

Paying the Price

Single parents in the age of austerity

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.

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Foreword

These are difficult times for many families, and there is an ongoing debate over the living standards and other pressures facing the ‘squeezed middle’ in times of austerity. At Gingerbread, we want to find out where single parent families fit within this picture.

Much has been made in recent weeks of the upturn in economic growth since spring 2013. Yet, during the time in which these ‘green shoots’ of economic recovery were emerging, single parent families have been struggling under significant financial strain.

This report is the first in Gingerbread’s *Paying the Price* research series, looking at how single parent families are being affected by austerity. Single parent families are already at greater risk of poverty than other families with children, and we are concerned that they are bearing a disproportionate burden of austerity reforms. *Paying the Price* will track different aspects of single parents’ lives over the next two years, bringing together findings from our own surveys, case study research and national household survey data.

This report focuses on how single parents are coping with managing money in a difficult financial climate. The findings reveal that the majority of single parents are struggling to make ends meet, leaving the finances of many precariously balanced. With little money to save and rising living costs, there is a worrying risk of debt for many single parents.

It is also, though, a story of great resilience and pragmatism. Many single parents are – so far – proving adept at managing reduced incomes, and finding new ways to make money go further. Our case studies provide vivid examples of frugal living and tight money management, firmly refuting the notion that those in poverty somehow have themselves to blame as a result of poor money management.



But it is also clear that resourceful financial management is not enough. Too many single parents are unable to rely on employment income to make up for shortfalls due to inflation or tax and benefit reforms, and support to move into work is woefully inadequate. The emotional toll on both single parents and their children of managing financially under austerity is also painfully clear.

Gingerbread will continue to track how single parents fare under austerity through this project, and identify how the impact of austerity changes over time – including as the wider economy shows signs of growth. We hope this adds a valuable contribution to the evidence base on the impact of government reforms, and the support needs of single parents.

In the meantime, we would urge great caution when considering further public service and welfare cuts. Instead, a renewed effort is needed to address the drivers behind rising living costs and barriers to work for single parents. To meet the government’s welfare reform aims of both fairness and affordability, it is time for single parents to be given a greater role to play in both contributing to, and benefiting from, our economic recovery.

Fiona Weir
Chief Executive, Gingerbread

Summary

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, 2013b). 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, ensuring that the burden of austerity borne by single parent families is not overlooked.

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 picture that emerges is largely one of fragile finances, with most single parents struggling to meet their financial commitments. In fact, around half of single parents frequently ran out of money before the end of the week or month. Three-quarters of single parents were rarely able to save, leaving them ill-equipped to deal with unexpected bills and further exposed to debt.

The drivers underpinning single parents’ financial vulnerability are well-known – tax and benefit reforms have left a smaller safety net, and a weak labour market has led to income from employment falling and few job opportunities. Living costs have continued to rise, exacerbating single parents’ financial difficulties. Of course, these are trends that affect many households, of different family types. But both national data and our research suggest that single parents are particularly vulnerable to the impact of these changes.

Single parents are more affected 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. They tend to have lower incomes than average, and are therefore disproportionately affected by welfare cuts. And as sole carers for their children, single parents already face significant barriers to finding flexible work that pays for high childcare costs and offers sustainable employment.

Single parents are already using a number of ways to cope with austerity. They work hard to manage their money carefully, continually monitoring their short-term budgets. Over 90 per cent of single parents surveyed have cut back on spending to meet their outgoings. Many are finding new ways to make their money go further, finding cheaper substitutes, selling items online and regularly checking offers to reduce spending. However, frugal living and savvy shopping is not enough; nearly 90 per cent of single parents have had to borrow or seek welfare assistance when they have run out of money.

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. Worryingly, though, we have only seen the implementation of just over half of the welfare cuts planned, and current indications suggest there are more to follow beyond 2015. 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.

We will also use these findings as a baseline to track how single parent families are managing as planned tax and benefit changes take effect further down the line. But if policy-makers are serious about “a fairer and more affordable” safety net, a greater engagement with these real-life consequences of current and future reforms is needed.

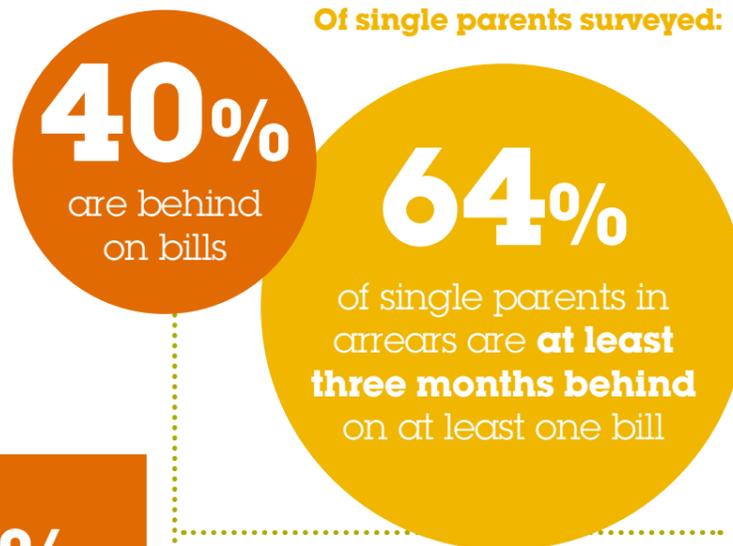
Single parents in austerity: headline findings

The austerity burden...



...and the debt trap

Of single parents surveyed:



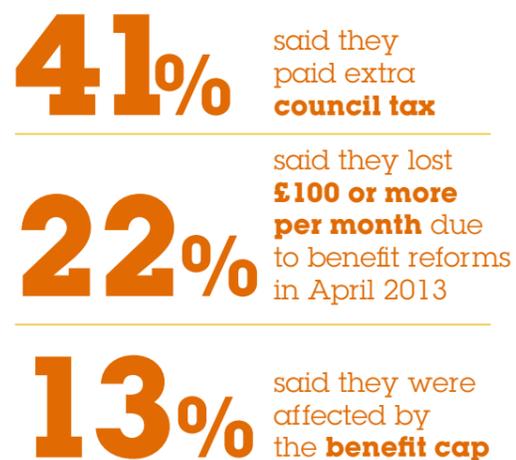
“There is no respite from watching every penny”

“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”

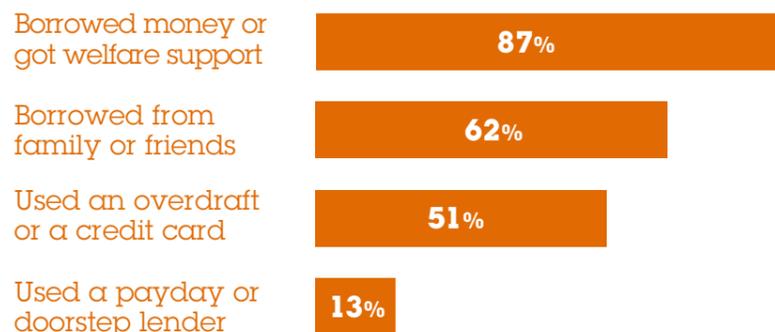
Smaller safety net

Since April 2013, of single parents surveyed:



Helping hands

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



Bleak future

Of single parents surveyed:



1 Introduction

Single parents have long been at a disproportionate risk of living in poverty; the most recent data shows that children in single parent families remain twice as likely those in couple families to live in relative poverty (DWP, 2013b). At Gingerbread, we are concerned that the financial security of many single parents is likely only to get worse. The current wave of welfare reforms and public spending cuts – compounded by a difficult economic climate – risks putting single parents and their children under even greater financial pressure.

‘The age of austerity’

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. When we talk of ‘austerity’ therefore, we refer to three interrelated drivers that have created a period of significant change since 2007:

- A stagnant economy, precipitated by the 2007-08 global financial crisis and subsequent recession
- Public spending cuts to local government and other public services
- Reforms to the tax and benefit system.

Of course, public service and welfare reforms are not solely driven by economic necessity. In particular, welfare reforms since 2010 have been motivated by a perceived need for greater fairness and effectiveness.

More than five years on from the start of the 2007 recession, the first signs of economic recovery are showing – but only just (Hardie and Wales, 2013). The current welfare reform programme is not yet complete, and the Chancellor has indicated his intention that families will face another six years of austerity in the next Parliament (Osborne, 2013).

Against this backdrop, at Gingerbread we want to know how single parents are managing what looks set to be at least a decade of unprecedented change.

“We are aiming to make the benefit system fairer and more affordable to help reduce poverty, worklessness and welfare dependency and to reduce levels of fraud and error”

Department for Work and Pensions (DWP)¹

¹ www.gov.uk/government/policies/simplifying-the-welfare-system-and-making-sure-work-pays

The *Paying the Price* project

Gingerbread set up *Paying the Price* to explore the repercussions of austerity for single parents. The project is guided by our 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.

The areas we want to explore include:

- How do the numerous tax and benefit changes affect single parent incomes? What is the combined impact of reforms over time?
- How do wider public spending cuts or the economic climate affect single parent families?
- How prepared are single parent families for policy reforms and income changes?
- How do single parent families cope during austerity? Has household spending fallen? Have single parents changed their working hours?

The project runs until June 2015, allowing us to track how the financial landscape changes for single parent families over the next two years. Our research uses a 'mixed methods' approach to demonstrate the ongoing impact of austerity, chiefly focusing on:

- Living Costs and Food Survey (LCF) data on household spending, as well as other national datasets
- Surveys of single parents
- Panel research with 30 single parents (see Box 1).

With this project, we wish to ensure that the burden of austerity borne by single parents is not overlooked. Our intention is to raise awareness with decision-makers about where more action is needed to ensure policy and service reforms in austerity are fair and effective for single parents. We will also highlight particular pressure points for single parents, and identify any opportunities for professionals and non-government organisations to target their support.

Box 1 Panel research

An important part of this project is to understand and convey the real-life experiences of austerity for single parent families. To do this, we recruited 30 single parents with whom we can undertake qualitative interviews.

This approach draws on ethnographic and case study research approaches, exploring the impact of austerity from the perspective of single parents' lived experiences. Our understanding of the impact of austerity is

strengthened by tracking single parents' lives over time, throughout the course of the project.

While qualitative research does not aim to be statistically representative, we recognise that single parents are a diverse group, and have therefore drawn on families from different geographic areas, and with different personal characteristics (see Appendix 1).

This report: Managing family finances

For this report, the first in our *Paying the Price* series, we focus on how single parents are faring with **managing family finances**. We explore how single parents feel they are coping financially, what bills they are struggling to pay, and the lived experience of walking the financial tightrope on low to middle incomes. In doing so, we hope to paint a vivid portrait of single parents' lived experiences of austerity. We will also use these findings as a baseline to track how single parent families are managing as planned tax and benefit changes take effect further down the line. Future reports will focus on specific themes raised in this paper, such as employment.

The report draws on analysis of secondary data sources (in particular, government household survey data), and both quantitative and qualitative primary research. The primary research conducted for this report consisted of:

- An online survey, held from 11 July to 1 September 2013, with 643 single parent respondents²
- A set of in-depth qualitative interviews with 23 of our panel members.

We should note that we used an online survey approach to elicit more in-depth data about the most recent changes to single parents' finances than is currently available. We recognise that sample bias can be introduced by conducting our survey online. Nevertheless, background data provided by respondents suggests our sample broadly reflects the single parent population; most importantly, income data suggests those on low incomes – ie those who are most likely to be affected by welfare reforms – are not over-represented (see Appendix 1). We also use national household survey data where possible to provide context to our findings, and compare the 'direction of travel' between the data sources. While not perfect, we feel that this approach presents the best available snapshot of single parents' finances in 2013. Appendix 1 provides more detailed information on our survey and panel research methodology.

² Missing data is excluded from the survey findings quoted in this report, so base numbers vary between questions. Base numbers for all survey data quoted can be found in Appendix 2.

2 Single parents' age of austerity

The first wave of the *Paying the Price* project captures a snapshot of single parents' finances during austerity. The picture revealed is largely one of fragile finances, with most single parents struggling to meet their financial commitments. As a result, many single parents currently face a significant risk of financial insecurity. Most single parents do not have sufficient income to save, leaving them unable to deal with unexpected bills and further exposed to debt.

Struggling to make ends meet

Managing household finances appears to be a constant struggle for the majority of single parents. Nearly eight out of ten single parents surveyed found managing their financial commitments a constant struggle at best – and at worst, frequently means falling into arrears (Figure 1).³ Just five per cent of single parents were keeping up with their bills without difficulty according to our survey; across the whole UK population, this figure is 41 per cent (Money Advice Service, 2013). It is clear therefore that, while many people are vulnerable to the age of austerity, single parents' finances appear to be under significantly greater strain.

“We are living on the breadline”

Paying the Price survey respondent

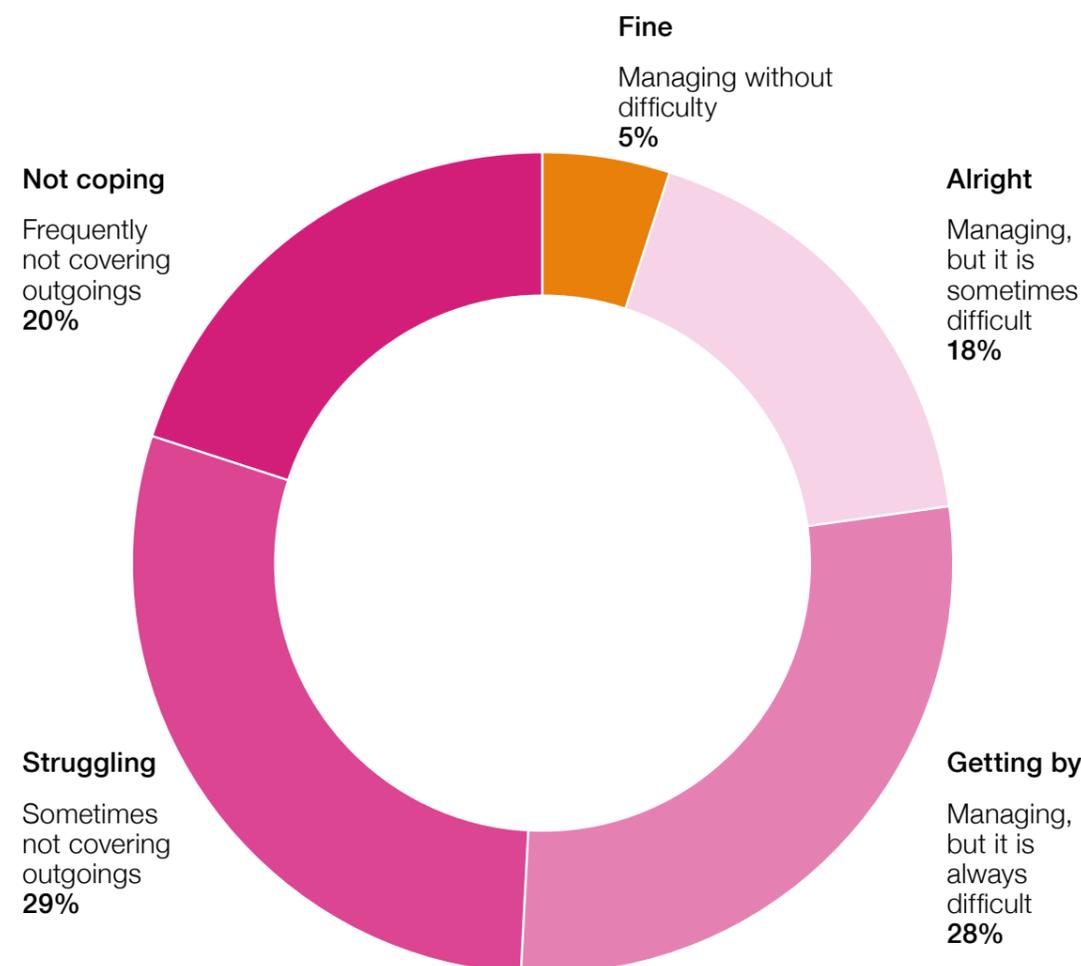
In fact, a third of single parents we surveyed said they had sought financial advice in the past year. The proportion of single parents seeking financial advice increased to 44 per cent when just looking at those who described themselves as 'struggling' or 'not coping' financially. Moreover, many single parents in our survey expressed difficulties in getting appointments with advice providers (often due to high demand), or finding advice that made a difference to their financial difficulties.

