basis, all of whom were single parents. A further eight households were now working on a self-employed basis, six single parents, again all of whom were working on a part-time basis and two couples – one of which had one member working the 30+ hours required to claim tax credits, and the other, where each of them was working part-time variable hours. The 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.

Two of the single parents had been working at the time they were capped, but below the 16-hour threshold. They had both managed to increase their hours. The others had all found a new job.

All the employed households were in receipt of tax credits and in most cases Housing Benefit (HB) as well. Most of the jobs were low skilled and on, or close to, the minimum wage. It was clear that in some cases full-time employment, or at least more substantial part-time work, was what was really wanted:

*'Right now I'm struggling a lot because ... if I have more hours I could make more money but since I don't have enough hours ...'*

*'I would like [increase hours] to but ... cause it's a charity they just haven't got the money to pay me for any more than that.'*

For others, however, the part-time nature suited them as it fitted around school or nursery hours.

### **4.2.2 Self-employment**

The self-employment taken up ranged from cleaning peoples' homes, selling homemade crafts and hairdressing to freelance translation and taxi driving. It was clear that the flexible nature of self-employment was a key attraction for people wanting to fit their work around caring responsibilities. Some of it was through agencies and in many ways resembled paid employment, whilst others were newly established sole trader businesses. Setting up their own business had also been recommended to many of those we spoke to, as a way of becoming eligible for tax credits and thereby avoiding the Cap.

Whilst some of it appeared to be bringing in an income similar to what might be earned from an employer, it was clear that a few of the new business ventures were yet to bring in much (or even any) actual income. These were new ventures, however, and the interviewees were in all cases hopeful that they would make some money from them in the future, and in the meantime were appreciative of being able to claim tax credits and avoid the Cap.

### 4.2.3 Finding work

Friends and family contacts were more often reported to be most useful in helping to find work, rather than official sources of help such as the Jobcentre:

*'My friend, he was working already this, from long time. He's a builder, so I asked him that: "Can I do this?" He tell me that you can do and come with me.'*

*'When I told my friend I was looking for a job and he said he knew one place they need a driver because they are delivering the stuff delivery for him from cash and carry. So I said: "Can you talk to him about me and tell him I need a job".'*

### 4.2.4 Childcare

Most of those who had found work had children aged four or over – either in school or nursery. The single parents were generally working hours that fitted around the nursery or school hours, with very few paying for any kind of childcare.

There was some use of informal childcare, with older siblings, friends or parents being used to care for children whilst their mothers worked.

### 4.2.5 The impact of being in work

Most of the interviewees reported that financially, they were now in a similar position as they had been before they were capped. They were earning some money but losing a similar amount in benefits. This left most of them managing financially, though only just:

*'I'd say to be honest I'm not that much better off ... I still have to watch what I spend and have a shopping list I can't just pick up whatever I see so in that sense it hasn't changed.'*

*'It can be hard to meet school trips but we do pay them so we may have to delay a payment elsewhere to pay it but we do so they do not miss out of anything we also get the Government help for some of the trips and we pay the rest.'*

In a few cases, the new employment had brought sufficient financial rewards that people now felt better off:

*'My son came home from school and he said: "What's to eat?" And I said: "There's Chinese in the kitchen". And he said: "Oh you're, joking!". I said: "Seriously, there's Chinese in the kitchen!" ... "Thank you Mummy, thank you!" He kept saying: "Thank you Mummy!" [laughter] .... So being able to do those little treats or, you know, being able to do something special makes you feel really good.'*

In quite a few cases, the interviewees were yet to see the financial benefits of working because they had not been in employment very long, or were still repaying debts incurred whilst they were capped:

## In-depth interviews with people affected by the Benefit Cap

*'I got into such bad rent arrears, at the moment I am still paying them off – it will be so much easier once that's done.'*

Most were, however, better off than they had been whilst capped. Just one person said that she was no better off than when capped, because of the cost of childcare:

*'For me it is the same financially as the Cap because I spend a lot of money, when I pay for the crèche for the four year old ... Benefit Cap pushed me to go to work. I was thinking it would be easier for me but it is not because I can't get a free bus pass or free school dinners, or the money for the crèche for your child.'*<sup>14</sup>

Several interviewees mentioned the loss of free school meals – worth over £50 a week for a family with five school-aged children – as a new difficulty now that they were in work. The costs of travelling to and from work were also proving a challenge for some.

Nevertheless, most of the interviewees were positive overall about the impact of working on their lives and their families:

*'I think the outlook is better things are still a bit tight at times ... but I feel more optimistic about the future and ... I am out earning so it makes me feel better again about myself. It make me a happier person and a more enthusiastic person around the children so I think quality of life has definitely improved since going back to work definitely.'*

*'It just feels nicer I think...It just feels better.'*

## 4.3 The impact of the Cap on attitudes to work

Around half reported no change in their job seeking activities; they had been job seeking anyway as hard as they could.

*'I was looking for work anyway because I needed to get a job because I wouldn't be able to survive on the benefits having four kids. They do have a lot of necessities – not just the clothing and food – so I was looking for work anyway.'*

*'I spend all the life as very busy so I can't sit all the day at home, so I try to every day that to find work.'*

*'I was looking already. When I don't have a man living here who works, I need to work. But I also want to work.'*

*'I wanted to work – the chef thing is a passion for me for a long time.'*

The other half reported that they had looked harder, broadened the type of work they were willing to accept, tried to increase their hours, or started to look for work in response to the Cap. This included several single parents who had been hoping to wait until their youngest child started school but had instead brought forward their job seeking plans in response to the Cap.

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<sup>14</sup> It is usually possible to receive 70 per cent of the costs of childcare back through tax credits. It was not clear whether this interviewee was receiving this or not.



## In-depth interviews with people affected by the Benefit Cap

*'I'd already planned to return to work when my youngest started school, which will be this September ... Things did get quite bad for a while. It was quite desperate. It was quite tough to find the money to feed the children, keep on top of the bills. I didn't want to get into debt or into arrears. I did have to borrow from my parents a little bit and I just wanted better for the family. I wanted to do better for the children really, so the only choice is to go back to work a year earlier and just hopefully find something that fitted in with the with children.'*

*'I normally start looking for work [when] kids have two years or two and a half, but big problem last year because it's Benefit Cap and nobody help me pay my rent. That's why I need to as soon as possible start work.'*

*'I had to fight [to get the extra hours], please believe. It took a lot of fighting and different departments and people coming out to get them extra hours. There are so many cut backs on the boroughs.'*

The main driver for their increased efforts was the need to avoid the Cap and have full HB re-instated. Funding was given to the Jobcentre Plus from April 2012 to provide additional support for those who were identified as potentially capped<sup>15</sup>. Additional support given to capped households was mentioned by only one interviewee, who said he'd been given help with his CV. Several interviewees said that they had been frustrated by the lack of support they had been given in helping to cope with the Cap and to find work:

*'The council said they would help me but then when I tried to make an appointment it was impossible.'*

*'No, no council, no Jobcentre, nobody. Only advice was to go and find work: "This will be better for you". This is only advice, because if you will find the work they will remove [the Cap], you will be easy, otherwise you will become difficulty and become difficult life. Nobody help. Advise: "Go and find work".'*

Some people reported that they had sacrificed longer-term career aims or getting qualifications in favour of accepting low-skilled work to avoid the Cap:

*'I just looked harder. Before the Benefit Cap I was just looking for work in schools and nurseries but after I was looking anywhere, even cleaning.'*

*'At that point when I knew that I start being affected, I start looking for other options, because I am IT engineer but since I could not find anything in my area of expertise I start looking for anything, you know, a school meal supervisor, PA, receptionist, anything ... I need the money, I need to survive.'*

*'I'm there, right ready for Uni, and they're trying to sabotage what I'm doing.'*

Two interviewees reported that the Cap had made it harder to search for work because of the costs of travelling to interview:

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<sup>15</sup> This was to include referral to the work programme and close joint working with local authorities and partners, in many high caseload areas this was to be with co-located teams to ensure coordination in what was offered.

## **In-depth interviews with people affected by the Benefit Cap**

*'I've had to give up driving so that's affected job prospects and things like that. The cost of buses has gone up again so it's even harder for me to drive ... get to interviews because it takes money out of the pot for the house.'*

Most interviewees understood that if they worked more than 16 hours a week (as a single parent) or 30 hours (as a couple) they would receive tax credits and would no longer be capped. This was the main focus of job searching:

*'I did actually go for a couple of interviews as but they couldn't offer me the hours that I needed. They didn't have enough. They only had three or four hours a week ... I was looking for 16 plus.'*

*'Housing Benefit [staff] said to me if I can push for just a couple of more hours to get the Working Tax Credit; that will take me out of the Cap situation.'*

There was very little understanding at all of the potential financial benefits of 'micro-jobs' for making up the Cap shortfall for some households. Claimants did not realise that, since being capped, they would be able to effectively keep all their earnings in many cases. For instance, a family who were receiving £600 before the Cap and £500 after, but who found work earning £100 a week would continue to receive £500 in benefits. This is because the deduction for earnings is taken off the notional benefit entitlement before the Cap is applied, rather than from the Capped amount. Most were nevertheless keen to work for multiple reasons and were willing to accept part-time hours as a potential route into work:

*'I'm better working, for my health, happiness, it is better to work ... I am always looking for work.'*

# 5 Mobility and household structure

## 5.1 Moving house

Six of the interviewees had moved house to avoid the Cap: two of them from temporary accommodation into social housing and four within the Private Rented Sector (PRS) to lower-rent properties. All four of these moves within the PRS had been within their city/district, though to a new neighbourhood. All four had also found work since moving.

