

Paying the Price

Single parents in the age of austerity

Executive Summary

December 2013

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About this report

This report is the first from Gingerbread's *Paying the Price* project, which runs until June 2015. The project will examine single parents' experiences of the 'age of austerity', and the combined impact of a weak economy, public spending cuts and welfare reform on their families.

The theme of this report is managing family finances, which looks at how single parents' household budgets have been affected by austerity to date. The findings will also serve as a baseline to track the impact of austerity on single parents over the course of the project.

**Stay up to date with the project:
www.gingerbread.org.uk/payingtheprice**

Acknowledgements

We would like to thank Trust for London and Barrow Cadbury Trust for funding this research, and Dr Tina Haux at the University of Lincoln for her advice on our analysis.

Our work also draws on the Living Costs and Food Survey (LCF), sponsored by the Office of National Statistics and Department for Environment, Food and Rural Affairs, and distributed by the UK Data Archive. The original data creators, depositors or copyright holders, and the UK Data Archive bear no responsibility for the further analysis or interpretation of data from the LCF. Although all efforts are made to ensure the quality of the materials, neither the original data creators, depositors or copyright holders, the funders of the Data Collections, nor the UK Data Archive bear any responsibility for the accuracy or comprehensiveness of these materials.

Most importantly, Gingerbread would like to thank the single parents who have taken part in the research for our *Paying the Price* project. Without their generous input, it would not be possible to conduct this work.

About Gingerbread

Gingerbread is the national charity for single parent families.

Since 1918 we've been providing single parent families with expert advice, practical support and tailored services, as well as campaigning to make sure single parents' voices are heard.

We won't stop working until we achieve our vision – a society in which single parent families are treated equally and fairly.

Paying the Price

Single parents have long been at a disproportionate risk of living in poverty, and children in single parent families remain twice as likely as those in couple families to live in relative poverty (DWP, 2013). In this ‘age of austerity’, it seems likely that the financial security of many single parents will only get worse. In response, Gingerbread has set up the *Paying the Price* project to explore the repercussions of austerity for single parents, and to ensure that the burden of austerity borne by single parent families is not overlooked.

Introduction

Since the 2007 financial crisis, the UK has been in an ‘age of austerity’, underpinned by policy changes in the immediate aftermath of the crisis, and accelerated through a programme of economic and social policy reforms from 2010 under the current coalition government. Gingerbread has set up *Paying the Price*, a research project which aims to:

- Understand how austerity affects single parent families
- Help make single parents’ voices, and their lived experiences of austerity, heard
- Identify the support that single parent families need in austerity.

This report focuses on how single parents are faring with managing family finances in austerity. We explore how single parents are coping financially, what bills they are struggling to pay, and the lived experience of walking the financial tightrope on low to middle incomes.

The report draws on a mixture of primary and secondary research, both quantitative and qualitative. The primary research conducted for this report consisted of:

- An online survey, held from 11 July to 1 September 2013, with 643 single parent respondents
- A set of in-depth qualitative interviews with 23 members of our single parent panel, who will continue to contribute to our research over the course of the project.

Single parents’ age of austerity

The picture that emerges from our research is largely one of fragile finances, with most single parents struggling to meet their financial commitments. Nearly eight out of ten single parents in our survey find managing their financial commitments is always difficult at best – and at worst, frequently means falling into arrears. In fact, around half of single parents surveyed frequently ran out of money before the end of the week or month, compared with a national average of 13 per cent.¹

“You live down to the pounds and pence”

Three-quarters of single parents surveyed were rarely able to save, leaving them ill-equipped to deal with unexpected bills and further exposed to debt. Almost 40 per cent of single parents were behind on payments at the time of our survey, and

¹ Money Advice Service (2013) The Financial Capability of the UK. [Online]. Available: <https://www.moneyadviceservice.org.uk/en/static/the-financial-capability-of-the-uk>

were most likely to be in arrears over rent or mortgage repayments and utility bills. Worryingly, our survey suggests that single parents are falling behind on multiple payments – those in arrears were behind on three different bills on average. Single parents surveyed were also falling significantly behind on bills – around two-thirds of those in arrears were at least three months behind on at least one bill.

