LIVING PRECARIOUSLY
FAMILIES IN AN AGE OF AUSTERITY

Family and Childcare Trust
Edited by Celia Hannon
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We are extremely grateful to those eleven families who opened their homes and finances to researchers in the ‘Family Matters’ study, a number of local government officers were similarly generous with their time, providing insight into the context for children’s services in austerity.

I would like to thank Katherine Rake for providing the vision which paved the way for this research programme, along with Peter Grigg for thoughtful contributions which have proved invaluable at every stage. Adam Butler’s thorough research informed several chapters, and I am also grateful for the additional input provided by Anand Shukla and Jill Rutter on the policy directions. Finally, I would also like to thank Jason Strelitz, Mike Rees, Sophia Parker and Andrea Coleman for insightful comments and support.

Celia Hannon
May 2013
Foreword

Families are nothing if not resilient, remarkably capable of adapting to change and uncertainty. Today, the challenges of austerity are sorely testing that resilience. Families and parents across Britain are hourly and daily picking-up the strains of reduced income, higher bills, fewer local services, more pressured jobs and – on the whole – making do.

This programme of research was initiated to build up a picture of life in austerity in the round; starting with analysis of sweeping shifts in national policy, to changes at the local level before focusing in more closely on families themselves. This perspective has revealed the extent to which the consequences of economic stagnation are not just financial, but relational and social. There has been much debate about who has ‘borne the burden’ of the cuts, but this research illustrates just how many different groups have been affected by the changes which flowed from the recession and subsequent political responses. It also reminds us that it is within the family where all these pressures accumulate – whether cuts to youth services, caps on benefits or rising energy and food costs.

As we consider ways to ameliorate the effects of austerity, the political emphasis is rightly on economic growth. Headline infrastructure projects such as high-speed railways are touted as ‘investment in our future’. Yet, we know that families are central to economic growth. It is family members who are the unpaid care-givers; it is the family unit which enables people to work and learn; families who are consumers of goods and services. Over the long-term, families are our national infrastructure. Yet families, like everything else, require a supportive climate in which to flourish.

The Family and Childcare Trust, newly formed from a merger of the Family and Parenting Institute and Daycare Trust, will be at the heart of calling for a strong and credible strategy for investing in families to thrive, not just survive. We will focus our efforts on boosting the assets families have to draw on, namely time, money, support and environmental resources.

There are difficult choices ahead in allocating limited public resources, but the more insight we have into the reality of family life the more effective our spending decisions can be. We thank those who contributed to this work – including Ipsos MORI, ESRO and IFS, and Celia Hannon who expertly led this entire programme – and we look forward to building new partnerships to invest in the well-being of families in the UK.

Peter Grigg
Director of Policy, Research and Communications
Family and Childcare Trust
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The National Impact
Families and welfare reform

One of the key aims of this programme was to investigate how a programme of sweeping changes to the tax and benefits system was likely to affect the income of families over the coming years. This chapter reflects on some of the key findings of analysis conducted by the Institute for Fiscal Studies (IFS) for the Family and Parenting Institute in December 2011,¹ and on some of the subsequent policy announcements that have been made since that research was first published.

Britain’s welfare system has been in a process of continual evolution in the 70 years since Beveridge’s landmark 1942 report, but the pace of change has undoubtedly increased during this period of austerity. In practice, fiscal consolidation has led to tighter targeting of finite resources, and, some would argue, an erosion of some of the core tenets of welfare provision to families. One of the most obvious manifestations of this trend is the acceleration in the decline of universalism. In 2013 one of the last-remaining centrepieces of universal benefit provisions – Child Benefit – went from being available to all to becoming a means tested entitlement.

A number of other changes to welfare policy have been made by the Coalition Government since 2010, many of which align with longer-terms trends in the British welfare system towards greater means testing, more sanctions and greater conditionality for claimants (most of which were discernable themes in government welfare-to-work strategies before the recession). Among these new policies is one of the most controversial elements of the Coalition’s programme of cuts, the ‘benefit cap’, which limits the total amount of benefits available to a household – irrespective of the number of children in the family.

