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Making ends meet below the minimum income standard: families experiences over time

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Making Ends Meet Below the Minimum Income Standard: families' experiences over time

CRSP Working Paper 662

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1. Introduction

This paper presents some preliminary findings and emerging themes from a second round of interviews in the Bringing up a Family: Making ends meet study conducted by the Centre for Research in Social Policy (CRSP). The purpose of this initial analysis is to bring together some general findings drawing on the longitudinal focus of the study to provide some insights into the ongoing experiences of families living on an income which falls below the Minimum Income Standard (MIS). The paper focusses in particular on how changes are experienced and managed, the extent of choice and constraint, what these mean for people's incomes and lives and how families continue to cope when living below what in the context of MIS is a minimum acceptable living standard. The findings presented here are based on an initial overview of a second wave of interviews. It is hoped that a third round of interviews will be possible in 2019 allowing additional analysis and reporting in the future.

Method

The original study funded by the Joseph Rowntree Foundation (JRF) involved 30 in depth interviews during 2015 with families whose income (after housing and childcare costs) fell below MIS (Hill *et al.*, 2016). JRF agreed to fund a second round of interviews providing the potential for maintaining a panel of families living below MIS. At this stage the study comprises the original research as Wave 1, and a second round of interviews as Wave 2 of a qualitative longitudinal study. The research team contacted the families during Autumn 2016 to establish their willingness to continue involvement in the project, with 26 agreeing in principle. During 2017 we conducted follow up in depth interviews with 18 participants - these took place in two phases (as with the original study) in Spring/Summer and Autumn. Seventeen interviews were conducted face to face and one by telephone. Three further participants agreed to take part but were unable to be interviewed at this point.

The interviews covered not only people's current circumstances, but also reflection on their experiences over the previous two years – this approach of 'walking alongside' participants allows a dynamic perspective, providing an opportunity to explore the lived experience of change, continuity and processes involved, rather than repeat snapshots of people's lives (McLeod and Thomson, 2009; Neale, Henwood and Holland, 2012). This is important given that the Wave 1 findings, alongside other sources (for example, Asenova *et al.*, 2015; Millar and Ridge, 2017; Shildrick *et al.*, 2012; O'Brien and Kyprianou, 2017) document the instability and precarity that families on low incomes can face, and is particularly relevant in the context of turbulent economic times and ongoing benefit changes. All of the participants interviewed during Wave 2 of the study were happy for the research team to maintain contact with them and continue their involvement in the research in the future.

Sample overview and key changes

At Wave 2 the 18 families comprised:

Household: 12 couple, 6 lone parent

Employment: 14 with parent/s working, 4 with no parent working

Tenure: 5 owner occupiers, 8 social rented, 5 private rented sector

Age of children (living at home): 20 months to 19 years old

The situations of the families who took part in Wave 2 compared to those who were not re-interviewed were similar in terms of mix of employment status, tenure and income.

Proportionately fewer lone parent families took part in the second wave than first wave of research, but they still comprised one third of the Wave 2 sample.

Household changes included two Wave 1 couples separating, with one mother repartnering and the other now a lone parent¹. One family had had another child, and in others older children had become 'non-dependent' but still lived at home. In two cases non-family members had moved into the household home (one an older child's partner and the other a lodger).

None of the families who took part in the study at Wave 2 had moved home², although this could be constraint rather than choice. Some were (still) dissatisfied with their housing, in particular several of those in private rented accommodation where a property was in poor condition or they lived with an ongoing fear of having to move if the landlord wanted to sell, however, (as outlined at Wave 1) they saw no chance of being allocated social rented housing or being able to afford to buy. Those renting from a family member or friend or in social rented accommodation felt in a more secure situation. One participant whose health and mobility had deteriorated wanted to move (within social rented) to a bungalow, but with low availability felt this unlikely in the near future. Some participants had experienced difficulties paying rent during the two year period due to changes in income and delays in receiving Housing Benefit – having an understanding Housing Association or landlord helped in these situations.

A key area of change for families was employment. Thirteen of the 14 households where someone was in work had experienced some form of change. These included changes in job, increased or decreased hours of work, moving into work from not working, redundancies, periods without work and changes to working terms / allowances. Nearly all of these changes impacted on family incomes.

The four families without work had not been in employment at Wave 1 and had all experienced changes in their income from benefits. Reductions, stops, and moves between types of benefits had implications on the family income.

All of the families had experienced some form of change in household income compared to the MIS level (based on income after housing and childcare costs). The incomes of the 18 families at the time of the Wave 2 interviews ranged from around 54% of MIS to being above MIS. This compares to between around 29% and 87% of MIS at Wave 1. The table below gives an indication of the percentage of MIS of family incomes of the 18 participants at Wave 1 and Wave 2. Please note these figures provide an indication - in a few cases participants (at Wave 1 and Wave 2) were unclear about aspects of their income, participants were in transition (or had been at Wave 1) and incomes were in flux, for example had just started work and were not sure if benefits or tax credits would be reduced as a result, or were awaiting earnings or benefits outcomes. Furthermore, MIS is based on household composition and takes into account the varying needs of children at different ages. Hence,

¹ In both cases the participant interviewed was the main carer of the children.