### 5.1.1 Making the move

Two of those who moved within the PRS had found their new homes themselves, replying to adverts in Gum Tree and another local website, one other had taken on a property that a friend was moving out of, and a fourth had found a property via a private sector leasing scheme run by the local authority. The two who had been living in temporary accommodation and moved into council housing had been aware when they were first capped, that they would be allocated a council house at some point and expected only to be affected by the Cap for a short period.

Only one of the six people who had moved seemed aware of the possibility of applying for Discretionary Housing Payment (DHP) to help fund the cost of a move. They said they had applied to the council for help finding a deposit but been turned down. The others had relied on money borrowed from friends or overdrafts, or assistance in kind from friends to fund the cost of the move.

One other mover said that she had applied for DHP retrospectively to make up a shortfall in her Housing Benefit (HB) which had arisen due to a delay in putting in a new HB application (when she became ill at the time of the house move) and had been turned down.

The families that had moved within the PRS mostly felt that their new homes were adequate, but that their children had been disrupted by having to move to a new location:

*'My daughter, she was quite cross, you know she's a teenager anyway so found it difficult to change the school. She had the friends there, because we live there more than three years and she was quite settled ... She says she misses being there and she doesn't like this school very much. We had to accept that place because we didn't get any place in the schools we asked for. Most of the schools around here are oversubscribed.'*

*'The children used to walk to school now they have to get a bus and more buses and tubes to get about.'*

In some cases, the new homes were rather small:

*'My two [younger] children share a room. My son has his room and I am in the living room.'*

## In-depth interviews with people affected by the Benefit Cap

*'My mum has her own room, my older two children share and the youngest is in with me.'*

### 5.1.2 Looking to move

Some of the others in higher rent areas still affected by the Cap were looking to move, but faced a range of difficulties in doing so.

Most of those in the PRS wanted to stay local, though a few were considering international moves, such as back to their home country. Nearly all were keen on social housing, and most were on the register. However, most said that they were considered adequately housed (despite being unable to afford the rent) and were therefore a low priority (e.g. Band D<sup>16</sup>). They therefore expected to stay within the PRS and this was the main focus of their search efforts to move house.

Interviewees talked about difficulties in finding private landlords who would accept tenants on HB, and also the added difficulties of finding anywhere that they could afford, given the limits imposed by the Cap.

One person who was currently looking to move had also been unable to move at first because she had just signed a six-month contract at the point at which she found out she was about to be capped.

### 5.1.3 Not looking to move

The majority of those who were still capped said that they were not looking to move house in response to the Cap. This included families in lower rent areas who believed that their accommodation was already the cheapest available.

This also included other smaller households living in higher rent areas who were aware that moving to an area with lower rent would help them avoid the Cap, but nevertheless did not want to move. Some had other plans for how to avoid the Cap, most often involving receipt of DHP in the short term and finding work in the longer term. Moving house was therefore not something they were considering at this time.

A few felt they were overcrowded in their current accommodation:

*'I've got a two year, and a one-year-old, and a seven-year-old in one room.'*

*'I have three in one room. She [baby] is with us. My 15-year-old daughter has her own room, but my 17-year-old son has to share with his brother who is six.'*

None had a spare room, or would be able to move to a smaller home without being overcrowded as measured by the bedroom standard. Interviewees were all also of the view that their current home was the cheapest available in their current area. Moving to a lower-rent home to avoid the Cap would therefore involve a long-distance move or a move into social housing. None of those already in social housing were considering moving as a route out of being capped (though some were on the housing register for larger homes or to move to new areas for other reasons).

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<sup>16</sup> Local authorities commonly prioritise applicants for social housing according to their level of housing need, with Bands from A to D. Band A is generally reserved for the most urgent cases whilst Band D is generally a low priority band of people who are adequately housed.

Many were nervous of moving to a new area and concerned about the prospect of moving their children to new schools. They were concerned about the difficulties in finding school places for several school-aged children and the possible difficulties they would encounter in getting them to different schools. They were also aware that their children were settled and happy where they were, and were reluctant to disrupt them.