Perhaps even more significantly for the future of social security, we are about to embark on what the Secretary of State for Work and Pensions, Iain Duncan Smith, describes as the “biggest change since Beveridge introduced the welfare system”² – Universal Credit – a radical attempt to streamline the complex benefit system. From October 2013 it will combine most of the existing support currently provided to working-age people in a single benefit. Smith’s stated aim in the programme of reform is to create a “trip wire to cultural change”.³

The following section presents key findings of the IFS analysis published in January 2012. While the results do not incorporate announcements in subsequent budgets and statements, the findings remain highly relevant. Most notable among the findings was the fact that the nature of the tax and benefit changes meant families were set to lose more than pensioner households and working-age households without children. When the work was launched we also expressed concern that some of the least financially resilient families appeared to be especially adversely affected by the package of cuts.
Summary of IFS findings published in January 2012

In considering the incomes of different family types, this analysis (carried out by James Browne of the IFS) was among the first to provide a more granular level of insight into the implications of these national policy changes for households with children. The original research report can be found online, and includes a summary of the policy measures that the analysis incorporated.

In re-publishing this research it is important to note that it was conducted before announcements included in Budget 2012, Autumn Statement 2012 and Budget 2013. The Government has also since finalised the earned income disregards (the amount a family can earn before Universal Credit starts to be withdrawn) in the Autumn Statement 2012, setting them at lower levels than it had previously indicated, reducing the gain from Universal Credit for low-income families with someone in paid work.

The research examined the prospects for incomes and poverty rates among households with children between 2010 and 2015 and attempted to isolate the impact of tax and benefit changes on household incomes, and on the incentives for parents to take on paid work and to increase their earnings slightly. These are the key findings:

- In the study, the IFS found that the median (middle) income among households with children was set to fall in real terms by 4.2 per cent between 2010–11 and 2015–16. This was greater than the projected fall in overall median income for this period of 0.9 per cent. Median income was projected to fall by more than 4.2 per cent among families with three or more children, households with young children and those living in private rented accommodation, and less than 4.2 per cent among single-child households, those whose youngest child is aged 11 or more and those who own their home outright.

- Relative child poverty was predicted by the analysis to increase between 2010–11 and 2015–16 by around 400,000, and absolute child poverty (as defined in the Child Poverty Act 2010) to increase between 2010–11 and 2015–16 by around 500,000. Again, poverty rates were set to particularly increase among families with three or more children, households with younger children and those living in private rented accommodation, which are all groups with above average levels of child poverty. As poverty rates were found to particularly increase among large families, both the absolute and relative poverty rate among Pakistani and Bangladeshi children increases by more than 5 percentage points.

- Tax and benefit changes to be introduced during the period studied were one factor driving these trends. The cap on the total amount of benefit families particularly impacts large families. Reforms such as the abolition of the baby element of the Child Tax Credit and the reduction in the generosity of the childcare component of the Working Tax Credit particularly affect families with younger children, and cuts to Local Housing Allowance only affect those in the private rented sector. Overall, low-income households with children, particularly non-working lone parent households, were found to lose more as a percentage of income
on average from tax and benefit changes to be introduced over this period than pensioners, those of working-age without children and richer households with children.

• The introduction of Universal Credit was found by the IFS to partly offset these trends. The biggest winners from its introduction were shown to be single-earner couples. Households with children that are in rented accommodation particularly benefit from its introduction, so much so that once this is in place they will no longer lose more from these reforms, on average, than home owners. Poorer households with children (who also tend to have more children and younger children) were also shown to benefit from the additional expenditure. Existing claimants of benefits and tax credits will gradually be transferred to Universal Credit between April 2014 and March 2018.

• Tax and benefit changes introduced in 2011 were found on average to weaken the incentive for those with children to undertake paid work but on average strengthen the incentive for those without children to undertake paid work. Reforms to tax credits increase the amount of benefit received if parents do not work, but reduce the amount of benefit received in work.

• The incentive for those in paid work to increase their earnings was also found to be slightly weakened by these changes, particularly the increases in National Insurance contribution rates and the rate at which tax credits are withdrawn as incomes rise.

• Tax and benefit changes introduced in 2012–13 and 2013–14 were not found to affect financial work incentives significantly, except for those with large families, for whom the introduction of the benefit cap would significantly reduce the amount of benefit they would receive if they left paid work (meaning that the incentive for them to remain in paid work is significantly strengthened).

