



Falling short: the experiences of families living below the Minimum Income Standard

by [Katherine Hill](#), [Abigail Davis](#), [Donald Hirsch](#) and [Lydia Marshall](#)

More than one in three families in the UK now have an income below the Minimum Income Standard (MIS), a benchmark based on what the public agrees a household needs as a minimum to live on. This report features the experiences of 30 families on low incomes – a mix of lone parents and couples, in and out of work.

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What are the consequences of bringing up a family on an income that falls below the minimum income standard? This study draws on the experiences of 30 families with incomes below a standard based on what members of the public think people need. Such families today face changing pressures that impact on their material and emotional well-being, and require them to take difficult decisions about what to prioritise.

The report shows:

- families need stability, but this is undermined by irregular employment and hours, changes in benefits and tax credits, and insecurity in private rented housing;
- coping on a low income involves constant monitoring of budgets, hard work and discipline, but the stress of trying to keep on top of finances is emotionally draining;
- parents tend to prioritise meeting their children's needs and sacrifice their own; and
- families tend to prioritise day-to-day expenses over larger outlays, but this can increase overall costs.

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Executive summary

This report is about the experiences of families in the UK whose incomes are below the level required for a minimum acceptable standard of living as defined by members of the public. Over one in three families now have incomes below the Minimum Income Standard (MIS), which is a benchmark compiled by groups of members of the public, based on what things they agree households need as a minimum. Families below this level do not necessarily face severe material deprivation, but fall short of what people think is necessary to have the choices and opportunities required to participate in society. This qualitative research investigates the consequences of falling short in 21st century Britain.

The research builds on previous studies of low family income in two ways. First, by using MIS as a benchmark, and not looking at families on the very lowest incomes, it considers the situation of millions of families that are on low incomes, but not in the deepest poverty. Second, it considers low income in the context of our present times, in which new themes such as zero-hours contracts, payday loans, less stable housing tenure and benefit changes have added to other, more familiar, aspects of bringing up a family on a low income.

The study comprised in-depth interviews with 30 families on low incomes. The target range of disposable incomes, net of housing and childcare costs, was between 50% and 90% of the MIS level, to represent families who fall significantly short of meeting the standard, but are not in deep poverty. All but four of the interviewees had estimated incomes within this range. A mix of lone parents and couples, in and out of work, were interviewed.

Experiences of low income

Families in this study who relied on out-of-work benefits typically received at least a third less income than they required to reach the MIS level. The majority of participants in the study had at least some work, but their experiences showed how working families can also fall far short of MIS. A number had very limited and sometimes sporadic earnings. Housing costs could greatly reduce working families' disposable incomes, especially among those renting privately; most working families were not receiving Housing Benefit (HB), either because they were not entitled or did not claim. Some households also had disposable income significantly reduced by childcare, and in combination with high housing costs and low earnings, this produced some cases of particularly low disposable income, with over half of income being allocated to rent or mortgage, and childcare. However, the cost of childcare, along with the mismatch between its availability and the working hours available, more often acted as a constraint on the work families felt they could take up, and thus reduced their resources by limiting earnings. Overall, mothers of young children expressed a desire to work, but a reluctant acceptance that opportunities would be limited until their children were older.

The parents interviewed greatly valued stability but found it elusive to achieve, both in respect of work opportunities and the benefits system. A number were on zero-hours contracts and, more generally, insecure employment created uncertainty and worry, and affected people's ability to plan and budget. It was also difficult to reconcile with childcare arrangements, and caused headaches with regard to benefits and tax credits – particularly where overpayments caused difficulties when they had to be repaid. A further source of instability was experienced by parents living in private rented accommodation, a tenure that has nearly tripled in size to encompass a quarter of families with children in the past decade. Parents expressed a strong preference for social renting, not just because it could be more affordable, but also because of the security it provides; some had had to move when a landlord wanted to sell a property, they had faced lack of choice of home at a reasonable rent, and few thought that owner-occupation was a realistic prospect in the foreseeable future.

The experience of low income was influenced by a number of other factors:

- Family instability played an important part. Most obviously, family separations can make low income more likely, but the experience of this varied in important ways. Factors making a difference include: the extent of the involvement of non-resident parents in financial support and childcare

arrangements; and the nature of reconstituted families, which can, for example, create financial pressures and a shortage of housing space where two partners have children from previous relationships.

- Health issues for parents or children were strikingly common among participants in the study, with the majority of families having at least one member with a health problem. Ill health can restrict working choices, bring multiple additional costs ranging from food to transport, and make it harder to concentrate on budgeting
- The presence or absence of informal support can have crucial impacts on families. Most obviously, the availability of family or friends to look after a child can transform work opportunities. In addition, a common experience in this study was for families to get help from grandparents and others when they hit a crisis, and more generally to pay for treats or activities that parents themselves cannot afford. For families without such support, the experience of low income could be much more severe.
- Debt and its repayment can have a major effect on the actual living standards experienced by a family on a given low income. In some cases, families have bought items on credit at rates that they can afford, or have a legacy of debt that they are paying off. In others, debt at high levels of interest creates a big burden, and in some cases families see no immediate prospect of escaping from a cycle of debt. Problem debt caused significant stress in families' lives, and those who had escaped it were determined not to repeat the experience. Another important feature of debt that emerged was how a poor credit history could increase costs and close down options, for example making it hard to borrow at mainstream rates or to shop around for new service providers.

Summarising the experiences of low income among participants in the study, in terms of how well they are coping and whether things are improving or getting harder, they can be divided into four broad groups:

- Getting on/life improving: a few families, all headed by couples, were not just coping with the consequences of low income, but moving towards a better living standard. They were now in a secure situation with a steady income and no debts, and were taking steps to improve things, for example through saving, buying a house or taking up education opportunities.
- Getting by/keeping up: some families were not improving their situation, but felt that they were making ends meet and did not have to "go without". These families included both lone parents and couples, in and out of work. They were distinguished not by family and working status, but rather by two other important factors. First, they tended to be organised and worked hard at budgeting, often feeling proud of their ability to manage on a low income. Second, they typically had extra resources available, whether practical help from family and friends, or material help in terms of informal childcare or gifts from grandparents. Another common feature of this group is that they generally had relatively stable lives, although in some cases a particular event such as a redundancy payment had helped them by allowing them to pay off debt.
- Getting stuck/finding it hard to keep afloat: other families on low incomes were just about making ends meet, but had more negative experiences overall. They reported making sacrifices and experiencing stress, being more dependent on borrowing and seeing no immediate way of improving their lives. Such families often had particular factors that made coping on a low income more difficult, including higher outgoings on items such as rent or servicing debt, and sometimes additional needs such as dealing with health problems or needing to run a car in a rural area. These families tended to spend a lot of time juggling resources, but with budgets completely stretched, they felt they had to make sacrifices, and often reported high levels of stress in their lives.
- Getting harder/under increasing pressure: finally, a small number of families were finding it particularly difficult to manage as their finances were in a more precarious situation, which was overwhelming them. In some cases, this involved unsuccessful attempts to make finances add up after a family separation, for example trying to afford mortgage payments on one income. In others, it was more related to the inability to get to grips with accumulated debt. Families in these situations occasionally risked not even being able to afford the basics, such as food. Some of these families were surviving only with the help of extended family.

The incomes of households in the 'getting on' category tended to be at the higher end of income levels in the study, and conversely those in the 'getting harder' category were at the lower end. However, most of the families in the study were in the middle two categories ('getting by' and 'getting stuck') and spread more evenly across income levels. These groups both faced low income over the long term, but differed in terms of how they were coping, and the extent to which they felt that their families were disadvantaged by low income, and that they had to make sacrifices. As well as the level of their disposable income, key factors that can make it harder or easier for families to manage are the presence or absence of debt and informal support.

The impact of low income on families

Life on a low income affects the practicalities of family life, emotional and psychological well-being, family relationships and the lives of children.

In practical terms, parents spoke extensively about the hard work and organisation required to manage budgets on a low income. This could involve juggling payment demands, ensuring payments go out at the right time, making price comparisons and good use of discounts, and monitoring finances carefully. Parents varied in terms of how successfully they managed their money, with at one extreme those who were able to keep within budgets without debt, and at the other, those who paid one bill or debt only by incurring another. However, one common factor was that managing money was time-consuming and stressful; another was that its success depended so much on stability that parents were reluctant to take measures, such as signing up for direct debit payments, which might save them money but reduce predictability. Large, occasional purchases were hard to deal with, and spending on an annual event such as a family holiday was not an option for many families.

The emotional and psychological impact of living on a low income was tangible for the families in this study. While the stress that it caused was often combined with other stresses such as the pressures of juggling work and childcare, family relationship break-ups and housing difficulties, the extra burden of not having enough money was seen as making life that much harder. Parents reported sleep loss and physical repercussions such as weight loss. The stress element sometimes combined with a sense of failure at not being able to provide for their families, or shame at having to ask others for help. Responses of families differed according to their resilience and the amount of support they could call on. Those who responded in the most positive way, 'digging in' or 'fighting' adversity, sometimes expressed a feeling of pride when they managed to get on top of their finances.

Relationships between partners could be severely tested by the experience of living on a low income. Some parents talked about how money worries could be a cause of tension, for example, where couples had different attitudes to money and budgeting. In some cases, coming through such difficulties was perceived as strengthening a couple's relationship.

Children were affected both directly and indirectly by living on low family income. Most obviously, where families faced material hardship such as inadequately heated or damp homes, and where they were unable to afford to pay for certain things such as after-school activities, limited budgets had a direct effect on children's lives. At a psychological level, parents had a particular concern about children feeling that they were missing out, or the 'odd one out' among their peers. Some of the psychological impact fell on parents themselves, through the anxiety and potential sense of failure associated with the fear of the impact on children. However, some of this could be reduced among older children who were aware of the family's situation, and helped protect their parents from these stresses by not asking for things that they knew their family could not afford.

Prioritising and choices while living with less than the MIS budget

The MIS sets out a pattern of household spending that members of the public think should comprise a minimum acceptable living standard. This is not a prescriptive list, and all families make their own spending choices. In addition, however, those with incomes below the standard have to decide how best to meet their needs under a constrained budget.

Typically, families started by prioritising the basic necessities of living – food, warmth, shelter and good health. In doing so, parents sometimes had to make compromises (such as turning the heating down, or not replacing broken household goods). Where possible, they cut back on spending on themselves rather than on their children – for example, cutting back on their own meals in order to ensure that they could pay for the children’s food and keep their homes warm. They also talked about the importance of the occasional treat, particularly for children but also occasionally for themselves – such as a pizza or a beer – in order to provide some relief from the stresses of daily life.

Some spending priorities related to the importance parents attached to their children ‘fitting in’. This applied especially to clothing, with parents wanting to avoid children feeling different or being bullied. However, they could not afford to buy everything children asked for, and looked for other ways of affording some branded items, such as buying last season’s or using hand-me-downs, as well as sometimes being helped by extended family. Buying toys and the latest technology could also be a pressure, particularly with older children, which had to be carefully mediated. In contrast, parents were often less concerned about spending money on their own appearance, and cut back on things like clothing and hairdressing, spending less than assumed in the MIS budgets.

Families acknowledged the importance of social participation and ‘having a life’. As in the MIS budgets, families’ actual spending generally ensured that they had the technology needed to communicate – internet access and mobile phones. However, there were a number of other areas affecting social participation where families could not meet needs:

- Families who had cars (as specified in MIS) emphasised their importance in being able to manage the logistics of work, leisure and childcare, but other families simply could not afford one. An important aspect of this was, in addition to the initial outlay, the unpredictability of motoring costs, and not knowing when a large bill might appear to repair or replace a car.
- After-school activities were considered important for children, but some families could not afford them without additional help, which sometimes came from a grandparent.
- Families often tried to do things together, such as trips out, in ways that did not cost too much money, although this often constrained their choices. Some could not afford to go on holiday because of the large amount of expenditure it required all at once, while others were only able to have holidays through help from family. Parents acknowledged that not having a holiday meant missing out, by not having something to look forward to.
- Parents in general spent little on their own social life. There was a feeling that it was a low priority, although some acknowledged the importance of doing at least something for themselves – such as going to a gym.

Families in this study purchased some items that were not in the MIS budgets; these items potentially contributed to meeting a need more economically than buying the items specified in MIS. A number of them paid for satellite or cable television, although some of these said this would be cut if times became harder. The key reason for including satellite/cable television was that it was an important source of entertainment for families who felt that they did not spend much on themselves otherwise, such as going on holiday together or going out to the cinema. Families with pets also considered them important for family life, even though they are not considered essential in MIS. They provided a focus for excursions and interactions for families who otherwise had little to spend on going out together. For some parents, buying cigarettes or cheap tobacco, while being careful to maintain spending on children as the priority, was justified as an indulgence in an otherwise tough life, although in general participants had a negative view of spending money on smoking.

Overall, the following three themes came across in relation to family spending relative to MIS:

- Parents tend to prioritise the needs of their children and cut back on meeting their own needs, even when this may affect their well-being.
- Families tend to focus on meeting day-to-day expenses, and try to avoid larger outlays on items such as a holiday or a car.

- Families facing constrained budgets may meet their needs not just by cutting back on a minimum budget, but through substitution. For example, those who cannot afford to fulfil their family leisure needs by going to the cinema, for meals out or on holiday together, may spend money on different things such as subscription television or pets, which may end up cheaper overall in providing family recreation.

Conclusion

The parents in this study all found that bringing up a family on a low income in the UK today is hard work, but they differed in the extent to which they felt they were coping with their situation, and whether they and their children had to go without things. Important factors included what level of costs parents faced, whether they had support from friends and family, their own budgeting skills, and whether they could achieve a degree of stability.

As in previous studies, it was found that many parents make sacrifices in order to meet the needs of their children. But in addition, family life has been affected by contemporary changes that can make stability more elusive. These include the increase in privately rented housing, a more fluid labour market and new pressures from the benefits system. For many families facing new uncertainties, the availability or otherwise of support from extended family and friends made a huge difference, affecting not just informal childcare support, allowing them to work, but also the ability to cope with a crisis and pay for certain children's items. Those without this backup face the greatest risks, particularly those who have built up debt, with repayments sometimes making a great impact on family living standards. Most parents on low incomes place great value on achieving greater stability in this uncertain world.

By drawing its sample mainly from families between 10% and 50% below the MIS, who represent about a third of UK families with children, this study shows that the severe pressures of living on a low income are not restricted to a few families in the most severe poverty. The use of MIS budgets as a benchmark also gave insights into how families budget when they have too little income to afford what the public considers to be a minimum acceptable standard of living. The findings show not just that parents cut back on their own needs and prioritise those of their children, but also that families spend their budgets differently to help meet needs that they cannot afford to cater for on the MIS model.

This study identifies some key issues that policy-makers need to consider. In particular, it suggests that as the Universal Credit (UC) system is rolled out, it is important that it fulfils its original aim of allowing greater stability and certainty over income by combining several strands of previous benefits. It also suggests that an initial delay in receiving payment, and the move within UC to monthly rather than more frequent payments, may also cause difficulty. Budgeting on a weekly basis was common and involved juggling and shifting money around, and receiving a monthly payment within such a finely balanced budget could be problematic for some. By identifying particular difficulties faced by families in the private rented sector, it suggests that greater priority is needed to help them achieve more stability (for example, through tenure reform), as well as afford their rent. The findings point to the importance of increasing access to childcare, meaning that the extension of free entitlements for three and four year-olds, if effectively delivered, could make a big difference. Finally, the research suggests that restricting benefit entitlements for larger families in the future is likely to cause even more severe hardship to families who are already among those finding it hardest to afford the essentials.

1 Introduction

Over one in three UK families with children are now living below the Minimum Income Standard (MIS). That is, their incomes are insufficient to buy all the things that members of the public say are required for a minimum acceptable standard of living. This report is about the experiences of such families. It is about what life is like on an income which, while it may be sufficient to avoid severe deprivation, is below what is judged necessary for meeting the wider needs of families living in 21st century Britain.

The past eight years have been tough for many families on low incomes. Neither wages nor benefits have systematically kept pace with rising costs. While the number of families with work has been relatively resilient, even in the recession, there has been a growth in the number of precarious jobs, with irregular hours and low pay. The overall result of these trends is that the proportion of families whose income is too low to meet a minimum standard has risen by a third since 2008/09 (Padley and Hirsch, 2016).

This report is based on qualitative research in 2015, talking to 30 families whose disposable household income falls below MIS. The research builds on previous qualitative studies of child and family poverty, aiming to make an original contribution in two ways. The first is to provide an up-to-date picture, considering how families experience life on a low income in the contemporary context affected by recent developments such as: rapidly rising childcare costs; reductions to benefits and cuts to public service budgets; a shift of housing tenure towards the private rented sector; and the spread of precarious employment. Second, the study is not framed by the concept of 'poverty', but rather by asking what life is like if income (after housing and childcare costs) does not reach the MIS level; how do families make ends meet, and what does this mean for their opportunities, choices and participation in society? This perspective shifts the emphasis away from examples of extreme hardship, to consider the consequences for families with income falling short of the level required to meet a decent living standard as defined by MIS.

Building on previous evidence, in the context of changing conditions

A wide range of previous research has considered what life is like for families on low incomes – much of it brought together by Kempson (1996) and Ridge (2009). Recent studies have focused in particular on people with multiple disadvantage or severe problems such as homelessness. For example, research for the Lankelly Chase Foundation has reviewed evidence on severe and multiple disadvantage, defined as 'the coincidence of homelessness, drug and alcohol misuse, mental health problems, cycles of violence and abuse, and chronic poverty' (Duncan and Corner, 2012).

More generally, charities working with families with children have reported in various ways on the changing nature of poverty, in a world where both the benefits regime and the labour market are becoming harsher. Gingerbread's *Paying the price* research (Rabindrakumar, 2014) considers the distinctive experiences faced by lone parents in the present period of austerity. There has also been much investigation into the causes and impact of food poverty (e.g. Peachey *et al.*, 2013, for Barnardos, and the All-Party Parliamentary Inquiry into Hunger in the United Kingdom, 2014), which have produced case studies and a range of statistical evidence to identify the importance of this issue. Daly and Kelly (2015) focus on the relationship between family life and poverty among a group of families in Northern Ireland, while Kyprianou (2015) tells the stories of a year in the lives of 30 working families experiencing low income in Liverpool. The Northern Housing Consortium (2015), Patrick (2014) and Asenova *et al.* (2015) are following the effect of welfare reform and austerity measures on people's lives..

Such studies suggest that the experience of economically disadvantaged families is changing, including the incursion of new forms of debt, a heightened sense of insecurity, the pressures of uncertainty coming from zero-hours contracts and benefit changes, an associated spread of certain mental health issues, and the increasing difficulty faced by many families in accessing acceptable housing at affordable cost.

One distinctive feature of the present period is that since 2008 family incomes have declined across the board, requiring families to retrench from previously established norms or go into debt. The present study adds to contemporary evidence by looking in the round at the experience of life on a low income in today's economic conditions, and sets this within the context of what it means to be living on a household income below the MIS.

Using the MIS as a reference point

The MIS for the United Kingdom is an ongoing programme of research carried out by the Centre for Research in Social Policy, funded by the Joseph Rowntree Foundation. This research (see Box 1) involves detailed deliberation in focus groups comprising members of the general public about the composition of a minimum household budget: what things households of different types need to be able to buy, in order to have a minimum acceptable standard of living.