*'I'm happy here, because the children are happy here. They don't want to go anywhere else.'*

Some of those who were immigrants said that they had little knowledge of other parts of Britain, and were keen to stay close to family, friends, or those sharing their language or culture.

Several of the families also reported facing particular difficulties at the current time, which made it hard to contemplate the logistics of a move. Claimants in receipt of a disability-related benefit are exempt from the Cap, but some who were interviewed had reported current experiences of ill health, seriously ill children, pregnancy, stress or other family crises.

Debts and rent arrears were also mentioned by several as barriers to moving. Several private tenants said that the cost of a deposit and rent in advance was the main difficulty. Three of the four households who had managed to move within the PRS had done so by using the deposit they had received from their current home to pay the deposit on a new home (in two cases in addition to money saved from earnings or from a bank overdraft). A fourth had received help from the local council rent deposit scheme. For others in the PRS rent arrears that had arisen both before and since the Cap meant that they would no longer expect to get a deposit back when they left, making it harder to secure a new property.

In addition two social tenants wanted to move within social housing but had been told by their local council that they could not do so until they cleared their arrears. In both of these cases, the arrears had arisen since the Cap came into effect.

Some had sought help with moving from their local authority, but felt the local authority had failed to grasp the issue and help them to move:

*'Every time I phoned [the council] they made me feel like an idiot and like: "Well you should be doing more. You know you should try downsizing". I said: "Well I'm trying to, the fact is that I can't get anywhere that will accept Housing Benefit ...". But all they kept saying was: "you need to downsize you need to be looking for something smaller".'*

Some of the interviewees had disrupted housing histories, including having moved frequently and/or periods of homelessness and insecure housing. Their current home was, for many, something they were very keen to keep, and fearful of losing:

*'I wouldn't want to move to be honest. I am very happy with this property. It's been four years and I have seen the difference with my children's health, and they are much happier kids as well. I just wish I could afford it. My landlord calls it my home.'*

## 5.2 Household structure

The research was unable to detect any clear patterns in changing household structure in response to the Cap. Three interviewees reported changes to household composition which they said were at least in part related to the Cap:

## **In-depth interviews with people affected by the Benefit Cap**

- one person had asked her adult son to leave as she could not afford to keep him. The son gave up college, got a job, and rented his own bedsit as a result;
- one single parent had had her mother move in with her to care for her baby whilst she worked;
- one couple had got back together again after temporary separation. They said that the Cap was not their primary reason for getting back together, but the financial hardship that they had endured whilst separated (which they felt the Cap had contributed to) was a factor. The husband was, and always had been, in work, so they were no longer capped once living together again.

Six other households had changes in their composition which they said were unrelated to the Cap. Three had a baby born, one had a child leave home, one had a grandchild move in and one had a new boyfriend move in.

No households out of this sample had moved to live with another household (for example, back with parents). A few had considered this but deemed it impractical with the size of their families.

## 6 Income and wellbeing

### 6.1 Family finances

The vast majority of interviewed households were already on a fairly tight budget before becoming affected by the Benefit Cap. This was particularly so for the smaller families in high-rent areas, with little disposable income left after rent and bills.

Only one interviewee had significant savings before the Cap – around £2-3,000, and those were gone by the time of the interview. Three others had amounts between £50 and £300, which were also all used up by the time they were interviewed. The other 46 had no savings even before the Cap came in.

All lived day-to-day, prioritising which bills or debts to pay depending on what they could afford, or borrowing small amounts from friends or family. A few had borrowed large amounts (thousands) from family to pay off rent arrears and avoid eviction.

Most currently had other debts of some sort – unpaid utility bills, Council Tax, bank overdrafts, and debts to doorstep lenders, some of which they said they had acquired as a result of the Cap. A few who had previously had better paid jobs had credit card or catalogue debts.

The single parents were generally receiving only minimal Child Support Agency (CSA) payments (£5 week per father or nil in some cases). A few had asked for increases as a result of being capped, which had generated some small additional support in kind (for example, buying children shoes).

### 6.2 Coping with careful budgeting

A few interviewees – larger families in lower rent areas – felt that they were managing alright despite the Cap:

*‘The Cap has made me look at paperwork and acknowledge things, rather than putting them in a drawer. I think: “I’ll have a word with [CAB support worker]”. I don’t lose money. I’m very careful with it. I’m cooking a lot more ... in that way has made me very good with money ... I’m not struggling money-wise like I thought I would be. Before [boyfriend] moved in I was struggling a bit more.’*

Others stated they were managing as well as ever because they were on full Discretionary Housing Payment (DHP), or simply not paying rent shortfalls.