• The introduction of Universal Credit from October 2013 onwards was shown to significantly strengthen the incentive for lone parents, and those in couples without a partner in paid work, to undertake paid work on average, but tends to weaken the incentive for both members of a couple rather than just one to undertake paid work. It also strengthens the incentive for lone parents, and those with children and a partner not in paid work, to increase their earnings slightly.

Since the IFS undertook the research outlined above (in December 2011), it has published a more up-to-date analysis in the wake of the Budget 2013. Importantly, this features distributional analysis and compares the differing impact of all recent tax and benefit and reforms on households with children, pensioner households and working-age households without children.
Subsequent announcements and analysis

As already noted, a number of further tax and benefit announcements have been made in Budget 2012, Autumn Statement 2012 and Budget 2013. Some of the key changes are identified below:

- **Changes mitigating the planned withdrawal of Child Benefit.** Instead of withdrawing Child Benefit completely from higher rate taxpayers (currently those earning £42,476 p.a. or more) from 2013, the Government modified its plans, opting to withdraw the benefit gradually from families where one parent is earning between £50,000 and £60,000 p.a., and entirely from those earning over £60,000 p.a. While this has reduced the number of families affected by the cut, single-earner households will be adversely impacted by this approach.

- **Further above-inflation increases in the income tax personal allowance.** Each of the Coalition Government’s subsequent budgets has included an above-inflation rise to the income tax personal allowance. The Budget 2012 lifted the allowance for basic rate taxpayers from £8,105 to £9,205 from April 2013, while in the Budget 2013 the Chancellor announced that the personal allowance will be raised to £10,000 from next year, not from 2015 as previously planned.

- **In the Autumn Statement 2012 the Government announced its intention to limit increases in certain working-age welfare benefits and tax credits to 1 per cent, rather than increasing them in line with inflation.** The Welfare Benefits Up-rating Bill introduces this cap for up to three years from 2013–14 to 2015–16. The Children’s Society has focused attention on the wide-ranging impact this will have for the incomes of families (including working families), drawing on the Government’s own impact analysis to highlight that 87 per cent of households with children will be affected by the Bill (95 per cent lone parents and 80 per cent of couples with children).²

- **The Budget 2013 also contained new measures on childcare.** Firstly, tax-free childcare vouchers will be introduced from autumn 2015, worth £1,200 per child, for families with both parents working and with a joint income of £300,000 or less. Secondly, from April 2016 there will be increased support via Universal Credit (provided that both parents are working and that they earn more than the Personal Tax Allowance) with the Government meeting 85 per cent of the costs of childcare rather than the 70 per cent which is currently on offer.

A range of recently published reports have explored the increasingly grim prospects for the incomes of families in the UK. In March 2013 the Trades Union Congress pointed to an alarming number of families set to be living below the minimum income standard by 2015.⁸ Other analysis has highlighted the extent to which some families have been subject to the combined and overlapping impacts of particular benefit cuts, as some of the same households are affected by numerous changes introduced in April 2013.⁹
Meanwhile, organisations championing the needs of low-income families, such as the Child Poverty Action Group (CPAG), have continued to highlight projected sharp increases in child poverty as a major cause for concern. Analysis CPAG published in March 2013 warned of an increase of 600,000 children in absolute child poverty between 2010 and 2015.\textsuperscript{10}

The Government has highlighted its strategy of raising the personal allowance tax threshold as one of the primary ways it is acting to help low earners. For example, in the latest announcement in March 2013, the Chancellor outlined plans to take the personal allowance to the Coalition Government’s target of £10,000 a year in 2014–15, a year earlier than planned. However, doubts have been expressed about how progressive this strategy truly is, and whether such tax cuts are the best way to help the lowest earners.

In particular, there are indications that the strategy may interact unhelpfully with the design of Universal Credit. In a Resolution Foundation paper published in April 2013, Donald Hirsch argues that “under UC, tax cuts will not, in large part, reach low to middle income working households”.\textsuperscript{11} This is because, unlike under today’s tax credit system, cuts in taxes for low to middle income working families will be counteracted by reductions in a household’s Universal Credit entitlement.

A new settlement between families and the state?