This research regularly produces data on household income requirements (Hirsch, 2015a), the number of households not meeting these requirements (Padley and Hirsch, 2016) and the minimum cost of raising a child based on the MIS research (Hirsch, 2015b). As well as these quantitative results, the research produces a set of explanations about why various goods and services are included in a household budget (Davis *et al.*, 2015). Overall the criterion for identifying whether an item should be part of the minimum is the following definition: 'a minimum standard of living in the UK today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society'.

Thus, the MIS research gives an account of what income households need and why, and tells us how many households fall short of this income threshold. But a further question is, what are the consequences of not being able to afford a MIS budget? What do families with below minimum income prioritise? What are the consequences for different members of these families, and for family functioning overall? The present research explores families' experiences in these respects.

Unlike studies looking at people living below an abstract poverty line, this use of MIS as a benchmark allows tangible comparisons to be made between what an adequate income might be used for, and how people live when they have lower incomes. However, such comparisons need to be made with some caution. MIS budgets are constructed from lists of items that emerge from decisions made in the groups about the kinds of things families should be able to afford. It is important to note that these lists do not comprise prescriptions of what they ought to consume, but are a way of arriving at a level below which people should not fall to achieve a minimum acceptable standard of living. The exact content of budgets will vary in real life, as the research accepts that individuals will have different tastes and make different choices. Moreover, when choices are constrained by low income, whole patterns of expenditure may alter. For example, MIS groups identified a need for families to have time together, and said that this need would be met by a family holiday. Those families below MIS who cannot afford a holiday, however, seek to find ways of spending time together at a lower and therefore more manageable cost.

In this context, the research is able to shed light on what it means to be unable to afford essentials, in terms of what is prioritised, what families cut back on and, in some cases, what they substitute for those things they cannot afford. The study considers the overall effects of these consumption patterns and of the experience of low income on families' lives, including both material and emotional/psychological aspects.

As well as being of general interest, the results of this study are intended to help with future interpretation of quantitative MIS findings. In particular, the implications of future annual reports on the numbers below MIS, and on the cost of a child, can be better understood in light of this investigation of what it is like not to be able to afford this minimum.

Box 1: MIS in brief

What is MIS?

MIS is the income that people need in order to reach a minimum, socially acceptable standard of living in the UK today, based on what members of the public think. It is calculated by specifying baskets of goods and services required by different types of household in order to meet these needs and to participate in society.

How is it arrived at?

A sequence of groups holds detailed negotiations about the things a family would have to be able to afford in order to achieve an acceptable living standard. Experts check that these specifications meet basic criteria such as nutritional adequacy and, in some cases, feed back information to subsequent research groups that check and amend the budgets. Each group typically comprises six to eight people from a mixture of socioeconomic backgrounds, but all participants are from the particular demographic category under discussion. For example, pensioner groups decide the minimum for pensioners.

What does it include?

According to the MIS definition (see above), a minimum is about more than survival alone. However, it covers needs, not wants; necessities, not luxuries; items that the public think people need in order to be part of society. In identifying things that everyone should be able to afford, it does not attempt to specify extra requirements for particular individuals and groups, for example those resulting from living in a remote location or having a disability. So not everybody who has more than the minimum income can be guaranteed to achieve an acceptable living standard. However, someone falling below the minimum is unlikely to achieve such a standard.

How is it related to the poverty line?

MIS is relevant to the discussion of poverty, but does not claim to be a poverty threshold. This is because participants in the research were not specifically asked to talk about what defines poverty. However, it is relevant to the poverty debate in that almost all households officially defined as being in income poverty (having below 60% of median income) are also below MIS. Thus households classified as being in relative income poverty are generally unable to reach an acceptable standard of living as defined by members of the public.

Methodology

The research comprised 30 in-depth interviews with parents in England, and took place between April and October 2015. Participants were recruited face to face through recruiters visiting local areas and approaching people on the street or at their homes. Potential participants were asked details about their household makeup, their (estimated, self-reported) income from work and/or benefits, and their housing and childcare costs. This allowed a calculation (using computer-assisted input by the recruiter) to estimate if their income after housing and childcare costs was less than 90% of the MIS level. This involved using a rough threshold of MIS budget requirements for each of seven types of family according to the number of adults and children (up to four children in couple households and three in single-parent households), as shown in Table 1. In some cases, information about income varied when discussed further during interviews, and the final analysis of participant incomes in Table 2 takes this further information into account.

Table 1: Recruitment thresholds for monthly income minus housing and childcare costs, in £

Number of children	Couple	Lone parent
1	1,500	1,100
2	1,900	1,500
3	2,300	1,900
4	2,500	n/a

The sample was characterised by the following features.

Income levels

The target was to recruit parents from families whose household income was between 50% and 90% of the MIS threshold for the relevant family type, net of actual housing and childcare costs. This meant that a family would have disposable income leaving them 10–50% short of the MIS budget for items other than rent and childcare. The intention was to show the experience of being significantly below MIS, but not to focus on those in the deepest poverty. Estimated actual incomes for those interviewed are shown in Table 2. All but four of the cases were within the target range, with a good spread, and the most common income level about one quarter below the MIS level.

Table 2: Income characteristics of sample

How far disposable income falls below MIS	Number of cases
More than 50%	4
40–49%	6
30–39%	5
20–29%	10
10–19%	5

Family and employment characteristics

The aim was to get a balance between working and non-working families, lone parents and couple parents, families with different numbers and ages of children, and different housing tenures. This was achieved as shown in Table 3. The sample was also divided almost exactly evenly into four broad categories of family, in ascending order of the amount of work relative to adults in the family:

1. No parent working.
2. A lone parent working part time.
3. A single earner in a couple working full time.
4. A lone parent working full time, or a dual-earner couple with at least one working full time.

Eight of the households (four couple and four lone parent families) had no income from work. The other families were made up of lone parents working part time (seven) or full time (three), and couples with either one full-time income (seven), a full- and part-time income (four), or two full-time incomes (one). Several participants were in insecure employment situations: four parents were on zero-hours contracts or doing agency work, three of whom were currently not earning due to being off work through illness,

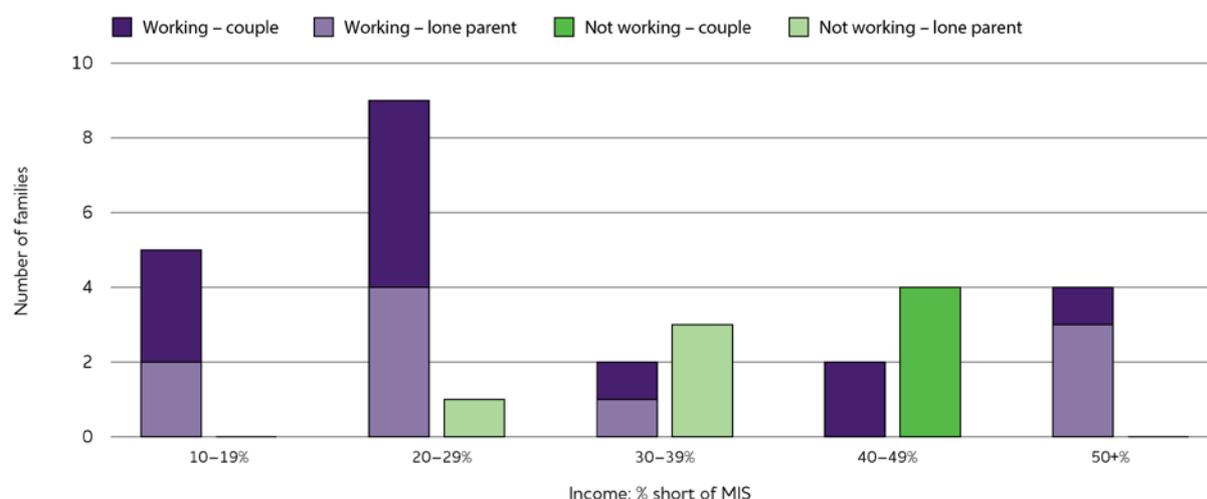
injury or maternity. One participant was coming to the end of an apprenticeship and was concerned about finding a job, and another was earning money doing casual cleaning work for friends.

Table 3: Family and employment characteristics of sample

Parental type	16 couples	14 lone parents		
Employment status	22 with parent/s working	8 with no parent working		
Housing tenure	13 in social rented accommodation	9 in private rented accommodation	8 owner occupiers	
Number of children	9 with one child	8 with two children	9 with three children	4 with four children
Ages of children	Spread across a range from 2 months to 17 years			

Figure 1 shows the spread of income, family and working characteristics in the sample. While almost all of the families between 10% and 30% below MIS were working, those with lower incomes were divided about equally between working and non-working families. The four who had less than half the disposable income that they needed were all working but, as discussed in Chapter 2, had factors including high childcare costs, very low earnings and apparent non-takeup of benefits that made their disposable income very low.

Figure 1: Distribution of families interviewed, by income, work and family status



Location

Interviews took place across a range of English regions: the South West (seven), the North West (eight), and East and North Midlands (fifteen). They included city, large and small towns, and rural/village locations.

Interviews

Most interviews were one-to-one with parents, although in four of the couple households both partners took part or were present for some of the interview. All but one of the remaining interviews were with mothers (all of the lone parents in the sample were female). In total there were twenty-nine female and five male participants. Interviews generally lasted one and a half to two hours. Children were not interviewed, as the perspective of this study was parents' views and experiences; however the inclusion of children's views is a further valuable aspect of research (for example, Mahony, 2015; Ridge, 2007; Walker

et al., 2008). The focus of the interview was on people's experiences of making ends meet on an income below the MIS level; hence details about income and outgoings were discussed, but based on self-reporting, rather than an analysis of people's financial data or bank statements.

Structure of this report

The main findings of the study are presented in the next three chapters.

Chapter 2 looks at factors that frame families' experience of low income. It considers the drivers behind low disposable income, and what influences the ways in which families experience and respond to low income. It presents four different patterns experienced by families, in terms of their current situation and whether things are improving or getting harder.

Chapter 3 then considers how families cope with low income. It outlines how people manage and the strategies they employ to make ends meet, and considers the pressures that it creates in their lives and the impact of these pressures on parents and children.

Chapter 4 goes on to look more specifically at the impact of low income on family budgets and consumption patterns using, as a benchmark, the minimum required spending on various items suggested by the MIS. It asks what things families prioritise, what they cut back on, and how they reorder priorities in light of not having enough income to meet the standard.

Chapter 5 draws conclusions and policy implications.

2 Families' experience of low income – drivers, influences and trajectories

Statistical indicators of child poverty or low family income show how many people are below a given income threshold at a point in time. However, the impact of low income on families will depend on many aspects of their experiences over time, their current situations and their characteristics. To understand these experiences, it is important to consider what has caused their income to be low relative to costs, alongside the factors that affect a family's resilience and prospects for improving its situation. This chapter explores the driving forces that cause disposable family income to be low, a range of factors that can help or hinder the ability to deal with low income, and whether family situations are improving, getting harder or staying the same in practice.

Driving forces behind low disposable income

In this study, and in measurement of family income relative to MIS (Padley and Hirsch, 2016), disposable family income is defined as 'income coming into the household from all sources, minus direct taxation, housing and childcare payments'. These last two costs are subtracted because MIS budgets give a standard estimate of what families need to buy as a minimum for day-to-day living, but accept that rent/mortgage and childcare costs vary greatly across families and locations. In this context, a disposable income that is too low to allow a family to afford a minimum budget can be influenced both by low total income from earnings and benefits, and by high costs in these two categories.

This study allows a closer look at how income and these two costs combine, to gain an insight into how and why families fall below the MIS level. In summary, the following were found to be the key drivers of low disposable income for people in this study:

- **Benefit-only income:** out-of-work benefits put families far below MIS, typically with only half to two-thirds of the disposable income required. Couple households with nobody working all had disposable incomes in the range 51–60% of MIS, and lone parents had mainly 61–70% of MIS. Most of these households included parents with responsibility for young children who were not yet at school and/or a parent with a health condition (including mental health) that inhibited them from working.
- **Part-time or limited earnings:** the earnings of working families can be constrained by limited choices, often related to childcare and health (see further below). The often-used dichotomy of families into working and non-working households hides the fact that among lone parents in particular, part-time work can make only a limited difference to income; tax credits sometimes contributed more to the family income than earnings. Furthermore, most couple households in this study that received income from employment contained only one partner in work.
- **Low pay:** low-paid, part-time employment included cleaning, bar work, admin roles and an apprenticeship. However, for some of those working full time in jobs that were relatively stable or secure, the wage level (in professions such as caring roles, warehouse work, driving and gardening) was such that they received tax credits; however, they were not necessarily entitled to other means-tested benefits such as Housing Benefit (HB) or some 'passport' entitlements (such as free prescriptions, to which receipt of certain benefits gives automatic access).
- **Insecure work:** several parents who had been working through an agency or on a zero-hours contract were currently unable to work because of ill health or were on maternity leave, but were not receiving sick or maternity pay from their employer. The irregular nature of this type of work, with short-term contracts and varying hours, makes it difficult for people to plan and organise childcare. Moreover, it has implications for interaction with the benefits system, and some families had

experienced considerable difficulties where benefits and tax credit payments had been stopped or changed as earnings fluctuated.

- Under claiming: in a few cases, people seemed not to be receiving the amount of tax credit or HB that they might be entitled to. This was where circumstances had recently changed, perhaps a partner had left and tax credits had not yet been received, or where someone was reluctant to claim HB due to previous problems with the benefit system.
- Housing costs: families experienced large variations in the impact of housing costs on disposable income. This was influenced by tenure, earnings and whether families receive HB or not, and if so whether this covers the full amount or part of the rent. For the five out-of-work families in social housing, rent had no impact because it was fully covered by HB (and none of these families 'under-occupied' their homes, which would have made them subject to the under-occupation penalty or 'bedroom tax' reduction in HB). For those renting privately, higher rent levels could have a major impact on housing costs. One out-of-work family paid over £50 a week more in rent than they were eligible for in HB, and others with some earned income and receiving part HB paid substantial shortfalls (see below). Four families whose earnings were enough to exclude them from receiving tax credits and may otherwise have brought them above the MIS level had their disposable income drastically curtailed by high housing costs. One was living in private rented accommodation, but not receiving HB, and the others were owner-occupiers with mortgages – including one lone parent who paid nearly half her income in mortgage payments.
- Childcare costs and constraints: the responsibility of childcare affected disposable income more often by constraining earnings than by increasing costs. Four families of the thirty in the study had substantial childcare costs (£41–109 a week) and three others paid smaller amounts (£7–22 a week). Two of those in the first category had some of the lowest disposable incomes in the study. Those with the largest childcare costs were working lone parents with primary school aged or younger children, who had limited or no informal help with childcare and were relying on formal provision. More common, however, were cases where practical issues and the perceived cost of childcare meant that parents, especially lone parents or partners of a full-time earner, felt they could only work limited part-time hours or not at all because of their childcare responsibilities (see further below).

Difficult combinations

Most commonly the reason for being a long way below MIS was a combination of income level and housing costs – renting and receiving no or only part HB, in particular for people living in private rented accommodation or owner-occupiers paying a mortgage not covered by HB. In addition, the families in this study who were paying for childcare were all also paying housing costs (and getting part or no HB), compounding the extent of their outgoings. This seemed to hit lone parents who were paying for childcare and housing with only one income to draw on hardest – in several cases, these costs amounted to over half their income (from earnings and tax credits).

In light of this overall picture of disposable income, a number of key issues affecting families' ability to reach a minimum income standard can be considered.

Family and labour market factors interact to affect work prospects

Families in this study often felt that they had limited scope to improve their living standards through increased earnings. The opportunities available could be constrained by the nature of work and childcare available, and by their family responsibilities.

Some parents felt that getting into work or increasing employment hours was the only way to improve their situation, but the absence of suitable childcare was seen as a constraint – particularly the lack of availability of work to fit in with childcare (see below) especially when living in a rural area and not being able to drive. Working families who did not pay for childcare had jobs that fitted around school hours; children who were old enough to get themselves to and from school; in one case, the ability to take a baby to work; or had family around who provided childcare. This informal support was vital in enabling several families to work, and in other cases allowing them to carry on working (see also below).

A recurring theme for parents was the difficulty in finding the right kind of work to fit in with school times and childcare availability. As one parent pointed out, “no one wants to employ someone from 10am to 2pm in the daytime”. Covering school holidays was considered particularly difficult, with it being unlikely that employers would be as flexible as parents would like. Many part-time jobs are in the service or care sectors, which as well as being insecure and low paid, often involve weekend work when formal childcare is harder to find. This puts lone parents in particular at a disadvantage, and means more heavy reliance on informal support.

For lone parents, the key constraint was their sole responsibility for their children. This limited the hours they could work and sometimes also made it harder to progress. One lone parent could not apply for a promotion as this would involve further and overnight travel, which was unmanageable for her. Couples had more choices. One couple had made an active decision for the mother not to return to work, and to live on one income; for others, being a stay-at-home mum was less of a conscious choice, for example, where she had stopped work when they had their first child and/or still had young children.

Several families had children with health conditions or behavioural difficulties, and felt that the associated demands (hospital appointments, home visits, school exclusion) restricted their ability to work. Other barriers included parents’ own health conditions, having little or no up-to-date work experience, or a criminal record.

Several mothers who had looked for work spoke of a lack of support from the Job Centre, seemingly because their partners were working so they felt that they were not considered a priority. Lack of experience was also an issue, as one person who had been at home with children for a number of years noted: “if you put down housewife, they don’t want to know”.

That’s the only way [of] me getting a job. If I can get a job tomorrow we’d be OK. But it’s getting one... I’ve filled in hundreds and hundreds [of applications], I can’t even get an interview or a phone call to say sorry you ain’t got through to that. I’ve even filled in the ones where it says ‘guaranteed an interview’ and I’ve had emails saying, ‘I know it said guaranteed an interview, but there was too many applicants’. When I get a job we’ll be all right.

Couple household, one full-time earner

Overall, mothers of young children expressed a desire to work but a reluctant acceptance that opportunities would be limited until their children were older. They generally felt that getting into work or increasing their hours of employment was the only way to improve their financial situation. Some mothers also cited non-financial benefits, for themselves (to do something away from the home, to be able to contribute to society) and their children (to provide a work ethic), although retaining a work-life balance was also important, especially to those with younger children. However, those without informal support commonly found the logistics and costs of childcare insurmountable, and were frustrated that work did not seem to be a viable option. Hence moving into employment was often a thought for the future, perhaps when the children were older and at secondary school. Such constraints could cause frustration.

At the minute they give us £54, I couldn’t earn that a week in two days, you know like on minimum wage in the shop, so it wouldn’t even cover nursery fees or anything, so it does make you think, and like you feel like you’ve been to uni for nothing or you’re not really contributing, but again that’s just something you just have to deal with, don’t you? It should be, ‘well actually I’m going to work, I’m going to be better off’.