While arrears arise for different reasons, one recurring theme from our research was the debts that are incurred through separation. These could be legal bills, debts following house sales or loans from setting up new homes post-separation. Single parents can therefore often start out on the back foot financially, and tighter finances under austerity make it all the more difficult for single parents to get themselves out of debt.

Drivers of precarious finances

Many households are feeling the pinch in austerity. But both national data and our research suggest that single parents are particularly vulnerable to the impact of recent financial trends.

The continuing rise in living costs was one of the strongest themes emerging from our research. Critically, single parents are more affected than other families by the high costs of essentials such as housing, utility bills and food, as a larger proportion of their household spending goes on these items.²

Essential child-related costs are also having a significant impact on single parents' budgets in austerity, particularly as their children grow up. The withdrawal of uniform grants in some areas has made this worse, as has the pressure from some schools to meet these costs without any flexibility over when or how much is paid. Childcare costs are the other evident burden on single parents' finances, particularly since the reduction in tax credit support from 80 to 70 per cent of childcare costs in April 2011.

“When [childcare tax credits] went down... it was almost like having another mortgage”

Single parents are also significantly affected by tax and benefit reforms. While single parents make up seven per cent of all households, the government's impact assessments show that single parents are expected to make up anywhere from 20 to 50 per cent of those who are affected by reforms currently underway. Our survey suggests that many single parents have already been hit by April 2013 reforms – for example, 41 per cent of those surveyed have had to pay more council tax this year. This is only the beginning; the Women's Budget Group predicts that single parents will lose 15 per cent of net income by 2015/16 due to government cuts.³

A logical response in the face of tighter budgets would be to seek to earn more income. In times of austerity, however, employment options for single parents have become increasingly limited. In fact, incomes fell in the past year for almost one in five (19 per cent) single parents surveyed due to falls in wages or hours worked, or through redundancy. And an already competitive jobs market is exacerbated by the added barriers to work faced by single parents. Finding flexible work to fit around childcare duties, and to cover childcare costs, is proving difficult for many single parents interviewed, particularly when these needs are not adequately understood by Jobcentre Plus advisers or employers. Single parents also express a lack of Jobcentre Plus support for the steps towards employment that they do make or feel they need, such as training or volunteering.

² ONS and Defra (2013) Living costs and food survey, 2011. 2nd Edition. Colchester, Essex: UK Data Archive. Available: [doi:http://dx.doi.org/10.5255/UKDA-SN-7272-2](http://dx.doi.org/10.5255/UKDA-SN-7272-2)

³ Women's Budget Group (2013) The impact on women of the coalition government's Spending Round 2013. [Online]. Available: <http://wbg.org.uk/pdfs/WBG-Analysis-June-2013-Spending-Round.pdf>

“[The employer] said, ‘Are you flexible? Can you work til midnight?’”

“To ask them [JobCentre Plus] for training and things like that, it’s like asking for blood”

Surviving austerity

Single parents are already using a number of ways to cope with austerity. Through our interviews, single parents showed that they work hard to manage their money carefully, continually monitoring their short-term budgets. Single parents also anticipate longer-term spending needs – for those on lower incomes, these were typically events such as birthdays and Christmas, for which parents would try to set aside money or buy items on sale months ahead.

“Life is a constant juggling act”

Over 90 per cent of single parents surveyed had cut back on spending to meet their outgoings; two-thirds had cut back on food for themselves. Children are also feeling the effects of austerity, with parents having to make cutbacks in items such as children’s clothes and extra-curricular activities. Interviews suggested that financial buffers such as tax credits and child maintenance have become all the more vital in protecting single parents’ spending on children.

“Meat is very, very rare”

“I can buy them a treat with [child maintenance]...extra food in the holidays...nappies and baby wipes. Now I don’t know what I’d do without it”

Interviews revealed that single parents are also finding new ways to make their money go further, by finding cheaper substitutes, regularly checking offers and selling items online. The internet is an important resource for many single parents, for checking offers as well as finding advice and support from those in similar situations.