These far reaching policy changes and cuts to benefits have been accompanied by heightened political rhetoric, which has sought to differentiate between scaling back support for ‘skivers’ (said to be overly reliant on benefits) in favour of measures that support so-called ‘strivers’ – a word which is often interchangeable with the term ‘hard working families’.\textsuperscript{12} This March, a group of more than 50 leading social policy academics argued that such language was eroding both trust in the welfare state and trust between different sections of society:

> “Misleading rhetoric concerning those who have to seek support from the welfare state, such as the contrast between ‘strivers’ and ‘shirkers’, risks undermining that trust and, with it, one of the key foundations of modern Britain.”\textsuperscript{13}

Polarised rhetoric such as this has been assuming prominence in parallel with conflicted public attitudes in relation to the welfare state. In a recent ‘state of the nation’ report, for example, Ipsos MORI noted a long-running downturn in the proportion of the public favouring “a society which emphasises the social and collective provision of welfare” in preference for “a society where individuals are encouraged to look after themselves”.\textsuperscript{14}

In an illuminating survey of welfare states in Europe after the financial crisis, Patrick Diamond and Guy Lodge argue that the financial and demographic pressures confronting many governments across Europe should prompt debates about not just the fiscal choices of public spending in austerity but also “the future role of the state in the aftermath of the financial crisis: what
the state will do more of, less of, and differently in the decade to come”.16

The authors identify the risks of a response to austerity that creates a more residualised welfare system, and argue that welfare systems might also need to adapt to meet new “social risks”. They suggest:

“There is now a considerable danger that productive social investment strategies will be significantly reduced under conditions of austerity. There is compelling evidence that shifting expenditures towards ‘growth-orientated policies’ in education, active labour markets, and family assistance will help to build-up long-term human capital and innovative capacity, while underpinning the ‘gender revolution’ in paid work and household labour underway in many industrialised countries.”16

The reverberations of austerity have created a pressing need to develop a more sustainable settlement between families and the state. As our social security system undergoes both cuts and profound revisions, now is an important moment to question whether the emerging model will truly be fit for purpose, or whether there are ways it could better enable families to fulfil their aspirations.

It is, as yet, unclear how the public will respond as benefit cuts – many of which only came into force in April 2013 – continue to bite. However, austerity measures have undoubtedly served to fuel a long-running debate about the future of the social safety net, meaning these contested issues look set to dominate public discourse in the years ahead.

This period of upheaval and challenge for families has only made it more important to build a case for a more modern welfare system which better reflects the risks over the life course as families experience them today. As Julia Unwin (chief executive of the Joseph Rowntree Foundation) recently observed in a lecture to mark the 70th anniversary of the Beveridge report:

“Now is the time to think radically and differently about what needs to be done, and suggest some principles along which we could start to shape a new, brave, bold, but entirely realistic settlement. There is no doubt that we need a new social contract.”17
Endnotes – Part one


3. Ibid.

4. The full analysis published in January 2012 was authored by James Browne and funded by the Family and Parenting Institute. Co-funding from the ESRC Centre for the Microeconomic Analysis of Public Policy at IFS (RES-544-28-5001) is also gratefully acknowledged. James Browne would like to thank Carl Emmerson and Paul Johnson for comments on a previous draft.


16. Ibid.

The Local Impact
Introduction

Family and Childcare Trust

Part two of this report contains edited highlights of the findings of the second strand of the research programme *Families in the Age of Austerity*. In addition to interrogating the implications of tax and benefit reforms for family incomes, we believed there was a pressing need to explore how today’s funding cuts could be shaping the local services families are able to access tomorrow. To this end, we worked with an expert team at the research agency ESRO to analyse local authority revenue spending on Children’s Services over two budget cycles. The fieldwork and analysis for this project was undertaken between November 2011 and August 2012, and the results were first published in October 2012.

While the arcane detail of yearly growth and savings within Children’s Services departments could, at first glance, appear remote from day-to-day life of households, we believed it was closely related to the experiences of families in austerity. Household income is only one element of the package of support that sustains family life. Access to effective and free (or low cost) public services is a core component of the help families, particularly vulnerable families, need to become and remain resilient. High-quality local services clearly matter to family life, but why is now such a critical juncture to pause and evaluate the resourcing of such services?