Couple household, one full-time earner

Flexible working and the difficulties of insecure employment

Work in the 21st century is characterised by a greater fluidity than in the past, with more irregular and unsociable hours and less job stability. While this potentially provides new opportunities to working parents who do not want full-time jobs, more often the families in this study who were in unstable work found that it brought challenges with it

Stability of income is important to managing household finances, so a job with guaranteed working hours, security and that fits in with childcare, school hours and family life was something that parents really valued. Some degree of flexibility at work was helpful, particularly where someone was able to do overtime as and when needed, for example to cover a large bill or unexpected cost. However, this only worked where there was another parent at home or informal childcare was available.

Conversely, unstable employment also had implications on family finances. Several participants were employed on zero-hours contracts. Fluctuating working hours and pay made it hard to manage finances because earnings changed and could not be relied on; furthermore it meant constant interaction with the benefits system, which can have repercussions (see below). Working hours that vary from week to week also cause difficulties when using paid childcare that has to be booked in advance, and may not be available at short notice on an *ad hoc* basis, or making informal arrangements to fit in with a relative who may also work. For one lone parent this meant turning down shifts because of lack of childcare:

Sometimes it's all right, but like I've had to give my shifts away for next week because they've given me shifts that I can't do, so I've got no shifts next week and I'm only on like two shifts a week at the minute.... I think if I had a job with a steadier income it would be a lot easier to save and know what I could put away each week.

Lone parent, working part time

Employment conditions also impact on income. Participants in zero-hours contract jobs had had periods of illness without statutory sick pay because they had not been able to work enough hours or long enough to qualify, in one case having to take out a payday loan in the face of mounting bills. The same applied to maternity pay, where someone working on a zero-hours contract received no statutory maternity pay. In addition, several participants not on fixed contracts reported difficulties when their incomes were reduced to statutory sick pay for extended periods, and where they lost pay for occasional days off sick or for appointments.

Insecure employment creates uncertainty and worry, and affects people's ability to plan. Uncertainty about future employment was also an issue in one case, where a lone parent was coming towards the end of an apprenticeship, had not managed to secure a job, and feared going back onto benefits – not just for financial reasons, but also because of the importance she placed on working and feeling “normal”.

The benefit system, and dealing with work and family instability

For most families in this study, benefits and tax credits provided an essential component of household income – only four families in this study received no income-related support at all. Just as with earnings from work, families on low incomes put a great emphasis on continuity when it comes to income from benefits; they want it to be predictable in order to be able to budget and plan. However, instability and uncertainty, whether from changes in family, work or housing circumstances, administrative delays and system complexities or, over the longer term, ongoing changes in the benefits system, can have a serious impact on family income.

While some families in the study did not report any problems with their benefit or tax credit claims, over a third had experienced either current or past difficulties with one or the other, or both. There was a sense that the systems could be complex, especially when people experienced changes in their lives that led to new or adjusted claims.

I wish they made the whole benefits system a bit easier because it's all so confusing, and I feel bad that I've had to go on benefits and ask for help from the government, but it's great that it is there. If it wasn't there I don't know where I'd be really, [but] it's difficult to understand and to know what you are entitled to and what you can apply for.... it's so confusing, it's very daunting, especially if you are quite low self esteem and no confidence, you want it to be a bit easier really to try and get help.

Lone parent, not working

Most problems arose from changes in circumstances, including family break-up, moving home, the arrival and departure of children, and unstable working patterns or fluctuating earnings. Participants in this study

had experienced difficulties with benefits ultimately resulting in periods without money or arrears, or having to repay overpayments.

The current system is not seen as one that is good at dealing with instability, either in domestic or work circumstances, two common features of modern life. For example, several participants found that the system could not cope with the stop/start nature of temporary, agency or zero-hours contract work, where someone may receive multiple P45s a year. This required constant interaction with the council and other services, requiring visits and phone calls, and producing documentation. This could sometimes involve not just stress and inconvenience, but major costs such as being kept waiting for long periods on the phone. Despite the contact numbers being 0345 rather than premium rate numbers, they are still charged at a standard rate. If a caller does not have a phone plan with inclusive calls, or they have used their allowance, these calls can cost up to around 45p per minute. One participant who had economised by not having had a landline had to get one installed eventually to avoid high mobile charges (up to £10 per call). Another noted that online claiming/notification was helpful, but more often the phone was how people got in touch. Such experiences suggest that the provision of freephone telephone numbers for people needing to get in touch with government agencies would be helpful.

All the benefits they try you all the time, people that are there to help when they can cause more stress. I've been in tears on the phone to them because they've sent me bills for hundreds of pounds or thousands of pounds just for them to turn round and say to me, 'oh it's our mistake on our system'. But do you know they don't understand. Yes you've not had to pay that money out but how do you think it feels when you open that letter saying you owe that money and you suddenly start thinking, 'where am I going to get that kind of money from?' They don't care, they don't realise it's people's lives they're messing with.

Couple household, one full-time earner

Participants mentioned a long-standing concern about the tax credit system, the basing of payments on predicted earnings, and their retrospective adjustment as earnings change. This had serious implications in cases where people have had higher earnings one year from doing overtime or having travel expenses paid, meaning that tax credits the following year were drastically reduced. Working behind in this way was problematic, and several had been faced with having to pay back large amounts (several thousand pounds in some cases), resulting in deductions and stopped payments, having to borrow and accruing debt to get by. Changes to tax credit rules now mean that tax credit payments can be stopped where an overpayment has been made that exceeds someone's full entitlement, rather than making an end-of-year adjustment. As highlighted here, such sudden losses of income can throw family finances into disarray and mean they risk hardship. Even with smaller adjustments, the overpayments system made budgeting hard, and the system frustrating.

They always seem to apparently give me an overpayment, which I always end up having to pay back, which is really annoying because obviously I don't understand the workings out of it so that's their job to work it out, so if I give them my details you expect it to be right. I've always said when I've worked in pubs if I've given someone the wrong change then that's my problem and that's got to come out of my pocket, do you understand what I mean?

Couple household, one full-time and one part-time earner

In principle, the introduction of real-time assessment of income under UC should address this problem, but participants had acquired a strong mistrust of any kind of change. This also made them hesitant about taking up new opportunities, being uncertain about whether taking on work could either leave them worse off or subject to further complications in their dealings with the system. Even where a family was finding it hard to manage on benefit-only income, a parent noted that some working families have to use food banks and wondered if they would actually be any better off working if their HB and Council Tax Reduction were reduced. Several also said that they were hesitant about making a future claim and less inclined to report changes because of the difficulties they had had in the past, and their consequent mistrust of the system.

Attitudes to benefit receipt also affected how people felt about their situation. Some of those who were not working expressed guilt at "living off other people's taxes" or frustration when unable to work because of ill health or childcare responsibilities, even regarding receipt of tax credits as a form of

'scrounging'. One participant whose husband's earnings were supplemented by tax credits looked forward to returning to work when the children were older and not having to rely on benefits at all:

I can't wait to go to work so I can ring tax credit and say, 'do you know what, I don't want your money no more so take it'. I know it sounds very ungrateful and it's not meant in that manner, it's meant the fact that at the minute because I get tax credit I still feel as low as people that sit at home all day doing nothing because I'm getting that benefit. If I was getting off my arse and going to work and earning that then I don't owe them nothing.

Couple household, one full-time earner

Housing tenure is substantially affecting family living standards

As referred to above, housing costs can make a substantial difference to disposable income. Tenure matters greatly. Families in this study faced rents of up to £136 a week in the private sector compared to up to £100 a week in social housing. Even where rent is supported by HB, there is often a large shortfall in eligible rent levels compared to actual rent paid. In the past decade, the prevalence of private renting to low-income families has increased greatly. The proportion of English families with dependent children who rent private accommodation has almost tripled, from one in eleven families (9%) in 2003/04 to nearly one in four (24%) by 2014/15 (DCLG, 2016).

Participants in general made it clear that private renting was not their preferred option, and not just because of the high rent. While some who were renting had ambitions to become homeowners, for most such a prospect seemed very distant, because of the difficulty in saving enough for a deposit. In general, private tenants on low incomes would prefer to be in social housing, but did not rate their chances of getting it as they "were not homeless". Among the disadvantages they encountered with private rentals were poor conditions, lack of choice of home at a reasonable rent, difficulty with moving due to the need to find substantial deposits, and lack of security of tenure: some had experienced being forced to move when a landlord wanted to sell a property.

I had to borrow it [rental deposit] off my granddad, which I had to borrow £1,500 off him to move house. It was just crazy, and then try and pay it him back... and then we had to have guarantors as well, like at the last house the landlord wouldn't take the money out of our account, it had to go out of a guarantor's account, which happened to be my mum, which then affects her credit rating... it's a catch-22, how do you get out of that situation, they won't accept us as paying because we get Housing Benefit, they don't think it's reliable. Some people mustn't, say if you've just moved to this country or you don't get on with your family or something, there must be people that can't get a guarantor, what do they do? They've not got anyone to borrow money off.

Couple household, not working

A strong theme emerging from the ways in which participants talked about housing – echoing the ways in which they talked about jobs and benefits – was a desire for stability. Unsurprisingly, parents want to bring their children up in a stable environment. Instability that arises from the insecurity of private tenancies was a big problem for families who rent. Owning a home was seen as more secure, and a few participants were looking forward to paying off their mortgages and their property providing security for their children. However, owning a home was not without difficulty, and several lone parents who had bought their homes as couples were facing high housing costs or were left in a precarious position, unable to cover mortgage payments. Owner-occupiers also faced risks of high and unexpected maintenance bills. One participant had been unable to cover the cost of replacing a boiler and had to borrow from her grandfather; subsequently she took out insurance at £23 a month to avoid such a risk in future.

Participants' experience of social housing was not without difficulty, and when things went wrong, they regretted their lack of control. Occasionally families had emotionally and financially scarring experiences when they moved into housing association property that had been left in a bad condition, but felt powerless because they lacked other housing options. Most social tenants were happy to have the security of a council or housing association rental, felt lucky to have got an allocation, and some cited particular positive features such as warmth and fuel efficiency in contrast to the private sector.

Box 2: Dealing with instability in housing, work and benefits: one couple's experience

Karen and Mark (names changed) live in a privately rented house with their young children. Their income is made up of Jobseeker's Allowance and tax credits. Both were in agency/zero-hours contract work, however Karen had recently had a baby and was on maternity leave without pay, and Mark was injured and unable to do his usual job, so is also currently without paid work. The family had to move from their previous rented accommodation when the landlord decided to sell. They had to borrow money for advance rent and deposit, and with no chance of social housing and limited choice of affordable property in the private rented sector, they are now paying a considerable shortfall (over £50 per week) between their HB and rent. They have also had difficulties with benefit payments because of fluctuating earnings from unstable work, and experienced time lags in benefit processing and receipt during these changes in circumstances, which has left them, at times, without income.

Factors that help or hinder families' and individuals' ability to make ends meet

Up to now, this chapter has looked at some direct driving forces affecting disposable income – opportunities to earn, benefits, housing and childcare costs. It now turns to a wider range of influences that can affect both families' income prospects and the extent to which they cope and manage to make ends meet – what can make life easier or more difficult for people. These characteristics of families and individuals, and the context of their lives, range from personal attributes such as health and budgeting skills, to more 'situational' features such as the availability of informal help.

Family and demographic influences

Family stability and arrangements

Family instability is not unusual in the UK, but children in low-income families are less likely to be living with both parents than those in higher income families (DWP, 2016). The present government wants to 'encourage commitment' through measures such as the Marriage Allowance to save tax, and cuts to benefits appear to have fallen most heavily on lone parent families (Elming and Hood, 2016).

The experiences of families in this study highlight the complexity of family life and how changes can affect family finances in different ways. Family separation can have dramatic financial implications – the loss of the (main) earner, dealing with the benefit system or having to manage a family budget for the first time, the potential of losing the family home if it is mortgaged, being liable for the under-occupation penalty if a partner and child move out, and sometimes being left with an ex-partner's debts. On the other hand, a family split can also mean a parent getting out of a difficult situation, and gaining independence and control of finances that had been problematic or denied to them in the past.

The extent of childcare and support arrangements makes a big difference to ongoing household budgeting. A few families in this study had shared care arrangements – children staying between two separated parents, maintenance paid and fathers helping out with additional costs when required – which were seen to work well, providing both financial and practical support. In one case, an ex-partner providing childcare enabled a parent to work evenings. However, some lone parents received no (regular) financial support from their children's fathers, and where this was combined with some of the factors above and below (debt, unaffordable housing costs, health problems restricting work), this could leave mothers in a very vulnerable position.

Reconstituted families also have financial implications, where children from previous relationships have moved in with the family either permanently or for extended periods of time, which can cause financial strain if supporting them and still paying child support to an ex-partner, as well as pressure on space in the home.

Influence of number and age of children

The cost of feeding and clothing a child, and paying for activities, tends to rise with age. On the other hand, younger children potentially bring extra expense or constrain earnings due to childcare

requirements. The number of children in a family self-evidently brings extra expense that may partially, but not fully, be compensated by additional benefits and tax credits.

All these variations by age and number of children are taken account of in the MIS budgets, and to a large extent confirmed by the present research. As discussed in Chapter 4, as children age, the demands and pressures to spend more can escalate; they are less apparent or more easily resisted in younger children. Some additional expenses such as school uniforms and PE kits, particularly at secondary school, were unavoidable. For families with three or more children in this study, a particular feature of additional costs was for activities outside the home. This included eating out and the cost of travel for those unable to afford a car. The cost of bus travel for the whole family mounted up before they even got anywhere. Taxis could sometimes work out cheaper, but again were difficult for a couple with more than two children or lone parent with more than three, as they will not fit into a standard taxi.

To what extent are families able to enhance their financial resources to help cover the extra costs associated with family composition? One issue is whether, as children get older, reduced childcare requirements can decrease costs or release parents to earn more, to help cover the additional costs of growing children. One working parent had indeed stopped using paid childcare now her child was older, while several non-working mothers were now looking for work or discussed the possibility of moving into work once the children did not need childcare, generally meaning secondary school age.

Another issue is the extent to which public help can ease the burden of certain additional costs. Free school meals, help towards trips, activities or uniform, free school activities, and provision of an iPad by the school were seen as helpful. For example, a family with three school-aged children entitled to free school meals saved around £30 a week. However, a small minority of parents had mixed feelings about receiving certain subsidies, and expressed unease that other parents should pay a higher fee, or indirectly through taxes, to subsidise their children's trips or activities:

She gets a thing called Pupil Premium and they would pay for the full expense [of a trip] and I don't believe in that. I don't, I don't believe that every other parent should be paying that little bit more for my child to go away.

Lone parent, not working

Tax credits and Child Benefit rise with the number of children, and so contribute to the additional cost of larger families – but the proposed limiting of tax credits to two children for new families from 2017 will have serious implications. Each additional child adds to the cost of household items, clothes, extra energy use and food, and, as noted above, doing anything outside the home makes parents particularly aware of the cost of a larger family. One risk with the new policy is therefore that it will severely constrain the experiences outside the home, and hence the wider social development, of children in larger families.

Personal and social influences

Ill health can restrict choices and bring multiple additional costs

Health inequality in the UK is an ongoing issue, with people in the least deprived areas living longer and in better health than those in the most deprived areas (ONS, 2015). Furthermore, proposed cuts to the amount of benefit some new Employment and Support Allowance (ESA) claimants are entitled to are likely to affect low-income households with health conditions. This study highlights how the ill health of a parent and/or child can have an impact on family household finances by restricting earnings, requiring additional costs, or affecting how a parent deals with their finances. It is worth noting that health issues were common among the families in this study – affecting at least one family member in the majority of households – perhaps partly reflecting that poor health can contribute to low income, as well as vice versa.

Parents' own physical and mental health restricted earnings where they were not able to work at all, or needed time off. In some cases due to mental health, this had been for some time. Children's health also impacted on parents' earning ability, due to frequent hospital visits, appointments with professionals and, where this included behavioural difficulties, trips to school and school exclusions. Parents in these circumstances did not feel able to take on a job given these responsibilities, or had drastically reduced their hours to help cope.

I wouldn't be getting a regular wage each week, I'd be losing so many days because of the kids and when they're ill I've got the hospital, I've got one this week, I've got one next week. I went to one for [my child] the other day for blood tests, that didn't work out, so we're going to get her put to sleep to take some blood. Then I have to go twice a week for her to see a psychologist I think it was, two hours at a time, and if you're working you don't just lose the two hours you lose a day, wouldn't you?

Couple household, one full-time earner

A range of direct and indirect additional costs were raised that families living without health problems would not necessarily encounter, and meant a further drain on the budgets of these families already below the MIS level. One important unavoidable cost is transport. Parents whose children had conditions affecting their mobility could not avoid having a car – which is included in MIS by families with children – and mentioned hospital parking as a significant additional cost. Additional costs for children with behavioural difficulties included activities, as it was helpful to keep them occupied, and repairing damage to the home caused by a child who had violent outbursts. Having a child who had as yet undiagnosed behavioural difficulties in their own bedroom rather than sharing (for the well-being of siblings) had, for one family, triggered the under-occupation penalty. Several children had physical problems with their feet and could only wear properly fitted, more expensive shoes rather than cheaper footwear. Some parents and children had dietary needs that required specific food and meals, and where people had experienced significant weight loss they needed new clothes that could be hard to afford. As noted below (Chapter 3), pets incurred costs but were really valuable to the well-being of parents with mental health difficulties, and could help calm children with behavioural problems. Likewise, some parents with depression found that watching television helped them to cope and relax, and they felt that they needed access to a wider range of channels than would be available for free; also, taking part in physical activity, such as going to the gym, was of immense benefit to health and well-being.

My fella would have to have time off work to look after me and then we'd lose money if I got into a state where I used to in the past with my depression. So it's helped us, the whole family, me going to the gym. It's weird because people think, 'oh you're only going to the gym, you're going to work out' – it's not just for me it's for the whole family, it's made the whole family even communicate better, everybody and it's made me so much happier.

Couple household, one full-time earner

At least a third of parents who took part in the study mentioned experiencing mental health difficulties such as anxiety and depression. This could, in some cases, make it hard to deal with budgeting and financial strain (see below). Furthermore, where depression or other illnesses made going out difficult or anxiety-inducing, it could inhibit people's ability to shop around and result in more expensive costs.

Some participants with mental health difficulties were receiving ESA in the 'support' group, so were not expected to look for work; some received disability living allowance (DLA) or personal independence payment (PIP), or were in the process of applying. This had transformed the life of one participant who had just received ESA and PIP, and had previously struggled with debt. However, others were not receiving disability related benefits or premiums to their benefits, were working or had partners who were working, or were off work sick (with statutory or no sick pay). Several had experienced difficulties with the benefits process, being deemed 'fit for work' despite being signed off sick by doctors, which was stressful and could result in loss of benefit. Having to 'prove' they could not work was hard, particularly for someone with what they felt was an "invisible illness" like depression, where the stress of the difficulties encountered could exacerbate their health problems.

Box 3: Health and additional costs – an example

Debbie (name changed) lives with her husband and children, who have behavioural and physical health conditions. Debbie herself has depression. Faced with frequent hospital visits and incidents where she is called into school, she does not feel she could commit to a job or would be a reliable employee. Among additional costs that the family incur are pets, which she believes help her and her children's well-being, gym membership for her mental and physical health, and the cost of running a car to get the children to school more easily and attend appointments further afield. She has been told that she might be eligible for benefits related to her children's health, but hasn't been able to face the application process.