The majority of interviewees had paid at least some of the shortfall themselves, and had cut back on day-to-day spending in order to do this. This typically included:

- buying cheaper food (less meat or fresh vegetables, more pasta and sauce, economy brands);
- putting less petrol in the car, or selling the car;
- not having any holidays or trips out;
- reducing children’s activities and pocket money (such as swimming);
- not replacing things that break (such as computers or washing machines);

## In-depth interviews with people affected by the Benefit Cap

- reducing spending on mobile phones, TV, etc.; and
- reducing socialising.

Most interviewees had borrowed money from family or friends and/or been given support in kind (such as food or buying children things):

*'I have a good support network. If I don't have money I have got my mum and my nan that will give. I am a bit more fortunate and in a better place than other families.'*

*'Occasionally my parents help out when things are a bit tight. They will occasionally buy the kids' clothes and things to help out or they bring a food bag which is quite funny bless 'em ... if they think I am struggling one month for some reason they'll turn up with a couple of bags of shopping.'*

Some interviewees had support from voluntary sector agencies in budgeting, addressing their debts or finding a longer-term solution to their situation. Having a named key worker with whom they had some sense of rapport, and who they felt would be there for them when needed was highly valued. Negative comments made about a lack of support almost always related to agencies which operated call centres or a general enquiries/helpline phone number where the interviewee did not feel they had an assigned key worker or anyone who knew them and their situation. Positive comments were usually praising named individuals within organisations.

## 6.3 Struggling with finances

Most interviewees, including most of those who were no longer capped, felt that they were getting by but struggling:

*'Well if the kids need new shoes and such as that we have to wait until we get our fortnightly money and then if we can afford it we have to get it out of that.'*

*'I try to manage my income, I don't want to go outside my income because create some problems everyday if I will go ... I can buy something if this is necessary but I don't die without this, so I leave that.'*

Some of the less sustainable cuts reported included:

- buying less food (missing meals once a day and just feeding the children);
- not paying other bills such as utility bills, or Council Tax;
- turning down the heating, or not heating the home;
- borrowing from doorstep lenders or bank overdrafts to pay rent or pay off arrears.

Some also reported not having enough money to pay for basic necessities:

*'My children are like: "Why are you not eating mam?" and I'm like: "well I don't have enough food to give mammy food as well so mammy just has to wait until morning", and brush it off as well as I could ... you don't want to tell a child; you don't want them to worry.'*



*'I stopped that pocket money because I haven't money ... my rent arrears was increase and my wife was with me so I said: "Please stop one time dinner and lunch, one time stop and take dinner only". So try to manage that time because time is hard that time.'*

Some felt that the amount they needed to pay the shortfall was more than they could ask family or friends for, or that there was no one they could ask:

*'Nobody could borrow me because my dad and my mom they are sick and tired of me. I was sick and tired of asking so I was a bit shy of asking again. I do ask every now and again for things. But for £70 a week commitment? Who would pay £70 a week extra?'*

*'I have lost both my parents and I don't have any brothers or sisters.'*

A few of the still-capped households who interviewed were not managing at all<sup>17</sup>:

*'Being in hospital we weren't keeping on top of everything. We got eviction [papers delivered] And I were like: "I've got too much on me plate for them" ... so it were just a big nightmare.'*

*'We were fine before the Benefit Cap. We were coping really well but since they have put the Benefit Cap on we are struggling at the moment. I had all my bills come at once ... yesterday. I just panicked.'*

A few said that they would rather their Housing Benefit (HB) be left alone, and a deduction made from their other benefits, as this would be easier to manage.

## 6.4 Negotiating a rent reduction

Most claimants living in the Private Rented Sector (PRS) had been advised by their local authority to request a rent reduction from their landlord. Most had done this, though some said that they had not because they were nervous of drawing their landlord's attention to the difficulties they were having or because they felt sure the answer would be no.

Two people reported that their landlords had reduced the rent on request, and two others had not formally reduced it but appeared to be allowing the tenant to stay even with lower payments. The rest had declined to do so. Some said that their landlord had already taken a reduction in response to the Local Housing Allowance (LHA) cap, or not put rent up for several years and was therefore disinclined to let it drop further below market rates for the area. Some landlords had said they could obtain higher rent from another tenant. Unlike the LHA caps (which affect all HB claimants), the Benefit Cap only affects a small sub-group, meaning that landlords (and tenants) were aware that it would not be difficult to find an alternative tenant who could pay the rent, with or without HB.

The landlords who accepted lower payments were mostly ones who dealt directly with the local authority (claiming HB direct) in two cases after making a deal with DHP payments to cover part of the shortfall. This could be because local authorities have more power and experience in dealing with landlords than tenants do, or possibly better negotiating or language skills. Alternatively it could be that landlords who deal directly with the local

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<sup>17</sup> The Fieldwork team also noted that some interviews were declined because the person said that they were in the midst of eviction, or their current living situation too precarious to carry out a face-to-face interview.

