

From pandemic to cost of living crisis: low-income families in challenging times

This study looks at the experiences of a group of low-income families during the second half of the pandemic, and how they have faced a changing and increasingly uncertain world. It looks ahead at how, emerging from the pandemic but heading into a cost-of-living crisis, they need greater stability and support to allow them to meet their needs.

Key recommendations

- Families on low incomes need a state safety-net that provides adequate financial support that they can rely on. Guaranteeing benefit uprating in line with expected inflation would be an important start, given rising living costs and the removal of the £20-a-week Universal Credit (UC) uplift.
- Employment laws should support access to secure employment, with sufficient wages and rights that fit in with family life, including greater control over working hours and arrangements.
- Statutory Sick Pay should be paid from the first day of sickness, rather than the fourth, to avoid people working when sick because they cannot afford the loss of earnings.
- Services including the benefits system and additional financial help, mental health and other GP services, need to be easier to access with better information and easier channels of communication, whether or not people are online.
- Priority needs to be given to helping families achieve full digital access, especially where children do not have access to a laptop or broadband.

The research

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Background

This research draws on a longitudinal study which has been following a set of families on low incomes through five rounds of interviews over a six-year period. The findings reported here are based on in-depth interviews with 13 families at the end of 2021 and consider their experience over the preceding year and the longer-term implications of living through the pandemic and into a changing world, alongside the ongoing uncertainties and pressures of making ends meet. The families have incomes below the Minimum Income Standard, which is what families require for an acceptable living standard, according to members of the public. Since the research was first conducted in 2015, these families have had many ups and downs, sometimes getting by well and sometimes facing difficulties and hardship, in situations that they often cannot control and where stability is hard to find.

Key messages

- The pandemic brought not just constraints but also opportunities, including new ways of working, communicating, shopping and remote schooling through new technologies. But families on low income can be restricted in their ability to take full advantage of these because of their employment situation, home environment or lack of digital resources.
- Parents continue to face work constraints where jobs do not fit in with family life, with low pay and lack of progression impacting on their ability to increase earnings, and on work-life balance.
- The pandemic added to existing uncertainties in the lives of families who could already find it hard to achieve stability. Insecure work brought uncertainty around earnings for parents and older children. Benefits have not provided an adequate or stable income, with the removal of the Universal Credit uplift, fluctuation and changes in payments or awards. Disability benefits remain difficult to access. These factors interact with ongoing instabilities linked, for example, to ill health or irregular child maintenance payments.
- These uncertainties are now compounded by the cost of living crisis, with rising prices, fear about how they can be managed, and feeling helpless to do anything about it.
- Access to support continues to be crucial but families need to know what is available and be able to access it. Barriers included lack of awareness or understanding about additional financial support or low-income utility tariff discounts, a need for support or encouragement to navigate the benefit system, and difficulty contacting services amid moves towards remote and digital provision. This could inhibit people from reaching services, including in-person GP appointments, and online service provision limits access for families who lack digital resources.
- The impacts of the pandemic on mental health and disrupted education could have ongoing implications. The pressures of the pandemic had 'amplified' or 'brought out' anxiety and depression for some parents and children. Parents were concerned about the long-term effects of missed schooling for their children, particularly disruption of transitions into secondary school or college.
- People felt overlooked and disconnected from the Government who they saw as out of touch with the everyday challenges that they faced, with further policy action needed to help those struggling to manage amid the cost-of-living crisis.

Making ends meet

As in the preceding years, families' experiences of managing to make ends meet varied but also fluctuated. Much depended on what had happened to people's work: whether it had remained stable or they had increased hours and/or pay, and some had saved money on costs such as transport. Others continued to find it hard to keep afloat as their level of income from benefits and low-paid work just wasn't enough to get by on. The cut in Universal Credit, alongside rising living costs had created particular difficulties for families whose budgets were already tightly balanced. Changes in circumstances unrelated to the pandemic such as ill health or moving in with a partner also had differing effects on family finances.

Work environment, patterns and opportunities

The Covid pandemic has had a significant effect on working lives, with job losses and reductions in hours for many workers. By late 2021, there were fewer direct effects of the pandemic on work for families in the study, but the wider landscape associated with the pandemic had ongoing implications for the work environment and working patterns. Parents who were able to continue working from home saw important benefits in terms of less travel time, lower travel costs and more time spent with family.

"I adore working from home, I do not want to go back to working in an office full-time ever again, and it would be a considerable consideration of mine for any future job ... I want my flexibility. I can make my daughter's dentist appointment for three pm, but I'm not having to leave at one o'clock from the city centre to get back to my home."

(Couple household, both full-time work)

However, there were differences in the experiences of home working, depending on the flexibility of employers and the availability of space in the home. A mother whose partner had continued to work from home noted how he had to work at the kitchen table which was difficult when children were around, but also impinged on her own home environment.

"If he's in Zoom meetings and all that, I can't feed myself! It's quick bowl of cereal, come out of kitchen for the day! But it's more when the kids are off school. Money-wise better off, but me and my kitchen-wise, no."

(Couple household, one parent in full-time work)

However, many people, particularly those in low-paid jobs, do not have the option to work from home. Some parents felt that going into a workplace, keeping a routine and seeing people outside of the home was better for their wellbeing, although they didn't necessarily feel that their efforts to 'keep the country going' amid Covid risks were appreciated. Parents could find themselves stuck in low-paid work with little chance of progression, and some had employment conditions or patterns which disadvantaged them and their families. Those with only statutory sick pay could face the choice of going to work when falling sick or losing three days' pay, which they could ill afford. Moreover, difficulty finding secure work with reasonable pay that fitted around family life, meant some parents felt that they had little choice or control over their working situation. The pandemic further highlighted the need for flexibility around work, to fit in with childcare responsibilities or health needs, but parents felt that finding a job giving them sufficient flexibility was unlikely:

"All that's available is zero hours contracts everywhere, which is no good if you've got a family to support ... We've just got a brand new warehouse, but allocated times for working are really obscure times, so like from five in the morning till eight in the morning ... I think I've seen one advert to work from eleven o'clock at night till three in the morning!"