The presence or absence of informal support can have crucial impacts on families

The availability of support, mostly from family, but also from friends and neighbours, can make a huge difference to how families make ends meet. The provision of practical support (in particular childcare), financial help and emotional support was instrumental to some of the families in this study, and was often a key to them improving their financial situation, managing as well as they were or, where struggling, protecting them from 'drowning'.

Childcare provision from participants' parents, grandparents and ex-partners was a vital practical support network for some working parents. This included before- and after-school collections, day care for pre-school aged children, and support for single parents who worked evenings or weekends where formal childcare would not be available, even if it was deemed affordable. Help from families with looking after children during school holidays was also a great source of support, as few parents were in jobs that allowed them to take extended time off work. Sometimes family support was provided alongside paid childcare, but those receiving such help really valued it, and felt working would be much more difficult to manage and less financially viable if they had to pay (more) for formal childcare.

However, having family that can be drawn on in this way is not a resource that everyone has equal access to. Some did not have families nearby. Others had parents who worked themselves, were relatively old, had caring responsibilities, or their own difficulties such as poor health or alcoholism, were not on good terms or did not want to commit to regular childcare. Such factors could either make informal family help unavailable or severely limit its scope, and this could greatly constrain options for working. The availability of informal school holiday cover came up again and again as a factor that impacted working options.

Informal support had much broader implications than simply for childcare and working. Having family, friends or a good local network that can provide help or 'mates' rates' for jobs such as house maintenance and decorating, car repairs or hairdressing was also helpful in saving money through not having to pay (so much) for formal services.

Another crucial source of support was financial and material help from families, mostly participants' parents or in-laws:

- Direct financial support: this ranged from ongoing contributions to the household budget, regular borrowing to keep them going at the end of the week/month, to helping out if a large or unexpected expense came up, or paying off debts. The extent and expectation that money was paid back varied across participants.
- Help with housing: this involved large sums – families could be instrumental in participants being able to move or improve their housing situation, through providing deposits/advance rents for rented accommodation, a deposit for a mortgage, paying sums off a mortgage to reduce payments, or paying for building work. Indeed, for several families whose financial circumstances were improving (see the final section of this chapter), this was due to family stepping in to help with housing. A few families had also had to move in with parents or siblings in the past when in danger of being made homeless, providing a vital safety net.
- Providing essential goods: families, and sometimes friends or neighbours, had given participants new or hand-me-down furniture, household items, clothes, school uniform and food when times were really tough. These were often things that were seen as hard to do without, for example when a

washing machine broke down, or the outlay for school uniform at the beginning of term was unmanageable.

- Support in getting about: in a few cases, participants' cars had been provided by their extended family, which was invaluable when they had mobility difficulties, needed it for work or lived in a village. Others without a car sometimes relied on their parents, friends or neighbours to get to appointments, visit family or take the children on days out.
- Maintaining social participation: activities, days out and holidays were seen as valuable for children, and for some families these were made possible through family support. Grandparents sometimes paid for activities such as swimming lessons, took children on trips (especially during school holidays), and either paid for a family holiday or supplied accommodation, for example if they owned a caravan – sometimes the only way of having a holiday. This support could be crucial in maintaining children's participation, an important aspect of MIS.

Practical support also extended to help with budgeting, for example arrangements with family members to make purchases through their catalogue or Argos card and pay them back, or budgeting for Christmas through giving Child Benefit to a friend to save. One participant had received valuable lessons from a friend in how to budget, which had helped her get on top of her finances for the first time.

Moral support from family and friends was also evident. Emotional support was vital, especially for a few lone parents who were dealing with the financial fall-out of splitting from partners – parents accompanying them to appointments, helping with forms, and dealing with benefits and solicitors helped them cope in an otherwise overwhelming situation.

Having friends in a similar situation was also valuable to some parents, as it provided a source of support from people who understood what they were going through and were there for each other. They could share knowledge about getting deals, finding cheap or free things to do, and socialise at each other's houses, which could also help reduce costs of socialising.

As noted in Chapter 3, participants often felt ashamed and even humiliated by having to ask or rely on family members for help, but recognised the value of having such support – in some cases, keeping them from serious difficulties. Even those who seldom drew on family spoke about the security of knowing that they would help them out if they ever needed it.

Despite the immense and valuable range of support that participants in this study outlined, it is important to emphasise that it was not all one way. Provision of support (financial and time) and reciprocation was also evident and important to some participants. Some of their parents were not in a position to help financially. Indeed, several spoke of providing help to others – one lone parent was regularly giving money to help support family members, despite finding it hard to manage herself. Another had provided housing and support to a sibling because their mother had alcohol problems. Being involved in community work can draw on time rather than finances, but providing something for others who needed it was rewarding, and as one participant noted, was a distraction from their own problems. Someone who had, in the past, relied heavily on the support of others was now in a better position, and had just been able to lend a friend some money, which was very satisfying. In a more direct example of reciprocation, another participant walked a friend's dog in return for food items.

The legacy of debt

Unsecured household debt in the UK is reaching a record high, and there is concern that stagnant wage levels are pushing families into borrowing just to get by (TUC, 2016). This section looks at the implications of using credit and accumulating debt, and how it can impact a family budget and future prospects. Consumer credit is a means of financing purchases for many people, but the use, particularly, of high-cost credit, can lead to financial difficulties and over-indebtedness. Problem debt arises where individuals are unable to meet payments on consumer credit or household bills (Hartfree and Collard, 2014). A few families in this study were completely debt averse, able to manage without the use of credit and able to save up to buy what they needed, but most had had past experience of some form of debt. Types of debt and use of credit by families in this study included arrears on bills or rent, credit cards, catalogues, store cards, doorstep lenders/payday loans, budgeting loans, bank overdrafts, instalment

buying and borrowing from family. How people viewed them varied depending on the amounts involved, the ability to meet payments, whether they saw them as problematic or a form of budgeting, and their attitude to debt.

Paths to over-indebtedness varied and included:

- poor money management or decision-making in the past when young and/or before having children, leading to overspending on credit cards or getting behind with bills – the fall out from which was still being dealt with in some cases;
- being left with debts by an ex-partner;
- sudden reductions or periods without income – due to tax credit adjustments or overpayments, being off work sick without pay, redundancy, being between work and benefits, child maintenance payments stopping (as ex-partner lost their job), family separation and loss of main earner;
- specific events or crises that put a demand on income, paying for house problems, legal fees, or taking out a loan for a friend who failed to pay; and
- the supplementing of long-term, benefits-only income through the use of catalogues or loans to meet ongoing family demands, in particular at Christmas.

Apart from past spending when younger, which people were generally dealing with, in the main these families were not getting into debt or using credit to spend frivolously on luxury items. It was more often due to events, circumstances, or just not having enough money to go around and meet family needs.

The key difficulty is that once behind with bills, servicing debt greatly increased outgoings – by up to £400 a month in this study. In the worst cases, there had been legal action involving fines and added costs. All this exacerbated the shortfall in disposable income compared to MIS.

Having no savings or leeway in a budget often meant that people felt they had little choice but to buy things on credit, despite knowing that it entailed more expense and risk of building up debt. Credit cards were used to deal with expenses that 'cropped up' like car repairs, and catalogues and 'buy now/pay later' credit was used in particular for buying large household items, which people just could not afford to pay for outright. However, difficulties arose where balances built up and got out of control, which could be hard to see a way out of.

A lot of my furniture like washing machine, dryer, beds, sofas I've had to get out of catalogues over the years. And I tend to do it because obviously I can't afford to pay three/four hundred pound outright, even on 20 weeks it would be a struggle. I tend to get them on buy now/pay later and then that's where you mess up because it comes time to pay for them they've broke. So that's like a bit of a vicious circle.

Couple household, not working

There seemed to be a perceived hierarchy of different types of credit, with the 'worst' being doorstep loans. These were used by a few participants, or had been in the past but avoided if at all possible, due to the high interest rates. People commented on the ways in which doorstep lenders operated, targeting certain areas and drawing people into taking out loans by offering vouchers or other schemes. However, they could be a regular form of borrowing – one parent viewed their regular Provident loan as "a kind of insurance", for cash to fund Christmas and spending on the children. While they felt they had no other option and viewed the interest rates as extreme, having this available was an important back-up, and not seen as problematic as they made repayments and trusted the agent not to oversell them further loans. While most participants in this study were wary of doorstep loans, there was recognition that for some that it was normal, almost expected.

Because obviously when one of you get offered it everyone in the village gets offered it, so they all say, 'why don't you have it, I'm having this and buying this and buying that'.... you can hear them, 'oh I'm having a Provident loan today, oh this lady had come round and said I can have a telly for £2.50 a week'. You hear it all the time in the playground and you think, 'oh I

might have one of them, I could do with a nice new telly'. So some people have got these things but what you don't realise is that they're still paying for them.

Couple household, one full-time earner

Ways of dealing with serious past debts included setting up debt management plans, Individual Voluntary Arrangements or consolidated loans, sometimes with the help of Citizens Advice, local or national charities that helped with debt, or a loan company. The most welcome outcomes involved amounts being written off and reduced payments. Others were still paying high interest, in one case set against the house. However, it was a relief to only pay one creditor. The feeling here was that they were doing something about it, it was under control and being paid off to a set timescale. Pay outs from redundancy, payment protection insurance (PPI), insurance or compensation had also been a means to pay off some or all debts. The feeling here was of a "big weight lifted from [their] shoulders", and generally a determination to never get into that situation again. During discussions about debt some participants reflected back on past "frivolous" spending habits and attitudes to money. This was often before they had children, were working and had more disposable income, and/or were young and had no idea how to budget, and had taken up offers of credit without realising the consequences. They explained their now-changed spending behaviour as one of the responsibilities of parenthood:

I was 18 and reckless with a store card from Debenhams and a credit card from somewhere else, a credit card from here, another store card from there. I was reckless as an 18 year-old, hence why I've got £5,000 worth of debt... The kids came along and I had to learn to budget for things that I required every week like nappies, milk, wipes, things that I knew I would have to buy eventually. It's just something you have to do, you have to say, 'sod it, it's time to grow up'. You have to grow up eventually.

Lone parent, working part time

A recurring view was that there should be more help for younger people to learn budgeting skills, the value of money, and the dangers of credit and getting into debt. Indeed, participants often felt it really important to instil these values in their own children, and were making efforts to do so.

The ongoing implications of having debts or a poor credit history can have a further negative impact on people's finances. Some participants noted how it could restrict their ability to shop around for cheap deals or best rates, for example being unable to change internet provider, paying more for insurance or a car loan, being unable to get a mortgage or negotiate a better rate on a current mortgage, or access formal channels of borrowing. This can further disadvantage those in already constrained circumstances who have to fund even greater outgoings.

Some families in debt could see light at the end of the tunnel where the debts were paid off, repayments ceased and therefore there was more available to make ends meet – breaking the cycle. However, others felt 'stuck' in the cycle of debt with little ability to improve their prospects. Indeed where incomes were threatened, for example with reductions in tax credit payments, the likelihood of having to borrow more in the future was seen as a distinct possibility.

Experiences of living on low income and direction of travel: four patterns

This chapter has discussed some key influences on low family income and how it is experienced. Families on low income differed in terms of the underlying causes of their low disposable income and how well they are able to manage. We have drawn out four groups to present people's situations and how, if at all, they are changing. Although not necessarily clear-cut categories that encompass everyone, this attempts to demonstrate the range of experiences of the families in this study and how they manage to make ends meet. Most families in this study were split between the two middle groups (around a third 'getting by' and just over a third 'getting stuck') with only a few in the first and last groups where things were notably improving or getting harder.

Getting on/life improving

These families (all couples) had sometimes experienced difficulties in the past, but now felt that things were improving. They were now in a secure situation with a steady income from stable work that covered their outgoings without the use of credit. Their disposable incomes were at the higher end of those in the study, between 16% and 29% below the MIS level. They felt on top of their finances and had cleared any debts. These families did not feel as though they were going without anything, and were able to afford treats. They felt financially optimistic and were planning for the future – saving, making pension provisions, buying a house, embarking on education to improve their career prospects, and looking forward to being able to afford a holiday abroad. Important factors here were stable, reasonably-paid employment, the availability of overtime, and no need for paid childcare. However, additional triggers were also crucial to their improved outlook. This included a substantial insurance payment related to a serious illness, and financial support from family members with housing: a deposit to secure a mortgage, and the provision of housing at a reduced cost, both of which meant that these families were looking forward to reduced housing costs in the future. Participants explained the difference their improved financial situation made, and what this meant for the future:

I just want to be able to live, you know, I don't want to just survive, I want to live, and that's the difference. Before, we were drowning, now we're starting to live.

Couple household, one full-time and one part-time earner

Once I graduate we can look at the extra stuff, you know, better cars, maybe holidays abroad more or, you know, more expensive stuff for the kids.

Couple household, one full-time earner

Getting by/keeping up

These families' circumstances were varied, and split between couple and lone parent households with one, two or no incomes from work. Incomes ranged from 10% to 42% below the MIS level. They felt that they were making ends meet pretty well, although this involved hard work and disciplined spending. They were generally in a stable position; a few had become lone parents in recent times, but any temporary crisis that this caused in their financial situation had been sorted out. They were able to keep up with household bills without getting into arrears. A few sometimes used a catalogue for a large purchase or had a credit card, but were able to pay it off rather than accrue debt; more often these families were debt averse, refusing to use credit or loans, preferring to save or juggle if necessary. For some this was a result of dealing in the past with (sometimes substantial) debt, and a change in attitude. A couple of participants had received payments (redundancy or PPI) that had enabled them to repay large debts or furnish a house without incurring debt, and without which they would most likely be in a worse position.

Parents in these families were generally very organised budgeters who had tight control of their finances – they talked about always being conscious of spending, and the effort involved in constantly monitoring their finances. (See an example in Chapter 3, 'The practicalities of making ends meet'.) They were often proud of their budgeting skills, particularly where they were managing themselves for the first time or had turned their finances around.

On the whole they felt that although their funds were limited, their families were not going without. Some mentioned being able to afford occasional treats, that they could cut back further if necessary, and had a little leeway in their finances should they need to deal with an emergency. The main areas where some of these families felt that they would like to spend more on is holidays, more expensive activities or trips for the children and, for some, a car.

A recurring theme among these families was the presence of family support, which provided important back-up. This included direct financial help from parents: as a safety net, for help with a deposit when moving, paying for a holiday or activities for the children, as well as practical help, for example with decorating and, crucially, with childcare. Indeed, childcare costs were minimal. Only a small minority paid for (some) formal provision, with others (where required) relying on informal support, or working around school hours.

It is manageable, I mean I don't have a load of money but I have enough to keep me going.

Lone parent, working part time

Getting stuck/finding it hard to keep afloat

Again, the circumstances of these families varied, including working and non-working couples and working lone-parent households. Levels of income ranged from 13% to 55% below the MIS level. Being 'stuck' related in some part to income level where they were at the lower end, but was also due to a range of additional financial demands that reduced the available household budget. These families were just about making ends meet but often with difficulty, which could involve making sacrifices and experiencing stress. They were more dependent on credit or borrowing which, in turn, increased their outgoings. At the moment these families were stuck, seeing little chance of their financial situation improving, in the short term at least. Some had experienced incidents such as complications with benefit payments, a housing difficulty, a partner moving out, or taking out a loan for a friend, which had contributed to their current financial situation. For others the issue was limitations on earnings due to childcare or health, combined with high outgoings. A few were without debt, but most had been behind with household bills at some point – and paying back arrears could result in higher bills.

These families' budgets were completely stretched, and managing the household finances was hard, with some using credit cards and overdrafts on a regular basis. Spreading payments was essential (to avoid large bills), which meant that people often preferred to use prepayment meters, despite knowing the cost of fuel with these was higher. They had no savings or leeway in their finances, so unexpected or large expenses were particularly tricky. Some used loans, catalogues or expensive forms of credit, including doorstep lenders, to purchase goods or spread payments, for example to replace a washing machine or boiler, or to fund Christmas. Budgeting in this way meant that for many of these families, a chunk of their already strained household income went out in repayments, up to around £50 per week in several cases. Some were paying off long-term debts, including a few lone parents who had been left with loans or arrears when their relationship ended.

Some families also mentioned additional demands on their income, which, while not in themselves unique to this group, become more significant when a budget is already severely strained. This included the difficulty of dealing with peer pressure experienced by older children, the need for transport (running a car or using the bus), particularly in rural areas, and the expense of being a new driver, child maintenance payments, providing financial support for other family members, and implications of ill health (of parent or child).

Families in this group had to restrict spending, which involved cutting back and going without. Children came first, so parents curtailed spending on themselves, for example on clothes, going out socially, visiting the dentist and their own food. However, lack of money did affect children at times – not having the logo on school uniform, and missing school trips or paid activities. Some of these families talked about still having 'luxuries' like satellite TV or electronic tablets for the children, but felt that they were a substitute for spending on social activities, trips out or holidays that they could not afford. Managing a family budget in these circumstances was a struggle.

Some were on top of their finances, but even very organised budgeters found it difficult because they felt that there was not enough money to go round (see example in Chapter 3, 'The practicalities of making ends meet'). They worked extremely hard to stretch their budgets, juggled bills and payments, and shopped very carefully. Not only is this time consuming, but the constant pressure of managing in this way is exhausting and stressful. Again, for some participants the practical help received on a regular basis, and borrowing from family members to help tide them over or to deal with an emergency, was essential in preventing their situation from getting worse:

I don't feel totally in control because I feel as though there's not really that much left to be in control of... it's just all gone. I know there's so much left, but I just feel like you can't say, 'I've got that' because that's gas and electric, you can't say that you've got that because that's council tax. You can't say that you've got that because that's car finance. So it just seems as though I deal with it as such, but it's out of my hands.

Couple household, one full-time and one part-time earner

Getting harder/under increasing pressure

These families were finding it particularly difficult to manage with finances in a more precarious situation. Most had incomes that were more than 40% below the MIS level. There were two distinct circumstances. Lone parents who had experienced family separations were in a state of flux and struggling to deal with financial situations that were new to them. They had outgoings that exceeded their income, including mortgages that they were unable to pay. In one case, an ex-partner was contributing to finances while benefit claims were being sorted; the other had no support and had been left with her partner's debts. Their health conditions, including depression, limited employment and also made it hard to get a handle on their finances – they felt overwhelmed by their situation. Dealing with the benefit process had proved stressful, in one case contributing to deterioration in health. For both, the practical, emotional and financial support from their parents was the thing that stopped them “drowning”. The constant worry about money was tiring; they took one day at a time, but were concerned about the future, and particularly fearful of losing their home.