“...you don’t just use one, you use about six shops to see what offers are going on”

However, frugal living and savvy shopping is often not enough. Single parents have limited options if they, for example, are already buying the cheapest household goods, or if they lack the transport access to take advantage of lower costs elsewhere. Our research suggests that borrowing is now a common feature in single parents’ lives. Nearly 90 per cent of single parents have had to borrow or seek welfare assistance when

they have run out of money in the last year. While this was often from friends or family, our survey also shows that 51 per cent have used their overdrafts or credit cards; and 13 per cent have used payday or doorstep lenders. Interviews and survey comments suggest that turning to credit providers is happening more frequently than in the past as money gets tighter, generally to pay for essentials or unexpected bills.

“I have to use mail order catalogues that charge more than other shops just to be able to stretch the costs and clothe us”

Where next?

Our research shows how, when faced with limited prospects for earning more income, many single parents feel trapped in a cycle of financial fragility. In spite of this, single parents are doing their best to weather this storm and are still hopeful of providing for their family through work. However, the financial and emotional implications of managing in austerity are stark. The impact of austerity is seen, not just in the change in living standards, but in the relentless strain of managing with little money to spare.

“I feel like I will never get out of this rut”

“What is already a struggle becomes a budgeting mission which never ends. There is no respite from watching every penny”

Worryingly, the Institute for Fiscal Studies estimates that only 58 per cent of the intended cuts to benefit spending will be realised by the end of 2013-14.⁴ Current indications suggest there may be yet more to follow well beyond the current parliament – at the 2013 Conservative Party conference, the Chancellor warned that there would be a further six years of austerity reforms, taking the end date to 2020.⁵ So while the ‘green shoots’ of economic recovery are just emerging, the financial pain for many – if not most – single parents looks set to continue. And, if incomes are already stretched to their limit, it is difficult to see how single parents can survive under further cuts without proper support to tackle high living costs, barriers to work and finding work that pays.

At Gingerbread, we will use these findings as a baseline to track how single parent families continue to manage in austerity, as further reforms take effect. But if policy-makers are serious about “a fairer and more affordable” safety net, a greater engagement with these real-life consequences of austerity is urgently needed, and needed before further austerity reforms are implemented.

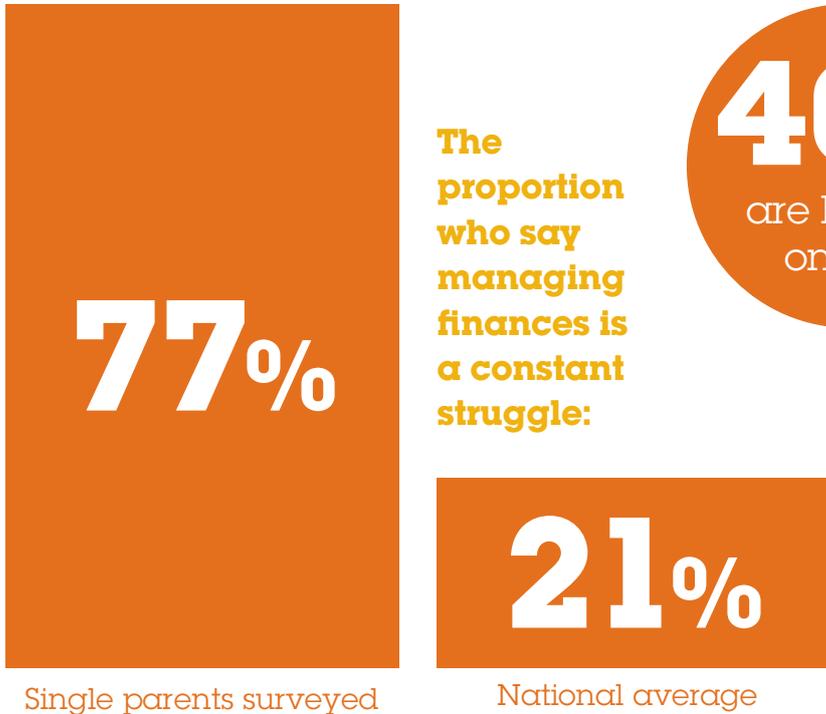
“I never planned any of this; this is not how I planned my life to be”

⁴ Tetlow, G. (2013) Cutting the deficit: Three years down, five to go?. [Online]. Available: <http://www.ifs.org.uk/publications/6683>

⁵ Osborne, G. (2013) Conservative party conference 2013. [Online]. Available: http://www.conservativepartyconference.org.uk/Speeches/2013_George_Osborne.aspx

Single parents in austerity: headline findings

The austerity burden...