77% of single parents surveyed find managing finances a constant struggle at best, compared with **21%** of the UK population overall

Figure 1 How are single parents managing their household bills?

% of single parents, n = 630

Gingerbread, 2013



There are further signs that single parents are struggling as austerity bites. National data suggests that single parents' incomes have been hit particularly hard since 2010/11, in line with Institute for Fiscal Studies (IFS) analysis illustrating the delayed impact of the 2007 recession on incomes (Cribb et al., 2013). Single parents' mean net household income fell by six per cent in real terms between 2010-11 and 2011-12, compared with static real terms income for couples with children (DWP, 2013c).⁴ Our survey suggests that this trend has continued, with nearly three-quarters of single parents feeling worse off now (at the time of the survey) compared to last year.

75 per cent of single parents surveyed said they rarely had money left over at the end of the week or month.⁵ Around half (55 per cent) of single parents surveyed actually ran out of money before the end of the week or month always or most of the time; the national average is 13 per cent (Money Advice Service, 2013). The effects of this were reinforced in interviews, where single parents expressed the difficulty in always 'playing catch-up' each week or month. There were also indications that this had got worse in recent months.

74% of single parents surveyed feel worse off compared to last year

⁴ The income variable used is taken before housing costs and equivalised using the OECD equivalisation scale to account for differences in household composition and size. Income data was deflated using the HBAI inflation index.

⁵ 'Rarely' refers to those who answered 'not often' or 'hardly ever/never'.

³ This refers to those who are 'getting by', 'struggling', and 'not coping' – see Figure 1.

This is not to say that single parents have not tried to set money aside from their household budget. A number of single parents interviewed had made efforts to save on a regular basis, but found they simply did not have the funds to spare. Others had tried for a time, but found this was not sustainable over the long-term – money set aside would be needed during high-cost periods, such as the summer holidays, rather than kept available for the longer term or unexpected costs. There are also signs that those with some savings are now having to use these up to meet basic household outgoings.

“I was trying to put £5 a week [aside], but that just wasn’t working – it was leaving me without something”

“We went for a whole six months of very tight spending...but then you hit the summer holidays and suddenly...you’re forever down the supermarket...”

Paying the Price panel members

“I eat into my savings every week, just to survive”

Paying the Price survey respondent

With such finely-balanced finances, many single parents cannot build up reserves to deal with unexpected expenses. This was evident in single parent interviews, with many reporting their vulnerability to financial ‘shocks’. Common examples given were unexpected car repairs, or gaps in benefit receipt when payments were stopped or delayed (for example due to reassessments for changes in circumstances, or moving from income support to jobseeker’s allowance). For some single parents the sums of money involved are not necessarily large – but with little to spare, it meant having to re-think and rearrange finances to meet these costs.

“You think you are going okay and then, all of a sudden, they need a new pair of shoes or new pair of trousers or a bill comes in and then you are completely broke again”

Paying the Price panel members

Downward spiral?

This kind of financial fragility will leave many single parents further exposed to debt. Single parents are already most likely to have debts out of all family types. In 2008-10, 74 per cent of single parent households in Britain had financial liabilities, compared with 69 per cent of couples with children (ONS, 2013a). While these debts tend to be smaller than other household types, they are a greater burden on single parents than on others. Median household debt for single parents was £1,600, compared with £4,600 for couples in 2008-10. However, single parents were nearly twice as likely as couples to report this debt is a heavy burden – 38 per cent of single parents did so in 2008-10, compared with 20 per cent of couples (ONS, 2013e). With increasingly limited finances, there is a danger that single parents may slip further into debt, placing an even greater strain on their households.

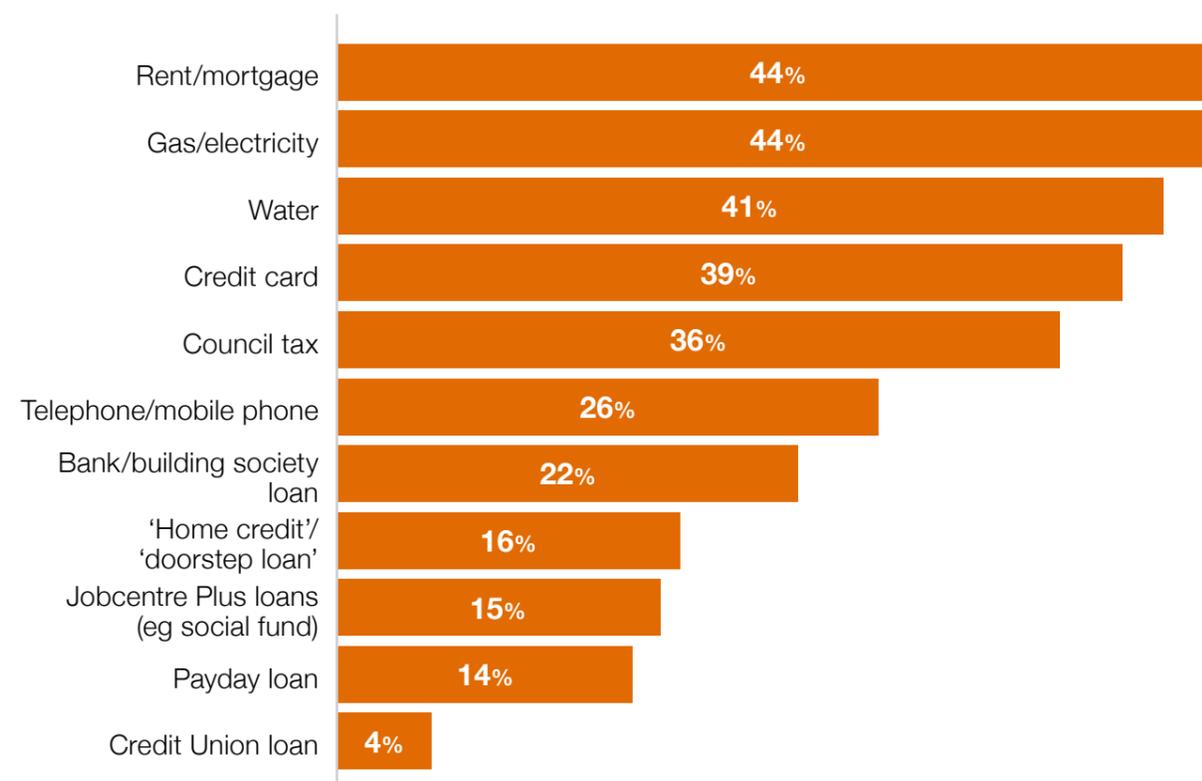
“I’m always slipping behind, so I’m always playing catch-up”

Paying the Price panel member

Nearly 40 per cent of single parents were behind on payments at the time of our survey. Single parents were most likely to be in arrears over rent or mortgage repayments and utility bills (Figure 2). Taken as a proportion of all single parents surveyed, nearly one in six single parents are behind on these essential housing bills.

Figure 2 Profile of arrears among single parents behind on payments

% of single parents with arrears; n = 235 Gingerbread survey, 2013



Our survey data suggests that the single parents in arrears are those with above-average debts. National data shows that the British median level of debt for single parents in 2008-10 was £1,600 (ONS, 2013a); in our survey, 71 per cent of single parents with arrears owed at least £2,000, and one in five owed at least £10,000.

Moreover, single parents are falling behind on multiple payments. Single parents in arrears were behind on three different bills on average. Over a third (36 per cent) of single parents in arrears were behind on four or more bills. Worryingly, the majority of single parents with arrears had fallen significantly behind on some payments – two-thirds (64 per cent) of single parents in arrears were three months behind or more on at least one bill.

Interviews revealed that debts have arisen for a number of reasons (see Chapter 4, 'Loans and helping hands'), but one recurring theme was single parents' difficult starting point due to debts incurred through separation. These included legal bills, remaining debts after selling the family home and loans from setting up new homes in the immediate aftermath of separation (see the case studies presented in Chapter 4). Financially, then, single parents often start out on the back foot. For the many whose finances only just cover financial outgoings, it is all the more difficult for single parents to dig themselves out of these debt cycles.

64%
of single parents in
arrears surveyed
had at least one bill
which was at least
three months late

3 Drivers of precarious finances

We know that many households in Britain are feeling the pinch in austerity. Reforms to public services and cuts to the tax and benefit system, against a backdrop of high living costs, are trends that do not just affect single parents. However, both national data and our research suggest that single parents are particularly vulnerable to the impact of these events.

Rising living costs

When looking at the drivers behind single parents' experience of austerity, one of the strongest themes from interviews with single parents was the rising cost of living. This is not a recent phenomenon for single parents, who report feeling pressure from rising costs over the last few years.

"I have noticed that the money just goes down quicker and quicker every month... the money just doesn't seem to go as far"

Paying the Price panel member

Much has been written about the rising cost of living, affecting both working and non-working households. As the UK economy struggles to recover from the recession, wages have not kept pace with inflation over the past three years (ONS, 2013b). Those supported by working-age benefits also now face a real-terms cut in this income – the uprating of most working-age benefits has been capped at one per cent from 2013/14 to 2016/17, while inflation is currently at 2.7 per cent (ONS, 2013c). It has been estimated that this move alone will push 200,000 children into relative income poverty compared with uprating benefits in line with the Consumer Price Index (House of Commons, 2012-13).

Sharp price rises in essential household items lie behind the trend of increasing difficulty in matching income to expenditure. Household utility bills have soared – and this pre-dates the 2007 recession. Over the ten years to 2012, electricity bills increased by 50-60 per cent, while gas bills more than doubled in real terms (DECC, 2013a).⁶ The average shortfall between incomes and fuel costs (the 'fuel poverty gap') has increased by 77 per cent in real terms since 2003 (DECC, 2013c). Food prices have also made headlines, rising 12 per cent in real terms between 2007 and 2012 (Defra, 2013).

Single parents are particularly exposed to the pressures of rising living costs, as a greater proportion of their household spending goes on essential housing, fuel, and food costs than other family types.

⁶ Economy 7 price data is not available for 2002 (ie ten years ago), so standard electricity bills are shown. Price change ranges result from different payment mechanisms (standard credit, direct debit, and pre-payment).

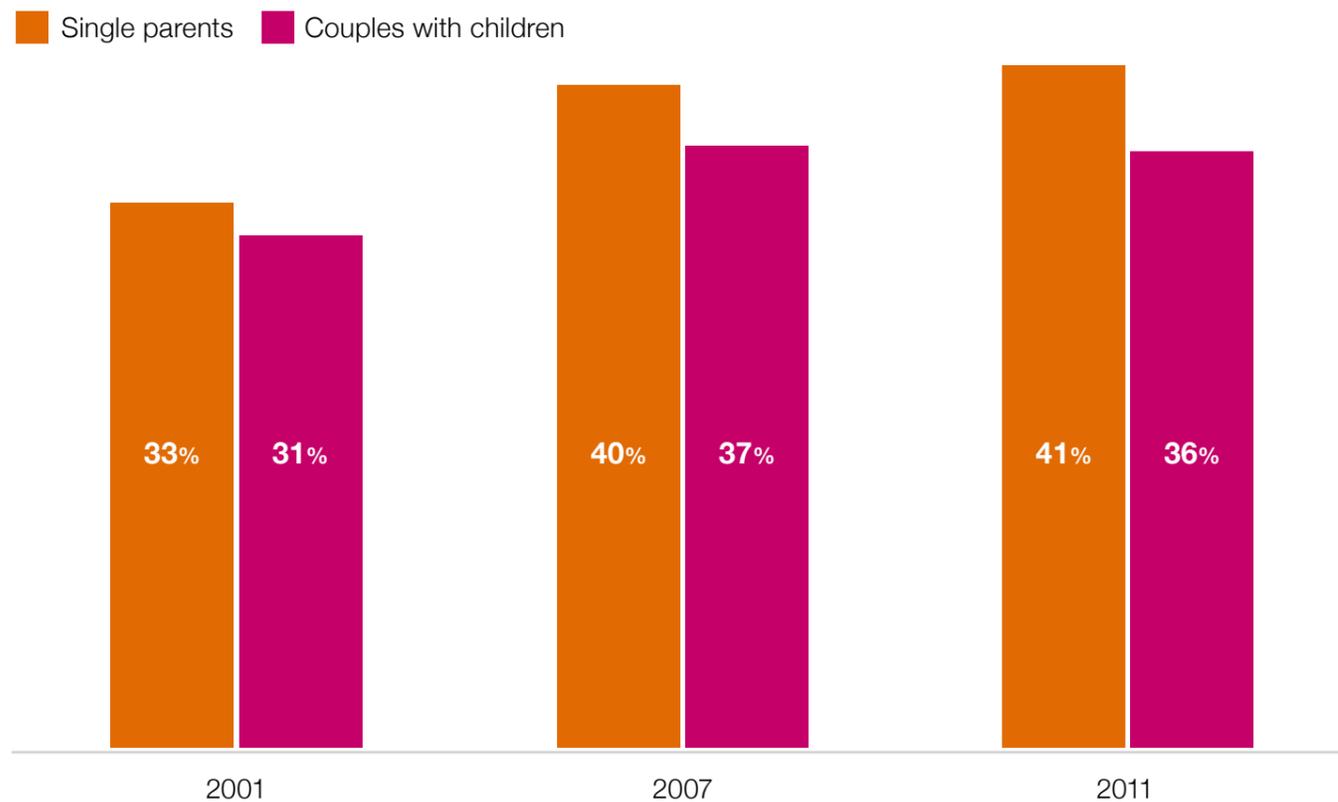
According to national data, single parents spent 41 per cent of household spending on these essentials in 2011 – a larger proportion than couples with children (36 per cent), and compared with ten years ago (Figure 3). Excluding ‘non-consumption’ housing costs (such as mortgage repayments and council tax payments), 36 per cent of single parents’ spending went on other housing, fuel and food essentials, compared with 27 per cent of couples’ spending.