A few (couple) families had struggled with finances and accumulated debts over a long period of time, and were finding it hard to control their finances. They had significant debts and faced large repayments (up to £400 per month), but were not reducing the amount of money owed, as they were either adding to it or unclear of the repayment status. One family had nobody in work, the other had two incomes. Children in the families had behavioural difficulties that had led to school exclusions, an impact on home and work life. They had a distrust of services from past “bad experiences”, resulting in one family not attempting to claim HB to which they might be entitled, and hence paying full rent. Budgeting involved constant juggling, “robbing Peter to pay Paul”, and in one case ongoing use of catalogues. They were unable to balance their household budget, at times not having enough to buy food, and were worried that their children were missing out. Again, these households depended heavily on family for additional financial support, which meant having things for the children such as uniforms, treats and days out that they could not otherwise afford. One family had just experienced a reduction in tax credits that had put further pressure on their finances; the other family saw no likelihood of their finances improving in the foreseeable future:

It is so hard, it is... I can't explain to somebody, it is like my Dad sometimes doesn't understand and one of the ladies I used to work for she would sometimes ring me up and say, 'you know on your way on Thursday morning would you get three packets of minced lamb from the Co-op?' right, and how do I say, 'I haven't got the money to buy that up front'? It is embarrassing, I also think they must think I am absolutely crackers and not believe me but it is true... I genuinely don't think unless people are in your situation they know what it is like.

Lone parent, working part time

3 Coping on a low income: impacts on families

Chapter 2 looked what drives low income and what makes situations better or harder. This chapter goes on to consider what low income means for families, in terms of how people manage to make ends meet, what this entails, the overall pressures it can create in their lives, and the consequences of these pressures.

The practicalities of making ends meet

Parents in this study spoke extensively about the day-to-day realities of managing a family budget and the skills required. Coping tactics involved constant monitoring of budgets and awareness of the need to be careful, hard work, discipline and resourcefulness in order to make ends meet. How effectively families meet these challenges varies according to the strategies they adopt, their personal skills and attitudes.

Managing the family budget requires organisation, control and resourcefulness

Families employed a range of strategies, some more successfully than others, in managing their household budget. It was evident that this was generally hard work, time consuming and could be stressful.

Participants often described the need to maintain tight control of their finances in order to have a chance of keeping on top of the bills and balance the various demands on their income. Some families within all but the 'getting harder' group (see Chapter 2) were highly organised, and talked about how they constantly monitored their income and outgoings, from online banking, to keeping spreadsheets and writing everything down on a calendar or in a book in order to keep track of how much they had in their budget at all times. Maintaining such tight control and awareness was crucial given the knowledge that a missed payment could throw everything out of kilter, resulting in arrears and charges, and upsetting the often fine balance:

I write lists and plan ahead because if I don't then we would struggle. If we're not organised, like I have a calendar with when my bills go out and I have it set so each week certain bills go out, so that over the month we know each week that £320 has to go away between the bills and the rent, and then whatever is left we do shopping and then anything left on top of that is for the kids or us if we want stuff or need stuff. If you miss one bill, it doubles up, and then if you can't find the money for that then before you know it, it all spirals, and then you're like, 'oh God I've got to find this and then I've got to pay extra fees'.

Couple household, one full-time earner

Direct debits were seen as helpful for some families as long as they were set up to pay regular amounts to coincide with income going into bank accounts, and were most often used by those with steady income from employment. Others were more wary of direct debits and preferred to pay bills themselves either by phone, using payment cards at a local shop or making online payments – this was due to concerns about money not being available in an account to cover a direct debit, so having control of payments provided “peace of mind”. A key issue was managing the timing of payments to ensure that the main outgoings came out as soon as possible after income came into the household – for example, monthly direct debits for main bills to coincide with monthly earnings, and weekly tax credit payments being used to regularly top up a gas and electric prepayment meter. However, even this wasn't straightforward where income payments varied, for example receiving some benefits fortnightly and others weekly meant different amounts being available each week and people having to constantly manage their outgoings to accommodate these fluctuations. Nonetheless, particularly among those with benefit-only income, there was an appreciation of receiving frequent regular payments as it meant only a matter of days to wait if finances were very tight. The introduction of UC payments will bring together

different benefits into one monthly payment. On the one hand this could be seen as less complex receipt of payment, but on the other this could be problematic for people who are used to budgeting weekly. One participant whose Child Benefit had been changed to less frequent payments explained why this was more difficult to manage:

I had it all set and I knew that if a bill suddenly came through that I had to pay and it left me absolutely broke, I knew I'd only got a couple of days to wait until my next lot of money sort of thing, whereas if you're getting it monthly you're talking it could be weeks before you get any more money, so if you've got no bread or milk that's quite difficult. Like I know they're trying to do it to make people manage their money better, but if you've got a problem managing your money to start with then you don't need that help.

Couple household, not working

Another person spontaneously raised her concerns about UC when asked for her thoughts about the future. This highlights some of the key concerns about UC, which is the move to monthly payments and the delay/gap in receiving the first payment:

What I'm worried about is this Universal Credit business, it really does bother me because it's like are they going to give you the money the beginning of the month, or are they going to give you so much ahead? Are they going to give it you like a month in advance type thing? And I don't think they are and obviously I don't want to be left in a mess so I've got visions of me having to go to my mum and dad to borrow money before the benefits actually kick in.

Couple household, not working

A common issue was the need to smooth payments for fear of facing any large bill or outlay. Whether dealing with variations in heating bills between summer and winter through monthly direct debits or a weekly amount on prepayment meters, smoothing annual payments such as car tax, or finding ways of paying for larger household items, being organised helped a lot. For example where people could, they put aside small amounts to afford larger purchases, while others with no leeway in their budgets were more reliant on catalogues and purchasing on credit, often incurring high interest charges.

Having access to and the ability to use the internet was helpful, for price comparisons, looking for vouchers or discounts, and use of eBay, Gumtree, Freecycle or discount sites for cheap household goods and clothes. Online supermarket shopping was also seen as helpful – for saving time and physically getting to shops, being able to stick to set items and not be tempted by offers or unplanned purchases in the supermarket, and avoiding having to shop with children and be subject to 'pestering' to buy additional items.

Being resourceful was essential for some families in keeping down costs. Among strategies they employed were: buying and cooking in bulk, and making meals last several days; stocking up on special offers; buying clothes in the sales in larger sizes for children to grow into; and buying birthday and Christmas presents throughout the year. These strategies involve thinking ahead and also limit the level of impulsiveness or spontaneity: "you've got to constantly plan". Parents had acquired their managing mechanisms in a variety of ways. Several talked about how they had picked up skills from their parents in how to budget and be resourceful; others had learnt through their partner how to manage the bills, or had been shown by a friend how to record income and outgoings. Often people learnt as they went along, sometimes being "thrown in at the deep end" when having to suddenly start budgeting for the first time themselves. "Learning the hard way" was sometimes referred to, by those who had experienced debt in the past.

Box 4: Coping resourcefully on a tight budget

Angela (name changed) lives with her primary school aged children. Her income has drastically reduced since splitting from her husband, and she stopped working due to her health. Nonetheless, Angela feels that she is managing well, she is on top of her bills and is able to 'squirrel away' a little money for emergencies. This is in most part due to her organised budgeting and resourcefulness. She tightly controls her finances and can account for every penny – she receives her benefits weekly, uses prepayment meters and spreads out her bill payments. She finds internet banking and using a debit card helpful so she can keep track of her spending and the money she has available. Angela describes herself as a "bargain hunter"; she knows which shops are best value for different goods, and uses the internet to pick up cheap deals such as clothes for £5. She stocks up on special offers, buys and cooks food in bulk, and stores meals in the freezer; as well as being cost effective, this means that if she was ever short of money, she could still provide a good meal for the family. Angela is proud of being disciplined with her spending and only buys what she thinks she can afford. She has had a loan in the past, but now would rather save up to buy things outright as using credit would be a last resort for her.

As well as the motivation of those trying to be careful because of past experiences of debt, a variety of other factors affected parents' attitudes to money management. One was a general risk aversion, which motivated people to buy extra insurance on household items to prevent large outlays. Personal characteristics were also important, summarised by one participant as "education, discipline and knowledge". This included being "on the ball" and being willing to "fight your corner", for example to question benefit decisions, take on the system and, in one case, go to the local MP for support. This requires confidence, knowledge and the ability to understand letters, forms and other formal documents, as well as the time, energy and mental drive to engage with such situations. Not all parents have such resources to draw on.

Participants varied in the extent to which they organised their lives in this way. However, most described their efforts to do so, and those who were less skilled or successful at managing budgets could also feel stressed, whether this was a consequence of poor decisions, inexperience or circumstances beyond their control. Some participants clearly had less budgeting skill or discipline than they would like. In some cases of people in poor health, they felt less able to devote time and energy to budgeting, or to get in touch with a company to say they were not in a position to pay a bill immediately. Other parents' budgeting was rather more chaotic than organised; they had less of a handle on their finances, or they were not good planners and just dealt with things as they came along – often in these cases participants had family members who they were able to fall back on and turn to if they got into difficulty. Not keeping a close eye on payments had sometimes caused difficulties, where people had thought that bills were being paid (by direct debit) but payments had not gone out, and were then faced with paying arrears or bank charges on top of their existing outgoings, and finding extra money from an already squeezed budget.

There was clearly a distinction between those who managed to keep everything working effectively, and those who dealt with one form of debt or demand for money by acquiring another. One parent in the 'getting stuck' category talked about their ongoing juggling to try to manage their budgets, if they couldn't pay a bill one month, being faced with higher bills the next month and having to decide which to pay. As the box below illustrates, some families described how actively managing their money did not solve the underlying problem of inadequate resources.

Box 5: Just not enough to go around

Karen and Ben (names changed) live with their primary and pre-school aged children. Ben is working full time and the family receive tax credits. They are finding it difficult to make ends meet. The couple have a fairly low mortgage, but had to find a large amount of money when their boiler broke and now pay a monthly insurance premium to cover repairs. Other additional demands on their income include child maintenance payments and loan repayments, which take around one quarter of their income. They have a car, which makes the school/nursery run easier for one of the children who has asthma, but they stop using it when finances are very tight. They use prepayment meters, which they find easier to manage than a large bill. They shop around, using cheaper supermarkets where possible, and cut back on treats like sweets and fizzy drinks. The family feel that they have cut back all they can, other than keeping the satellite television, which they feel makes up for not being able to take the children on holidays or day trips. However, they still do not seem to have enough money to go around, are “flat broke” by the end of the month and often have to borrow from their family to tide them over.

The time and effort makes large demands on families

Making ends meet was not just stressful, but took considerable physical as well as mental time and effort. Additional activities could include:

- for those not wanting to pay by direct debit, trips to local shops to buy top-ups for prepayment meters or to council offices to pay council tax, as well as making phone calls to pay council tax or other bills by debit card; and
- physical shopping around, for example between supermarkets, with use of cheaper shops such as Aldi, Lidl, Iceland, pound shops and discount stores to buy certain items, and local shops for top-ups and fresh food. Timing shopping to coincide with the end-of-day reductions was also mentioned. These strategies require a high degree of time and effort – much more than a simple, one-stop supermarket shop – which is hard to fit in with work and childcare responsibilities.

Shopping around could take time not just in terms of travel, but also monitoring prices, including by those shopping online. One person described the lengths she went to in order to keep down her weekly shopping costs:

I sit and go through it, it takes me about two days to do an online shop. I go through and say, 'right do we really need that, do we need this' and I plan like Monday night we're having this, Tuesday night we're having this. What do we need to go with it, what works out cheaper, what's on offer? I can look in the cupboards and say, 'have we already got that, do we need it, have we run out, are we running out while it's on offer, should I get it?' I work it all out and I Google, because it's on Tesco I Google if there's any Tesco vouchers discount codes, and if you try typing a few in sometimes they work. So once I had about £30 off my shop, just different vouchers and codes that I got online.

Couple household, not working

Several also regularly shopped around for energy or TV/internet suppliers and negotiated or switched to get the best deal, which again required time, effort and the ability to research and organise.

It was clear that for some participants these efforts took up a large portion of their lives:

I'd say I do spend a good couple of hours a day thinking, sort of planning meals or looking for offers or weighing up, is it an offer, or just generally kind of shopping around for things.

Couple household, one full-time earner

For many of the families in this study, making ends meet meant a permanent state of restraint in their spending. People talked about having to be constantly mindful of what they were spending in order to stretch the budget, for example, taking calculators or tallying up the goods in their shopping trolley to ensure no unpleasant surprises at the checkout, and shopping within the ongoing refrain of, 'do I need it,

can I afford it?' One person explained how she longed for the freedom to just shop without worrying about what it would cost:

Just being able to go shopping and not stress. You know my big dream at the moment... and it is the smallest thing, just not having to calculate every single thing and how much it's all adding up to. It's nothing to some people and you walk round the supermarket and you see these people with Finest this and Finest that and the best of and you think, 'I just want one of them, just to try it', but the only way I'm going to get to try that is if it's reduced of an evening and I get there at 7pm and beat every other bugger else to it... I want my ability to be able to shop and not have a migraine by the time I come out the other end from having to be a mathematician.

Lone parent, not working

Dealing with large or unanticipated demands

Managing a budget on a low disposable income can (as outlined above) involve treading a fine line with little leeway. Hence, times of high additional outlay or unplanned expenditure risk upsetting the balance.

The expense of Christmas and birthdays was a common concern among families in this study. While Christmas was seen as a really important time for children, the financial stress this put on parents was evident, and it was talked about as a source of "dread" and "stress".

People often planned way ahead, buying presents throughout the year if they had any spare money or saw a bargain. Some used supermarket loyalty points, saved change or put Child Benefit into Christmas vouchers. However, for others, borrowing to fund purchases meant that the impact on budgets kicked in afterwards. Catalogues, buy now/pay later or Provident loans were used as a form of funding, and viewed as a mixed blessing – a "godsend" until the money has to be paid back and then "oh God, why did I do that?" Other times of higher expense for families included school holidays and the beginning of term (see Chapter 4, 'The importance of inclusion – fitting in with others and how you see yourself').

Having no financial back-up meant that if an unplanned expense arose, this could "throw a spanner in the works". Funding an MOT or car repairs, replacing large household goods if they broke down, dealing with a housing emergency (such as a bees' nest), or buying new shoes or clothes for children before expected, could all be problematic and not easily met from the day-to-day income. In such situations families had to borrow, use catalogues, overdrafts or credit cards, or try to juggle their budget and payment of other bills, which could mean reorganising a whole system of finely balanced finances.

So I'm supposed to pay for something today, it's not been paid today because I've had to pay for the car to be fixed, and the person who's fixing my car will get paid next weekend, and whoever I'm supposed to pay next week will then get paid the week after. So it's a knock-on effect type of thing. If one bill's late then there's three or four that are going to be late.

Lone parent, working part time

When there's nothing left to manage and dealing with bad times

The difficulty for some families was that there just did not seem to be enough money to go around. Here people felt demoralised, as they felt that they had nothing left to cut back on; little sense of control because as fast as money came in, it went straight out again with nothing left; and upset at having to use a credit card or overdraft each month, even for essentials.

One person (who was now in a financially better position due to a payout from an insurance policy) recalled how in the past, they did all they could to control their budget but it was still impossible to manage without getting into debt:

We tried and we looked at everything, and everything was a necessity, not a luxury. We never had holidays, we didn't go out much, we didn't buy stuff on us much, it was more on the kids... We sat down on many a time and budgeted everything and we'd still work out, 'oh we've got that left' and we'd think we've cut our cloth, but we just got to the point here we couldn't cut our cloth any more otherwise we wouldn't be living, we couldn't eat if we cut

the cloth any more. You've got to eat for your strength to go on. [My husband] used to write everything down and then he'd have to get a loan, and pay everything off and we'd just pay that loan, then it just seemed to spiral again.

Couple household, one full-time earner

People described times in the recent or distant past in which they had been in a really difficult position and what this meant in practical terms.

Undoubtedly the worst thing as a parent was being unable to properly feed or clothe your children – not having enough food in the house was seen as a real low point in some participants' lives. This had meant parents going without meals for days at a time, using food banks, and family members stepping in to feed children. Parents had had to swallow their pride and go to charity or their parents for this, and it was seen as degrading.

Another situation was living in fear – being scared to answer the phone, or open a letter or the front door, or hiding behind the sofa for fear of bailiffs. Several participants who had experienced arrears and debts getting out of control had faced eviction and court proceedings – in some cases they had ignored the problem and “let it snowball and buried my head in the sand”. Again, family members had sometimes helped with lending money or providing housing. For others, this had been a tipping point to get help, and they had got money advice and/or a debt management plan as a result. Unsurprisingly, a common feeling among these participants was the desire never to have to live like that again.

The emotional and psychological impact

The effect of stress

Stress was a recurring term used throughout the interviews and stemmed from the pressures described above. Trying to keep on top of finances, and thinking about what had to be paid with no let up or breathing space was emotionally draining.

It's just the daily grind of being, well, broke... It's tiring, you're not only having to do that you're having to look after your home, look after your kids it's just non-stop daily grind of tiredness, before you know it seven o'clock has come round and you've managed to achieve nothing apart from what's been paid and what's not been paid.

Lone parent, working part time

Money issues were often just part of a range of other stressful factors in families' lives: the pressures of juggling work and childcare, relationship break-ups, housing difficulties, caring, bereavement, and managing parents' and children's physical and mental health conditions. Some participants who had anxiety and depression¹ noted that they found the additional stress of managing finances particularly hard to deal with on top of their day-to-day “struggle with life issues” (see also Chapter 2, ‘Factors that help or hinder families’ and individuals’ ability to make ends meet’).

The impact of ongoing stress on health was also raised, with it affecting sleep and, in turn, mood; causing people to grind their teeth, resulting in a need for dental work; and affecting diet and weight loss.

You just don't have any appetite for anything and when I'd start eating something I'd just put it down, and I just felt so stressed with everything, getting ends to meet and just getting to work on time, and getting back on time so I didn't have to pay additional costs at the nursery. It was such a worry and I was just so thin.

Lone parent, working full time

Failure, guilt and pride

A sense of ‘failure’ was also evident among some participants. Some who were struggling to make ends meet expressed guilt and feeling at fault, that despite their efforts they were not balancing the budget or were getting into difficulty. This could be particularly hard for lone parents and where one parent in a couple managed the household finances, as they felt that they shouldered the responsibility. Several

mothers spoke of the emotional distress caused by feeling that they had not been able to provide for their children.

I think it's the mental impact more than the physical impact. The mental impact of realising that what you're doing isn't enough for your kids and that's devastating, that is absolutely soul destroying that you can't give them what they need. Nobody would ever have a child if they thought they couldn't provide. There's no way in a million years I'd have ever brought kids into this world if I thought I couldn't provide for them and like I say it's sheer soul destroying and it tears you up as a human being. Our role is to nurture them and if you can't do that what can you do for them, so it's living with that guilt I think that's the hardest thing.

Lone parent, not working

A sense of failure also emerged where a father's inability to earn enough income was causing upset or distress, because he felt responsible for not providing adequately for his family.

I don't feel a man, not being able to go out and work full time and provide for my family... which I should be... I feel as though I am letting them down because I'm having to go and borrow money where it should be me providing, not my mum or dad or [partner's] mum and dad, but I suppose I swallow my pride. You know I have to, it's just something I have got to do.

Couple, one full-time and one part-time earner

Having to ask for or accept help, from family, friends, charity or school funds, could be hugely difficult, involving a loss of pride as it symbolised an inability stand on their own two feet. Several participants expressed feeling ashamed – that they can't pay bills, or are in arrears or debt, and noted that they would be mortified if others knew. People also recounted the embarrassment of having a card refused, not being able to pick up something if asked because of lack of money, and declining invitations to go out.