(Single parent, part-time work)

These constraints had caused some parents to take on work that they said they 'hated', or working long hours on low pay, just to pay the bills. And for those remaining in previous jobs, the experience of furlough had emphasised future uncertainties, and not taking one's job for granted. Job instability was also keenly felt in families with older children, who themselves found it harder to get work, which could affect the amount they were able to contribute to family finances.

Financial (in)stability and uncertainty

While earnings fluctuations due to Covid had settled down by late 2021, families still felt highly vulnerable to fluctuations in income, since they generally had little financial backup. This was due to insecure work for parents and older children, whose income could potentially contribute to household finances alongside their parents, in addition to changes in benefits, and ill health inhibiting work. This included loss of child-related benefits where children had left education, but in particular the loss of the £20-a-week uplift in Universal Credit which made a 'massive' difference as it could be tough enough managing even with the uplift.

“That’s nearly a week’s worth of shopping, I know it sounds daft just to miss out on the £87 a month, but I’m struggling because £87 a month could go towards my shopping, could go towards fuel, could go towards my gas and my electric, could go towards anything.”

(Single parent, part-time work)

These fluctuations in income coincided with rising living costs, creating new uncertainties about the adequacy of family income. Families had often experienced extra costs during lockdowns when children being at home increased food and fuel consumption, but rather than the situation easing they have faced escalating prices which have hit families' budgets even harder. With prices continuing to rise there was a great deal of uncertainty and concern around how these would be managed but parents felt there was little they could do about it.

“I am terrified ... I can't see what's coming. Wrap up warm and hope for the best.”

(Single parent, not in work)

Some families in the study were finding it harder to get by than others – parents mentioned having to sell things on Facebook Marketplace to get through to their next benefit payment, borrow money from relatives, and feeling compelled to take on even more working hours.

Extra help for struggling families tended to be more effective where it was automatic than where families had to apply separately. For example, the families in the study were not aware of the 'Household Support Fund' designed to help those hit hardest by the loss of the UC uplift, and were missing out on water and internet companies' social tariffs, but appreciated automatic benefits such as free school meals vouchers provided during school holidays.

Health, well-being and education

Families where there were physical or mental health issues faced additional difficulties during the pandemic, which intensified their feeling of lack of control and uncertainty, with mental health conditions intensifying for some parents and children. Some parents explained that the experience of the lockdowns and the lingering effects 'amplified' or 'brought out' their anxiety and depression. The pandemic also made it a lot harder to navigate new or existing health conditions.

As with health, the impact of Covid on children's education had potential ongoing implications. Even after lockdowns ended, children sometimes had to spend time away from school, for example for periods of isolation. Parents were concerned about the long-term effects of missed schooling. A particular issue was disruption of transitions into secondary school or college, with the latter exacerbated by uncertainty over exams being cancelled.

Functioning in the new digital world

The pandemic accelerated the shift towards greater use of technology and a more digital world, across home, school, work lives, and access to services. But families who have fewer resources in terms of equipment, connections and digital skills risk facing a new form of disadvantage – with low-income households most vulnerable. Some children were given laptops by their schools which made a big difference, but these could be taken back when lockdowns eased, even though they were still needed for homework. Some children were still doing schoolwork on mobile phones.

Parents had widely varying levels of confidence using technology for social communication, work and practical tasks. Some saw Zoom and similar resources in highly positive terms, but people who preferred other means of communications such as booking appointments by telephone felt frustrated that these had been made harder. Nevertheless, the digital capabilities of families had generally increased during the pandemic, including for some families new or updated devices, increased bandwidth or learning new skills – the benefits of which will endure.

“It’s surprising, this Zoom’s quite good, I’ve figured it out ... Who’d have thought you could do a gym class online ... it’s definitely made us all more hi-tech.”

(Couple household, one parent in full-time work)

Conclusions

By following low-income families over a period of six years, this study has noted important aspects of their lives that preceded Covid, which were accentuated during the pandemic and will continue to be important in the future. In particular, these relate to the extent of constraints on opportunities, and the uncertainties and instability faced by families whose delicately balanced budgets make these aspects of life particularly hard to deal with. Unpredictable income from work and from benefits is now being exacerbated by large unforeseen increases in prices, with the current cost-of-living crisis predicted to have severe consequences for families already struggling to make ends meet with no leeway or savings to fall back on. Support for these families therefore needs to revolve around improving stability – through more adequate benefit entitlements, uprated with prices, and by measures to improve the right to secure employment contracts. At the same time, families need to feel supported by public services, helping them to manage their physical and mental health, and to access other forms of support when needed. Policymakers need to connect and engage with people like those in this study. They often felt overlooked and disconnected from the Government who they saw as out of touch with the everyday challenges that they faced. But further policy action is needed amid the cost of living crisis for people to see that their concerns are heard and more importantly addressed.

For further information

The full report, **From pandemic to cost of living crisis: low-income families in challenging times**, is published by the Joseph Rowntree Foundation. It is available as a free PDF at www.jrf.org.uk

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ISBN 978-1-915305-03-9

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www.jrf.org.uk
Ref: 3359