Single parents are also at greater risk of fuel poverty than couples with children. Under the ‘10 per cent measure’ (more than 10 per cent of income is needed to heat the home adequately), 14 per cent of single parent families were in fuel poverty in 2011, twice the risk faced by couples with children (DECC, 2013b). Under the more recent ‘low income high costs’ measure (above-average fuel costs which, if spent, would leave households in relative poverty), 18 per cent of single parent households were in fuel poverty, compared with 13 per cent of couple households with children (DECC, 2013c).

Figure 3 Share of household spending on food and non-alcoholic drinks, housing and utilities

% of household spending

ONS and Defra, 2007; 2009; 2013



Spending covers ‘COICOP’ categories ‘housing, fuel, and power’ and ‘food and non-alcoholic beverage’. For a complete picture, we also include some housing costs classed as either miscellaneous or ‘non-consumption’ expenditure – namely mortgage, council tax, domestic rates and structural insurance costs. Data is weighted using the annual LCF weight.

Single parents’ reported concerns regarding the cost of living chime with this national picture. Our survey showed that nearly two-thirds (63 per cent) of single parents feeling worse off since last year felt this was partly due to an increase in the costs of day-to-day household items, such as food and clothing. Interviews revealed that price rises mean that some items have become ‘luxury’ goods as a result – particularly meat and fresh fruit.

“Fruit can be expensive, so we kept down to just apples”

“Meat is very, very rare. So if we are buying meat, it will be the cheapest, you know, Smartprice chicken”

Paying the Price panel members

60 per cent of single parents surveyed said rising utility costs contributed to feeling worse off since the previous year. Both our survey and interviews revealed that single parents were already anxious (in August-September 2013) about the coming winter, and were anticipating going without to manage their bills.

“Not sure how we will get by this winter”

Paying the Price survey respondent

“We are not going to be able to heat our house as much as we probably would like because it’s just going to cost so much. We can’t afford to put ourselves in any more arrears”

Paying the Price panel member

Another strong theme from our research was the high cost of child-related necessities. School costs were one common source of worry. Some of the difficulty arose as parents had to adjust budgets as children get older. Larger (and therefore more expensive) clothes to deal with growth spurts, and the onset of school trips, were costs that did not previously need to be covered.

Support for these costs was mixed. Help, such as local authority uniform grants, was frequently no longer available. Some parents were able to pay for expenses like trips or school meals in instalments, which made them more manageable. However, a number of schools did not offer this payment flexibility, and others also placed demands on uniforms which involved higher costs (for example, blazers with school emblems). Worse still, many single parents felt under significant pressure from schools to spend money they did not have to spare on these items.

“She said... ‘He should be wearing a school cap’. What could I do...the money wasn't going to materialise for me to buy another one, and she wasn't going to pay for it”

“The prices they ask for...a sweatshirt, you are looking at £8 for one. I was looking at it in Ethel Austin's...They were his sweatshirts, in his colour, for school. The only thing is they didn't have the emblem on...And they were doing them for £1”

“And if you do ask them if you can pay bit by bit, her school doesn't really like that, so you have to...sort of find it”

“If you say you haven't got the money for the trips...they make it like, ‘Well, no, you have to pay. If no one paid, we wouldn't be able to go”

Paying the Price panel members

Childcare was another significant burden on single parents' budgets, and one which many parents felt was increasing. Some single parents interviewed had been affected by the reduction in government support for childcare through tax credits in April 2011, from 80 per cent of childcare costs to 70 per cent. And while early years childcare costs have made headlines in recent months⁷, the high cost of childcare for school-age children was a common concern for those with older children. Many single parents felt costs for breakfast and after-school costs were prohibitive, particularly when schools wanted commitment for whole terms, rather than shorter time periods.

“When [the childcare element of working tax credit] went down from 80 per cent... to 70 per cent...it was almost like having another mortgage”

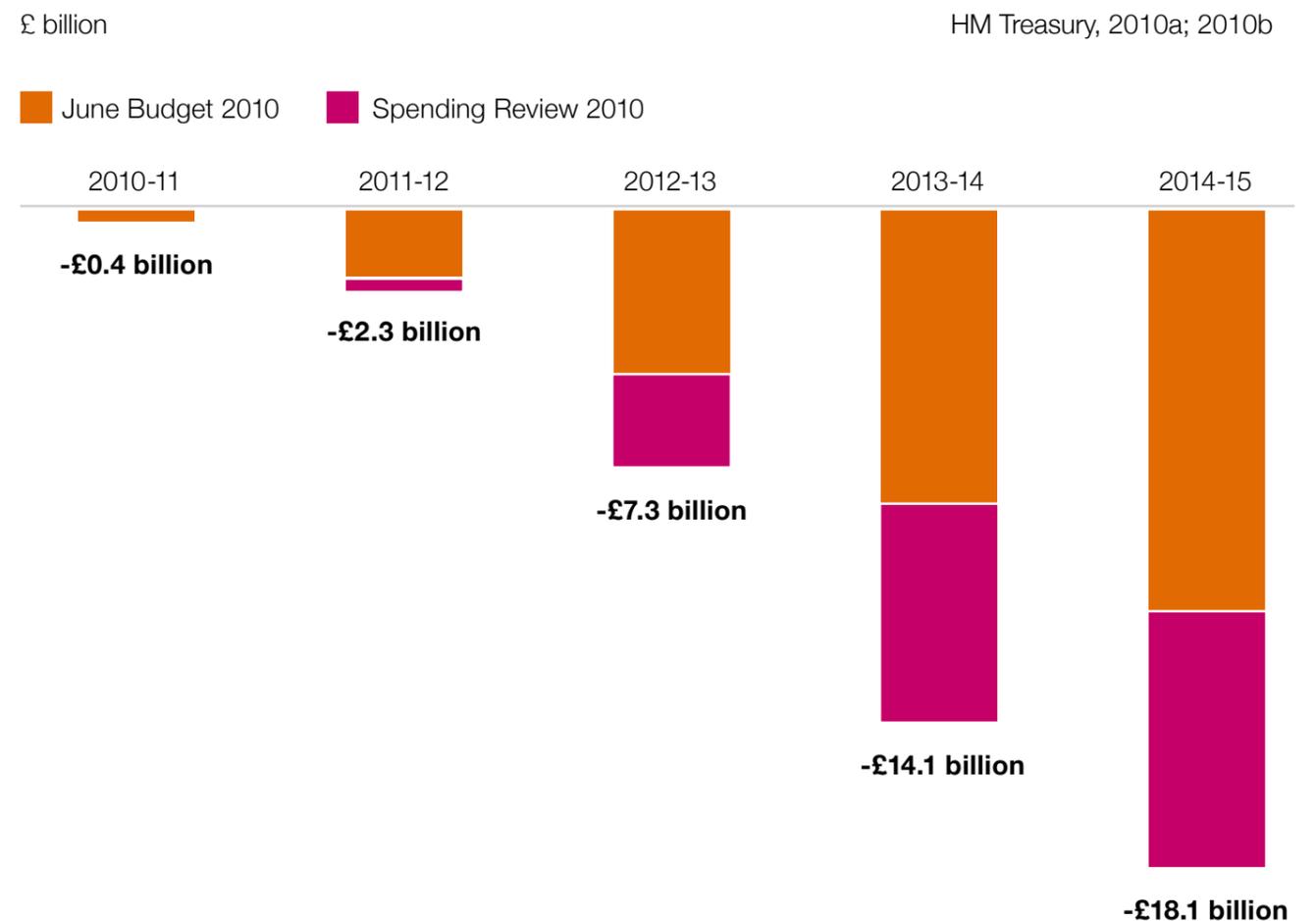
Paying the Price panel member

A smaller safety net

Unsurprisingly, welfare reforms have also played a significant role in squeezing single parents' incomes in recent months. In 2010, the coalition government announced tax and benefit reforms projected to cut welfare spending by £18 billion per year by 2014-15.⁸ A more recent estimate suggests the combined effect of current welfare reforms will be closer to an annual reduction of £19 billion by 2014-15 (Beatty and Fothergill, 2013).

£19 bn
in welfare cuts per
year by 2014-15

Figure 4 Coalition government's programme of welfare spending cuts



Single parents have already seen a number of welfare reforms implemented under this austerity programme, such as the increased rate at which tax credits are withdrawn (from 39 to 41 per cent of additional income), the removal of the baby and toddler elements of child tax credits, and the cut in childcare support from 80 to 70 per cent of childcare costs. Now, single parents are experiencing another raft of changes (see Box 2).

⁷ See, for example, the discussion around nursery and childminder ratios, eg <http://www.bbc.co.uk/news/education-22782690>

⁸ The June 2010 Budget announced £11 billion per year of welfare spending cuts by 2014-15 (HM Treasury, 2010a); a further £7 billion per year by 2014-15 was announced in the 2010 Spending Review (HM Treasury, 2010b).

Box 2 2013 – another wave of welfare reforms takes effect

A raft of reforms came into effect in April 2013, including:

- Council tax benefit localisation, with local authorities deciding new local council tax support schemes within a reduced budgetary envelope, specifically affecting support for working age households
- Benefit cap of £26,000 (£500 per week) on the total amount of benefit for working age single parents and couples (initially four councils, and rolled out nationally from September 2013; the cap for single people is £350 per week)
- Housing benefit reductions for ‘under-occupied’ social housing (widely referred to as the ‘bedroom tax’)
- Discretionary Social Fund localisation, ending the national fund operated through Jobcentre Plus, and devolving money to local authorities
- Three-year freeze on the uprating of most working-age benefits and tax credits at one per cent
- Legal aid cuts through the LASPO Act 2012.

We already anticipate the 2013 reforms will affect single parents significantly once fully rolled out, in some cases using data from the government’s own impact assessments (see Table 1). Given that single parent families make up around seven per cent of all households in England and Wales, and 25 per cent of households with children (ONS, 2012), this data would suggest that single parents are among the hardest hit by welfare reforms.

Table 1 Government impact assessments for single parents

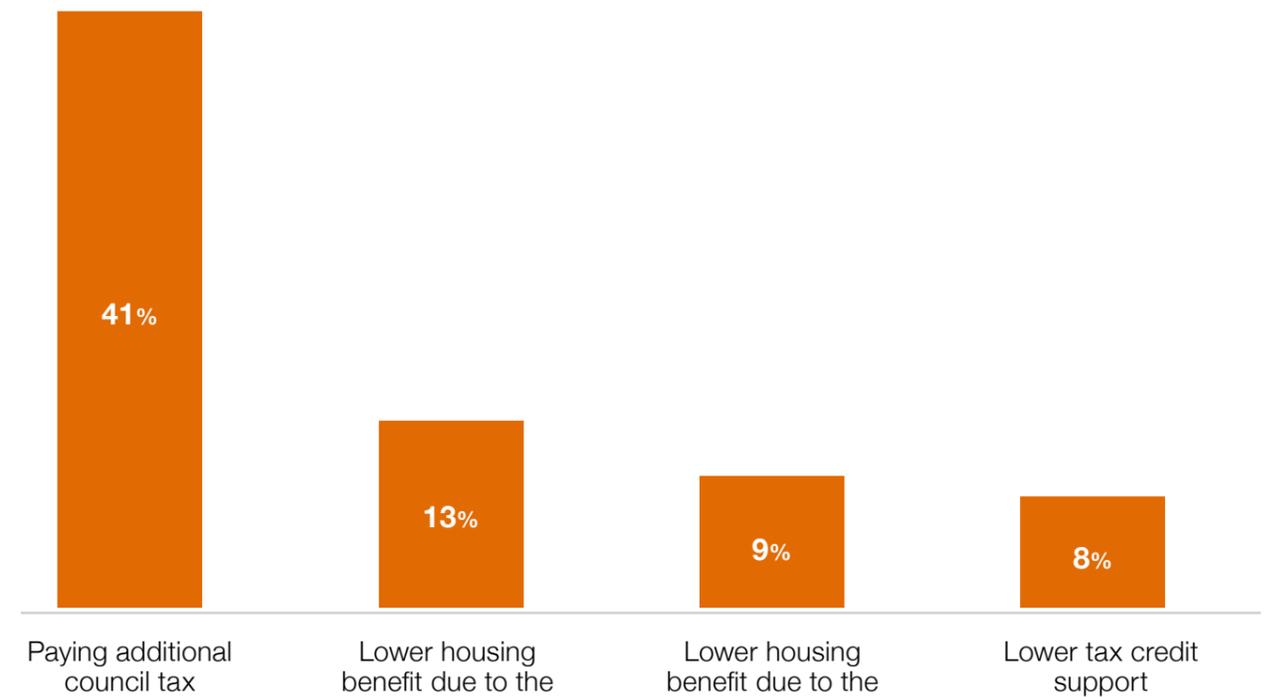
| Reform | Single parent households affected | Single parents affected as a share of total households affected | Estimated average single parent income loss per year |
|--|--|---|--|
| Benefit cap (DWP, 2012a) | 28,000 | 50% ⁹ | £4,836 |
| ‘Bedroom tax’ (DWP, 2012b) | 150,000 | 23% | £676 |
| Council tax support localisation (Pennycook and Hurrell, 2013) | 970,000 | 28% of non-working 37% of working households | £96-£255 |
| 1% uprating of benefits (DWP, 2013d; 2013e) | 1,100,000 (2013/14) 2,000,000 (2014/15-2015/16) | 27% 21% | £47 £260 |

Our survey shows that, although only a few months into the April 2013 welfare reforms, many single parents say they have already been affected. Council tax reforms have taken the most immediate effect, with around 40 per cent of single parents surveyed having to pay more this year (Figure 5). The benefit cap had already affected one in eight single parents surveyed, although the cap was only in place in four pilot London boroughs at the time.¹⁰ Notably, eight per cent of single parents voluntarily recorded (in the survey’s ‘Other’ category) that they had also experienced lower tax credits since April 2013, particularly – as noted during interviews – in childcare support.

Figure 5 Single parents already affected by April 2013 welfare changes

% of single parents, n = 567

Gingerbread survey, 2013



Many single parents are losing large sums due to these changes alone: over a fifth (22 per cent) of single parents who are affected by April 2013 reforms are losing £100 or more per month. In only the first four months of these reforms, our survey shows that the changes have had a significant impact on income and, consequently, basic necessities such as housing.

⁹ The latest data on capped households to October 2013 shows this figure stands at 61 per cent (DWP, 2013a).