² It should be noted that the method relies on keeping in touch with participants hence those in more stable environments may well be more easily contactable – we are aware that at least two of the participants we were unable to include in Wave 2 have moved.

the amount family incomes compare to MIS over time also reflects changing family structures and children getting older.

Table 1 shows that overall two thirds of the sample looked at in both waves have incomes between 50 and 80 per cent of MIS, with some change at the higher and lower levels.

Table 1. Income (after housing and childcare costs) as percentage of MIS for households at Wave 1 and Wave 2 of the study.

% MIS	Wave 1	Wave 2
less than 50%	2	0
51-60%	4	5
61-70%	4	4
71-80%	5	4
81-90%	3	2
91-100%	0	2
Above MIS	0	1

At an individual level one family had now moved above MIS, ten were now less far below MIS than at Wave 1, but seven were further below (including all four families with benefits only income). Where incomes were now lower the drop was 4-9%, and included reductions in benefits (see below). Where incomes had risen the increase was more often 10% to over 20%, with largest changes related to increased earnings from work, better coverage of housing costs with Housing Benefit, and where benefits which were in flux at Wave 1 had been sorted out. However, this only provides a partial picture, as a third of the families had experienced significant reductions in income at points in between interviews, including some of those whose incomes were now higher compared to Wave 1. This is explored in more detail below and illustrates the benefit of looking beyond description of peoples' situations at particular points in time.

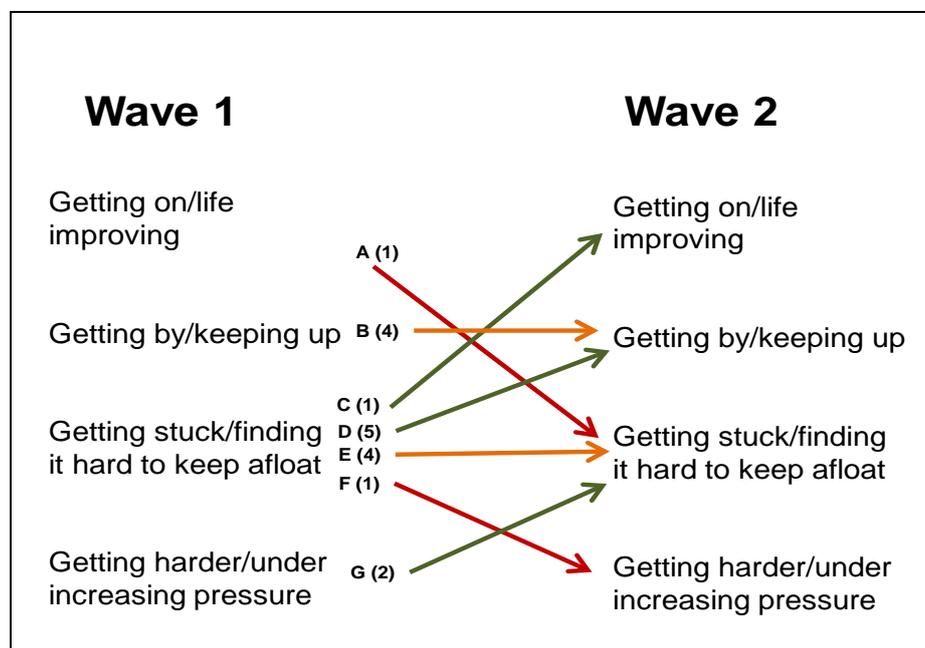
The following sections present in more detail the types of changes that participants had experienced over the two years and the impacts not only on their income, but on how they are managing compared to two years ago. They also highlight factors that have made a difference to how people cope – in both positive and negative ways. The qualitative longitudinal approach captures the extent of transition, change and instability that families on low incomes can face and how a range of different factors can interact that can help to manage or mitigate the impact, keep people on an even keel, or conversely place more demand on families' incomes and endanger finely balanced budgets.

2. Experiences of managing - patterns and movement

At Wave 1 we suggested four broad groups to help present people's situations and how they were managing to make ends meet. It is interesting to draw on these to see whether or how people's situations had changed during the two year period between interviews. Although some participants had remained in similar situations, others had experienced considerable change. This included some families where circumstances had improved, some where they had become worse over the two years, and also those who had experienced (or were experiencing) ups and downs, demonstrating the fluctuation and instability in financial

circumstances that families on low incomes can face. These changes are outlined in Figure 1 and described below.

Figure 1. Participants' experiences between Wave 1 and Wave 2 (number of participants in groups A-G in brackets).



- Getting on / life improving* at Wave 1 but now **in a worse position** and *getting stuck / finding it hard to keep afloat* (A in Figure 1). One couple family had felt that life was looking up at Wave One as they were in a secure situation with steady income that covered their outgoings, they had cleared past debts and did not feel that they were going without anything. However, they were now in a worse position and have been struggling to make ends meet over the last two years. This stemmed from static wages and a drastic reduction in tax credits when their eldest child left school. They have had to rely on family to help with large expenses, including borrowing money to replace their car, and repaying this loan and using catalogue and credit cards has added more to their outgoings. This has meant cutting back on spending including on children's activities and feeling 'stressed out about money'. In the last month both of the couple's earnings had increased and they were hoping that a further potential pay rise would soon ease the pressure and that life might improve again.
- Getting by / keeping up* at Wave 1 and **still in a similar position** (B in Figure 1). At Wave 1 these households were not improving their situation but felt that they were making ends meet and although their funds were limited their families did not have to 'go without'. At Wave 2, they all felt in much the same position about their financial circumstances. They had to be careful in managing their money, were disciplined in spending and kept a tight rein on their budgets, which they felt stood them good stead. A key factor in them remaining in a similar position was that their incomes from work had remained stable or increased, in one case they now received Disability Living Allowance (DLA), and crucially for some, had the back up of help from families. This meant that even when faced with more demands on their income, for example due to a health issue,

extra petrol costs or rising costs of living, they were able to deal with this, did not accrue debt and in cases had a little leeway that allowed a holiday or to overpay a mortgage.

- *Getting stuck / finding it hard to keep afloat* at Wave 1. At Wave 1 these families were just about making ends meet, but this could involve making sacrifices, experiencing stress, being more dependent on borrowing and seeing no immediate way of improving their lives. At Wave 2 these families were:
 - **In an Improved position** and now *getting on / life improving* (C in Figure 1). One participant's financial situation had drastically changed for the better. She had changed jobs and was earning much more than at Wave 1. Key factors were the financial support of a parent in setting her up in business, and a new partner who was also bringing a higher wage to the household. She feels a 'weight has been lifted off her shoulders' as she has paid off rent arrears, feels in control of her finances, is no longer worried about money and can afford to treat herself and the children if she wants to.
 - **In an improved position** and now *getting by / keeping up* (D in Figure 1). These families comprised a mixture of experiences. This included having increased or similar incomes compared to Wave 1, from working more hours or additional jobs, or benefits compensating for lower income as a result of reduced working hours. Another factor was participants feeling more in control of their finances, either through becoming more organised, making their money go further, reducing debts and repayments, or where lower income was outweighed by a reduction in outgoings following separation from a partner. However, this group also highlighted the **fluidity and precariousness** of families on low incomes, as despite feeling better placed now compared to Wave 1, two lone parents had experienced extremely difficult times over the last two years where managing to make ends meet *had been harder and they had felt under pressure*. This had entailed periods with drastic reductions in income (waiting for benefits when out of work, or loss of tax credits) resulting in rent arrears and severe restrictions in spending. In another case a couple's income from benefits had been reduced and they were awaiting the outcome of a Personal Independence Payment (PIP) assessment so although life had improved over the two years this was now felt to be under threat.
 - **In a similar position** and still *stuck / finding it hard to keep afloat* (E in Figure 1). For other participants in this situation finances had not improved, they continued to find it tough to make ends meet, but being in a similar position has not meant stability. Two of these families had experienced redundancies, both were now in work again. One was on considerably lower earnings and had had to take in a lodger to keep afloat, and the other, although earning more, was facing extra outgoings as the new job required a second car, and they had had a baby during this time which meant extra costs. Furthermore, a period without work or Jobseeker's Allowance (JSA), a partner on maternity leave, and no savings to fall back on had resulted in arrears on household bills and needing a loan to buy the car, and dealing with these ate into their now higher income. Other families remaining 'stuck' were without work, had been dependent on benefits and had experienced reductions in their income since Wave 1. Life was tough for these families and they talked about going without things, in particular parents cutting back in order to lessen impact on children – for example, not going out, spending money on clothes, or trying to eek out prescriptions. A key factor that prevented

these families from getting into greater difficulty was that they were carefully managing their budgets, were very organised and generally knew exactly their income and outgoings. However, without any leeway, covering reductions in income and large or unanticipated costs proves very difficult. In some cases family support was also crucial to keeping afloat.

- **In a worse position** and now finding it *harder / under increasing pressure* (F in Figure 1). At Wave 1 one participant had been on the cusp of getting back on track after a very difficult financial situation and although still had multiple debts she had just been awarded Employment and Support Allowance (ESA) and PIP so was hoping that this could help stabilise her financial situation. However, since Wave 1 her financial situation has worsened and become more precarious due to ESA being withdrawn, receiving less money on JSA and a period of receiving neither. This has resulted in further debt and arrears with bills. Support from family, friends, formal services and local organisations have been helpful. However, the stress and pressure have been enormous, making it even harder for her to manage in a precarious situation over which she has little control.
- *Getting harder / under increasing pressure* at Wave 1 but **improved** and now *stuck / finding it hard to keep afloat* (G in Figure 1). At Wave 1 these families seemed to be in a somewhat precarious financial situation, for example facing the financial fall out from a separation and being in transition with benefits, or struggling to deal with accumulated debt. In both cases, while they were still finding it challenging to manage, there was less precarity in their situation. In one case income had increased since Wave 1 with more being received in benefits including for additional caring responsibilities. A key factor for both families was reduction in debt repayments with some being written off, arrears being tackled, or multiple debts being consolidated with an IVA. Finances were still extremely tight and meant going without things and /or depending on help from parents to cover essential needs such as school uniform, petrol or replacing a broken oven. However, these participants also felt more in control of their finances – one had had debt counselling and was more aware of their finances, and the other felt more organised with budgeting and how money was spent and was hoping to move from part-time to full-time work in the near future.

3. Employment and transitions around work

A key emerging theme is the extent of changes in employment among most of the working families in this study, and the interviews brought out the wide range of factors that contribute to family work transitions – whether enabling or constraining choices. This highlights the complex decisions and range of push / pull factors that families can face when combining work and bringing up a family.

Enablers and constraints in work transitions

Children starting school or getting older and more independent influenced some decisions to move into work from not working, or to increase hours, and in one case a partner (and sole earner) leaving the household had instigated a participant looking for work. Dissatisfaction with a job including stressful working environments or conflicts had spurred leaving or moving jobs or reducing hours. However, reducing hours in an existing job could be

problematic – sometimes parents had to ‘fight for it’; in one case being in a senior position within an organisation had helped a participant to negotiate reduced hours. Others had no choice, for example two households had experienced redundancy from full-time long-term jobs – although both now working again, they have been left with a sense of insecurity – highlighting the precarity of work even for those in established work circumstances.

However, getting into work or a new job was not straightforward. Difficulties included lack of experience and in particular finding work that would fit in with children and school hours. A key influence was through contacts – a friend or relative – several participants felt that they would not have got the job otherwise. Another had help from family to finance the initial set up costs of becoming self-employed which drastically increased earnings. Furthermore, for those working, having access to informal childcare from parents, grandparents and ex partners has been a vital resource, enabling participants to move into work, change jobs and working patterns and to maintain work – for many work would be impossible otherwise. Several lone parents had experienced difficulty finding work, with one of the few options being care work which necessitated evening or weekend working. Those without informal support felt it more difficult, especially if living in a rural area with limited work opportunities nearby, no transport and concerns that before and after-school costs for several children would make working unviable. Apart from participants’ own health, which in some cases prevented work, some families were affected by the health of children, which required a higher level of care and appointments over the two years. Furthermore, additional commitments to their own parents with deteriorating health had become a further obstacle to working.

“I have had to beg and plead with my bosses at the minute to get me the hours that I needed to work around my children.”

(Lone parent, moved out of and into part-time work since Wave 1)

R: *“It is hard to find a job with him working his shift work because [flexible] childcare is not easy to find. He works weekends sometimes and I can’t get a job where I am working weekends ... because his shifts change week to week ... I don’t really have the family support, and his Mum and Dad are quite old so they don’t want the responsibility of looking after the kids ... I got work at the school doing a midday supervisor which then obviously I don’t have to get anyone to look after the kids because I am doing it while they are at school.*

Q: *How long have you been doing that for?*

R: *Since when [youngest child] started school... but I have a lot of hospital runs that we have to do because quite a few of the kids have got problems so like if I got a full-time job then I would have to take days off on holiday just to take them to the hospital.”*

(Couple household, F started part-time work)

R: *“My sister got me the job because her best friend is the manager... I have trouble because I am dyslexic It made it easier to go to the interview because she knew me and she just said we are going to give you the chance, and see how you go but I am sure you are a caring person so you should be OK and I have been there ever since.”*

Q: *And without that contact do you think you would have been able to get a job so easily?*

R: *I couldn’t physically do it because of my dyslexia, I was too scared but she helped me out and she gave me the chance.”*

(Lone parent, moved into work)

Financial and other benefits of work – a complex relationship

There were mixed experiences and views about the financial implications of changes in employment and benefit of work. On the one hand were those who really felt the benefit of increased working – from a participant who now earned considerably more than at Wave 1 since becoming a taxi driver, to a mother who had started working six hours a week to supplement her husband's full-time wage. On the other hand, others were working the same hours or more and felt no better off or worse off – this was due to job changes that resulted in reduced wage levels, holiday and other entitlements, an employer's withdrawal of support for travel costs leading to a loss of £100 a week, and increased earnings from additional hours being eroded by reductions in tax credits and Housing Benefit.

Conversely, a move from full-time to part-time working had little impact on finances for a lone parent who now received Housing Benefit, Council Tax Support and had less childcare need or cost, and actually felt better off. A key factor in this case was the participant's detailed knowledge of the benefit system and entitlements, giving her the ability to make a well-informed decision. Two lone parents had experienced periods without work over the last two years, claiming Jobseekers Allowance (JSA) or Employment and Support Allowance (ESA), and noted that they were not gaining that much financially when they moved into work. One was also mindful that she would have to pay for formal childcare in school holidays.

However, these two participants as well as others noted that, while not wanting to be out of pocket, working was also about more than the financial benefit. Several talked about the value of getting out the house and having an activity other than being with children, for their own wellbeing, pride and confidence. Secondly, it was important to set an example to their children 'not sitting around on benefits', and thirdly for a few it had provided a new found independence, and sense of control in earning their own money, in some cases for the first time in years. Several mothers' commitment to work and improving their prospects was also evident in their embarking on education or training (e.g. for NVQs, or a degree) paid for by their workplace but studying in their own time. Another had been volunteering to get experience and build networks after a long period out of the workplace.

The interviews also highlight the complex relationship between working and the needs of children and parents – in particular having time with children. A parent who had reduced from full-time to part-time hours stressed the joy of being able to devote more time to her child and improved well being, a parent who had changed full-time jobs and now had a much shorter commute felt the extra time she could spend with her child had a positive impact on the family. Conversely a mother who had moved from not working to a full-time job was considering whether she could reduce her hours as was concerned about the impact of her working on her children, one of whom was finding it hard with her not being at home so much. Several parents whose work now involved changed hours or shifts also expressed guilt about not having time with the children. Finding a balance between working, providing an income and time with the family was an ongoing challenge – work that fitted in with school hours, working part-time, and having informal childcare support often helped in this respect.

"I am contributing to like you know like my NHS stamp thing, and my pension ... it feels good at the minute to say I can go to work, not that I am a stay at home Mum, it is like I have got a meaning now ...it means like I am in with all of those other working Mums and not just one that sits at home all day cleaning... it is like knowing

that and saying oh I have got to go to work today, it just makes me feel good, it makes me feel better....and people can't look down their nose at me and think oh she is just lazy because I am not, I go to work now."

(Couple household, F moved into part-time work)

"[I am] so much more chilled... even things like I go in to work and nothing is a problem, I mean don't get me wrong their get their 8 hours of you know blood out of me ... but when I am not there I am just so much more chilled... And [my child] is glowing now that I am able to walk her to school and pick her up a few days a week ... we have organised all of our after-school activities for the days I am free so we do swimming lessons now, and we do netball and it is even things like I volunteer at the school."

(Lone Parent, moved from full-time to part-time work)

"I have got to get up, I have got to get my daughter ready for school and I have got to take her with me... so she goes off into breakfast club bless her at 7 o'clock in the morning. ... I have no choice, this is the situation...She is not happy getting up that early, she is not good on a morning either bless her but it is what it is, it is what I have to do, I have no choice in the matter so she understands if she wants things, then I need to go to work."

(Couple household, F working increased part-time hours)

4. Benefits – changes and implications

Relying on benefits only – being at the mercy of changes

The four families without work at Wave 2 had been receiving benefits only income since Wave 1, with none moving into work. All of these families contained parents with health problems which inhibited work. One parent in a couple household was long-term unemployed and had been undertaking voluntary work, but continual jobsearching had been without success – as time went on they were concerned that the length of time out of work was making it even more difficult to find paid employment.

All of these families had experienced changes in their benefits over the last two years which reduced their family income. This included reduction in Housing Benefit, reductions in ESA, withdrawal of DLA, and being switched between ESA and JSA with a period without either. These families' incomes were between just over a half and two thirds of MIS so reductions of income hit budgets hard with reported reductions of £15 to £80 a week, and in one case a loss of around £170 a week during several months without ESA or JSA.

A repeatedly mentioned problem was lack of communication about benefit changes. Participants said that they had little or no notice or were not informed about reductions, for example having only a few days' warning that they had to find £18 to make up their rent payment, or only becoming aware payments had stopped or reduced after realising the expected money had not gone into their bank. Two participants had made unsuccessful appeals about ESA decisions (being changed from ESA Support to Work Related Activity Group and moved to JSA following assessment outcomes), one is continuing with the appeal process, while the other is also now having to apply for PIP after DLA was stopped. For these participants experiences of frustrating, protracted and complex dealings with the process further compound the worry of sudden and unexpected loss of income. These situations are extremely stressful, aggravating anxiety and have a detrimental impact on mental health.

R: *I have to pay £18 a week my own rent because of the benefit cap ... they sent me a letter it was like the Friday before they wanted it paying on the Monday they gave me like that much notice*

Q: *So how did you manage that?*

R: *Credit card, ... I mean we were expecting it to happen but I was just like really annoyed like I say, with the way it was done like 3 days' notice*

(Couple household, benefits only income, now paying £18 a week towards rent)

"My money just stopped so then you're not prepared for a stop then either, if you're not expecting it ... it has been really difficult, really, really tough, I wouldn't have got through without friends and the food bank.... there are days when there has literally been a tin of beans and a loaf of bread in the cupboard and the kids have eaten and I haven't you know... every time I start to get a handle on it, it changes, so I don't have any control over it what so ever. I can literally get a letter at any time saying the money is stopping so you just don't know, you can't plan anything, I can't plan any payments in the future, past the next maybe next week ... there is no stability, no security in it, no nothing so what do you do? You muddle on and keep your head down and hope that the door doesn't knock."

(Lone parent household, managing for periods of time without ESA or JSA)

Periods without or between benefits and income from work

At the time of the Wave 2 interviews, all participants were receiving income either from work or from means tested benefits (JSA, Income Support, ESA). However, over the two years some participants had experienced periods without these main sources of income, which caused severe difficulties when managing on a low income. As noted above one lone parent was without JSA or ESA for several months, living on tax credits and PIP which she described as a 'lifeline'. Others who had been made redundant (without any payment) or left a job had periods without income before finding work again, or had lived on tax credits until JSA and Housing Benefit were paid. Several participants in these situations had to turn to family, friends and ex partners for financial, emotional and practical support (see below) but also accrued arrears with rent, and bills. One eventually received Discretionary Housing Payment (DHP), though only after being told about it by her Housing Association, as it had not been mentioned at the JobCentre. Another who had reduced her working hours had to draw on her credit card while waiting for a Housing Benefit and Council Tax Support claim to be processed. On the other hand when moving from benefits into work several participants had found the four-week run-on essential support, especially where a new job was being paid monthly.

"We got tax credits so what we tended to do was just save the tax credits ... and then we just had to budget on what we had at the time. We went for a lot of teas at our families and they fed us a lot. And I mean like we fell behind like really with the gas and the electric, they were ringing us and then we started falling behind with the credit card bills and you know when they were ringing and it got to the stage where you didn't want to answer your phone because you thought it was going to someone mithering for money."

(Couple household, M was made redundant while F was on statutory maternity pay)

Tax Credits – crucial yet sometimes uncertain income

As at Wave 1, for many of the 18 households tax credits (including under Universal Credit) continued to make a valuable contribution to household income, indeed for some these have been crucial when other sources of income have fluctuated. One family however, had experienced a substantial reduction in their tax credit award when a child had left school,

which had affected their budget massively. A concern, raised at Wave 1 and played out during the two intervening years is the system of tax credits being calculated on a previous year's income. One participant's tax credits of £100 a week had been withdrawn for several months due to an overpayment the previous year when she was living with her partner, but she was ill equipped to pay off having just become a lone parent. The system also presented difficulty for a couple where the mother was just starting work and, despite phoning to check, they had been unable to find out if and how any earnings will affect the family's tax credits. Although she is keen to work this has left uncertainty about whether they will face reduced tax credits in the future and if working will be 'worth it'.

Implications of Universal Credit

One participant had moved onto Universal Credit since Wave 1 when she changed jobs and increased hours. She had been given 'an advance' during the six week delay, though had also drawn on her overdraft during this period as was being paid monthly. However, once established, she said she found it easier dealing with one benefit source (rather than different claims when she had changed jobs in the past), and it kept up with earnings, for example when doing overtime. This aspect of 'real time' earnings adjustment could be seen as helpful, in the light of difficulties (noted above) caused by having to repay overpayments and potential uncertainty about the future impact of earnings on tax credits.

Nonetheless, other aspects of Universal Credit were of real concern, particularly for families on benefits-only income. Families currently receiving benefits on a weekly or two weekly cycle often had in place finely tuned systems of budgeting organised on a weekly basis (e.g. prepaid gas/ electric, food shopping, and doorstep loan repayments). A move to the monthly payment system of Universal Credit would in these cases, upset this balance. Indeed, some of those in work received wages and operated on a weekly rather than monthly basis. One family who received a monthly wage had asked for their child benefit and tax credit to be paid weekly / fortnightly which has helped them deal better with ongoing costs like petrol, shopping, children's activities and costs that just 'crop up'. Furthermore, several participants whose rent was currently paid to the housing provider were worried that it could get consumed into other outgoings if paid directly to them, or be taken by the bank where money was owed and they would not be able to access it. The delay in initial payment of Universal Credit was of particular concern. With budgets so finely poised, a few days' delay can be problematic – six or even five weeks is potentially disastrous and a source of worry, with one participant describing having sleepless nights thinking about it.

These fears could be a disincentive to move into work if such a change in circumstances initiated a transfer to Universal Credit. There was a fear of not wanting to 'rock the boat' as budgets were so delicately balanced, especially if work was only casual or temporary. Two participants felt that the chances of finding and retaining steady, permanent work were slim in the present job market, especially as they had been out of work for a long time.

R: I have thought about the future and we have discussed like going on Universal Credit and things like that, it absolutely scares me.

Q: Have they sent you any information about when that might be?

R: No, no he has asked a few times in the Job Centre and they have said it will come in eventually, or like we have been told it is you know for families that have to make a new claim. So like if he was to get a full-time job and then that didn't last and he has to make a new claim and I just know I wouldn't be able to cope.

Q: *What are the key things that would make it hard for you to cope with Universal Credit?*

R: *The fact that they leave you so long before you get your money and then I would be worried about how I would pay my bills every month...and I have just heard so many horror stories about how it is never paid on time, and you know people get in rent arrears and threatened with eviction. I think we would be worse off....Well it is like that if they do make it 8 weeks [wait for first payment] and then you just get a months [benefit payment] what are you supposed to do about the other month?...It is just a big worry.*

(Couple household, benefit only income)

5. What makes a difference? Factors that can help or hinder family finances over time.

The following section highlights some of the key emerging issues, which have been touched on in the transitions scenarios above. These are factors that interact with income to make a difference to families' financial situations – whether improved, getting worse, keeping on an even keel, just about managing or struggling to keep afloat. Resources such as informal support, health (of parents and children) and household budgeting skills could be vital in their presence or absence. Children's transitions as they age and move to, between and from school and other lifecourse events can place more demands on a family budget or ease it.

The role of informal support - impact over time and how this can change

MIS is based on meeting the needs of a household as a self-contained unit, and as such does not make any assumptions that support can be drawn on from family or friends. In practice the presence of informal support as a resource and what it may or may not provide will vary considerably. As at Wave 1, these interviews demonstrate the crucial role of informal support for families on low incomes, but also highlight that over time, changes in the availability and support roles can influence family finances. Support was provided mainly from participant's families – in particular parents, but also grandparents or siblings, and for some ex-partners and friends or an older non-dependent child were enormously helpful.

The study demonstrates how different aspects of informal support – financial, practical and emotional - were drawn on by the families in our study over the two year period and the difference it made to their lives.

- *Instigate improving a situation.* In one case a participant's parent had paid the initial costs to set them up in a business which drastically improved their financial situation over the two years and would have been impossible otherwise.
- *Helping families keep afloat.* Regular support to reduce outgoings included financial support with bills such as paying for a TV license, or petrol, as well as helping out with expenses such as school uniforms, a large vets bill or replacing broken household appliances that would otherwise jeopardise finely balanced budgets. Practical support, for example the provision of lifts to work or for shopping saved on the cost of running a car or paying for a bus / taxi. The provision of informal childcare was crucial for many to maintain earnings from work and avoid the costs of formal childcare. Grandparents looking after a baby and an older child enabled a mother to return to work after maternity leave without childcare costs. Other participants with school aged children had moved

into working shifts or evening and weekend work, which was only possible with childcare from parents and ex partners. Apart from saving on childcare costs formal childcare would not cover such working patterns.

- *Providing things that are included in a MIS standard of living but otherwise would be hard to afford.* In particular this related to social participation and included parents or grandparents paying for or taking families on holiday, paying for children's activities or sports kits, or a computer for a child.
- *Stepping in in times of difficulty.* Having support to draw on in times of particular need could be a real lifeline for some participants. This included financial help when faced with large or unanticipated expenses such as funding for car repairs or replacement - participants often had old vehicles at risk of breakdown or MOT failure but needed them for work or getting around. Families had also helped out when participants had experienced a drop in income and were finding it hard to manage, for example through lending money to tide them over, paying bills or providing the family with meals.
- *The provision of affordable credit.* This included family members loaning money, an informal advance of wages from a friend/boss, buying a car from a neighbour and paying back in instalments, or a friend paying upfront for a holiday so it could be paid back in instalments. These forms of informal borrowing negated the need for higher cost credit or loans which would eat further into stretched budgets.
- *The security and emotional back up provided by informal networks.* Several participants talked about the importance and reassurance of just knowing that they had financial back up from their family should they need it in the future. But strong social networks also provided practical and emotional support. This included circles of friends sharing information and tips on saving money, reciprocal arrangements for school runs, cooking in bulk and sharing meals, taking children to activities and importantly moral support and empathy around the issues faced in life as a parent on a low income.

Several participants without family support noted the difficulty of not having this resource to draw on and felt (compared to others) it limited their work options. One lone parent talked about the tremendous responsibility of being the sole earner and having no one to fall back on when she experienced a drop in her income.

While informal support, especially from parents could be crucial, it is not necessarily stable, as parents' lives are also subject to change. One participant who relied heavily on her mother for childcare to enable fulltime shift work, was contemplating the impact of her mother starting a part-time job and having less time available. It is also important to recognise that this is not necessarily a one-way relationship and the support that participants provide for others is very relevant. Some talked about how the circumstances or needs of their family members were also changing. This included participants whose own parents were ageing or in poor and deteriorating health. Not only did this mean that they were no longer a source of support, for example, feeling that they would not be able to cope with looking after children (especially for long periods while a parent worked), but the dynamic had changed and participants were now providing (additional) support for their parents – such as cooking them meals, giving lifts to hospital appointments and providing higher level caring, in one case triggering receipt of Carer's Allowance. Another aspect was that in some of these cases at Wave 1, parents had been an important source of monetary support for participants who had been struggling with financial difficulties. This had also changed as, although they still received some help with paying for things, it was at a lower level, and participants felt less able to draw on their parents now because their deteriorating health

meant they had enough problems to deal with. A further point relates to the difficulty that some lone parent participants faced who had to rely on an ex-partner for childcare to enable them to work – this was not necessarily a position they were comfortable with but felt they had little choice.

Children ageing, transitions and impact on family finances

The fact that children of different ages have different needs and costs is an integral aspect of MIS, and budget calculations take account of this. These interviews were able to explore and pull out some of the changes that families experience as children age during the two years between our interviews and the impact that this has on family finances, an issue being that extra demands do not necessarily correspond to increased income.

- *Starting primary school.* The cost of school uniforms was seen as reasonably manageable (compared to secondary school) as it usually only required a logo on a jumper / cardigan and participants generally talked about getting the rest of the uniform at a reasonable price from supermarkets. Positive financial aspects included free school meals, and with the child being at school during the day, spending less money on snacks and not having to have the heating or television on enabled cutting back on energy use. Furthermore, where a youngest child was starting school it increased the opportunity for work – in several cases mothers in this situation had started work or were working more hours than at Wave 1, bringing additional income. On the other hand one family noted that the prohibitive cost of going away out of term time now made the chance of being able to afford a holiday even less likely now. A potential extra cost that they hadn't previously considered was their child being invited to new classmates' parties, and feeling pressure to reciprocate and host a larger and more costly party than in previous years for their own child.
- *Moving to secondary school.* Since Wave 1, children in many of the families had started secondary school or were about to start soon after the second interview and participants repeatedly noted the increased costs associated with this transition. This was mainly due to more expensive uniform, especially logo'd items and blazers, additional PE kit including football boots, stationery, and more costly school trips. The high initial outlay was hard for some to manage, and having more than one child moving to secondary school at the same time increased this cost. Several only managed with help from their parents, who bought or contributed to uniform costs. Some discussed paying in instalments, using hand-me-downs (although in one case a school changing to an academy and introducing a new uniform had been an obstacle to this), and one couple had cut back on their own food to pay for uniforms. One positive financial impact of a child reaching aged 10 for a family living in social housing was no longer being subject to the 'bedroom tax' as siblings of different sex are no longer expected to share a bedroom under Housing Benefit rules at this age.
- *Changed / increased demands as children age.* Participants discussed a range of issues. This included noticeably higher food bills as children developed larger appetites and were eating more, needing a computer for school work, or sports/ activities becoming more expensive as they get to a more advanced level involving competitions and trips away. A recurring issue, particularly as children moved into and through teenage years was increased demand stemming from peer pressure, the need to 'fit in' and have the same as others, and most pointedly the risk of bullying. This was felt by many families,

though experienced and dealt with differently – from resisting pressure, to feeling compelled to provide children with goods, and/or branded clothes, so they were not left out, even if this meant parents going without things themselves and using credit.

- *Older children – dependent or not?* Children in some families had left school during the period between interviews. Where they were going to college there seemed little direct impact on family income, however, one family had experienced a large drop in tax credits when a child moved to an apprenticeship. While the 16/17 year old was supporting themselves from their 'wage', parents still provided 'basics' and did not ask for 'keep', hence the household budget was felt to be reduced. Similarly, in another family where a 'non-dependent' 19 year old was living in the family home with their partner, their contribution of 'rent' was not felt to cover their costs. This issue of what is provided for / expected from a non-dependent son or daughter living at home in these circumstances is complex as involves emotional as well as financial concerns and responsibilities – this is something MIS will investigate in 2018.

Health

MIS budgets are based on the needs of people in reasonable health, however it is recognised that particular health conditions or disabilities can bring additional needs and costs (Hill et al, 2017; Touchet and Patel, 2018). Most of the 18 families in this study contained either a parent, child or both with a health issue and this had ongoing implications over the two year period. These included children requiring more hospital appointments where a condition had been diagnosed or had worsened – with implications for work, needing to be available for hospital visits, having to take unpaid time off or use annual leave. It could also involve spending more on activities for children where it had been suggested by a health professional that it could be helpful, for example, the cost of music lessons or sports (in one case with the knock on additional cost of contact lenses to enable them to participate).

Parents' own continued or deteriorating health problems also had implications. Poor health inhibited the ability to work, or planned return to work. It could restrict people's ability to go out or travel, being less able to walk far or use the bus, which meant being unable to shop around and visit cheaper shops and therefore having to rely on online supermarket shopping. Side effects of prescribed medication could mean participants being forgetful or feeling 'numb' which could make it hard to keep on top of things. A circle of financial difficulty exacerbated stress, which could lead to 'burying your head in the sand' rather than dealing with financial problems. Some people experienced additional costs when needing more prescriptions and specialist dietary products. Several participants discussed how their finances restricted their ability to meet their health needs. For example, one participant had been diagnosed with diabetes, and knew she was supposed to eat more fresh food but felt this was expensive, a couple reported not having the medication they were supposed to take due to prescription costs, and one participant was no longer able to go to the gym (which was helping their mental health at Wave 1) because she now had to work full-time since becoming a lone parent. One family with increased health needs had ended up incurring fines for claiming free prescriptions because they had misunderstood the eligibility criteria. Another now went without specialist food products as cutbacks meant that they were no longer provided on prescription and were very expensive to buy.

Some participants reported feeling an improvement in their mental wellbeing after changing to working fewer hours, or a shorter commute meant being able to spend more time with their children.

Health related benefits (DLA / PIP) had made a real difference for a few families over the last two years and this highlights the importance of these non-means tested benefits. One participant had just started receiving PIP at Wave 1 and this had been a valuable constant amid changes to her means tested benefits. Another had started receiving DLA for a child with a serious health condition. This was mainly being put towards activities for the child, but also provided a cushion when faced with a drop in income from work. A participant whose health had deteriorated since Wave 1 was in the process for applying for PIP. In these two recent cases, both had been hesitant about applying, thinking that they or their child weren't 'proper disabled' and the claim had only been initiated after encouragement from a hospital or CAB worker, which in their minds legitimised the application, highlighting the uncertainty and stigma that people can feel about claiming such benefits. However, as noted above, reduction or withdrawal of health benefits and having to challenge / go through an appeals process could have a detrimental effect on health.

6. Further themes to be developed in future analysis

This paper provides an overview of emerging issues. Other key findings will be explored in more detail in future analysis and reporting These include:

- How people's budgeting / money management skills and practices have changed or made a difference to their financial situation.
- Debts / arrears – participants' experiences over the two years. Where they have become worse or improved, the reasons behind this, and the implications.
- Other factors, events, triggers that have made a difference in participants lives and implications. E.g. redundancy, relationship breakdown, bereavement, being caught by scams, being threatened with bailiffs.
- Resilience – in the face of, despite or in response to difficult times or traumatic events, getting on with it – but what choice do people have?
- The implications of continued life on a low income – constant constraint and living on a knife edge, the impact of having less or more financial leeway, what happens when things get worse, what gives / cuts back any more, and what difference does it make if finances improve?

Additional future analysis will report the findings from the longitudinal study in more depth, however, this paper has made a start in illuminating the experiences of families living on an income below MIS describing aspects of 18 families' lives over a two year period. The research demonstrates how family lives are complicated – parents often deal with a range of simultaneous changes and demands. The interaction of different resources and demands can have positive and / or negative implications for people's financial situation, but this is not necessarily linear – it can involve ups and downs and be unpredictable. As this research highlights, life on a low income can mean living in a state of flux.

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