## In-depth interviews with people affected by the Benefit Cap

authority are the type of landlord more likely to take account of benefit rules when setting their rent.

Some local authorities had negotiated on behalf of tenants. Other tenants had done it alone, though some said they would have liked support.

One landlord was reported to have put the rent up shortly after a request to reduce it, another threatened to do so (but relented after being contacted by the local authority) and another responded by telling the tenant that he had decided to sell the property and handed her notice.

## 6.5 Paying the rental shortfall

Some claimants said that they had paid the entire rental shortfall, with no current arrears. Others had paid nothing. Many PRS tenants had HB shortfalls even prior to the Cap, often because their accommodation was above the LHA Cap for that property size. This was a source of some confusion among those who had found work and were no longer affected by the Benefits Cap, but still had shortfalls because of the LHA caps.

Reflecting what was found in the larger survey carried out by Ipsos MORI<sup>18</sup>, there was no obvious link among this small sample between the amount capped and whether they were currently in arrears, nor between the still-capped and no-longer-capped groups.

Many of the people who were paying the shortfall in HB arising from the Cap spoke about being very happy in their home. They spoke about getting on well with their landlord and valued the security of it:

*'We struggle, sometimes we do fall behind with the rent, and then we really have to pinch the belts and pay it because we don't want to risk losing the house.'*

*'My priority was to pay rent because obviously this is something important for me and my kids.'*

There was also a strongly articulated belief that rent is the most important bill to prioritise:

*'That's the first thing I always pay no matter what's going on that's always the first thing.'*

*'All my benefits and things went towards pay my rent, then my bills and then for my food I borrowed money. I borrowed money from friends and family to pay for food and shoes and clothes ... because I didn't want to be evicted.'*

Some of the tenants who were paying their shortfall also mentioned that they could afford to do so:

*'Truthfully we didn't have to do much as we don't smoke we don't drink we don't do drugs so we didn't have to do anything to find the shortfall but it has affected us in so much as we lost £40 a week.'*

*'We just managed but we had to strictly budget.'*

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<sup>18</sup> See the Appendix for further information on the survey.

## 6.6 Reasons for not paying

The main reason given for not paying the shortfall was that they could not afford it:

*'I tried to ... the plan was to pay extra £15 a week and that never happened, not once... because I just couldn't afford to.'*

*'If I paid them the money how can I manage other things? So that's why we haven't paid.'*

*'I'm still not paying 'cause I don't make too much money with my job.'*

None of the tenants interviewed said that they were refusing to pay on principle, though a small number said that it was the council's role to pay rent for those on benefits, or that the council will have to rehouse them anyway if they were evicted for rent arrears. This point of view was possibly stronger amongst council tenants and those who have HB paid direct to landlord:

*'The Government pays straight to the landlord, not to me here. So where the arrear coming from? If the council stop, they are responsible.'*

*'I thought it was absolutely disgusting when the Government are telling me that I've got to live on this money [benefit income] and then the Government are tell me you don't need to live on this money and then taking it all off me there. It's like "Nah, you ain't getting nothing out of me until this is all sorted out!"'*

Those who articulated this point of view were all people whose rent was being paid direct to their landlord, rather than those who were handling their HB payments themselves. This view of it being the council's responsibility to pay rent could offer a partial explanation for the higher rates of rent arrears found by the Ipsos MORI survey amongst social tenants, despite their (on average) lower rental shortfalls arising from the Cap.

## 6.7 Rent arrears and risk of losing a home

Around a quarter of the interviewees said that they had received communication warning that their tenancy would end for a range of reasons<sup>19</sup>. In some cases this was simply because of rent arrears, though some reported that their landlord had decided to sell or come back to live in the property, after they got into arrears. In two cases they reported that the landlord said this was because they could no longer pay their rent. Some of these were currently capped while others had ceased to be, but were still struggling to clear their arrears.

Most of the interviewees said that the Cap was the only reason they were unable to pay their rent and were facing eviction. A few had pre-existing arrears, compounded by the Cap.

Most were hoping (and planning) to clear the arrears and avoid eviction. Just two were planning to let the eviction happen and then go to the council as homeless – both already had large amounts of arrears (over £1,000). Two others had approached a council to say they were at risk of being homeless. One of these had been assisted with backdated DHP. The other was told to go and look for a PRS tenancy, and that she would not be helped as homeless unless she could prove she had done so.

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<sup>19</sup> The small sample size and the stratification to include half the interviewees being no longer capped mean that this, like all other figures in this report, cannot be extrapolated to the wider population of capped households.