Friends will go, 'oh you coming out for a drink' and I'm, 'no I can't' because I make excuses, 'I've got the kids' or 'I'm not feeling well' or something along those lines, so you don't have to go out with them. But it comes to the point where a friend of mine actually asked me to go out recently and I said, 'I'm broke, I can't I'm broke' she said, 'oh fair enough'. She offered to pay and I said no... I'm not a charity that's why, I'm not a charity.

Lone parent, working part time

Responses to the emotional impact

People's strategies for dealing with the stress varied. The need to 'contain' it was one strategy, and in these cases keeping financial matters private, even to friends, was important. For others, their friends and family were a vital source of not only direct help, but also emotional support. One person explained how their community work had provided a distraction from their own problems through helping others. A common response was to "muddle through" or "just get on with it", the implication being that there was no other choice. There was particular effort to not let the children know that a parent is feeling down or upset by money worries.

A sense of resilience was also important. Here people talked about the need to "fight it, or you sink", in some cases a particular crisis being a turning point.

It is difficult, you know it's affected all of our emotional states for a long time. But that's what happens you know, you just have to think one day at a time, deal with it. You're not going to let it ruin you, you are going to pick yourself back up, you are going to get through it.

Couple household, both working full time

Despite the stress, managing a budget on a low income could provide some sense of achievement, whether satisfaction in bagging a bargain, or relief at getting on top of finances, especially for those who had been in severe difficulties in the past. One participant was still not financially secure, but felt more confident and stronger now that they were facing problems rather than turning away from them as had

been the case previously. A few lone parents expressed a sense of pride at having taken on the challenge of dealing with finances for the first time after a relationship break-up:

Without being arrogant you've done it, you've been able to do it, you were thrown in the deep end basically, and I owe money and I owe credit cards and that. but I'm on top of it I'm doing it, I've got [a child] and I've got to do it all on my own really. When I look at it that way I think, 'well you're doing OK'. I do feel that I'm achieving something.

Lone parent, working part time

How people perceive their situation also affects how they cope. Several participants compared their circumstances, valuing what they had (children, home, good friends) to others in a worse position such as those in other countries, or those who are homeless, although with recognition that there is little other choice: "you have to look at it that way, otherwise you're just going to let it swallow you".

The impact on relationships

Another impact of managing a budget in difficult circumstances was the potential strain on relationships. In some couple households, budgeting was a joint operation with parents sharing the decision-making and responsibility. In others, one partner took control. This was sometimes where one partner was deemed particularly financially astute or experienced at managing the finances, and/or the other partner was "not so good with money", "can't be trusted", more "naive", or their health meant they were less able to cope with dealing with finances and the pressure that this involved. While this was seen as the best solution for these families, as it gave the person managing the budget knowledge that they had control, the potential strain could be troubling, particularly where they had taken on this responsibility not entirely through choice.

It does get hard sometimes, I mean I said to him the other day, I says, 'why is everything left down to me?' I said, 'you know I find life stressful as it is and it just adds to it, it just adds to the stress, I just wish sometimes you'd deal with the bills or something'. But it's probably best I do deal with it, because if I deal with it I know things are going to get paid.

Couple household, not working

The constant worry about money could take its toll, and several participants spoke of coming close to splitting from partners because of the pressure: "we can easily fall apart, money is a really bad stress on everyone". For some couples a source of tension was arguments about how money is being spent, in particular where couples have different attitudes to money or where one finds it harder to deal with budgeting or its consequences.

We were really struggling and it did put a strain in here, and as close as a marriage can be with finances it's amazing how money worries can drive you apart.... The constant rows, watching every penny.... When we were struggling, I used to say, 'don't talk to me about money, that's all I have to listen to, don't talk to me, I can't even listen about it', because it was just grinding us down you know, but he'd say, 'we've got to talk about the bloody money you know', and I'd say, 'I know but I can't talk about it now', and he'd say, 'you never talk about it'. And that's how it was.

Couple household, one full-time earner

Where relationships had been tested but had survived, despite hitting 'rock bottom', there was a feeling in a few cases that this could make a relationship stronger, having got through it together. Indeed, for some couples the closeness of their relationship and having each other to talk to and reflect with was vital in dealing with difficult times and alleviating the pressure.

Perceptions of how children are affected, and how this is managed by parents

This section reflects on how parents talked about the ways in which living on a low disposable income affected their children, and what this meant to them as a parent. It is worth emphasising that this can only

be seen in the context of a parent's perspective (as children themselves were not interviewed in this study). Thus what is reported here is how parents think children perceive and deal with the situation, and ultimately how parents manage this, both practically and emotionally.

Impacts on children

There were a range of ways in which parents felt that children were or could be affected by the household financial situation, restricted spending and having to go without things.

The home environment was mentioned in a few cases, where families were living in poor housing conditions including damp bedrooms and draughty, hard-to-heat properties, which were particularly worrying when a child in the family had asthma. Lack of space was also an issue for some families where children shared rooms, and families without a dining area or suitable outside space for children to play in, with the implication that this could affect the children's quality of life and well-being.

Children missing out on social activities was also a concern for parents who wanted to be able to do more with or for the children, for example go on holiday, take day trips, or pay for school trips that could build their life experiences. One parent spoke of feeling bad for her child when they had to write about what they did during the summer holidays, when they never had money to go anywhere. Another felt she was "holding back" her child who was limited in which sports team they could play for by the expense of the kit.

A key concern for parents was that children could feel the 'odd one out', and parents felt that it was sometimes hard for children when others they knew were getting things that they didn't, from holidays to certain brands of trainers. This often related to school uniform, clothes or goods, if they did not match their peers'. The impact depends on the comparison: for example, where most other children in a school also did not have a logo jumper, they wouldn't get 'picked on'. However, in a situation where children were very conscious and competitive about the latest or branded goods, the fear of being unable to afford for a child to fit in was a real concern, due to potential consequences of bullying.

You see kids round here, half the bullying and stuff like that is down to their financial situation. Indirectly the kids get it because of us, because you can't afford what the other person can afford, and kids get bullied at school because they come in with a rubbish pair of trainers on, so it's not really about us.

Couple household, not working

Parents spoke of feeling "awful" that their children don't do or have what others do, of "letting them down"; in one case this was expressed alongside a sense of guilt that a mother was unable to afford to give her children the experiences of holidays and trips she had had in her own childhood – in this sense the anxiety was heightened, as she knew what she felt that they were missing out on.

Having to say 'no' or make children wait for things was commonly mentioned. Most parents in this study said that more expensive items were given to children for Christmas or birthdays. This allowed parents to budget ahead, but also gave them a reason to delay a request to spend money (see also below). However, not being able to give children what they want could be "horrible". Participants talked about explaining to children 'not right now', rather than an outright 'no'. Being unable to buy more everyday items for children was particularly hard for parents, for example having to tell a child to wait for new shoes even though the old ones didn't fit any more. Several found it "heartbreaking" having to say 'no' when they could not afford even small amounts – £1, a packet of sweets or a drink, particularly for younger children who do not understand.

It is emotionally distressing that they can't have what they want. When your three year-old cries because she doesn't understand, that's hard.

Couple household, both working full time

Children's awareness of the household financial situation

There was a balance to be struck between being open with children, so that they understand the meaning of money, that bills have to be paid, or 'money doesn't grow on trees', but at the same time shielding

them from parents' financial worries as far as possible. However, a few participants knew that their (secondary school aged) children were aware of household money problems, as they had mentioned being worried about their parent, losing a house, or had seen parents upset or arguing in the past. In one case, an older child helped a parent protect a younger sibling by sharing their own money. In the main, parents felt it important for children to have enough sense of the situation that they understand they cannot have everything they want and don't ask for things, but not so that money worries are a burden to them.

Parents talked about explaining to children that "mummy is in a tight spot" and doesn't have much money at the moment, that "you can't just get more out of the cash point", and this means that "we have to be careful what we spend". In one case a parent showed her older children a letter outlining their cut in tax credits in order to help them understand. Often parents, particularly where low income had been a longer-term issue, felt that children who had grown up in that situation understood that money was limited – they didn't know any different. Here parents talked about how their children took this on board, had learnt that they can't have everything they want, or had to wait and were undemanding.

I'd love to give them everything they want but I can't do it. My children, they do understand they don't constantly ask. [My child] has never been one for sitting there saying, 'I want this and I want that', 'Mum I want this, mum get me that'... So you know they're not greedy.

Couple household, one full-time earner

While this was helpful to parents, it could be upsetting knowing a child wouldn't ask because they knew that the parent could not afford to buy something. A few parents talked of children cutting back themselves. For example, (secondary school aged) children had self-moderated by not bringing home letters about a school trip, as they were aware that money was tight and did not want to upset a parent. For the parent, however, this was almost a step too far, with the feeling that children should not have to take on this responsibility.

Instilling values to help children manage money in the future

There was a view among some parents that being brought up with a good understanding of money, and knowing what it is like to not have something instantly, would help instil beneficial values. Alongside a need for children to appreciate that household budgets were limited and this involved some restrictions for them, was a desire to teach children "good money management" skills. Several parents noted how proud they were of how their children respected their things, and compared their undemanding behaviour to others who "want, want, want".

Also, children 'earning' pocket money or money for doing odd jobs for others, and occasionally having a part-time job, was a deliberate strategy on the part of some parents to help children learn the value of money, to stand them in good stead for when they grow up and become financially independent themselves. Setting an example was also mentioned, where parents felt it important that children see them balancing a budget and not getting into debt. Again, several parents noted with pride where children were saving money, feeling it was giving them independence to save and buy their own things, and in one case resisting buying brands or electronics just because friends have them.

4 Prioritising, cutting back and consumption choices for families below the Minimum Income Standard

A key aim of this study was to explore what life is like for families whose income falls below the MIS level. As outlined in Chapter 1, MIS is constructed through detailed discussions among groups of the general public (across income groups) about what people need for a minimum acceptable standard of living. This includes clear rationales about why things are ‘needs’ rather than ‘nice to have’ items. A crucial aspect of MIS is that it is about more than survival – it is about social inclusion, and being able to have the opportunities and choices necessary to take part in society.

In this context we now look at how families in this study prioritise their spending, the level of choice and opportunity available to them around the decisions they make, and how this relates to having a minimum acceptable standard of living. The chapter compares actual patterns of family spending on a low income to what is provided for in MIS budgets. It is important to bear in mind that the lists of items in MIS are not ‘prescriptive’: they are judged to be sufficient to meet one’s needs, while accepting that different people will make different choices about how they do so. However, families with less income than they need in order to afford these budgets are constrained in their choices compared to those with income above the MIS level, and the discussion below sheds light on how families seek to meet their needs as well as possible within these constraints.

Parents’ overall views about prioritising varied. Those in the ‘getting on’ and ‘getting by’ groups (outlined in Chapter 2) generally felt that they were managing without difficulty, and didn’t feel that they were cutting back on essentials or having to make many compromises. However, most participants in this study discussed ways in which they had to always think carefully about their spending. Many parents felt that they constantly had to think about what to prioritise.

We do have to say ‘no’ to ourselves occasionally, and I do look at things and I think, ‘oh that little outfit is lovely’ and I’m like, ‘he’s got four at home, he doesn’t really need it’... I’ll walk and not take the car, shall I put the heating on or shall I put a jumper on, you know, do I really need it?

Couple household, one full-time earner

Others, especially those in the ‘getting harder’ and ‘getting stuck’ groups, felt that actually there were no decisions to be made as all of the money in their household budget was accounted for: that they had nothing left to make choices about.

The necessities for living – a home, heat, food and health – “children come first”

Paying rent and household bills, and buying food, were typically prioritised. However, prioritising took place within the context that children’s needs come first – for example, the importance of “keeping a roof over our heads”, ensuring that the gas or electric stayed on, and having enough food to feed the children.

Household bills and the home environment

Several parents mentioned that when having to juggle bills, decisions are made based on the implications of non-payment. In this context, paying council tax and rent, for which some had faced prosecution, bailiffs or eviction following arrears in the past, was a higher priority than water, which people knew

couldn't be cut off. The cost of fuel was often uppermost in people's minds. If fuel was low, making decisions between putting money on the gas or electric meant weighing up the consequences of being without one or the other. Electricity was a high priority because it affected food storage – running the fridge and freezer. However, cutting back on heating to stretch budgets was also discussed. This included trying to minimise draughts and using extra clothing or blankets. Sometimes, parents said that they turned off the heating when children went out. The impact of restricting energy use can be far reaching for all family members (see Mahony, 2015).

The electricity to be fair is really quite easy, gas is hell because obviously now it is getting colder it is a case of I don't know, get a jumper on, and obviously you can see the house is open plan, it is not easy to keep warm at all, I was going through probably £40 a week last winter even sometimes more... Obviously cooking, I mean that takes your gas, you can keep yourself warm, I mean we aren't normally sat here in jumpers and hoodies and stuff, but it is not pleasant you like you know, you want to keep warm and when [the children] are saying they are cold it is horrible.

Lone parent, working part time

Decisions were also made about how to pay household bills. MIS budgets are based on gas and electricity being paid via monthly direct debit, which is generally the cheapest method of payment. Some participants were using direct debits because they were the cheapest option and allowed them to spread payments. However, prepayment meters for gas and electric were also often used. People were generally aware that this was an expensive way to pay for their fuel (compared to quarterly bills or direct debit), but felt that it was better to pay for what is being used at the time. Indeed, several had changed from bill payments to meters after having difficulty dealing with a large bill, and because they felt that it gave them more control over payment and monitoring usage.

Everyone knows you're better off on one that you don't prepay. But if you're a family you've got to work like that.... It's just the fact that in three months I don't know what I need to buy, I could need a new washer so I'm not going to be wanting to pay that bill am I? But you've got no choice if you want heat.

Couple household, not working

This highlights how families with low disposable income have to make decisions based on what best suits their circumstances – in this case, finding smaller cash sums on a regular basis and the control provided by meters – with the here and now taking precedence over the longer-term cost. However, it results in people on lower incomes paying a premium for such services (Citizens Advice, 2015; Hirsch, 2013), and in the context of MIS, paying more than the amount included in the budgets calculated as a minimum requirement.

The MIS budgets aim to provide a level of household contents and goods that are both functional and allow people to feel comfortable about their home environment. A few participants talked about having old furniture or felt that they could not afford to decorate. In one case, being unable to save meant living without a carpet in their living room for several years.

The MIS budgets include household contents insurance. However, this could be a fairly low priority for families in this study – where this was the case, people did not feel that it was worth having as they “had nothing worth nicking”, or had made a conscious decision to cut it from their budget. On the other hand, some families chose to take out additional insurance when purchasing particular individual household goods to cover against breakdown or damage. This was because items such as a cooker or washing machine were seen as essential, and buying new items in an emergency could be hard on a low budget with no savings. Although they realised that this was perhaps a costly addition to the purchase price, it meant that if/when the item broke down, they knew it would be replaced without having to find the full purchase price. While it is indeed a choice to pay such premiums, they are made under constraint due to the difficulty of funding large purchases – and result in paying more for items than allowed for in the MIS budgets, which cost items as outright purchases.

Where people did not have the money to fund outright broken household goods, the alternative options were to use credit, borrow money or make do. Some people spoke of managing without replacements if

they could. Having to make do or adapt in this way entails extra work – for example, improvising cooking methods when an oven stopped working.

The cooker broke and I had to go for six months cooking everything. Well it was the oven part that broke, the hob still worked and I had to cook everything in the microwave or on the hob because we couldn't afford it, because there's no savings to fall back on.

Couple household, both working full time

Food

Making sure that children had enough to eat was a priority. However, people talked about ways in which they could cut back on food costs – shopping around (see Chapter 3), changing the type or brand of food, and restricting treats or 'luxury' food items. If money was really tight, this could mean adults deliberately restricting their own food in order that their children could eat and bills could be paid.

When an unexpected bill comes up or a large bill, I can't budget it for it. If it is something within about £100 I can budget within the month, because when I say budget in the month, I just change what I eat in that month so I have often in months previous past, my evening meal is Weetabix you know, or it is baked beans on toast or poached eggs on toast or you know? ... I can cut those things but again that is what I cut back, not what [my daughter] cuts back.

Lone parent, working full time

Here, parents' food was seen as a resource that could be cut back on if the need arose. However, there are implications for parents' health, energy levels and well-being.

MIS recognises the need for occasional treats in the diets of both children and adults, for example some sweets now and then, or ice creams on holidays or days out. For parents the budget allows for the occasional meal out or takeaway, to make a change from the daily menu or routine, and a small amount of alcohol per week. Participants in this study agreed that being able to give 'treats' to children was important, whether this was fruit, the odd biscuit or a chocolate bar, and included this in their food budgeting. Several noted the importance of planning ahead, buying these as part of weekly shopping, as this was cheaper than purchasing on an *ad hoc* basis when out and about. One mother described how she buys a box of 12 ice creams for £1 from Tesco as a treat in hot weather when she knows that the ice cream van would be around charging £1 per ice cream – this enabled her children to have an ice cream like others, which might otherwise have been unmanageable.

For adults, treats for themselves were again a lower priority. Where people did talk about having the odd takeaway, it was in some cases framed with a sense of guilt or having to justify the spending – “slipping” a pizza into the budget, knowing that money could be used for something else. Being on a low disposable income made it hard for people to afford even the most modest or inexpensive of treats, and so framed them as “luxuries”:

Well little luxuries like a chocolate bar – that's like a full bar of chocolate, like a large slab of chocolate. That is just joy to have without sharing with anybody. That sort of luxury, that's the sort of thing that I go without.

Lone parent, working part time

Although some alcohol is included in the MIS budgets, recognising a general acceptance of being able to have the occasional glass of wine or can of beer at home, there were mixed views on the inclusion of alcohol in budgets among the families in our study. A few participants were keen to emphasise that they don't drink (or smoke – see below) with an implication that this should not be where money is spent. Others talked about having the odd drink as their “treat”. In this context, a treat for themselves every now and then, whether chocolate or a beer, was seen as a release, something to relieve the daily constraint.

Woman: There are weeks when perhaps I'll buy a little less gas or something like that and I can have that break from being a normal person to thinking, 'oh I fancy a beer tonight, I'm going to spend £5 on beer' and that sort of thing.

Researcher: How important is it for you to be able to do that every so often?

Woman: It keeps me sane to be fair. Because I don't go out to drink, fair enough I work behind a bar so people think that after I finish work I'll have a beer but I don't I come straight home, I never stop at work.

Lone parent, working part time

Healthcare

Standard healthcare for children is free, but MIS includes costs to cover adult dental treatment, prescriptions and optician charges at a level to maintain health (rather than address serious health problems). The cost of dentistry (for working families not entitled to free healthcare) was of most concern; even NHS charges were seen as problematic – for example having to find money to cover three treatments at £30 each. Some people managed by booking appointments straight after pay day, however several parents in this study felt that the cost of dentistry was unaffordable, meaning people put up with pain or poor teeth. While neglecting one's health can have longer-term consequences (and possibly result in more outlay in the long run), if the alternative is getting behind with other bills, children missing out or running up debt, the decision for parents with low disposable income to make this a low priority is understandable, but is however, made under constrained choice.

