

Press release: Benefit cap leading to “working role-models in families”: Esther McVey

New analysis also shows that around 170,000 children are now living with a working adult as a result.

Work and Pensions Secretary Esther McVey today welcomed the new analysis as evidence that the cap is helping to transform lives by giving children “working role models in their families”.

The benefit cap is a limit on the total amount of benefit that working age people can get – introduced in 2013 to restore fairness to the welfare system. It incentivises work, including part-time work, as anyone eligible who moves into work and then earns enough for Working Tax Credit (or the equivalent under Universal Credit) becomes exempt.

Since the introduction of the cap in April 2013, 180,000 households have had their benefits capped. With 48,000 households having moved into work.

Work and Pensions Secretary Esther McVey said:

Every child deserves the best start in life, and we know that children living in a household with someone in work do better in school, have better educational attainment and are more likely to have a job later in life than children growing up in a home where no one works.

This new analysis into the number of children in workless families reducing under the benefit cap, shows how our welfare reforms are transforming lives by giving children real-life working role models in their families.

In the past there could have been families living in cycles of worklessness without the proper support or incentives to move into work with the security and peace of mind that comes from a regular wage. We now have record employment in the UK with more than 1,000 people moving into jobs each and every day since 2010.

The unemployment rate (4.2%) has not been lower since 1975, and the number of people out of work is down by 136,000 compared to a year ago. On average, 1,000 people have moved into jobs every day since 2010.

Work remains the best route out of poverty – around 75% of children in poverty leave poverty altogether when their parents move into full employment. Evaluation from the original cap shows lone parents were 51% more likely to go into work after a year than similar uncapped households.

In Universal Credit, claimants are exempt from the benefit cap if they earn at least £542 a month, equivalent to 16 hours at the National Living Wage. Working parents can also claim up to 85% of their eligible childcare costs, regardless of hours worked and how old the youngest child is.

The [benefit cap](#) is set at £20,000 a year outside London and £23,000 in Greater London to reflect higher rent costs.

Anyone working and receiving Working Tax Credit is exempt from the cap, as are households where someone receives:

- Disability Living Allowance (DLA)
- Personal Independence Payment (PIP)
- the support component of Employment and Support Allowance (ESA)

Those claiming Carer's Allowance or Guardian's Allowance are exempt from the cap.

The figures cited above refer to households who had their Housing Benefit capped.

The [estimate of the number of children in households that were capped but are now in work](#) is calculated by multiplying the number of children in these households by the number of households.

Households with more than 5 children are grouped together, so for this calculation we have assumed that there are 6 children in these households.

Follow DWP on: