

Seeking security in an unstable world: low-income families before and during the pandemic

No family in the UK should have to experience an inadequate standard of living. It's not right that children are growing up in households without the level of income they need, or that parents are continually struggling to make ends meet.

This summary brings together the findings of two studies in JRF's Minimum Income Standards research programme. It draws on the experiences of low-income families over five years to identify what helps families to stay afloat and what threatens to pull them under, up to and during the first six months of the pandemic.

The pandemic brought fresh challenges to low-income families and intensified the pressure they were already under. Holding onto work and a series of temporary lifelines helped some families to weather the storm. But the additional stresses of the pandemic threatened those in already precarious situations. We need to take further action to provide the security that parents need when bringing up their families in an unstable world.

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Recommendations

- We need as many people as possible to be in good, secure jobs, with stable and reasonable pay, that fit in with family needs. This would help make families less vulnerable to income shocks and help build financial resilience.
- We need to strengthen the social security system so that it provides the anchor that people need in tough times. This requires adequate benefit levels.
- We need to increase the amount of low-cost housing available for families on low-incomes and increase support for people with high housing costs, including low-income homeowners in times of difficulty. We also need to address the sense of insecurity felt by many people living in the private rented sector.
- We need to address the digital divide with a renewed focus on digital inclusion, including access to devices, broadband and improved skills.
- We need families to be able to access relevant and timely information, advice and support, for example with benefit claims, money and debt advice, access to food banks and health services, with provision for those who do not have the means or the ability to use online methods.

Background

This research offers a unique insight into the lives of 14 low-income families over a five-year period; it captures the initial impact of the coronavirus pandemic and the added pressures it brought to family life. It is set in the context of rising levels of child poverty, in-work poverty and a decade of austerity. Families have also been affected by insecure work and increasing housing costs alongside a freeze in working-age benefits and the introduction of the benefit cap. COVID-19 has compounded this already difficult financial landscape. The impact of the pandemic has been disproportionately felt by those already economically disadvantaged. Families on low incomes have been hard hit through loss of work and income, as well as by increased costs, and they have scant savings to help weather a storm. On top of this, COVID-19 presented new challenges such as home-schooling, access to support, and maintaining health and wellbeing.

Key points

- Families on low incomes who were already facing constraints and instability at the start of 2020 were more vulnerable to the impacts of the pandemic, with fewer resources to fall back on.
- At any one time, some families on low incomes feel that they are 'getting by', and managing to keep up with outgoings, while others are working hard to keep their heads above water, but risk a further event pushing them into deeper difficulty. Over a five-year period, almost all families' situations had fluctuated due to changes in work, benefits, and family situations and most had faced difficult times at some point.
- The factors most likely to help families get by or improve their lives were: steady work, two wages in the family, reduced need for childcare as children got older, and support from extended family. In the pandemic, access to furlough and having supportive employers were also important. Secure and affordable housing also helped, with support towards rent from housing benefit crucial for those who were finding it hard to manage.
- Conversely, families were most likely to find it hard to keep afloat if they faced: unstable work, poor health, difficulties balancing work and childcare, delays and difficulties with benefits, high housing costs and, during the pandemic, sudden job loss, reduction in hours and insufficient budget to cover extra costs.
- Lone parents face extra pressures, depending on one income, and balancing work with childcare alone. During the pandemic, the impact of reduced earnings and extra costs was greater without the backup of a partner, and they could also receive less support from an ex-partner whose situation changed.
- As children got older and reached adulthood, their earnings sometimes helped the family finances. However, during the pandemic young adults were particularly vulnerable to job loss, which was a further blow to family income.
- The digital divide has become even more salient during the pandemic. This affected children who were home-learning without suitable equipment or adequate online access, as well as access to online services and support for parents if they were not confident internet users.

Fluctuating circumstances – instability and insecurity

At any point of time, families fared differently with living on a low income. Some were 'getting on' with life improving; others 'getting by' and making ends meet with a little leeway; some were finding it 'hard to keep afloat' having to juggle budgets and make sacrifices; and those 'under increasing pressure' risked going without basics and accumulating debt. Importantly, the research over the five-year period showed that families move frequently between these situations, often experiencing a range of ups and downs as work, benefits, health and family circumstances change. Almost all had experienced periods of difficulty at some point highlighting the precarity of their financial situations and susceptibility to income shocks.

"We're surviving. It's all going to be changing again soon because [our second child] is going to be leaving school and my money will get stopped for him and eventually it's going to get stopped for [our third child] ... and I know we're going to struggle. I say take one day as it comes, that's all you can do."

Study participant

Families worked hard to stay afloat, stretching limited budgets as far as they could but seldom having enough to save to provide anything to fall back on during times of difficulty. It was in this already unsteady context, of intermittent instability for low-income families, that the pandemic rocked the boat more broadly, bringing systematic disruption to swathes of the population. During this initial six months some weathered the storm well, helped by stable work and limited impact on overall costs, for example, if savings had been made because of reduced travel to work. For others, the combination of reduced income from job loss or decreased hours alongside increased costs, in particular food budgets with children spending more time at home (even with help from free school meals vouchers), could add to existing pressure.

"I thought things had been tight before but this has pushed us to our limits."

Study participant

The pandemic brought into the spotlight what happens when families experience financial shocks at times of crisis. Once the pandemic is over families will continue to experience the fluctuations in life they did before, most likely heightened by the continued fall-out from the pandemic. People not only need support when they experience such difficulties, but also the means to build financial resilience and be in a better situation to deal with it.

The need for stable, secure work

Insecure work was associated with spells without employment and times of financial difficulty over the five years. In the first six months of the pandemic, it was those with temporary or zero-hours contracts, and agency or casual work, that were most likely to lose jobs, and low pay meant no buffer against extra costs.

"He is working for an agency ... it is all full-time yes, although mind you they keep mucking him about. It is like he is given four weeks work but then they might tell him by tomorrow that there isn't any work Friday ... it is just completely up and down."

Study participant

Conversely steady jobs, especially where families had two incomes, were found to be central where lives had improved over time and, for some, also afforded protection by giving them more leeway in their budgets to deal with increased costs during the pandemic. Some parents found the difficulty balancing work and home life hindered them getting work, especially for families with children or parents with health conditions, and lone parents. COVID-19 highlighted that where an employer was accommodating and supportive with working hours, working at home, and concern for wellbeing, it really helped - especially when children were not in school. Furlough also helped, enabling some parents (and older children) to keep jobs, prevent a steep drop in income when not working, or delay redundancy. Looking ahead, more secure work which fits in with family needs and reasonable pay would provide stability and make families less vulnerable to income loss.

Adequate social security income

The social security system was essential in helping families to keep afloat, but some participants experienced difficulty and stress when it did not provide the support they needed. Some found it a struggle to manage on the level of benefits they received, especially where they had little or no income from work, and where deductions further reduced the amount they received. Some parents depended on their health-related benefits to supplement family living costs, although this meant they had less available to go towards their additional health-related needs. The pressure of trying to keep their heads above water became even more of a challenge during the pandemic as those in already difficult financial situations were hit hard by extra costs and had no areas of spending that they could make savings on. The £20 increase in Universal Credit could make a difference, but was not necessarily noticed amid fluctuating entitlements and deductions from benefits, and did not apply to parents on legacy benefits.

“I was struggling with most of the debts, because like I said what they pay me on Universal Credit, literally only just covers my bills.”

Study participant

Administrative processes and design features could also cause problems. Some families struggled when the minimum five-week wait for Universal Credit and deductions for advance payments disrupted and reduced their income. Poor communication and the assessment process for disability benefits not only delayed benefits but was wearing and stressful – with people feeling they had to ‘prove’ themselves. Better communication and less stressful assessments would provide more dignity.

The wider context – other sources of support and income

Support from others outside the immediate household sometimes played an important role in families’ financial circumstances over the five years, but as with families’ own situations, the extent and nature of this support is subject to change, particularly as the effects of COVID-19 took hold.

- Financial support from ex-partners varied over time, affecting some parents’ overall income. Several lone parents experienced reductions in child support during the pandemic where their ex-partner had lost earnings.
- Families with older children living at home sometimes found themselves better off when their children moved into work and were able to contribute to the household. However, during the pandemic some young adults had lost their jobs and became more dependent on their parents again, which could put strain on household budgets. Some had been reluctant or delayed claiming benefits indicating a need for advice for families in this situation, especially as young people’s jobs have been particularly affected in the pandemic.

“It is unfair, it really is, it’s not like we can say right get out we’re not going to look after you anymore, he’s our child, not that we’d do that ... It puts pressure on him and our benefits ... he’s still got to eat and sleep somewhere.”

Study participant

- Family and friends provided crucial financial, practical and emotional support for families, helping them in times of need, keeping them on an even keel, enabling work through informal childcare, and to improve their circumstances.

“My brother is a big help. If I need money he’s there ... without him we’d have sunk a long time ago ... I do pay him back ... He just keeps topping the loan up ... It’s good because if he was a bank I’d be owing a lot of interest and be getting some nasty letters.”

Study participant

- Over the five years support roles could shift as parents or grandparents' situations changed. These social networks were also hit during the pandemic which inhibited contact in the same way. Some families took on new care or support roles for older family members, or friends and neighbours with health conditions, and sometimes new neighbourhood groups emerged.

Further challenges

Most of the following challenges were part of life for some families before the onset of COVID-19 but have been brought out more intensely during the pandemic.

Achieving housing security

Those in social housing appreciated the security it offered, and the lower cost compared to private renting. But with little availability, private renters saw no prospect of obtaining social housing: "You've got to be nearly in a B&B to get them nowadays". Most families who were renting felt that homeownership was out of reach. Some of those with mortgages felt locked into a high level of expenses with a couple of lone parents struggling to keep up with mortgage payments over difficult times. They found it even harder when they lost work during the pandemic as, unlike renters, they do not receive benefits towards housing costs. The mortgage holiday helped but there were concerns about the future. More support for mortgage holders including after the pandemic would bring some relief to those experiencing difficulties – as rather prophetically suggested by one participant in February 2020:

"If you're a homeowner and you are on your own, there is nothing ... What if you are suddenly faced with, whether it is a redundancy, whether it is loss of partner, whether it is sudden illness and you have dropped your income ... if I had six months of help say, or maybe they offer it for a year, it allows you to then foresee the vision of right how am I going to get out of this mess?"

Study participant

Accessing digital resources

Over the course of the five years, lack of digital access was an issue but not seen as a crucial hindrance in life. However, it was pushed to the fore by the pandemic. For families home-schooling during the initial lockdown, not having a laptop or other suitable device or internet connection made it harder for children to access school work in the same way as others. Some had to rely on phones, being posted work, or having to go elsewhere to access decent internet.

"It made me feel so guilty that I just couldn't go and order a reasonable cheap laptop for her to do everything, so she was trying to do it on her phone."

Study participant

Online communication became more important too for keeping in touch with family or friends that people could no longer see, and for accessing services. Looking forward there is a need to deliver on commitments to provide equipment and digital access to children who need it, and to continue to address the digital divide to avoid people being excluded and left behind as it becomes a bigger part of our lives.

Accessing services effectively

Information, advice and support could make a real difference. It could increase incomes through encouragement and instigation of benefit claims, reduce outgoings following debt advice, help access to food banks when families are struggling, and provide support from health services. However, some parents found support harder to come by. During the pandemic delivery and access to services has shifted online leaving some participants feeling that their needs were not met – they missed face-to-face contact, found it hard to get through on the phone, and were not confident internet users. Looking ahead it is essential for people to be able to access relevant and timely information and support, with provision for those who do not have the means or the ability to use online methods.

Living with poor health

In families where a parent, child, or both, had ongoing physical and/or mental health issues it had implications over time for work opportunities, incomes, and plans. Poor health also brought extra costs such as the need for specialist food, requiring a car, or paying for taxis to get around, and could make coping with financial strain more difficult. The pandemic added new pressures, health risks and restrictions with those in poor health facing additional challenges, such as concerns about leaving the house, other family members passing on the virus, and increased anxiety and isolation. One parent described mental health as the “second silent pandemic”.

Conclusion

Peoples' lives and situations go through changes which can have serious implications for financial circumstances. Some are part of the patterns of life such as changes in relationships, the support provided or received from others, family members' health, and as children grow up. Others are influenced by wider factors such as changes in work, housing and interaction with the social security system. During the pandemic people across the board experienced changes and uncertainties in their lives. But COVID-19 shone light on the existing pressures and insecurity which are too often part of life for families living on a low income, and that these could render people more susceptible to the negative financial impacts of the pandemic. The research shows that where families did have more security, such as stable work or two incomes, they were in a better position when COVID-19 hit. Moreover, the Government's responses during the pandemic such as furlough, increasing Universal Credit, or mortgage holidays can help when people's job or income is whipped away. This presents an opportunity to draw on these lessons and make improvements that better support people when they experience changes and difficult times in their lives: more generally, not just in a global emergency.

About the project

This project, by Katherine Hill and Ruth Webber, Centre for Research in Social Policy at Loughborough University, involved qualitative longitudinal research which comprised face-to-face interviews with parents in 14 families over five years (in 2015, 2017 and early 2020), and follow-up telephone interviews during September and October 2020. At the start of the research, households had incomes below the **Minimum Income Standard** – based on what the public thinks is an acceptable living standard. All had received means-tested benefits at some point over the five years. Participants were a mix of couple and lone parents, working and not employed, tenants and owner-occupiers, with children living at home aged five to nineteen years at the time of the last interview.

For further information

The full reports, **Staying afloat in a crisis: families on low incomes in the pandemic**, **Seeking an anchor in an unstable world: experiences of low-income families over time**, published by the Joseph Rowntree Foundation, available as a free PDF at www.jrf.org.uk

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