My teeth are really sore at the minute but I'd rather deal with that pain than go and pay whatever it is at the dentist because I can't afford to do that. Because you know, you go for one appointment and then you've got to come back for this and then you've got to come back for that. Once they've got hold of you there's no letting go. You know, so me and my husband don't go to the doctor's and we don't go to the dentist, we just deal with it.

Couple household, one full-time earner

The importance of inclusion – fitting in with others and how you see yourself

This section looks at a number of aspects of 'fitting in', at the heart of which were attitudes to appearance, material goods and being socially accepted.

Children's clothing and 'fitting in'

Parents faced the dual task of keeping children properly clothed and being conscious of the social consequences of how they dressed. They did not think the first of these needed to be expensive. Supermarkets were seen as a good source of reasonably priced children's clothing, with some use of discount stores, charity shops and hand-me-downs. Making children's clothes last as long as possible was another way of stretching the family budget. This included bleaching white school tops to save replacing them so often, and buying clothes in larger sizes so that they last longer.

She is in six to seven clothing size-wise, however the clothing I purchase is seven to eight and as soon as she starts fitting seven to eight I will buy eight to nine. Ever since she has been small I have done that and she has her own little personal style, is quite often she wears leggings with a really, really long top that is a dress like to her knees and then the following year it will be mid-thigh and then the following year she might just get away with it with, you know a pair of jeans and it is just the top that keeps going up and basically, she wears clothing until it is either physically she cannot get in to it anymore or there is holes in it.

Lone parent, working full time

While this could be managed to a degree for younger children, parents of older/secondary school aged children noted pressure to spend more on clothes for conformity rather than practical reasons. At secondary school, branded clothes and logoed uniforms raised particular dilemmas of conformity versus cost. At this stage, having the correct school uniform was important, despite its cost; first, because it was more likely a requirement and parents could face repercussions from the school, and second, because of fear of children being picked on or otherwise disadvantaged. One parent's commitment was explicitly driven by their experience of being bullied themselves as a child of parents who had little money.

Parents managed the pressure to have the right uniform and branded clothes in various ways. In some cases, grandparents or ex-partners (a child's father) helped pay for a uniform. Parents sometimes shopped around for last season's items or had branded hand-me-downs from within the family, but most often they coped by setting a compromise price point (between basic and the most fashionable) or waiting for Christmas or birthdays for branded non-essential items. However, some parents felt in a very difficult position as they were conscious of the potential impact on their children if they did not 'fit in', and sometimes ended up spending more than they wanted:

We ended up with some Lonsdale, so they were the lower end of the middle bit if you know what I mean, they were about £25. But you know he's looking at ones that are £70 and I'm like, 'no way', and the football boots he's looking at are £120 and it's like no way, you can jog on. I was like, 'that's like £200 for two pairs of shoes'. I was like, 'I don't get to spend any money on me. I run out of makeup and I'm literally scraping around the rim on the inside, so I'm not spending that out'.

Lone parent, working full time

The fear of bullying over appearance could be more acute where a child may have difficulties at school, and one parent spoke of the need to "compensate" to help them fit in – having the 'wrong' trainers could put them at further disadvantage in their eyes.

As well as these clothing issues, parents also wanted children to take part in school trips where possible, in order not to feel left out among their friends. There was some differentiation regarding the type of trip, with educational/compulsory trips taking priority, whereas optional trips with only some children going deemed less important. The cost of some (particularly secondary) school trips was just too expensive for some parents to afford. In some cases grandparents stepped in; another option was to explain to the school that they were unable to afford it and receive a subsidy, which was embarrassing, or otherwise result in children not going, which was upsetting.

Not being able for the kids to go on school trips, you know things like that it's horrible because you know that your child's going to be sitting there in the classroom, and yes there might be two or three others, but you don't want for your child to be sitting there not being able to go on a four-day excursion. It's horrible but it's something that we've got to do.

Couple household, one full-time and one part-time earner

Spending on toys, technology items and branded goods could also be a source of concern among parents who noted the increased costs and expectations as children got older.

We've just had to now, when we just had the girls as babies it wasn't an issue, Christmas, but now they're all older. 'Can I have an Xbox', 'can I have this', 'can I have that!' ... The telly's like every other advert's for stuff, isn't it, and you're like, 'oh turn telly off!' ... You just say, 'ask Santa, make a list'.

Couple household, one full-time earner

There was a feeling that it was easier to please children when they were younger, and not have to "keep up with the Jones's". However, parents of older children were more likely to note pressure on their children not only from their peers, but also from advertising, which in turn put pressure on them as parents. Most often parents discussed children having to wait, as big or expensive items were generally part of Christmas or birthday presents, or save their pocket money to buy things themselves. This related to both affordability, but also to teaching children the value of waiting to get something. Indeed this reflects the MIS budget model, where the costs of bikes or children's technology is not included in the budget, but a yearly budget is included to cover funding presents. However, even so, the cost of funding Christmas in particular for families with several older children, could be difficult where a parent felt under pressure to spend a lot of money that they didn't have in order for their child not feel that they were missing out or experience bullying.

They all compete against each other, it's ridiculous. It's like it comes to Christmas, one of them wants a PlayStation 4, then he wants other stuff.... Half the bullying and stuff like that

is down to their financial situation. Indirectly the kids get it because of us because you can't afford what the other person can afford and kids get bullied.

Couple household, not working

Parents' spending on their appearance and potential impact on self esteem

As with food, parents felt overall that with clothing, children's needs came before their own. The effect on parents was sometimes presented as minimal, especially for those not working, saying that they didn't mind wearing old clothes, as long as the children were dressed properly.

We all need clothes. I mean I'm happy enough in my old scruffs so it don't bother me, but my son his trousers are starting to come up his legs and his t-shirt is up on his belly, so I know it's time for some more clothes.

Couple household, one full-time earner

In some respects, this presentation of low need could be a way of self-moderating and a coping strategy. When discussed further, in the context of what they would bring into their budget if finances improved, some mothers did say that they really would like some new clothes, to be able to choose something nice for themselves or buy a "decent smart outfit". One parent whose main source of clothes was hand-me-downs noted that although she was grateful, she wasn't necessarily able to choose what suited her.

Clothes for my wardrobe, yes definitely. Because it's not my style of clothing so I don't feel like I'm in my style of clothing. I only take what I think, 'oh that's nice', but I've not gone, 'oh yes that's lovely', do you know what I mean, there's none of that so that would be lovely.

Lone parent, working full time

Not having appropriate clothing did matter in some contexts – for example a mother was wondering if she had something suitable to wear to a forthcoming funeral, and another recounted how she didn't go to an event because she was embarrassed that she didn't have anything nice to wear, so sent her child with a friend.

MIS recognises the importance of self esteem for social inclusion and hence allows money for personal care (shaving, make up and regular hairdressing) in order for someone to look 'presentable' and feel good about themselves. Again, parents in this study tended to put their own personal needs behind others', and spending on their appearance could be low down their list of priorities. Several mothers talked about not wearing make up, not going to the hairdressers and also cutting other family members' hair to save money. However, this was again something that they felt they would like to spend more on if they could afford it.

[My child] has only just said to me, she went, 'why do you have these black bits here?' and I went, 'they are called roots' and she said, 'but why?' I said, 'because I can't afford to have my hair done' and you know I think, again that is a bit of a confidence thing, particularly for being in the situation that I am you know just to have my hair done.

Lone parent, working part time

Cutting back on hairdressing had particular implications for self esteem and confidence; as one person noted, this could affect how someone felt about how they are perceived by others and ultimately their feelings about going out.

If you don't feel good you're not going to go out, are you? And things like your hair and eyebrows, because if I don't feel comfortable I don't go.

Lone parent, working full time

Box 6: Putting children first

Louise and Ian (names changed) live with their children who range from a toddler to secondary school age. The family's only income has been from benefits since Ian had to stop work because of his health some years ago, and they have had to bring up their children on a benefit-level income. Louise and Ian's life revolves around the children and they emphasise how the children's needs take priority. In the past this has involved cutting back on their own food when times have been tough. The couple don't really spend money on themselves. They never go out socially together, as any outings are as a family and for the children. Louise said that she doesn't wear make up and rarely buys clothes for herself. Putting the children first is ingrained in Louise and Ian's thinking and budgeting, because they have constantly had to make these decisions over a long period of time – so much so that they now almost find it hard to spend money on themselves. Louise described how she recently went shopping because she needed new shoes, but felt guilty so decided to save the money for one of the children's birthdays instead: "that's the way I am".

The importance of participation – being able to do things and 'have a life'

Being able to participate in society is an important aspect of a minimum acceptable standard of living – having a life rather than just surviving. This includes communication, keeping in touch and up-to-date with the world around you, getting out and about, and being able to engage in leisure activity. This section looks at ways in which the families in this study prioritise these areas of spending, how their opportunities and choices can be constrained, and how spending on 'having a life' compares to that which is the basis of MIS budgets.

Communication and access to the internet

MIS family budgets include a basic smartphone on a cheap monthly contract (including some minutes and data), as well as broadband internet access at home, given the growing profusion of mobiles and internet usage. Reflecting this reasoning, most parents in our study had mobile phones and internet access. Mobiles could be viewed as a "lifeline", especially where households did not have a landline phone. They were particularly important for keeping in touch with older children, with parents who lived separately but shared parenting, and as a source of internet access where people had no other means of access. Families often had a package including line rental and broadband, although did not necessarily have or use a landline phone. Internet access was considered essential by most households for a range of reasons: it was effectively a requirement for families with secondary school aged children who needed it for homework, and parents who had to meet job search obligations online. It was also vital for finding information and saving money through internet shopping, price comparison sites and downloading vouchers; helpful for keeping in touch with friends and family; and for entertainment.

The internet I was saying I didn't think it was that essential, it's a luxury but then when we sat and looked at it we were saying to look for [a] job you need the internet, for the kids to do their homework you need the internet. The benefits, to sort them all out if you don't ring them, which costs you, then you need the internet to Google the number or to fill in this form or to send this form to them. You also can communicate through the internet as well. My new thing at the moment is you can ring people through Facebook and it's free so I do that rather than using my minutes or it costing me on my phone, it's a lot cheaper for me. With Skype and things as well my partner has family abroad so he keeps in touch with them that way rather than a big phone bill. So we worked out for our living internet is quite essential for what we do, and to get the vouchers and to do an online shop and things.

Couple household, one full-time, one part-time earner

Moreover, there was a sense that having a mobile phone and access to the internet was not only necessary, but was normal in this "modern-day age". Beyond the functional use of such technology, this involved 'fitting in' to the norm. To have it meant inclusion and some form of choice, rather than "just living". This highlights the importance of the MIS concept that an acceptable standard of living should allow the choices and opportunities to participate in society.

Getting around – accessing work, services and leisure

The MIS budgets for families include a second-hand car to help with getting children around and managing the logistics of work and childcare. Likewise, families in this study who had cars often described them as an important priority for everyday family life – for getting to work, doing the shopping, and taking children to school, childcare or activities. In some circumstances a car took on an even more fundamental function. For those living in more rural areas, it was needed to travel to schools outside the village, larger shops and services, or work. A car was also particularly important where a parent and/or child had a physical or mental health difficulty that made walking or being outside harder, and involved frequent medical appointments, or to those who regularly visited family members living some distance away. People were often mindful of petrol costs, and some restricted using the car to essential trips, or limited weekly petrol money to a fixed amount, and otherwise walked (or got lifts where they had health problems). However, particularly for those in rural areas, the cost and time involved in using the alternative bus or taxi could outweigh the expense of running a car.

The motoring costs in the MIS budget include the standard cost of maintaining a second-hand car in good order. This study highlights that for families with low disposable incomes, cars might be older, not covered for breakdown and less reliable, with repair and maintenance costs being problematic for some families in the study. A few were helped to cover these costs by family members; others could not afford to run a car. Some of the families without a car, especially in more rural areas, talked about how useful it would be to have their own transport – to help with family life and, in one case, broaden a job search area. Even in a city, a participant without a car made a two-hour bus trip to work via nursery; others talked about relying on lifts, and restrictions on activities or trips out due to the logistics, but also that the cost of the family using the bus (sometimes over £10 for a local journey) ate into their budget before they even got anywhere. Occasionally participants living in more rural areas outlined a need for two cars where one of a couple used the car for work and left the other without transport, which limited their opportunities for work, shopping around and risked them being ‘stuck’ in the village. In such ways, lack of a car could impact on various prerequisites of a minimum standard of living, ranging from the goods you can afford to buy and the opportunity to participate socially.

Children’s activities and leisure

The MIS budgets include £10 a week to allow school-aged children to take part in paid activities. Keeping children occupied and active was something that parents in this study recognised as important, and tried to maintain where they could, for example through swimming, sports or music lessons. Parents of children with behavioural needs particularly prioritised physical activities. While some activities were part of school provision or subsidised, the cost of funding formal activities could be an issue. Here participants had had to cut back or they couldn’t afford them, or grandparents stepped in to pay. Children’s paid-for activities, such as clubs or sports, was an area where people said that they would like to be able to spend more money if they could, and sometimes felt that children were missing out.

More informal activities and trips out with children were again important, and parents noted how some could be expensive, for example formal play areas or the cinema (especially for larger families). However, trips didn’t always need to involve spending much money. Parents talked about going to the park, taking walks, attending the ‘kids’ cut-price cinema showings, and taking their own food to avoid eating out, although noted that cheap days out were harder in the winter.

The MIS budgets also allow for family days out throughout the year, and the occasional family meal out together. Again this was an area where the families in this study felt that their spending was more restricted. For example, meals out were sometimes discussed but could be seen as a ‘luxury’ rather than a regular event, and involved visiting ‘meal deal’ venues to help keep the cost down. More costly activities and family outings had to be limited, for example a trip to a theme park or the zoo was a rare treat, only manageable using vouchers, and for some completely out of the question. Sometimes such trips were funded by receiving annual passes as presents, or through help from grandparents. When thinking about where they would spend more money if they had it, parents said they wished they could take their children out socially more often, to treat them if they wanted to, and to “make memories” with their children without always worrying about cost.

It's just a shame really because at the cinema there's a few new films out now and I'd like to just be able to take [my child] to the cinema, but I have to think that actually it's really expensive, so it cuts off another thing that we could do really socially together on weekends, so it is a shame but it is just one of those things.

Lone parent, not working

Holidays

The MIS budgets include a week's family holiday in the UK so that people can get away once a year. The families in this study seldom included the cost of a holiday in their budget. The few who did (mainly those getting by relatively well on their budgets), were paying in instalments or used newspaper vouchers. In other cases, participants had holidays that were paid for, or accommodation supplied, by family or friends. A large outlay for a short time away was unachievable for many, and for some unjustified against the ongoing task of balancing the everyday budget. It was just not worth it if meant "living skint" for the rest of the year with nothing left to show for it, with the priority placed on managing the here and now:

Some of them think they've worked so they need a holiday for their mentality and their motivation but to me I've just got to keep it day-to-day ticking over rather than thinking of one splash-out sort of thing.

Couple household, not working

Yet participants clearly recognised a holiday's worth. Those who had had holidays noted how valuable it was for them and the children. A decent holiday was the thing that people said they wanted most if finances improved – to get away, have a break from the stress (of living on a tight budget), to provide different experiences for the children, and time to switch off and relax together as a family. Furthermore, a holiday provides something to look forward to, and this was missing from the lives of those who were unable to afford it or had nobody to provide a holiday. Having nothing to look forward to could be quite demoralising.

It's also stress because you think to yourself you're worried about money, you're worried about [your child], everything in life is just, you're just sort of cruising and every day is the same. There's nothing that I can say, 'oh I'm looking forward to this holiday' because I can't afford a holiday.

Lone parent, working part time

Parents' social life

The MIS budgets recognise the need for parents' own social participation and include money for regular leisure or social activities without the children. However, this was again an area where the families in this study often fell short of the MIS provision, with some saying that they never or very seldom went out socially. The first reason was affordability – amid competing demands on a family budget, spending on parents' activities could be pushed down the list of priorities. Second was logistics, including the difficulties of finding a babysitter, which could make it harder for lone parents or families with several children (where relatives may be less willing to babysit). Furthermore, as a lone parent pointed out, the cost of a babysitter, let alone the activity, would be hard to fund from her budget. For working parents, finding the time was also a limiting factor, and health could inhibit a parent's ability to go out. Another factor was inclination – sometimes parents' social lives had been limited since having children and was linked to a feeling that now they are a family, they socialise together as a family. Some reported a shift in priorities, a feeling that they have "been there, done that" and would now rather stay in, or a sense that their priority was to keep the family afloat, and if that meant not going out, so be it.

We've got friends who are in similar situations and their priorities are different to ours. One of their main priorities is to go and socialise and get out of the house, go for a drink and that and let off some steam. Whereas mine is to make sure we've got all the food in and the kids are OK. I'd rather sit in and not socialise if it means saving money.

Couple household, not working

However, the importance of parents having some kind of activity or at least time for themselves was noted by some participants – to have 'me time', do something not child-related: "it's a sanity thing".

Several women regularly used a gym – the importance of this for a few participants became evident when, after initially talking about it in terms of being their treat or luxury, they explained how it was much more than a ‘work out’ but important for their mental health, confidence and weight loss, hence a need. Nonetheless, one still had qualms about spending this money on herself despite the benefit to her well-being. A few others talked about treating themselves from time to time – for example, to a special-offer massage or theatre ticket, or a night out – but this tended to be seen as a rare treat rather than a regular occurrence. Alternatives to going out included socialising at friends’ houses, or having people round for drinks instead of going out, which was much cheaper. One mother described how she did manage a rare night out, but could only afford to buy one drink. Some noted how even staying in was improved through being able to have a decent bubble bath, buy nice candles, and watching something “decent” on TV (via satellite/cable – see below). These all helped provide a way of relaxing and switching off.

MIS budgets also allow extra for couples to go out together. For couples in our study, going out together was quite rare. Parents seldom raised this spontaneously as something they were going without. However, when asked, some said that if they did have extra money, having time out together as a couple would be nice.

What would we do? I'd say we'd probably eat out, we do miss eating out, or we'd buy something nice in and get a bottle of wine, we might even go out on our own, wow. Yes my husband and I, [our child] goes to bed and we might sit down here but usually by the end of the day we just stare at the telly. So it would be nice if we could have some time because since he's been born we've had no time at all. We've been out separately with friends but not together so I think yes, it would be really nice if we could just have a couple of hours just to eat a meal or just to get dressed up and do something like we used to. Not because we miss it but because we need time for us, yes definitely.

Couple household, not working

Several participants said that if they had more money they would spend more on getting out: joining a gym, for example. Not being able to go out or having a limited social life meant no release from everyday routine, living but not engaging with life – the social participation aspect that is a key element of MIS was, for them, missing. Indeed, one lone parent noted that a longer-term implication of not being able to go out was her limited ability to meet another partner:

I want to go out and meet somebody else but I can't meet somebody else unless you go out, and because I am a single mum I have no money to go out with and even if I had the money, my friends then don't have the money all the time to actually go out with. So it's a vicious, vicious circle and I can't get out of it.