## **In-depth interviews with people affected by the Benefit Cap**

Interviewees who had any knowledge of the homelessness system were generally keen to avoid a period in temporary accommodation, though some expressed a degree of reassurance that they would be housed in some way if they were to lose their home:

*'I would rather have council house, it's cheaper. But I think we can't, there is a long queue. So she said temporary accommodation. I rather not have temporary accommodation, I don't know if I can do my childminding there ... [but] this lady at [local authority] says we will be looked after so I am not scared.'*

## 7 Claimants' attitudes towards benefit receipt

Most of the interviewees said that they understood the principle of the Cap, and thought that it was wrong, in principle, for people to receive more than £500 a week in benefits:

*'I think that this was a good thing to change the system from the way that it was before ... It's not right that people sit around not working.'*

A small number felt that the Cap was simply wrong in principle:

*'I just think that they need to really look into everything everybody's cases ... at the end of the day because the majority of people can't pay their rent debts off. Do you know what I mean? They are not so lucky that they go and pay their rent arrears. And then they can't go kicking people out on the streets, so it just causes more trouble.'*

Many were appreciative of the possibility of being able to avoid the Cap by finding work, although one person felt that it was unfair that they could claim over £500 a week in tax credits, including money towards childcare but that they could not receive this same amount for looking after their children themselves.

A few of those who were no longer capped thought that the Cap had been beneficial for them personally as it had given them the push they needed to find work:

*'It gave me the shock of my lives. But it's given me the kick I need. I can see what the gentleman was saying, why should we pay for your lifestyle. We should want to work. We shouldn't sit on our backsides watching Jeremy Kyle. I genuinely do want to work.'*

Many, however, thought that whilst people existed who did deserve to be capped, they themselves had no choice about the situation they had ended up in. For instance one felt that it was unfair to penalise mothers with very young babies, whilst another felt it unfair that larger families were expected to manage on the same amount of money as smaller families.

Some felt aggrieved that they were doing all they could to find work, and yet were being treated as if they were unwilling to work:

*'I understand the Government's reasoning – generations of worklessness, and so on. Those people need to get out. But there are people like me who've not been on benefit before. It's not like I've never worked.'*

Many of the interviewees brought up the stigma associated with being on benefits and particularly on those who were affected by the Cap. They felt that the publicity around the Cap had heightened the public's hostility to benefit recipients, and that they were unfairly being thought of as work-shy:

*'They've put us all in the same bracket, as if we'd all sat on our arses for 20 years ... I've not been sitting round doing jack. We all have to put into the system. For people who have worked, and who are trying to improve themselves, there's no facility for people like us. The rent is so high that we'll always be on Housing Benefit.'*

Many interviewees also felt that – regardless of the rights or wrongs of the Cap – it was putting a big strain on their family finances and health:

## **In-depth interviews with people affected by the Benefit Cap**

*'When I was on this Cap I was not sleeping and my blood pressure was very high – I took the tablets but it didn't come down – and my kids were not eating.'*

*'I need to find £100 a week – not a month; a month would be fine, I could manage, but a week! All the time I am worrying, worrying, what will happen, how will I manage? I don't get a job. I have been trying for a long time now.'*

## 8 Conclusions

Implementation of the Cap appears to have been largely smooth, with most reporting that they had been aware in advance that they would be affected. A small number said they had not been informed (or could not recall having been), or that their circumstances had changed, leading to them being suddenly affected.

Around half of those interviewed said they had not heard of Discretionary Housing Payments (DHP). Those who had heard of them have largely been successful in their applications – suggesting that knowledge of DHP, or contact with agencies that might assist in a DHP application plays a major role in determining who gets it.

Around half of the interviewees described having increased their job seeking activities in response to the Cap. Those who found work were almost all working part-time on low wages at the time of the interview, so still depend heavily on benefits. They did nevertheless express largely positive views on the benefits of working on their lives, sense of status, and health and hoped to progress towards more hours. Stated barriers to work included having many children to care for and a lack of English language skills.

Most were not looking to move house in response to the Cap, some because they were families in lower-rent areas who did not think there was anything cheaper available or were smaller households in higher rent areas who did not want to move long distance and hoped to find work soon. Finding work was the main focus of dealing with the Cap for most of those interviewed.

Of those who had moved, moving to a lower-rent home within the Private Rented Sector (PRS) in a cheaper part of the city/district would appear to be the most popular option. However, most reported they were already in the cheapest accommodation of suitable size available. Long-distance moves would need to be to somewhere the household have contacts to be considered a viable option.