¹⁰ Single parents were not asked in what region they lived, therefore we do not know whether a disproportionate number of respondents were from London. We expect that most respondents were from our membership, which does not over-represent single parents from London (18 per cent of Gingerbread members are from London, compared with 17 per cent nationally (ONS, 2012)). It is also possible that those in other regions who had already received letters warning that they may be at risk of being capped, also answered in the affirmative to this question

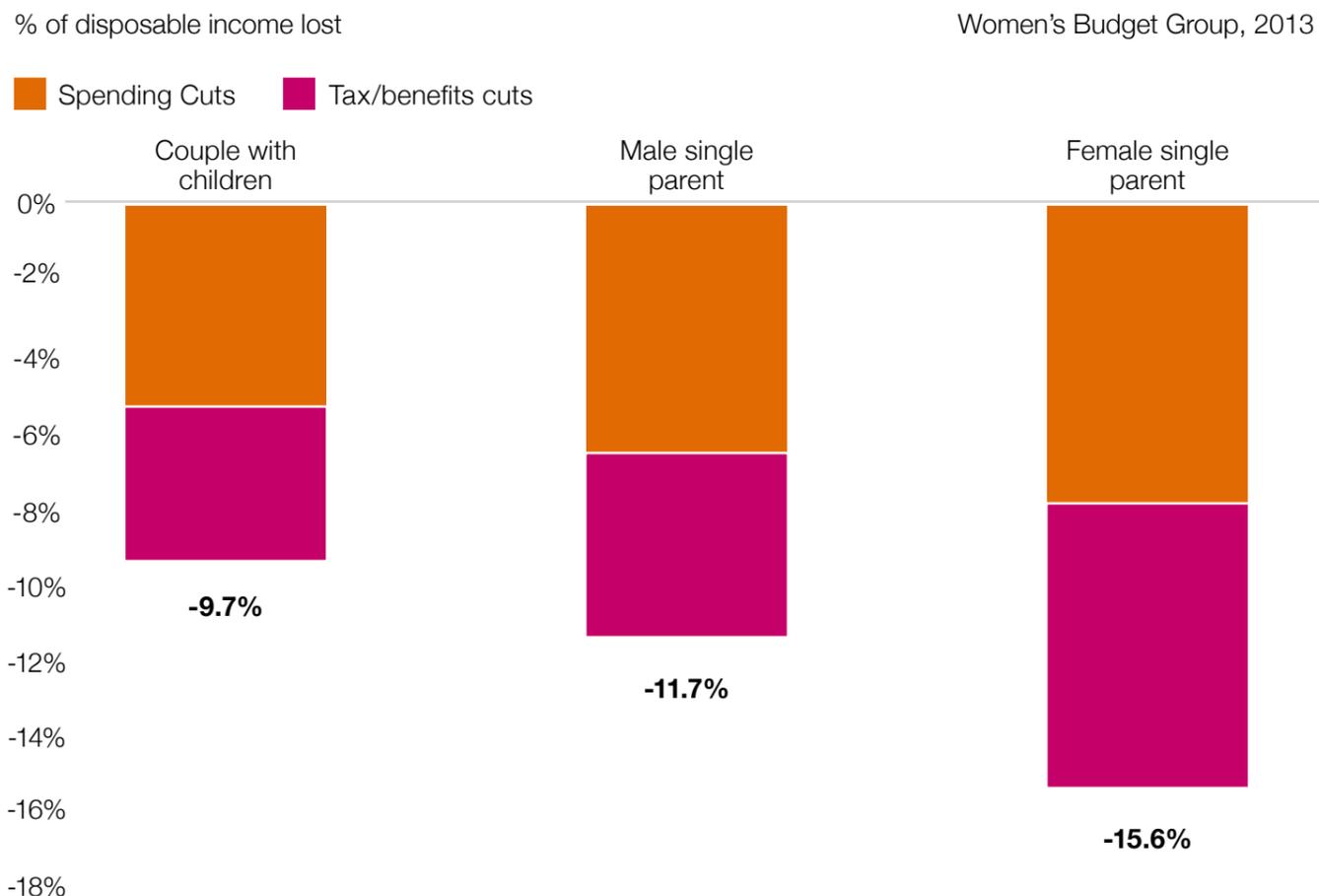
“Benefit capping will affect me by nearly £300 per month”

“The changes have meant that I am now no longer able to make the interest payments on my mortgage and I am facing repossession”

Paying the Price survey respondents

This is only the beginning: we do not yet know what the combined impact of the current welfare reform package looks like for single parents, which will only be fully complete in 2015. The Women’s Budget Group has estimated that single parent households will lose the largest proportion of their income among different household types. Their analysis indicates that single parents are due to lose 15.1 per cent of net income by 2015/16 through combined spending cuts and tax and benefit reforms (Women’s Budget Group, 2013). As women are disproportionately affected by the government’s austerity reforms, single mothers are expected to lose nearly 16 per cent of their net income (Figure 6).

Figure 6 Impact of spending cuts and welfare reforms on disposable income, for families with children



Finding work...and work that pays

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. Our survey highlights the difficulties single parents currently face in finding reliable income through paid employment. 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.

While there is a strong will to work – 84 per cent of non-working single mothers would like to get a paid job, become self-employed or study (Barnes and Tomaszewski, 2010) – single parents still face significant barriers to work. Single parents looking for work face the same competitive jobs market as other jobseekers. As a result, intensive job searches and subsequent failed applications was a recurring theme among job-seeking single parents.

“...I am applying for jobs because I want to get back out there but it’s just so difficult..I’ve applied for jobs that I could do standing on my head...and you see that 100-plus people have applied...”

Paying the Price panel member

For single parents, there is added complexity in finding jobs that work for them. As sole carers for dependent children, single parents need work that fits around childcare responsibilities, or that pays sufficiently to cover childcare costs. Finding flexible work is proving difficult for many single parents interviewed, and many feel their situation is not adequately understood by Jobcentre Plus advisers or employers.

“[The employer] said, ‘Are you flexible? Can you work til midnight?’ I said, ‘No, I can’t’...they were like, ‘This will be a problem for us because we need flexible people’”

“[T]hey are not helpful at all...They are rude as well...The job that they had shown me was...35 hours, not even locally either...I can’t do full-time as a single parent”

“[Jobcentre Plus advisers] very glibly say, ‘Oh well, you can get after-school care’, and all this. But it all has to be paid for”

Paying the Price panel members

For those not working or moving into work, interviews revealed how the process of finding jobs in itself can come at a cost. For example, those that have looked to cut back spending still try to find money from tight budgets for internet access to search for jobs. Some single parents have also not been able to access promised financial support for 'back-to-work' costs such as interview clothes and transport.

"I was assured that...you'll be looked after...we'll help you with the interviews, we'll help you towards the costs of the interviews, the childcare'. [But I got] nothing at all. Nothing at all"

Paying the Price panel member

Another common theme for non-working single parents was difficulties in accessing training and other experience that would help them back to the workplace. In particular, many felt there was a lack of funding and encouragement from Jobcentre Plus. In some cases, single parents faced outright hostility to their back-to-work plans from Jobcentre Plus advisers, which often had a stigmatising effect.

"To ask them for training and things like that, it's like asking for blood. She always tells me, 'There's no training. There's no kind of help. We can help you with your CV, and you go and get a job'"

"Why are you volunteering? What do you hope to get from that?...Why do you want to study for, you can go and get a job now"

"I am volunteering and doing a course. I am not just sitting at home collecting money"

Paying the Price panel members

Even for working single parents, it can be difficult to work sufficient hours to meet their income needs, particularly to arrange around childcare or cover childcare costs.

"I've always worked...the main problem with my budget is getting enough time to work the hours that I need to get by"

"When [my daughter] started school and I was trying to do some supply [teaching] ...With breakfast club, afterschool club, they like to have regular days. And on the supply, I couldn't always get the same days. So it was just not manageable"

Paying the Price panel members

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

Paying the Price survey respondent

Apart from the barriers to work explored above, the other strong theme that emerges from interviews is single parents' clear commitment to work. Despite the current difficulties in finding work, and contrary to some of the prevailing political and media rhetoric focusing on welfare 'dependency' and lack of motivation to work among benefit claimants, single parents particularly emphasised their desire to work – or progress in work – rather than claim benefits. Furthermore, these work ambitions were not just driven by practical financial reasons, but also by their role as parents, and the example they want to set their children.

"I don't care what I do, as long as I've got something to keep me going"

"I want to get a decent job...decent enough so my daughter looks at me, and she'll be proud of me then"

"I don't want him to be brought up with a parent who doesn't work or hasn't got the confidence to get up and work. Because that's not me, I have never been like this"

Paying the Price panel members

"Where is the fairness, we ask, for the shift worker, leaving home in the dark hours of the early morning, who looks up at the closed blinds of their next door neighbour sleeping off a life on benefits?"

George Osborne, 2012¹¹

"Choosing not to work, if you can work, is no longer an option."

Iain Duncan Smith, 2010¹²

¹¹ http://www.conservatives.com/News/Speeches/2012/10/George_Osborne_Conference_2012.aspx

¹² <https://www.gov.uk/government/speeches/universal-credit-welfare-that-works>

4 Surviving austerity

Single parents are finding different ways to cope with austerity. They work hard to manage their money carefully, constantly monitoring their short-term budgets. Many have had to cut back in order to meet their outgoings, as well as finding new ways to make their money go further. This, however, is not without its costs, as single parents attempt to shoulder the burden in order to protect their children.

“Life is a constant juggling act”¹³

One of the repeated phrases throughout our research was the ‘juggling act’ needed for single parents to balance their household budgets. Tight finances often mean a continual process of prioritising bills from month-to-month, or even week-to-week. For some single parents, this meant covering all essentials first and waiting until they felt they could afford ‘extras’ – usually items such as clothes, or household repairs. There were signs, however, that some parents are now faced with the more extreme trade-off between essentials.

“...it’s juggling which bills you pay first and putting off other stuff...”

Paying the Price panel member

“I regularly have to choose ‘buy gas or buy food’”

Paying the Price survey respondent

One dominant feature of juggling household budgets emerging from interviews is single parents’ detailed tracking of spending to keep on top of their finances. Many have recently moved to using online banking, particularly mobile phone apps, which allow real-time tracking of spending. Based on our interviews, these seem to be popular due to the short-term basis on which single parents tended to track and manage their budgets. Most checked their spending at least weekly, with many monitoring their balance on a daily basis – some even several times a day.

“It’s almost a full-time job in itself trying to keep on top of what’s going in and what’s going out...you have to constantly be on your guard”

“I go online almost every day. Every time I spend money, I’ll go online that night and make sure how much I have got left”

Paying the Price panel members

Monitoring finances is clearly a positive step in managing money; at the same time, the constant monitoring also reflects the level of financial concerns felt by single parents. This was noted by one single parent, who wanted to rein back checking her bank balance in order to regain a sense of control over her budget.

“I really am trying to get out of monitoring it on a daily basis. I am trying to do it every week...to get myself into a mindset of paying that off. I have realised if I keep focusing on the debt, I’m not ever going to step out of...that poverty consciousness”

Paying the Price panel member

Online technology was not universal, though, and some found they managed best using pen and paper. Indeed, after trying other methods, some single parents felt this was the only way they could force themselves to keep track of their spending. This may have implications for future welfare reform plans, which intend to encourage online welfare claims and payments, and for which support is geared towards supporting claimants to manage their money online.

“I write down everything to the penny. I would write down what goes out, so I can say, like, for the moment I’m not taking the bus anywhere”

“Good old-fashioned pen and paper is normally the way I like to do things”

Paying the Price panel members

Some single parents described relatively recent changes to their approach to their finances. From interviews to date, this was often precipitated when single parents felt their debts had become unmanageable. While it was difficult to pinpoint what precisely brings matters to a head, it was clear that the single parents experienced a change in their attitude towards money and debt that was starting to help them cope better. This involved making a conscious effort to confront the reality of their situation, typically by creating an organised way to track incomings and outgoings and understand their weekly budgets for living costs.

¹³ *Paying the Price* survey respondent

“I have probably become more sensible... just realistic about what I can and cannot do, like changing my attitude towards what I think I deserve and what I actually need”

“I was trying to just get my finances in order...rather than just thinking it will sort itself out”

Paying the Price panel members

Box 3 “There are just things that they have to accept that we can’t do at the moment”: Emma’s story

Emma’s experience illustrates the financial burden of separation, and the importance of government support for families in crisis. She has accumulated debts from having to start a new life but, with employment support, she is now looking to turn a corner by entering self-employment that will work around the childcare needs of her two young children.

Emma is a single mother with two children, aged five and nine years old. She had been living abroad with her husband, from whom she separated five years ago. Arriving back in England with her children and few belongings, she had to rebuild her life as a single parent.

Starting over meant incurring the immediate costs of setting up a home for her children. She borrowed as many items as she could from friends and family and obtained a £1,000 Social Fund loan, but had to turn to credit cards and overdraft to deal with the costs of starting over. She has recently managed to pay off her Social Fund loan, but has outstanding debts from other credit products – being only able to make the minimum monthly payment means these debts have persisted over time.

“I arrived with nothing, so I had to create a house of everything – washing machine, clothes, saucepans, everything. I had to buy a brand new life again...I am very lucky that the government supported me through that”

She monitors her money closely, and has created a spreadsheet to track when payments are due. This allows her to make sure essential bills get paid, such as rent and utilities, and juggle repayments. This leaves Emma with a weekly budget to manage the regular food shop and any other necessities.

Emma is careful about how she spends the money she has, particularly on herself. She recycles household items between friends, and uses charity shops to minimise spending. However, this is not always possible, so she uses a catalogue to spread the costs of new items (for example, school uniforms), adding to her credit payments. Her limited food budget means she cuts back on fresh food on ‘bad weeks’, finding it difficult to cook cheaply from scratch. She prioritises her children as much as possible, giving the healthier options to her children. During the holidays, she makes use of free or cheap events, such as library or other council activities, or £1 ‘creative days’ run locally.

“There are just things that they have to accept that we can’t do at the moment”

With her youngest child starting school, Emma started to look for work. However, the burden of debt and being out of the workplace had affected her confidence. She also worried about the feasibility of getting part-time work to fit around her children’s school hours, particularly without any other support from another parent if her children needed care.

“Getting through the winter with the girls was quite a nightmare, because they had virus after virus...What employer is going to...put up with me [always] having time off?”

When enquiring about moving into direct marketing work at the Jobcentre, she was told about the New Enterprise Allowance. She has gone through an eight-week business planning process, and hopes to start self-employment soon, working flexibly around her children’s childcare needs.

“[A]t the end of five years, I can see I will be out of debt, and that’s the first time I have been able to kind of see an end to this situation”

Planning, protection, and pressures

Financial planning was prevalent among all single parents to some degree; this was largely on a weekly or fortnightly basis. All single parents had a clear grasp of their short-term budget at their fingertips, with many readily outlining the sums they had available for particular weekly or fortnightly spending, such as grocery shopping.

There was also evidence of longer term financial planning over the year. Single parents anticipated spending needs, and budgeted for these where they could. For those on lower incomes, these were typically events such as birthdays and Christmas. This involved setting small sums aside in advance when they could, or looking out for items within budget well ahead of time.

“I have started buying presents from now, actually. Anything that I see on sale, I just pick it up”

Paying the Price panel member

Interestingly, single parents used a range of approaches to plan their budgets. For example, one single parent divided his income into ‘account books’ for different types of spending, such as food, bills and household spending. Another split his income by source, with tax credits assigned to cover essential costs such as food and utility bills, and income from self-employment used to cover any additional or unexpected costs.

Some single parents were more clearly able to describe their general approach to planning budgets than others. This difference was largely related to how much leeway parents felt they had over their budgets. In particular, those out of work had less scope than those in work to plan how their income was spent – with less income, came less choice.

“The money I get, I don’t have...It doesn’t go on a luxury...all of it has to go. I have it in my hand on a certain date, and then...I have to distribute it to all different things”

Paying the Price panel member

Some sources of income act as protective buffers, which helped to shape how some single parents were able to budget more effectively. Tax credits were raised by a number of single parents as vital income, particularly for those whose working hours were limited due to childcare needs. Child maintenance, where paid, also made a significant difference to single parents’ budgets, and what they could provide for their children.