Lone parent, working full time

Satellite/cable television versus Freeview

Televisions are included in MIS as a form of entertainment, and to enable people to keep up to date and feel included in society. Terrestrial TV via Freeview is seen as an acceptable minimum standard in MIS, with satellite/cable TV being a ‘nice to have’ rather than ‘need to have’ service. There were families in this study paying monthly for satellite/cable television. Some felt that at the moment, it was manageable from their budget, but noted that, if necessary, satellite/cable television was something that they would cut; indeed, several families without it said that it was one of the first things they cut when money had been short. For others, keeping their television package if they could was important. Often this related to the children and their needs – having plenty of children’s channels, cartoons or access to documentary programmes for older children was considered important. Several lone parents noted how they valued having a satellite TV subscription, as something for themselves in the evenings after the children are in bed. They saw it as not necessarily essential, but nevertheless important – they were on their own, limited in going out, and it helped to take their mind off the stress, switch off and relax – a particular need for those with anxiety or depression. Two lone parents who had cut satellite TV from their budget said that they would like it back if their finances improved.

The key reason for including satellite/cable television was that it was an important source of entertainment for families who felt that they did not spend much on themselves otherwise. They could not necessarily pay a lot for children’s activities, going to the cinema, having meals out, taking a holiday,

or going out to socialise, and might not have transport to enable them to do so. All of these things are included in MIS, yet if people cannot afford them, the decision to have satellite/cable TV as a form of entertainment that is easily accessible and the cost of which is already budgeted for, is more readily understood as an alternative means of meeting the need for recreation. Indeed, the weekly cost will be significantly less than that included in MIS budgets for the leisure, social activities and holidays that families in these situations might be missing out on. In this sense it is a comparably affordable option to compensate for other things that a family might not be able to manage from their budget.

You know for me I'd have the internet and Sky cut off to save us that £50 a month, but then we sit back and we think, well the kids don't go out very often because we can't afford it, they don't go on holiday all the time and we just feel generally bad that we can't give them what we want to, so they're just little luxuries that the kids enjoy. So if I take them off them I'm going to make my children miserable and I'd rather not make them miserable, if you know what I mean.

Couple household, one full-time earner

Pets

The MIS budgets do not include pets as a minimum need. However, the families in this study who did have pets felt that the cost of keeping a pet was worth funding, and explained how important they can be for family life. Some families had had the pets for a long time, and had acquired them when they were in better financial circumstances – they were now part of the family and the children felt attached to them. Pets were also seen as important for families' well-being, a way of getting them out of the house for walks, as company for an only child who has health problems, as a means of calming children who have autism, and cheering you up when you are feeling low. In such situations, pets served valuable needs for some families with limited money for other sources of recreation and comfort.

Smoking

There is no budget for smoking in MIS, as groups have never considered it a need to be included in a minimum budget. Reflecting this, participants in our study were sometimes keen to point out that they didn't smoke when discussing how they spent their money. Those who did discuss their spending on smoking were aware that this was a contentious issue, and it was often framed in the context of restricting personal spending in other ways, such as not going out or buying clothes. In this case, smoking was one of the few indulgences that they had, and parents who spent money in this way still emphasised that spending money on meeting children's needs came first.

I don't drink, I don't go out, I do like a cigarette. But yes that's the only thing but I will go without a cigarette to put food on the table. I'm quite happy to do that. My cigarettes come very low down on my priority list.

Lone parent, not working

People did discuss cutting down when they were short of money, buying rolling tobacco rather than cigarettes, and getting that informally, which was cheaper than shop prices. One couple had given up and were now using replacement e-cigarettes, which they still saw as a "bit of luxury" but helpful for stress relief, and switching had saved them "a fortune".

Living on a low income compared to MIS: conclusions

From the above findings, it is possible to identify three broad responses to having an income lower than needed to achieve a minimum living standard: prioritising, cutting back and substituting.

In prioritising which essentials have to come first, the overwhelming emphasis in this study was on meeting children's needs. Parents were willing to sacrifice their own nutrition, appearance and social life to ensure that their children were able to meet their physical needs and 'fit in'. This did not mean families were able to meet their children's needs as fully as they would like, and many compromises had to be made. However, much of parents' efforts were focused on limiting the degree that their children were disadvantaged by low income.

Conversely, when it comes to cutting back, one of the starkest differences between the MIS budgets and the behaviour of those constrained to spend less overall is that in practice, parents forsake their own needs. The MIS groups say that for parents, a minimum acceptable living standard involves keeping yourself presentable for self esteem, eating properly, receiving personal and health care, and having some social activity separate from your children. While agreeing with this in principle, it is these areas where parents managing on a low income tend to make sacrifices. If a family income is below MIS, and children's needs are prioritised, then inevitably it is the parents' needs that are affected as a consequence.

Another recurring theme influencing which items are cut back on is that the day-to-day is prioritised over larger outlays. Many families would like to go on holiday, but cannot come up with the large cost of doing so, which involves lump sums rather than regular spending. Those who don't own a car are also influenced by the large and unpredictable outlays of car ownership, including maintenance and repairs. Not being able to afford a car or a holiday implies lacking very tangible things that parents in the MIS groups describe as essential to a minimum living standard for families with children. Furthermore, there are various other areas of life, whether children's activities, leisure or replacing old household goods, which low income families do spend money on, but less than is described as needed for a minimum acceptable level. Conversely, in certain areas of spending, managing on a low income results in spending more. The use of prepayment meters and insuring household items individually is a strategy to avoid large fuel bills or outlays, but overall incurs higher cost. Here, the realities of living below MIS are more subtle, but no less real. Families suffer from the cumulative stress of always having to compromise on the extent to which they meet such needs, and always having to 'watch the pennies', rather than being able to make decisions about consumption not based on thrift.

In other respects, families on low incomes adopt more economical strategies to meet certain needs than described in MIS, effectively involving substitution. For example, they may fulfil recreational needs by paying for additional television channels and saving on going out to the cinema or undertaking other leisure activities. While this substitution may not be explicit, families who cannot afford much leisure outside the home appeared in many cases to feel that something extra (not just terrestrial television) was needed to provide a reasonable degree of entertainment within the home. Addressing certain needs in a cheaper way than specified in MIS does not, however, imply that these needs are being met sufficiently.

There were various cases where families found that an additional 'comfort' (perhaps having a drink, being able to smoke, or owning a pet) could help compensate for the difficulties and limitations that they faced. An important grey area, both in the minds of low-income families themselves and those who comment on their lives, is whether such comforts, or treats, should be considered essentials or 'luxuries'. In MIS, it is accepted that life requires some small treats, and that therefore they can be considered up to a point as 'need to have' not just 'nice to have' items. A very moderate amount of such treats is considered as part of a necessary household shopping basket in order to help deal with the pressures and stresses that characterise modern life. It was clear from this study that families on low incomes can face considerable stresses, exacerbated by the long-term effects of having constantly to cut back, with those unable to afford holidays never having relief from the pressures of day-to-day life. This meant that spending on certain items could hold more significance, if they were considered a treat or luxury, as they could help make life that bit easier. However, this can involve a sense of guilt or even a need to justify themselves – for example referring to "slipping in" a pizza knowing that money could be used for something else, or a parent seeing any spending on themselves as selfish.

A related issue when considering substitution is the role of choice and preference. MIS lists of budget items are explicitly not prescriptive: they represent an example of the precise items that are compatible with a minimum acceptable living standard, but accept that people may choose alternative ways of meeting their needs according to their tastes. If, for example, a family meets its recreational needs by having a pet rather than going to the cinema or for the occasional meal out, this is their choice. The MIS models are intended as descriptions of how a need can be met in a modest way, but allowing a reasonable amount of choice, rather than catering only for people with the most inexpensive tastes. Where people in this study were making substitutions, the alternative items (such as a family holiday) were generally seen as unaffordable. Thus overall, the differences between the consumption patterns of families below MIS and the MIS budgets themselves could be seen as resulting partly from choices based on preferences and, to a large degree, on the need for economy.

5 Conclusion and policy implications

This study has shown that bringing up a family on a low income in the UK today involves a challenging set of pressures, and can require families to make significant sacrifices affecting their living standards. Parents in the study worked hard to ensure that their children were disadvantaged as little as possible by their circumstances. Some felt they were succeeding, getting by or, in some cases, improving their lives. Other parents found that living on a low income was a constant struggle, which could take a toll on them, and despite their efforts meant that they could not give their children all that they felt they needed. In the worst cases, they felt they were on a downward spiral. This study encompasses families' diverse experiences that relate not only to differing incomes and outgoings, but also different levels of support.

Many of the themes that emerge from the study reflect familiar features of past research into life on a low income. The way in which parents prioritise spending on their children in order to avoid stigma, the efforts of parents to prioritise their children's needs at the expense of their own, and the effects of stress on parents' mental health are among the familiar themes. At the same time, a number of findings are particularly distinctive to our present times. In particular:

- Family life has been affected by changes in housing patterns, with many more families living in expensive, privately rented housing, as options for affordable social housing or for owner-occupation diminish. This can have a significant impact on disposable incomes, housing conditions and families' sense of stability, due to insecurity of tenure.
- Changes in the nature of work pose considerable challenges for families with children. Jobs with irregular hours and fluctuating income can bring particular difficulties, when the benefits system finds it hard to cope with unstable working patterns. Work at unsocial hours can be hard for families to deal with because of the difficulty in finding childcare.
- The benefits system puts families under greater pressure to work than previously, but parents do not always have the support needed to do so. In particular, lone parents are now obliged to seek work as a condition of receiving benefits unless they have children under five years of age, whereas up to 2008 there was no work condition attached to lone parents' benefits. However, lone parents in particular find it hard, unless they have family support, to juggle work and childcare before their children reach secondary school age.
- The availability or otherwise of support from extended family and friends made a huge difference to families in this study, affecting not just the opportunity to work and have their children looked after, but also many aspects of affording necessities. Grandparents were frequently cited as helping to fund items such as children's activities and holidays, and helping out financially if a family was in crisis. In light of ongoing cuts in benefit entitlements, it is likely that family support will continue to grow in importance. There is a danger, therefore, that those on low incomes who do not have the security of family support will be further disadvantaged, as income from the state is reduced. At the same time, the pressure for people to retire later means that the supply of some forms of informal support, such as grandparent care, could potentially diminish.
- Household debt is a continuing issue, potentially worsened by tough economic times when shortfalls in family income create extra pressures to borrow. This study highlights how debt repayments can make a huge difference to the amount of disposable income a household has available.

Underlying much of what participants said mattered to them in the study was a desire for stability, in the context of living in a more risky world. Parents wanted to be able to provide their children with a feeling of 'normality'; a basic standard of living that they could rely on. Some had seen things go wrong, in their own lives or others', and this made them highly risk averse. A notable consequence of this was that they put a premium on certainty and control, even when this may bring other disadvantages. For example, using a prepay electricity meter, even knowing this would cost more, was often considered preferable to

uncertainties associated with the scheduling of direct debit payments or facing a large bill. Those living with the insecurity of privately rented housing saw the security of social housing as making it highly preferable. There was also hesitancy in making changes to their working life that might have unpredictable consequences in terms of interactions with the benefits system, even if, in theory, it might make them better off in the long term (for example, if taking on additional working hours could lead to overpayments of tax credits with unknown future repayment consequences).

Analysing life on a low income against the MIS benchmark

The reference to the MIS in this study made it different from previous research on low income in two important ways. First of all, the sample comprised parents with disposable incomes mostly between 10% and 50% below the MIS level. In the UK, about a third of all families with children have income low enough to be in this range. It doesn't therefore cover those with the very lowest incomes who are in deep poverty, and distinguishes this research from studies focusing on those worst-off families. In this context, the sometimes severe stresses and sacrifices reported by families in the study show that some well-known aspects of low family income are affecting a very substantial section of the population, not just those previously reported to be in 'poverty'.

Not all the problems reported are universal for those in the income range covered: some families felt that they could manage reasonably well overall. As noted in Chapter 2, the incomes of households in the 'getting on' category tended to be at the higher end of income levels in the study, and conversely those in the 'getting harder' category were at the lower end. However, the larger number for whom things were neither getting much harder or improving, but were in a steadier state either 'getting by' or 'getting stuck', was spread more evenly across these income levels. A key factor is that most people finding it hard to manage were under pressure not just from the level of their disposable income, but also from repayments on debts, loans or arrears. Thus the study illustrates how some families on low, but not very low, disposable incomes can experience severe difficulties where other factors, particularly debt, combine with low income to make things harder. Informal support, in the form of financial or indirect help, also plays a significant role and can be instrumental in helping people manage, or keeping them from getting into worse difficulty. The absence, presence or combination of these factors plays an important role in how people on low income make ends meet.

Secondly, and more importantly, the use of MIS as a benchmark has allowed a range of qualitative insights into how family budgeting on a constrained income compares to a budget thought by the general public to be compatible with a minimum acceptable standard of living. As summarised in the conclusion to Chapter 4, the findings showed that some areas of spending, particularly those directly related to children's well-being, were prioritised, while those that were sacrificed included spending on adult items such as food, clothing and going out, as well as large items outside the regular routine that were considered unaffordable (such as holidays). The analysis also identifies some ways in which families spend their budgets differently to help meet needs that they cannot afford to cater for on the MIS model. For example, the use of subscription television services can help meet entertainment needs more economically than more expensive forms of recreation outside the home.

Furthermore, the study highlights how for those on a low income, budgeting decisions are made under constraint, in the context of having no leeway or savings, which often means paying more for goods or services than used in MIS calculations – using more expensive prepay meters, buying large items using credit, insuring individual household items, or sticking to the same provider because choice is limited by poor financial history. Hence not only are their incomes below MIS, but certain outgoings are greater.

This experiment with using MIS as a benchmark to analyse actual spending by low income families has worked well, in the sense that participants in the study readily recognised and largely shared the perspectives of the MIS groups (which were drawn from a wider section of the population). To some degree, parents rationalised the way they were living in terms of not needing things – for example, rarely having to buy themselves clothes or not thinking about going out socially. This can be a form of coping strategy – as there is no point in yearning for something that you cannot have – but often when reflecting on such things, they recognised that their needs were not necessarily being met. In particular, those unable to go on holiday tended to agree that it is important for a family to be able to do so.

However, unlike the theoretical conversation about a minimum adequate budget in the MIS groups, parents with budget constraints have to prioritise, so this study aids an understanding of which needs are most likely to be sacrificed in practice as a consequence of low income.

Policy pointers

This study identifies some key issues that policy-makers need to consider. In particular, the priority placed on families for stability has far-reaching implications. It underlines the importance of developing a seamless in- and out-of-work benefits system, one of the intentions of UC that it has yet to implement. In the meantime, the tax credits system has increased the instability created by the claw-back of overpayments, by greatly reducing the amount that earnings can increase within a tax year without tax credits being affected – from £25,000 in 2010 to £2,500 in 2016. The change to include ‘real time’ UC calculations could be helpful, especially where earnings fluctuate. Tax credits being paid on the basis of income earned in the previous year meant some significant cuts in income and financial difficulties for a few participants in this study, where payments were adjusted to account for overpayments. In-year overpayment recovery could exacerbate such situations.

The findings of this study also have relevance for other features of UC. The delay in receiving the first payment can make managing outgoings stressful, as identified in the latest evaluation (DWP, 2015). It is clear from this study that some families have no leeway in their budget to tide them over – indeed for some, a few days’ benefit delay is problematic, let alone a period of several weeks. Periods without income can mean incurring arrears in rent or bills, borrowing, and families going without essentials. The move within UC to monthly rather than more frequent payments may also cause difficulty. Budgeting on a weekly basis was common, and involved juggling and shifting money around, and receiving a monthly payment within such a finely balanced budget could be problematic for some. Some participants in social housing had their HB paid directly to the council/housing association, and where they were finding it more difficult to manage finances, this was seen as helpful. An aspect of UC is to include the housing element in the payment to claimants. While paying the rent was a key priority, if people are overdrawn or have other payments coming out of their accounts, they may have difficulty avoiding rent arrears, regardless of intention.

While there is a move towards online interaction with the benefit system, this study highlights the importance and difficulties of telephone contact. The change from 0845 to 0345 numbers is an improvement, but the costs of calls can still be significant due to the length of time it takes to get through and charges from some mobile providers. One way of protecting people from incurring such costs that they can ill afford would be through the provision of a freephone service.

This study also confirms that low income families’ problems do not disappear when they enter work, and that tax credits have been essential in providing support for working families. As well as actual wage levels, working part time or hours to fit in with family life was also important to parents in the study, so a higher minimum wage, while welcome, will not solve all problems. The findings also show the significance of stable work and income. Families find it more feasible to live on a low income if they can predict their income and outgoings.

The particular difficulties experienced by families living in the private rented sector have two types of policy implication. One is that rent levels are now a key influence on the adequacy of disposable family incomes – for a working family, rent levels can play as important a part as earnings levels in determining family fortunes, while for a non-working family the difference between HB and actual rent level can be crucial, and result in a large shortfall that eats into family incomes. These issues can be addressed by improving access to affordable housing, and for those who do rent privately, improving eligible rents to reflect better the constrained rental choices that many low-income families face.

A second way of recognising the difficulties of private tenants with families would be to improve security of tenure. The stability of housing has emerged as an important issue in this study, with difficulties encountered by participants having to move in the private rented sector. When the present, predominant tenure form, the assured shorthold tenancy, was introduced in 1988, fewer than a tenth of all households were in private rented accommodation compared to a quarter in social housing. Today, in contrast, more households rent privately than from social landlords, and among English families with children who rent, only 1.3 million have social landlords compared to 1.6 million private landlords (DCLG,

2016). Almost a quarter of all families are renting privately, and it is clear that a more secure, stable way of doing so would make a big difference for low-income families seeking family stability. In contrast, social rented housing was seen as more secure (and less expensive) by families in this study, although difficult to access. Proposals to reduce the length of new tenancies in council housing could jeopardise the security that tenants in this sector value.

The increase in funded childcare hours for three to four year-olds from 15 to 30 hours per week for working families is another policy of direct relevance to families. A key aspect will be how it can be accessed, and if this fits in with families' working hours. Some childcare settings currently only offer the 15 hours in short sessions that need to be supplemented in order for a parent to work or during term time, which limits parents to term-time only work that is hard to find, making alternative arrangements during school holidays, or paying the full cost of additional childcare to cover this period. The extension to 30 hours will certainly make it more realistic to obtain childcare to cover working hours, especially if consideration is given to more flexible use of the funded hours – stretched hours to use across the year, and extended hours to allow for shift or weekend work. All these advantages, however, depend on availability of places (providers offering the free hours and capacity meeting demand), despite concerns that the hourly rate being paid does not make such provision economic for some providers (Pre-school Learning Alliance, 2016).

Finally, the study confirms that larger families are particularly likely to experience greater difficulty when changes are implemented for new families after 2017 that restrict support, in terms of extra tax credits or UC, for the third and subsequent child. Most obviously, more mouths are more expensive to feed. The experiences of some larger families in this study suggests that in addition, such families can face particular difficulties taking part in activities outside the home, influenced both by the cost of these activities, and the practicalities and cost of transport. This is an area where further research would be valuable, particularly in monitoring how the lives of larger families on low incomes are affected by the new policy and the impact of further constraint on material well-being and social participation.

Notes

1. The prevalence among parents in this study of mental health conditions, particularly anxiety and depression, reflects the well-documented relationship between low income and mental illness (e.g. Bridges, 2015).

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