Most of those who were still capped said that they were unable to make up the shortfall and were falling into arrears. Whilst some were getting by, a few were at risk of eviction imminently or spiralling into debt they could see no way out of. Many of those no longer capped were still struggling to pay off the rent arrears and other debts they had incurred whilst capped, so not as yet able to fully appreciate any financial benefits of working.

Most interviewees expressed understanding for the principles behind the Cap, but those still capped could see no easy way out of the situation it had thrown them into, despite in many cases trying harder than before to find work.

## 9 Policy information

The Benefit Cap limits the total amount of benefit that may be received by people in a single household from the following benefits:

- Bereavement Allowance;
- Carer's Allowance;
- Child Benefit;
- Child Tax Credit;
- Employment and Support Allowance ((contribution-based and income-related) except where the support component has been awarded);
- Guardian's Allowance;
- Housing Benefit;
- Incapacity Benefit;
- Income Support;
- Jobseeker's Allowance (contribution-based and income-based);
- Maternity Allowance;
- Severe Disablement Allowance;
- Widowed Parent's Allowance (or Widowed Mother's Allowance or Widows Pension if received before 9 April 2001);
- Widows Pension Age-Related.

Any income the individual may receive that is not included in the above list is not taken into account when calculating the level of the Cap.

The amount of benefits a household can receive is restricted to £500 per week for couples (with or without children living with them), £500 for single parents whose children live at home, and £350 per week for single adults with no children or whose children live away from home.

Households are exempt from the Benefit Cap if anyone in the household receives Working Tax Credits or receives any of the following benefits:

- Disability Living Allowance;
- Personal Independence Payment;
- Attendance Allowance;
- Industrial Injuries Benefits (and equivalent payments as part of a War Disablement Pension or the Armed Forces Compensation Scheme);
- Armed Forces Compensation Scheme;
- Armed Forces Independence Payment;
- Employment and Support Allowance (the support component);
- War Widow's or War Widower's Pension.



## **In-depth interviews with people affected by the Benefit Cap**

Where a claimant or their partner has worked for 12 months prior to becoming unemployed, the household is awarded a 39-week grace period during which the Cap will not be applied.

The Benefit Cap applied from 15 April 2013 in Bromley, Croydon, Enfield and Haringey local authorities. Remaining local authorities applied the Cap between 15 July 2013 and the end of September. As such all households identified as being appropriate to be capped were capped by the end of September 2013. The Benefit Cap is currently administered through Housing Benefit (HB), and as such a household which is not in receipt of HB will not currently be in scope for the Cap.

Further information and official statistics for the Benefit Cap can be found at:  
[www.gov.uk/government/collections/benefit-cap-statistics](http://www.gov.uk/government/collections/benefit-cap-statistics)

# Appendix

## Background information on the Benefit Cap evaluation

This document is published as part of the suite of evaluation material on the household Benefit Cap. It should be read in conjunction with the other reports. These are:

- *The Benefit Cap Review*. The review is published in line with the statement by the Minister for Employment on 1 February 2012. This document draws on the suite of evaluation material published alongside it. It also makes reference to the official statistics <https://www.gov.uk/government/collections/benefit-cap-statistics> and evidence previously published by the Department <https://www.gov.uk/government/publications/benefit-cap-public-attitudes-before-and-after-its-introduction>
- *Benefit Cap: analysis of outcomes for capped claimants*. Analysis of administrative data carried out by departmental analysts and peer reviewed by the Institute for Fiscal Studies. This document examines the historical estimates of those in scope for the Cap and effects of the Benefit Cap by comparison of outcomes of capped claimants and comparable groups. Evidence is presented on movement into work (proxied by Working Tax Credit exemption), moving house and movement out of scope for the Cap.
- *Post-implementation effects of the Benefit Cap*. An Ipsos MORI longitudinal telephone survey of capped households identified from the October 2013 Single Housing Benefit Extract (SHBE). The first wave of the survey was carried out with 1,200 claimants in February 2014, and the second in August/September 2014 with 468 of the same claimants. This work examines the behavioural change over time on employment, finances and housing.
- *Supporting households affected by the Benefit Cap: Impact on local authorities, local services and social landlords*. This report by the Cambridge Centre for Housing and Planning Research (CCHPR) draws on work in ten case study local authorities; a survey of social landlords; and consultation with major lenders to the Housing Association sector. A variety of local authority staff were interviewed in May/August 2013 and again in September 2014 in case study areas; 26 landlords were interviewed in 2013 and again after one year in these areas alongside 47 local agencies (including Citizens Advice Bureaux and voluntary organisations); and a variety of lenders were interviewed and provided written responses to the consultation in October 2013 and 2014. It provides information on how local services have been affected and how they are working with capped claimants.