“Fortunately that’s one thing that seems to be fairly reliable...if it wasn’t for [tax credits], I don’t know what I’d do”

“[Child maintenance] does make a difference because now...they don’t take it out of your benefits...I can buy them a treat with it...extra food in the holidays...nappies and baby wipes. Now I don’t know what I’d do without it”

“That help that I got from him back then was a godsend, like it really helped... it transformed my life. When that money stopped I was just set back, just struggling”

Paying the Price panel members

At the same time, there were some common pressures on single parents that placed constraints on their ability to manage their budgets. Some parts of the year were a greater strain on financial management than others – school holidays in particular were difficult to manage. Having children home from school involved greater spending on food – particularly for those who received free school meals during term-time – and leisure activities. Some parents’ budgets were too tight to save the extra money needed, while, as noted earlier, others found that any money they set aside for emergencies was used up during these periods. Other single parents felt winter was difficult to manage, due to higher utility bills. There was a sense that some single parents feel a loss of control over finances during these periods, from which they must then recover across the rest of the year.

“In the summer, it just goes wildly into the minus”

“I’m desperately trying to dig my heels in and stop it”

Paying the Price panel members

Managing reductions in, or uncertainty over, income was also difficult for many single parents, particularly those who were not able to increase their working hours to meet any shortfall. A few single parents had experienced periods without benefits, when waiting to move to a new benefit or for payments to re-start after temporary employment. Others had tax credits reassessed or reduced following changes in 2011. Income uncertainty was also introduced through tax credits being based on the previous year’s earnings or on estimate income – particularly for single parents with variable hours, such as through self-employed or part-time working. As discussed, it was common for single parents to lack the savings needed as a buffer to be able to manage these changes. It was also clear that single parents felt an added stress from the uncertainty of their situation, a lack of clarity as to why their income had changed, and what the changes entailed.

“I was borrowing left, right and centre to meet everyday needs [after benefits stopped while moving off income support and waiting for an ESA assessment to be completed] – electric, gas, food, travelling”

“I know they work [tax credits] on the wages from the previous year, but they always, they tend to assume you get a pay rise. I don’t think I’ve had a pay rise for the last few years”

“Every time you are waiting for that letter to reapply, you are going, ‘Oh, am I going to get the same amount or am I going to get less, or do I owe them money’...You get these letters and it’s like, well, what does this actually mean?”

Paying the Price panel members

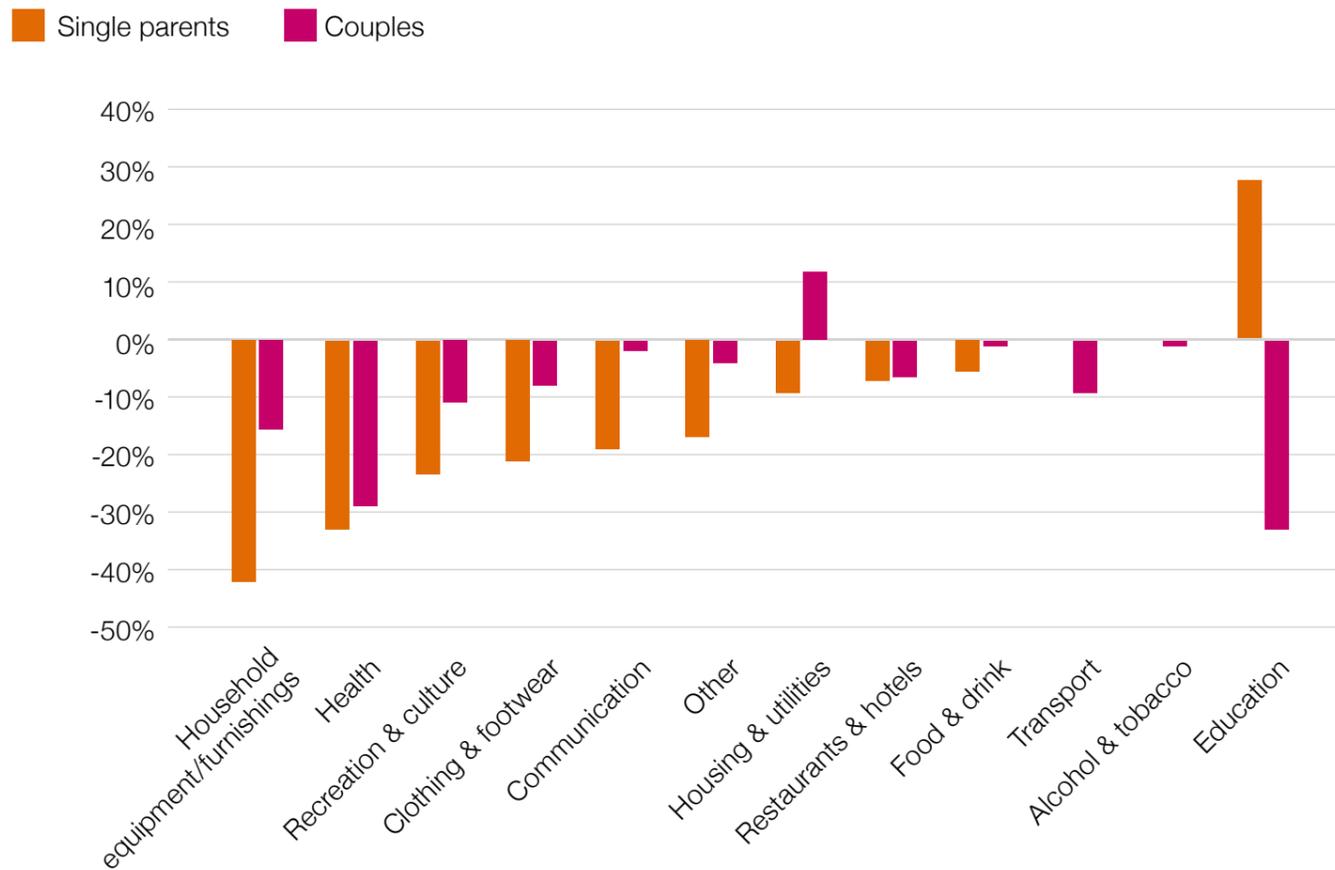
Frugal living

Most single parents have found they have had to cut back on their spending in order to manage within tighter budgets. Nationally, single parents have reined in their real terms consumption spending by 14 per cent since the recession, comparing 2007 with 2011 data (ONS and Defra, 2009; 2013).¹⁴ Single year comparisons can be misleading, with annual spending fluctuating year-on-year; nevertheless, a rolling three-year average suggests there has been a real terms fall in single parents' spending, with mean consumption spending dropping by nine per cent between 2005-07 and 2009-11.

When we break down how spending has changed for single parents since 2007, national data suggests that they have been cutting back most on 'luxuries' such as household furnishings and recreational activities (Figure 7). This is consistent with the expected response to a tighter financial climate, with spending focused on essentials such as housing and food.

Figure 7 Impact of spending cuts and welfare reforms on disposable income, for families with children

% change in real terms household spending ONS and Defra, 2007; 2009; 2013



Note: Spending data has been equivalised using the OECD equivalisation scale to account for the impact of household composition and size on spending; the equivalisation methodology can be found here: <http://www.ons.gov.uk/ons/rel/family-spending/family-spending/family-spending-2012-edition/art-chapter-3--equivalised-income.html>.

Our survey suggests that single parents have continued to cut back on spending. Over 90 per cent of single parents surveyed had cut back in at least one area of household spending over the past 12 months. And both our survey and panel suggest that many single parents are now spending on solely the essentials, with few 'luxury' items left to cut.

"I only buy things that I really need. If it means sacrificing something else to buy something that I really need, I'll do that. We'll go without until I really, really need it"

Paying the Price panel member

Over the past year, single parents have tended to prioritise cutting back on their own consumption. Clothes, leisure and food for single parents were the most popular areas in which to reduce spending (Figure 8).

"The things I can put off just for myself, get put off, basically"

"I don't buy clothes for myself, really...I needed a good coat for the winter and I still haven't managed to find one that I have wanted for a decent price. I'll wait...It was a bit cold last winter"

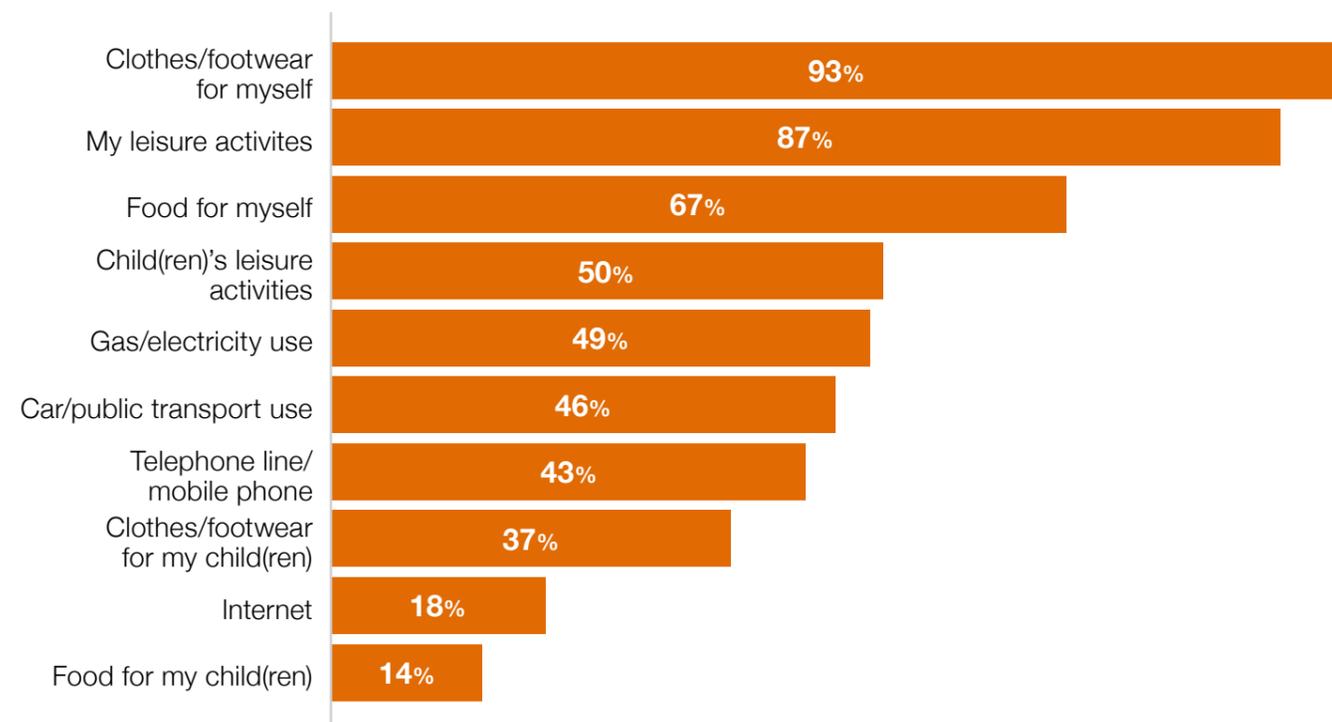
Paying the Price panel members

¹⁴ Spending data has been weighted using the LCF annual weight, and deflated to 2011 prices using the ONS 'All items' Retail Price Index, published 16 July 2013.

Figure 8 Share of single parents who have cut back their spending in the last 12 months on...

% of single parents, n = 593

Gingerbread survey, 2013



In interviews, food was a particular focus due to price inflation experienced. Many single parents described the food budget as the one spending area over which they had some control, whereas many other essentials were considered 'fixed'; for example, rent and utility bills were often paid by direct debit. As a result, food budgets were susceptible to cuts.

Furthermore, some single parents felt it was difficult not to choose the unhealthy options, as these often seemed the cheapest. Some single parents had also cut back on fresh fruit and vegetables as these tended to go off too quickly; while some bought frozen vegetables instead, the limited shelf-life of fresh fruit and vegetables pushed others into buying more ready-made food to fit their tighter budgets. There were mixed opinions on the affordability of healthy food; those who still felt they could manage to shop healthily tended not to be those on the lowest incomes, unless they were assisted by Healthy Start vouchers.¹⁵

"That's the only thing I've got. That's the only thing that's flexible in the month"

"I'd save more money if I was to get the food that was less good for her. Obviously, I don't want to do that but sometimes if I have got nothing, I don't have a choice"

Paying the Price panel members

Two-thirds of single parents in our survey had cut back on food for themselves; and one in seven single parents had cut back on food for their children to make ends meet. Cutting back generally took the form of smaller or less healthy meals for parents, or plain food that helped to make them feel full (for example, carbohydrates), with larger portions or healthier food reserved for children. There were, however, some examples of single parents skipping meals altogether in an effort to save money (see Box 4).

"Sometimes the boys will say, 'Why've you got so little food, Mum?'...Sometimes there's not enough to go round, you just have to limit it because they need it much more than I do"

"I let them eat the healthy and nutritious things, and I'll get the big plate of mashed potato"

"I think I've just developed a taste for soups..."

Paying the Price panel members

However, it is evident from our survey that the children of single parents are also feeling the effects of austerity, particularly in terms of leisure activities (see Figure 8). This is also borne out by interviews, where recreational activities for children are one of the common areas of spending that have been cut. It is clear, though, that single parents are very reluctant to restrict these extracurricular activities, which they feel contribute to their children's wider education and well-being.

¹⁵ Healthy Start vouchers are available for under-18s who are at least ten weeks pregnant, or receiving Income Support, JSA, Employment and Support Allowance, or child tax credits. They can be used in exchange for milk and plain fresh or frozen fruit and vegetables.

“I live in a flat. And it's mostly elderly people; there's not really any kids playing out. So I feel like I have to, kind of, like, pay for her to do something on a Saturday otherwise she's just going to be stuck with me doing boring stuff, or sitting on the computer”

“Because she's so energetic...she's got a temper ...I want [her] to take it out in a positive way...Because that's for her well-being; it's very important”

Paying the Price panel members

Some single parents have also changed their attitude to spending on their children in an attempt to ensure their money is spent as effectively as possible. For example, this might mean buying presents which have more longevity, or sending their children in alternative clothes towards the end of school terms to avoid them outgrowing new items before the next term starts.

“He was told that he couldn't wear the shoes that he was wearing [about a month before the end of term]...obviously it wasn't viable for me to buy school shoes at the end of term because come next term, he's going to need another pair”

“Now, I just think I should buy...crayons and stuff, things that she's going to use properly, rather than toys – toys are just a waste of money”

“They are clothed and they are fed. At the end of the day, that's the best I can do”

Paying the Price panel members

Most single parents interviewed were also trying to cut back on transport costs. Rising fuel costs were leading some to restrict car use, and others expected to have to give up their cars soon. Others have shifted to walking more, to avoid public transport costs.

“The fuel costs have started to rise again. There will be a period where I'm going to have to stop using the car. The only reason I've got a car is because I had it when I was working”

Paying the Price panel member

Housing costs were another area which single parents have attempted to cut, particularly the use of utilities. Some have sought advice from their providers on cutting back further. Some single parents currently feel costs have become so unmanageable that they need to rethink their housing situation. In fact, one single parent from our panel has now moved to a house-share with other friends' families in an attempt to share housing costs (see Box 5). Another parent had also considered a similar move, though with no friends to move in with, this presented some uncertainty and concerns over safety risks.

“In the winter, I'm careful with heating...I try not to have it on. In fact, the woman at the gas company said, ‘Do you actually live there ever?’...One of the rooms in the house is more insulated than the rest, so we spend more time in there”

Paying the Price panel member

Box 4 “I want to work. I want to earn money for my daughter. I want to get on in life”: Rebecca’s story

Rebecca’s finances have been under significant strain, made worse by high housing costs. Her finances are concentrated on repaying debts, and basic essentials – and she is now sometimes skipping meals. She is keen to work, but finding work accessible without incurring car costs and flexible around childcare and health needs is proving difficult.

Rebecca has one child, aged three years. She was forced to leave her husband due to domestic violence with minimal possessions and no money. Initially without welfare support, she managed to borrow £2,000 from a friend which she used for costs to set up home again, including furniture and a rental deposit. She had to rely on her overdraft for subsequent costs. Interest has meant this debt has accumulated – the loan from her friend is the only outstanding sum that is gradually reducing, as no interest is paid.

“...all we had was the bag on us each – a bag for my daughter, bag for me. So we had to start afresh. We didn’t have the benefits at the time, and we didn’t have the rent...we had the debt of that, and then they all start rolling because obviously I started using my overdraft...And it just followed me then; it just got worse and worse”

Housing costs have made Rebecca’s situation worse. Being placed in poor quality temporary accommodation has meant incurring costs to make it habitable. She received a £400 grant, used for white goods, but has still had to pay for items such as temporary flooring. She has now had to move again, as she could not afford the letting agency fees – after paying a £450 one-off fee, she was then asked for £150 per year to re-contract. Her situation was made worse when, without her knowledge, her new local authority paid her housing benefit into her bank account, rather than directly to the landlord. The money was swallowed up by her overdraft, leading to new rent arrears.

She has cut back to try to manage her finances, buying the cheaper version of goods where possible, and avoiding ‘days out’ such as soft play for her child. She had a car, which she intended to use to find work, which she has had to take off the road due to the costs. However, everyday costs such as utility bills are difficult to manage – Rebecca uses prepayment meters in order to better manage energy use day-to-day, and stay within the limited funds she has available. In the past, she has had to borrow from her mother to ensure she does not go without heating. She has also had to rely on her mother for her child’s clothes. She has cut down as much as she can on her food spending, and has also now cut back on her meals.

“...We are literally down to just the basic groceries. What I mean by that is bread, beans... Milk goes through the [Sure Start] vouchers. But I have noticed that we are buying less and less fruit because it doesn’t last long”

While advice from services has generally not been helpful for Rebecca, she has found advice from others in similar situations invaluable. A friend informed her that banks could sometimes suspend charges if she demonstrated that she was taking steps to pay off her overdraft; with the bank’s cooperation, this saved her £230 in charges. On another friend’s advice, Rebecca got her bank to open a separate account for bills, to make it easier to track any remaining disposable income.

“I love it because word of mums can’t fail you, because they have experienced, they know what’s going on in life, and they also know the best deals”

Job-searching is made more difficult due to a long-term health condition, which makes full-time work difficult. Even so, she is eager to work, having worked for a number of years with a previous employer. But while keen to find a job, it has been hard to find anything that fits around her child’s nursery hours (three hours a day), and that is accessible by public transport.

Creative/proactive thinking

Single parents were generally proactive in finding ways to make their money go further. Grocery shopping was a popular area in which most single parents have changed their spending patterns. The most common approach was to substitute items with cheaper products – for example, buying the budget or ‘own-brand’ range in supermarkets. For some, this has been a way to continue to buy small ‘luxuries’ for their children, such as soft drinks or biscuits. For others, this ‘trading down’ was simply a way to keep staple food items affordable.

“You buy the cheap alternatives. You go to Lidl...You just get inferior products and things that are going to fill you up or get you fed”

Paying the Price panel member

Shopping around for the best deals was also common for the single parents interviewed. Some changed the supermarkets at which they shopped to find lower prices, while others shop at a number of different places in order to get the best deals on each item. Single parents would generally know the exact prices of different products, which helped them to judge when the grocery shop would be over-budget. Some single parents described how even small changes in price – sometimes a matter of a few pence – changed how they shopped.

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

“I think it was cheese...it went up by more than 10p actually...then as I am going to the checkout, I think, ‘Okay, what do I not need right now’ and I will put items back”

Paying the Price panel members

Some single parents are also using the internet to explore new ways to manage their household budgets. A number of single parents use voucher websites to check the latest deals, particularly for grocery shops. One single parent uses online supermarket websites to check current prices and plan food shopping based on the latest offers, before going out to shop in person (and avoid paying delivery costs). The internet was also a common way to find money-saving advice from other people. Typically, single parents used online forums specifically focused on saving money, or those for parents and families (for example, Mumsnet). Local authority websites were also a popular choice when looking for local low cost activities for the family. Some single parents are also using websites such as eBay to purchase items second-hand, or at a lower cost, while a few have also started to use these websites to sell items whenever they can.

“[O]n the internet...you seem to get people who are more in your situation or now in your situation. I am always looking for cheap ideas for good meals or even something to do – can we get a voucher for this or a voucher for that, then we might be able to do this or that instead of staying at home and watching a DVD we have watched 100,000 times”

“I have times when it's just desperate and just, like, what can I sell? I've got a small pile of stuff I try and keep in the wardrobe because if I'm really desperate I can sell that”

Paying the Price panel members

Single parents have also been creative in finding different ways to manage their finances, where possible. One single parent grows vegetables on an allotment which provides fresh food at a lower cost for a few months. Some single parents seek to share costs with family members or friends – for example, to take advantage of bulk offers. This was often used as a way to afford one-off treats, such as a take-away meal or a trip with their children.

“If we sort of splurge out and think, let's have a takeaway...you can always find there's £10 off if you spend a certain amount of money here. Me, my mum and my sister...we spend that amount of money and then we get this amount off. And it sort of works out then because we all get fed”

Paying the Price panel member

Another common aspect of single parents' managing their finances was the regular need to negotiate and argue their case to get better deals, or claim back money. For example, one single parent approached her bank to suspend her overdraft charges temporarily, and was successful in demonstrating her intention and ability to pay back money owed in due course (see Box 4). Another single parent is challenging an increase in her utility bill, having been put onto a higher standard rate of payment without being informed. Councils and Jobcentre Plus are other common sources of contention, where payment is either being sought from single parents or payments to single parents have been stopped.

“It wasn't until after I finished actually studying that I am now told I owe...lots of money for council tax...I'm saying to them, at the time, they gave me a certificate to say I was exempt because I was a student. They are saying that they didn't have that”

“They suspended my benefits [JSA and housing benefit] for six months. That was awful...But I did appeal...that took a good two to three months to sort out...It's a lot of hassle, a lot of stress over something that was their fault”

Paying the Price panel members

Conversely, single parents illustrated how they can often be limited in their options for finding new ways to manage their budgets. For those who were already buying the cheapest ranges, for example, there was less scope for trading down. This may be the case for a growing number of single parents in time, as more move over to cheaper substitutes – a particular concern if food costs continue to rise above inflation. On some occasions, trading down can end up being a false economy, if own-brand products are of inferior quality. Others found it difficult to take advantage of bulk-buy offers, as the lump sums that needed to be spent were too large.

“Her nappies...I have to buy the supermarket's own-brand ones, which are awful and I go through them so quickly because they are no way as good”

“Sometimes you get the voucher and if you spend £35, £40 you get £1.50 or £2 off. Well, I can't come into the shop and buy £35 in one go, I buy what I need for the next few days”

Paying the Price panel members

Geography was also an issue for some single parents. For example, some single parents find that transport costs – particularly outside London – can restrict the extent to which they can take advantage of opportunities to reduce outgoings. The cheapest supermarkets or low-cost activities for children were often a bus or train ride away. For single parents with young children, without alternative childcare, this would involve travel costs for both parent and child(ren).

“Aldi is a good shop, but by the time you have paid your bus fare and that, it’s not going to be saving you much”

“I think it also depends on which area that you live in. When I lived in Oxford for a year there were a quite a few charity shops but here where I live in Birmingham, there’s hardly any”

Paying the Price panel members

Single parents without the access or IT skills to use internet and online technology are not able to take advantage of the same services and opportunities from which others have gained. And negotiating on low incomes can prove difficult if having a low income in itself restricts lenders’ capacity or willingness to provide financial respite for single parents.

“My friend said you can try selling some of your stuff on eBay...I think I’m not really up to it...I don’t really use email, to be honest”

Paying the Price panel member

“Tried to get a payment holiday from mortgage lender (have always paid, in full, on time). Was refused as on benefits”

Paying the Price survey respondent

Loans and helping hands

Frugal living and savvy consumer behaviour alone are not enough to make up for the shortfalls in income faced by most single parents. Nearly nine out of ten single parents surveyed have had to borrow money or seek welfare assistance when they have run out of money.¹⁶ According to our survey, well over half of single parents surveyed (62 per cent) have borrowed from friends or family when they have run out of money before the end of the week or month. In interviews, many single parents illustrated how critical this source of support has been in emergencies, such as paying an unexpectedly high gas bill. At other times, friends and family have helped out with additional expenses, such as children’s school clothes. One single parent felt forced to ask friends to assist with the costs for a specialist tutor, to help her child with dyslexia, which the child’s school was not addressing.

“That’s hideously embarrassing at my age having to, not beg exactly, but talk to people and say, you know, ‘It’s very difficult. I wonder if there’s any chance you could help out, say £5 a week [for a specialist tutor]?’”

“My mother has been kind...but if it wasn’t for her, I don’t know what I would have done”

Paying the Price panel members

For many single parents, these were loans rather than gifts, meaning repayment was then factored in to future weeks’ and months’ income. This was in part through a sense of obligation, but also because friends and family were often themselves on limited incomes. Indeed, some single parents noted that friends and family could not offer any source of financial support on which they could call upon for this very reason.

“But I think I have been quite lucky, my mum’s helped me out a few times...but she’s sort of semi-retired now, so obviously she’s not exactly rolling in money herself”

“I haven’t got anyone to fall back on. So if I’m struggling with finances, it’s all down to me”

Paying the Price panel members

87%
of single parents surveyed have had to borrow money or seek welfare assistance when they have run out of money

¹⁶ Borrowing and welfare assistance includes all resources in Figure 9, excluding savings and cutting back.

This combination of few financial reserves and no alternative source of income means many single parents are increasingly relying on credit products to make ends meet. Mail order catalogues were popular among the single parents we interviewed, who paid more in the long-term to ensure costs are manageable within short-term budgets. 51 per cent of single parents surveyed have been forced to use their overdrafts or credit cards when money runs out. The high use of overdrafts is a concerning trend, given the recent research which suggests that the fees incurred can be as expensive as the more high profile payday lenders (Which?, 2013). Comments from both our survey and interviews suggest this is happening more frequently now than in the past, and generally to pay for essentials, as money gets tighter.

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

“More expense on credit cards to meet monthly payments (previously, only used for big payments such as Christmas)”

Paying the Price survey respondents

Some single parents have also turned to loan providers. 13 per cent of single parents surveyed had used either payday or doorstep lenders; these loan providers typically have extremely high interest rates which can mean relatively small initial debts quickly accumulate. Interviews revealed that single parents who have used these lenders tend to do so in emergencies – to deal with unplanned bills or an unexpected drop in income (for example, after redundancy or when benefit payments have stopped).

“I don't think people would use payday loans for ‘oh, I want to go out tonight, I'm just going to borrow’...I think they do it because they have to, they're desperate”

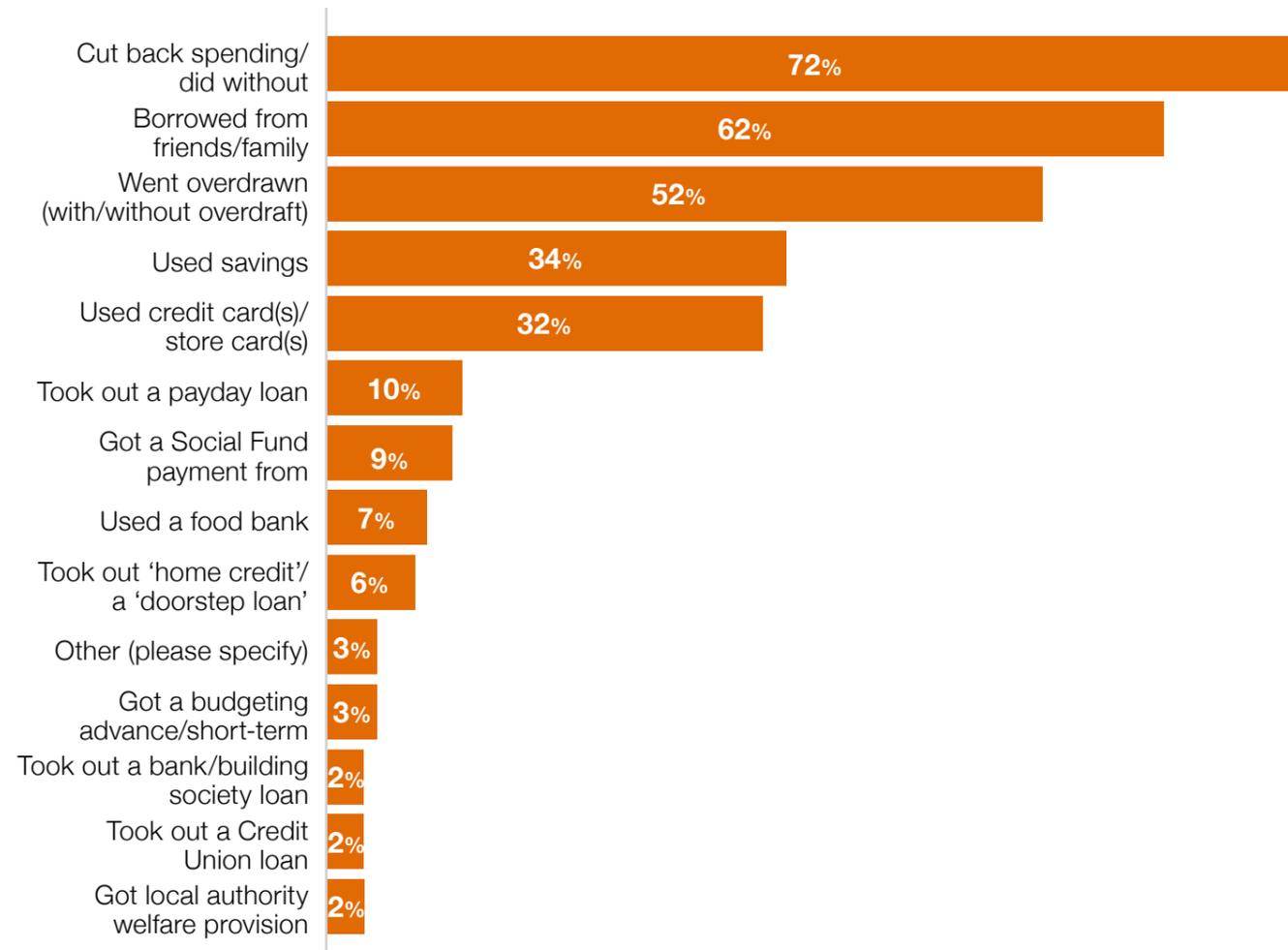
“I'm trying not to [take out loans]...when an unexpected bill come in, it's so easy to say ‘Yes, I'll have one, and then that's going to be the last’ – until the next one. It's just a circle”

Paying the Price panel members

Figure 9 Financial resources single parents drew upon when they ran out of money, over the last 12 months

% of single parents, n = 537

Gingerbread, 2013



Emotional impact

Our research has shown, highlighted by the discussion above, that single parents have already drawn upon their financial management skills in difficult times, to make what they have go further. Many have smaller margins within which to plan and budget incomes, but financial resourcefulness is still evident across the income range of our panel. Our interviews suggest this is driven by a mixture of determination and pragmatism in single parents' attitudes to their financial situation.

“It's manageable because it has to be. I think you just live to what you have got”

“You just have to live to what you can afford, really. That's what my mum always told me”

“You just need to deal with it, don’t you?”

“I think as a single parent you have got to think a bit outside the box”

Paying the Price panel members

Nonetheless, single parents expressed feeling the weight of having sole responsibility for their child(ren). While this drove their determination to manage with limited budgets, it also revealed the added pressure and strain of not having another parent or carer to draw upon for either emotional or financial support. As discussed, those that were able to rely on family or friends nevertheless did so with some reluctance through embarrassment or guilt (and usually ended up repaying these sums).

“It is a tough balance trying to be a breadwinner and a supporting parent as well”

“...if it comes to the crunch, something major, then it’s only down to you to fall back on”

“It’s just the constant demand on you to step up to the mark and to provide”

“I’ve got no leeway...the buck stops with me...If I make a bad financial decision, the cost is felt by my children, which is hideous...that’s a tough thing to carry sometimes”

“Just call me Mum and Dad”

“They’ve been quite lenient with me...but it’s just not very nice...I feel a bit, I’m 31, I shouldn’t have to be borrowing money off my parents”

Paying the Price panel members

Another common theme from both the panel interviews and our survey was the emotional toll of the practical side of managing finances in austerity. The repeated monitoring of bank balances, concerns about slipping into debt or attempting to make up the difference in falling incomes; the cycle of job searching in a tough jobs market – the constant grind is placing single parents under considerable stress.

“The most frustrating thing is I get rejected every day from so many jobs and it kind of demotivates you...and you feel like shouting...but you can’t do nothing”

“I think I have only defaulted once...which I was really shameful about”

Paying the Price panel members

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

Paying the Price survey respondent

Single parents also, understandably, express anxiety about the effects of managing tight finances on their children. Many feel guilty for having had to cut back spending on their children. Prioritising spending on children can also mean doing fewer things as a family. And others are increasingly concerned over how much longer they can protect their children from the effects of their financial situation.

“Our quality of life has suffered greatly and it has increased my stress and depression levels. My children are missing out on so much now”

“I always make sure that my daughter is catered for. I go without and then that upsets her, as we as a family are not able to do things due to money”

Paying the Price survey respondents

“I feel guilty that I’ve spent money that perhaps I shouldn’t have – not doing anything particularly exciting, maybe taking the boys to a play centre or something like that”

Paying the Price panel member

In interviews, there were mixed feelings over how far single parents could protect their children from the knowledge of their financial situation. Some single parents have made efforts to shield their children, while others have attempted to explain their situation in order for them to manage their children’s expectations. Indeed, some single parents interviewed felt their children were well aware of their tight financial situation without any explicit explanation. This resulted in mixed feelings for parents – appreciation at their children’s understanding, but guilt that their children were aware of the significant financial constraints they face at a relatively young age.

“It’s an element of their life that’s going to be affected; it’s only fair that they understand why I’m doing it. There’s a reason why we’re doing this. When it gets hard, you need to try and remember that”

“...What I have done, I have said to them before, ‘That money is equal to half the food budget for the month.’ He’s a bright lad and he can kind of understand that”

“She understands money as well...There was a time when I gave her £5 and she was with a friend and she went to the shops. Normally, I’d expect her to come home with loads of sweets and biscuits and crisps...but amongst all that, she had a loaf of bread – and I nearly cried. Yeah, I was really touched that she understands these things”

“If he does ask for something, I go, ‘No.’ He does say, ‘Oh – because we haven’t got enough money’...That’s, sort of, a bit of a kick in the gut”

Paying the Price panel members

These many factors raise concerns that austerity is having a significant negative impact on some single parents’ mental health. Worryingly, many single parents cannot see their situation improving in the near future, which may mean this impact on mental health is sustained in the medium term.

“Already being prone to depression, I am driven to further anxiety by adverse changes for single parents. If my friends had not lent me money in [the] last two years, I would have had a breakdown”

“Added pressure has led to a loss of pleasure in life and feeling very much isolated and alone, life is about surviving rather than living. Home life has become thankless and getting out of this situation seems impossible, whereas before I had hope that things could improve”

“Depressed and see no light at the end of the tunnel”

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

Paying the Price survey respondents

In spite of this bleak picture, some positive messages emerged in light of the emotional toll of austerity on single parents. In particular, emotional and social support has helped single parents to deal with the difficulties faced. While emotional support alone cannot surmount the financial problems faced, a number of single parents felt it helped them to feel less isolated, as well as allowing them to share relevant tips on money management and available professional support from those in similar situations (see Box 4).

“Sometimes I just wish I could pick up the phone and, you know, sort of compare notes – like a chance to talk to other single parents”

Paying the Price panel member

“I knew the changes were coming and realised there was no point getting depressed about it as nearly all of my friends are in the same position, so we just talk it through instead”

Paying the Price survey respondent

Box 5 “I have always been a get-up-and-goer...I definitely wasn’t somebody who sat on my backside...When I became a single parent, it knocked my confidence”: Vanessa’s story

Vanessa has struggled with the emotional toll of separation. Financial difficulties have added to this burden, made worse by rising living costs and a stop to child maintenance payments. She highlights some of the softer support needs of single parents, to help regain self-confidence and start to take steps back into work.

Vanessa has one child, who has just started at primary school. Having not worked while looking after her son, finances have been very tight. Beyond essential bills and food shopping, she has little to spend on anything else. When unexpected expenses come up, they are difficult to manage. She uses a catalogue to buy some items, to better manage the costs. She has also noticed the rising living costs more recently, which have made her situation more difficult.

“...Last year and backwards, it was a lot easier but things have gone up so drastically”

Vanessa lost some confidence when she became a single parent and felt disheartened about what she could manage on her own. The difficult financial situation has added to the emotional toll from separation with her husband. She sought counselling for depression this year, keen to get herself in a position where she felt able to go back to work.

“As soon as I buy something, I’m already worried...I spend quite a lot of my time stressed, hoping that I haven’t overspent”

“I just felt, I guess, like I have to make a change for myself, or I am always going to be where I am at”

She is now looking into studying in order to get back to work. Although she has not had guidance from her Jobcentre Plus adviser beyond suggestions to look online for courses, she has found some open days for courses that might help her to find work. She feels she has had to overcome a barrier in terms of gaining the confidence to take these steps, but has largely had to do so without support from employment advisors.

“It’s like I felt that I needed somebody to say, ‘You can do it’ ...They just need to be more creative with the way that they actually help people”

In the meantime, however, living costs have been difficult to manage. This was made more challenging when her child maintenance payments stopped. These payments covered her grocery shopping, which has meant she shops much more carefully for food and has less money for other items, such as clothes for herself and her child.

“It’s OK to buy second-hand, but they don’t last long...He’s got his school uniform coming up now...I am having to budget because that’s going to come out of my money every month now”

Rent is particularly high and, knowing friends in a similar position, she has now decided to rent as a house-share. Vanessa hopes the shared bills will help to save some money. She is also finding that the group dynamic offers some social support for dealing with the stresses she is currently under. Sharing with others with children also means they can share childcare duties when necessary – a benefit that she hopes will be useful if she finds employment.

5 Where next for single parents?

Our research shows that these are challenging times for most single parent families. Incomes have been hit, and finances are precariously balanced – many single parents are in debt, or just on the edge. When faced with limited prospects for earning more, many single parents feel trapped in a cycle of financial fragility. In spite of this, single parents have shown how they are doing their best to weather this storm. It is clear from this research just how resilient single parents can be during difficult times. What remains to be seen is whether this is sustainable in the longer term.

The road ahead

The preceding chapters illustrate how many single parents are struggling to keep up with managing their finances in times of austerity. The balancing act needed to manage fragile finances is complex, relentless and often emotionally draining.

“There is a sense that you have, sort of, failed before you have begun”

Paying the Price panel member

It is also clear that single parents’ financial pressures are not a matter of poor decision-making. Strict budgeting is not enough to prevent many single parents from facing precarious finances. Rational choices have been made by single parents to ensure their families are fed and clothed, which can often lead to further financial difficulty. Managing unexpected financial shocks can set families back for weeks or months. And many single parents are paying a ‘poverty premium’ due to the unaffordability of high up-front bills, lack of access to credit and lack of information that would help them to reduce household bills and debts.¹⁷ Furthermore, work is no guarantee out of financial difficulty – particularly if training opportunities are limited, childcare demands restrict the hours you can work, or if you are still making up significant financial costs of separation.

The road ahead does not look positive, and single parents are well aware of this. Nearly two-thirds of single parents we surveyed expect to be worse off financially a year from now. They are right to be concerned; the welfare reform programme is only just over halfway through. The IFS estimates that only 58 per cent of the current package of tax and benefit reforms, and only a third of day-to-day public service spending cuts, will be realised by the end of 2013-14 (Tetlow, 2013).

64%
of single parents surveyed expect to be worse off next year

¹⁷ Recent research shows that the poverty premium on utilities and credit can raise the minimum household budget by around 10 per cent (Hirsch, 2013)

The effects of universal credit on single parents are yet to be seen, with roll-out still limited to single adults without dependent children. However, we know from the DWP's own impact assessment that 900,000 single parents will lose out (DWP, 2012c), and analysis commissioned by Gingerbread suggests that single parents will lose out in cash terms, on average, whether in work or not (Brewer and DeAgostini, 2013).

Worse still, it looks likely that there is yet more financial pain to come. In October 2012, the Chancellor announced the government's intention to cut welfare spending by a further £10 billion per year by 2016-17 (Osborne, 2012). And at the 2013 Conservative Party conference, the Chancellor warned that there would be a further six years of fiscal consolidation, taking the government's austerity programme up to 2020 (Osborne, 2013).

Given that so many single parents are already struggling to maintain basic living standards with less money, it is clearly relevant to ask where cuts will take vulnerable families in future. As the Social Mobility and Child Poverty Commission has recently reported, even gradual economic recovery is unlikely to be sufficient to stop – let alone reverse – the move towards precarious finances experienced by so many single parents.¹⁹

The right track?

National and local decision-makers must take this opportunity to consider the real-life consequences of the effects of welfare reforms to date, before embarking on further changes. The twin aims of welfare reforms are claimed to be fairness and affordability (see Chapter 1, p9). However, if current and future reforms are to be considered fair, the tension must be resolved between working-age families bearing the brunt of austerity, and the lack of opportunities to earn income that is sufficient to make up subsequent shortfalls in income.

Furthermore, the burden borne by single parents must be recognised. Single parents are hardest hit in part by virtue of their circumstances. They are more likely than average to be on a low income and less likely to be in work, and therefore more affected by cuts in government support. They have children, and families with children are expected to be worst hit in terms of average losses in income (Browne, 2012). And the characteristics of single parents mean they are more exposed to cuts than couple families – the majority of single parents are women, and they are more likely to be affected by disability than couple families²⁰; both these groups are disproportionately hit by cuts (Browne, 2012; Kaye, Jordan and Baker, 2012).

Whether the changes make the benefit system more affordable is also called into question. The impact of austerity that we have observed in this project – debt, emergency support, the emotional toll – all come with costs, often borne by the state. Recent studies suggest that local authorities in particular may end up paying for the consequences of welfare reform.²¹ Meanwhile, overhauling the benefits system comes at a significant cost. Universal credit alone is expected to cost £2.4 billion, but has already experienced notable waste. The government has had to write off 17 per cent (£34 million) of new IT assets built to implement universal credit, and the remaining assets are worth £91 million less than planned (NAO, 2013). Meanwhile, further spending and write-off costs are expected in order to ensure the final system is fit for purpose (Public Accounts Committee, 2013).

“...much of the pain for lower-income groups is occurring now or is still to come...”

Robert Joyce, IFS, 2013¹⁸

“If, as seems likely, the recovery sees the trend of the last decade continuing – where the top part of the society prospers and the bottom half stagnates – inequalities will grow and the rungs of the social ladder will grow further apart”

Social Mobility & Child Poverty Commission

Crucially, it is not clear that one of the main goals of reforms under austerity – moving people into work – will result from the reforms to date. Despite rhetoric that reforms are ‘pushing’ people into work, it is not clear from the national evidence that the reforms have a causal effect on employment patterns. This research suggests that the reforms have, however, made many single parent families more financially vulnerable, and that these single parents are often unable to earn more or reduce their living costs sufficiently to mitigate these effects. The ‘work first’ approach is, for too many, not working – jobs that work for single parents cannot be found, or do not provide an adequate income to compensate for the high costs of living.

We at Gingerbread will continue to track how single parents fare under austerity through this project, and identify how the impact of austerity changes over time. In particular, we hope to focus on the critical issue of employment in our second report, and the labour market that single parents are facing. In the meantime, we urge policy-makers to tackle the evident employment barriers that prevent single parents from fulfilling their work ambitions and restrict their ability to support their families.

Sustainable change for single parents requires flexible jobs, affordable childcare, work that pays and work with progression. However, the inconsistency in current policy proposals – for example, proposing to spend £700 million per year on introducing a marriage tax allowance for which only a minority of families with children, and few on the lowest incomes, would be eligible (Joyce, 2013) – raises concerns that future policy will be neither fair, nor cost effective.

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

Paying the Price panel member

¹⁸ Chalabi, M. and Inman, P. (2013) Are the poor getting poorer?, [Online], The Guardian, 2 October 2013. Available from <http://www.theguardian.com/politics/reality-check/2013/oct/02/poor-richer-poverty-living-standards>

¹⁹ Social Mobility & Child Poverty Commission (2013), State of the Nation 2013: Social mobility and child poverty in Great Britain.

Available from <https://www.gov.uk/government/publications/state-of-the-nation-2013>

²⁰ 19 per cent of single parents are unemployed due to long-term sickness or disability, compared with 14 per cent of couples; 22 per cent of single parents have at least one person in the home with a long-term sickness or disability, compared with 18 per cent of couples (ONS, 2013d; ONS, 2013e).

²¹ For example, see ‘Tracking welfare reform: Meeting the financial challenge’ from London Councils, published September 2013

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Appendix 1 Methodology

Online survey

Our survey questions draw on both the British Household Panel Survey²², and the Financial Services Authority 'Financial capability baseline survey' (subsequently updated by the Money Advice Service (2013)).

We conducted our survey online between 11 July 2013 and 2 September 2013, using SurveyMonkey survey software. We used convenience sampling to get our response base. The survey was promoted via Gingerbread's social media outlets and membership newsletter. The survey was also shared online by a number of other voluntary sector organisations.

We have filtered out the responses from those who are not single parents – we define single parents as those who are the main carers for their children, ie whose children stay with them for at least half the week. As a result, non-resident parents without equal shared care are not included in our sample of single parents.

We are conscious that our convenience sampling approach can introduce bias to the results. For example, single parents without internet or computer access or skills would be unable to complete the survey – we are likely to risk excluding those most vulnerable or 'hardest to reach' from our analysis. On the other hand, the self-selecting nature of completing online surveys risks over-representing those with strong opinions or who are experiencing more severe effects of austerity.

For reference, we have compared the demographic data we collected in our survey with that of the single parent population to provide context to our sample. Critically, the income profile of the sample broadly reflects the income profile of the wider single parent population. This is important, as it indicates that our survey sample does not over-represent single parents on low incomes – in other words, those most likely to be affected by austerity and welfare cuts.

| Sex | Survey sample | Population |
|-------------|---------------|------------|
| Female | 96% | 90% |
| Male | 4% | 10% |
| Base | 591 | |

National data: ONS (2013) Table KS107EW: Lone parent households with dependent children, local authorities in England and Wales. Available:
http://www.nomisweb.co.uk/census/2011/data_finder

²² For more information, see <https://www.iser.essex.ac.uk/bhps>.

| Age | Survey sample | Population |
|------------------|---------------|------------|
| 19-24 years | 3% | 11% |
| 25-34 years | 21% | 26% |
| 35-44 years | 50% | 38% |
| 45-59 years | 26% | 23% |
| 60 years or more | 0% | 1% |
| Base | 589 | |

National data: ONS (2011) Age of lone parents with dependent children in the UK, 2009. Unpublished analysis of the Annual Population Survey.

| Ethnic background | Survey sample | Population |
|-------------------|---------------|------------|
| White | 91% | 84% |
| Mixed | 3% | 3% |
| Asian | 2% | 4% |
| Black | 5% | 8% |
| Other | 0% | 1% |
| Base | 571 | |

National data: ONS (2013) Table DC1201EW: Household composition by ethnic group of Household Reference Person (HRP). Available: www.nomisweb.co.uk/census/2011/data_finder

| Income | Survey sample | Population |
|-----------------------------|---------------|------------|
| Less than £15,000 | 53% | 51% |
| £15,001 - £20,000 | 21% | 28% |
| £20,001 - £30,000 | 18% | 17% |
| More than £30,001 - £50,000 | 8% | 4% |
| Base | 536 | |

Maplethorpe, N, et al. (2010) Families with children in Britain: Findings from the 2008 Families and Children Study (FACS). DWP. Available: www.gov.uk/government/uploads/system/uploads/attachment_data/file/214426/rrep656.pdf Annual figures are estimated from weekly income, assuming 50 working weeks.

We received one enquiry for paper versions of the survey from a voluntary organisation working with women affected by substance misuse, who were unable to complete the survey online. We decided to trial a paper-based approach, and we received four postal responses as a result, which have been added to the analysis. We will assess whether we can routinely provide a paper version of our questionnaires if needed in future for this project, in order to minimise non-response bias – this will depend on the time and resources available to input the data received.

Due to the non-random nature of the sample, we cannot assess how reliable are results are in relation to the whole single parent population. We therefore take efforts to ensure we only apply our findings to those single parents surveyed, and use these results to raise caution about the potential effects of austerity on the wider single parent population are indicated by these findings.

Panel research

Our panel research included interviews with 23 of our panel members in August and September 2013. The remaining members were not included due to late replacements for those who could no longer take part, and conflicting schedules. A full complement of surveys is intended for future waves of the project's research, excluding any subsequent attrition.

We recruited 31 panel members between April and July 2013. We used a purposive sampling approach to recruit members, applied to Gingerbread's 'online membership' population (those we can contact by email). We developed a list of sampling characteristics which would enable us to generate qualitative data that covers a range of circumstances for which austerity had implications, while broadly reflecting the characteristics of the single parent population. The factors we considered were: single parent demographics (age, sex, ethnic background and disability), number of children, age of children, employment status, formal childcare use, and benefits received.

In order to provide a comprehensive yet coherent qualitative analysis of single parents' experience of austerity, we also decided to focus our panel membership on four areas. We hoped that this would provide sufficient geographic coverage, while allowing us to draw out any common themes that arose in each of the different areas. As current austerity reforms affect single parent families in both England and Wales, our panel includes members from both countries. We knew single parents in London would be acutely affected by changes to housing benefit due to high house prices, and were the first to be affected by the benefit cap (the four pilot areas were all London boroughs). We therefore decided to weight our panel towards London, with around half of the 30 members to be recruited from the capital. We then chose two sub-regions in England, and one sub-region in Wales, with the largest proportion of families with children who were single parents. These areas were Birmingham, Liverpool, and the Central Valleys.

The sampling process involved a number of stages:

- Screening: A screening questionnaire was sent to all online members living in the four chosen case study areas (based on their home postcodes), to obtain the information required by our chosen sampling frame
- Filtering: Screening responses were assessed against the sampling frame to identify a smaller pool of potential candidates
- Selection: A pre-selection telephone interview was conducted with prospective members to explain the research in more detail and get a better sense of how well the families met our sampling criteria and the demands of the proposed research
- Consent: A process of informed consent was used, with consent discussed during pre-selection interviews, clear written information provided for prospective members, and written consent given by final panel members.

Panel members were offered a research 'incentive' in recognition of the time and commitment required. Incentives will be staggered over the course of the project to take into account the longitudinal nature of the research.

A summary profile of our panel is presented in the tables below; two further panel members are in the process of being confirmed.

| Panel members: Location | Number | % |
|-------------------------|-----------|-----|
| London | 15 | 54% |
| Birmingham | 6 | 21% |
| Liverpool | 2 | 7% |
| South Wales | 5 | 18% |
| Base | 28 | |

| Panel members: Sex | Number | % |
|--------------------|-----------|-----|
| Female | 26 | 86% |
| Male | 4 | 14% |
| Base | 28 | |

| Panel members: Age | Number | % |
|--------------------|-----------|-----|
| 18-24 years | 2 | 7% |
| 25-34 years | 7 | 25% |
| 35-44 years | 15 | 54% |
| 45 years or more | 4 | 14% |
| Base | 28 | |

| Panel members: Miscellaneous | Number | % |
|--|-----------|-----|
| From a Black or Minority Ethnic background | 9 | 32% |
| With a self-reported disability | 5 | 18% |
| Unemployed and looking for work | 13 | 46% |
| Base | 28 | |

Of course, our panel does not aim to be statistically representative of all single parents in the way we might with our online surveys. The purpose of qualitative research is not to draw statistical conclusions, but to understand different perspectives in more depth – often described as understanding the 'how' and the 'why' of circumstances, rather than just the 'what', 'how many', and 'when'.

We do, however, seek to minimise the risk of relying heavily on atypical cases by ensuring a range of characteristics are incorporated in our panel and comparing the traits of the panel with what we know of the wider single parent population. This approach does mean, though, that single parents at either extreme of family circumstances – either the most vulnerable or the most comfortable – are not included in our panel. Not including those most comfortable is less critical given our research focus on the experience of austerity and financial vulnerability. We might, though, be more concerned that the 'hardest to reach' single parents may not be included in our panel. However, this report gives us reason to believe that we have heard from single parents who are extremely financially and emotionally vulnerable. If these are not the most extreme cases, this only lends strength to our findings on the detrimental impact of austerity on single parents.

Appendix 2 Online survey data tables

| Please tell us whether you are a single parent, whose children stay with you: | Number | % |
|---|--------|------------|
| At least half the week | 643 | 96% |
| Less than half the week | 9 | 1% |
| Not a single parent | 17 | 3% |
| Base | | 669 |

| How do you feel you are managing your necessary outgoings, at the moment? | Number | % (those answering) | % (all single parents) |
|---|--------|---------------------|------------------------|
| Fine – Managing without difficulty | 30 | 5% | 5% |
| Alright – Managing, but it is sometimes difficult | 115 | 18% | 18% |
| Getting by – Managing, but it is always difficult | 174 | 28% | 27% |
| Struggling – Sometimes not covering my outgoings | 185 | 29% | 29% |
| Not coping – Frequently not covering my outgoings | 126 | 20% | 20% |
| Base | | 630 | 643 |

| Have you tried to get any advice to help with financial issues or managing your money in the past year? | Number | % (those answering) | % (all single parents) |
|---|--------|---------------------|------------------------|
| No | 417 | 67% | 65% |
| Yes | 207 | 33% | 32% |
| Base | | 624 | 643 |

| How do you feel financially, compared to this time last year? | Number | % (those answering) | % (all single parents) |
|---|--------|---------------------|------------------------|
| Worse off | 463 | 74% | 72% |
| About the same | 131 | 21% | 20% |
| Better off | 31 | 5% | 5% |
| Base | | 625 | 643 |

| Do you feel worse of compared to last year due to any of the following reasons? <i>Respondents could select more than one option</i> | Number | % (those answering) | % (all single parents) |
|---|--------|---------------------|------------------------|
| Increase in costs of day-to-day items (eg food, clothing, travel) | 404 | 87% | 63% |
| Increase in utility costs (gas, electricity, water) | 386 | 83% | 60% |
| Lower benefits/tax credits | 240 | 51% | 37% |
| Other (please specify) | 105 | 23% | 16% |
| Lower income due to relationship breakdown/separation/divorce/death of spouse or partner | 76 | 16% | 12% |
| Lower wages | 58 | 12% | 9% |
| Redundancy/job loss | 51 | 11% | 8% |
| Reduction in hours | 46 | 10% | 7% |
| Unable to work/retired early, due to ill health/disability | 44 | 9% | 7% |
| Base | | 461 | 643 |

| Have you experienced any of the following changes to your benefits since April 2013? <i>Respondents could select more than one option</i> | Number | % (those answering) | % (all single parents) |
|--|--------|---------------------|------------------------|
| Paying additional council tax | 232 | 41% | 36% |
| Paying for 'under-occupancy' of bedrooms ('bedroom tax') | 49 | 9% | 8% |
| Lower housing benefit due to the 'benefit cap' | 76 | 13% | 12% |
| Other changes – please specify | 76 | 13% | 12% |
| Not sure | 76 | 13% | 12% |
| Do not receive benefits/tax credits | 40 | 7% | 6% |
| None of the above | 168 | 30% | 26% |
| Base | | 567 | 643 |

| Are you behind on any regular payments or loan repayments, at the moment? | Number | % (those answering) | % (all single parents) |
|---|--------|---------------------|------------------------|
| No | 377 | 61% | 59% |
| Yes | 243 | 39% | 38% |
| Base | | 620 | 643 |

| Please tell us more about the payments on which you are behind <i>Respondents could select more than one option</i> | Number – less than 3 months behind | Number – 3 months or more behind | % (those answering) | % (those in arrears) |
|--|------------------------------------|----------------------------------|---------------------|----------------------|
| Rent/mortgage | 73 | 30 | 44% | 42% |
| Gas/electricity | 49 | 54 | 44% | 42% |
| Water | 44 | 53 | 41% | 40% |
| Telephone/mobile phone | 48 | 12 | 26% | 25% |
| Council tax | 63 | 22 | 36% | 35% |
| Credit card | 36 | 55 | 39% | 37% |
| Bank/building society loan | 19 | 33 | 22% | 21% |
| 'Home credit'/'doorstep loan' | 17 | 20 | 16% | 15% |
| Benefit loans from Jobcentre Plus (eg Social Fund loan) | 10 | 26 | 15% | 15% |
| Payday loan | 14 | 19 | 14% | 14% |
| Credit Union loan | 1 | 8 | 4% | 4% |
| Other (please specify) | 33 | | 14% | 14% |
| Base | | | 235 | 243 |

| Roughly how much debt would you say you have? | Number | % (those answering) | % (those in arrears) |
|---|--------|---------------------|----------------------|
| Up to £100 | 1 | 0% | 0% |
| At least £100 up to £500 | 17 | 7% | 7% |
| At least £500 up to £1,000 | 17 | 7% | 7% |
| At least £1,000 up to £2,000 | 34 | 14% | 14% |
| At least £2,000 up to £5,000 | 76 | 32% | 31% |
| At least £5000 up to £10,000 | 46 | 19% | 19% |
| £10,000 or more | 47 | 20% | 19% |
| Base | | 238 | 243 |

| In the past 12 months, roughly how often have you had money left over at the end of the week or month, after paying necessary outgoings? | Number | % (those answering) | % (all single parents) |
|--|--------|---------------------|------------------------|
| Always/almost always | 27 | 5% | 4% |
| Most of the time | 43 | 7% | 7% |
| Sometimes | 80 | 13% | 12% |
| Not often | 123 | 21% | 19% |
| Hardly ever/Never | 326 | 54% | 51% |
| Base | | 599 | 643 |

| In the past 12 months, have you cut back your spending on any of the following items? <i>Respondents could select more than one option</i> | Number | % (those answering) | % (all single parents) |
|---|--------|---------------------|------------------------|
| Clothes/footwear for myself | 549 | 93% | 85% |
| My leisure activities | 516 | 87% | 80% |
| Food for myself | 397 | 67% | 62% |
| Child(ren)'s leisure activities | 298 | 50% | 46% |
| Gas/electricity use | 290 | 49% | 45% |
| Car/Public transport use | 271 | 46% | 42% |
| Telephone line/mobile phone | 257 | 43% | 40% |
| Clothes/footwear for my child(ren) | 217 | 37% | 34% |
| Internet | 109 | 18% | 17% |
| Food for my child(ren) | 81 | 14% | 13% |
| Other | 46 | 8% | 7% |
| Base | | 593 | 643 |

| In the past 12 months, roughly how often have you run out of money before the end of the week or month? | Number | % (those answering) | % (all single parents) |
|---|--------|---------------------|------------------------|
| Always/almost always | 205 | 34% | 32% |
| Most of the time | 126 | 21% | 20% |
| Sometimes | 157 | 26% | 24% |
| Not often | 53 | 9% | 8% |
| Hardly ever/Never | 62 | 10% | 10% |
| Base | | 630 | 643 |

| When you have run out of money over the past 12 months, did you do any of the following? Respondents could select more than one option | Number | % (those answering) | % (all single parents) |
|---|---------------|----------------------------|-------------------------------|
| Cut back spending/did without | 386 | 72% | 60% |
| Borrowed from friends/family | 332 | 62% | 52% |
| Went overdrawn (with/without overdraft) | 279 | 52% | 43% |
| Used savings | 181 | 34% | 28% |
| Used credit card(s)/store card(s) | 171 | 32% | 27% |
| Took out a payday loan | 53 | 10% | 8% |
| Got a Social Fund payment from Jobcentre Plus | 50 | 9% | 8% |
| Used a food bank | 40 | 7% | 6% |
| Took out 'home credit'/a 'doorstep loan' | 34 | 6% | 5% |
| Other (please specify) | 18 | 3% | 3% |
| Got a budgeting advance/short-term benefit advance from Jobcentre Plus | 18 | 3% | 3% |
| Took out a bank/building society loan | 12 | 2% | 2% |
| Took out a Credit Union loan | 11 | 2% | 2% |
| Got local authority welfare provision/a Discretionary Assistance Fund payment | 9 | 2% | 1% |
| Base | | 593 | 643 |

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