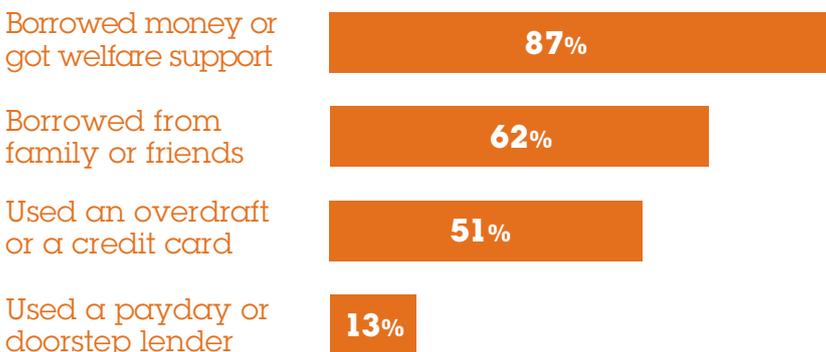
“There is no respite from watching every penny”

“I’m always playing catch-up”

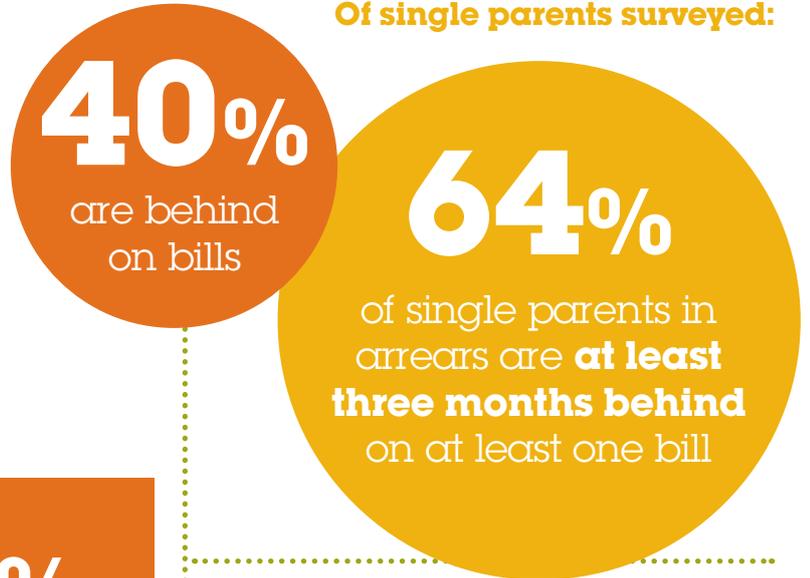
“I work full time at minimum wage and have to work 60+ [hours] a week to cover rent, bills and food”

Helping hands

When single parents ran out of money over the past 12 months, they:

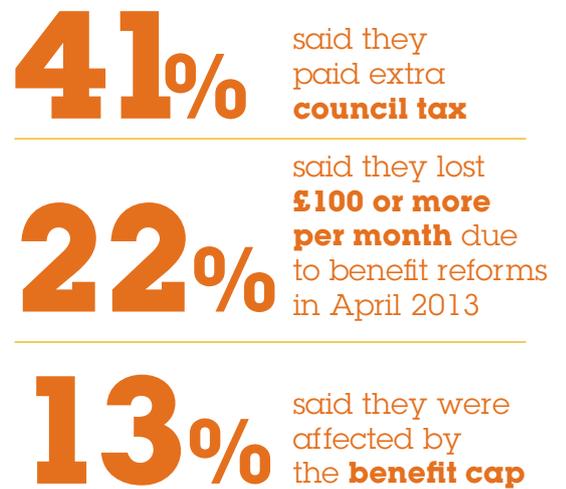


...and the debt trap Of single parents surveyed:



Smaller safety net

Since April 2013, of single parents surveyed:



Bleak future

Of single parents surveyed:



Gingerbread

Single parents, equal families

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