It has been widely acknowledged that the tough funding settlement for local authorities in 2010 created significant financial challenges to Children’s Services budgets, marking a major step change from the preceding period of incremental growth. Taking place in tandem with a host of major new family policy initiatives aimed at the local level, these cuts appear to signal the emergence of a new relationship between families and local authorities. New trends are emerging as the thresholds for access to services are being re-drawn, local government is coming to play less of a part in direct service provision, and the balance between targeted and universal provision is shifting.

However, the precise implications of these changes have been somewhat obscured by the sheer range of approaches taken by different councils as they seek to balance their budgets. Inconsistencies in the presentation of budget data further complicate the task of comparison between different authorities. Perhaps most problematic of all is the fact that any analysis of spending inevitably becomes highly charged and politicised – one person’s ‘efficiency saving’ is another’s ‘cutback’.

Rather than seeking to tell a single unified story of the cuts, we took this diversity as our starting point in the design of the research, looking at the story of eight very different local authorities in England over two budget cycles (2011–12 and 2012–13). Researchers sought to identify the strategies driving spending decisions within Children’s Services – analysing trends in terms of the categories of service that were shielded from revenue spending reductions and those that were more exposed. For the purposes of this analysis, Children’s Services departments (while certainly not encompassing all the services families...
use locally) served as the most useful umbrella for the key local services that parents and children were likely to access.

Clearly, the data contained in budget documents could never tell the full story of the nature of the developments taking place in Children's Services. It was critical to bring together the detailed quantitative analysis of spending data with qualitative accounts of change, to understand this process of change from the perspective of those making the decisions. Interviews were conducted with a range of officers in all eight councils. To enable interviewees to speak candidly and openly, we also offered all participating local authorities anonymity.

The analysis indicates that the service areas which were most affected by cuts were also those most commonly associated with ‘universal’ provision (for example non-social work services and Early Years). With less money to go around, many local authorities are increasingly targeting their limited resources towards families with the highest levels of need. While most local authorities studied were still able to point to examples of their commitment to specific early intervention initiatives, it seems likely that it will be increasingly difficult for them to justify directing finite resources to families before crisis point is reached. Unfortunately, cuts to some of these services (many of which are well positioned to pick up problems at an earlier stage) may ultimately prove to be something of a false economy – escalating need among families and increasing pressure on more costly social work services further downstream.

These rapidly implemented cutbacks also need to be considered the context of the continued policy drive towards localism. The convergence of these two factors is driving increasingly diverse patterns of service provision to children and families between councils. In a more fragmented landscape of service provision, it becomes harder for local authorities to meet the expectations of families in a consistent way across the country. Similarly, the greater prevalence of commissioning services externally makes it difficult for families to see a clear line of accountability from the service they access back to the council itself. Of course, local authorities will always need to adapt their approaches to the local context, but policymakers may wish give further consideration to how this local variation is going to be experienced by families in practice.

While pace of change may have been rapid and the cuts deep, the accounts of many officers suggest that we should be wary of casting all these developments in an exclusively negative light. Clearly, many working in Children’s Services departments have endeavoured to use the upheaval as something of a burning platform – devising ambitious approaches to service redesign and integration to deliver cost savings. In some instances, budget pressures have seemingly prompted changes that were overdue, or provided opportunities to ‘innovate in austerity’ for managers able to identify more effective ways to meet the needs of families and children.

Nevertheless, looking further ahead, this research also issues us with a stark warning – revealing how little ‘low-hanging’ fruit remains when it comes to sourcing savings and cost-efficiencies in Children’s Services. Since this research was first published, announcements in the 2012 autumn statement indicate that the financial forecasts for local authorities have only become
bleaker. It would appear that some of the most painful cuts to front-line services could be still to come – just as councils are struggling to keep pace with rising demand for services from vulnerable families.

We are extremely grateful to all the participating local authorities and officers who agreed to be interviewed for the project. The accounts they give are testament to their determination to sustain high-quality provision for families, even in an era of diminishing resources. It seems certain that the lean years ahead will put that commitment to the test even further, reshaping the relationship between families and their local councils in the process.
Summary of the ‘Families on the Front Line’ research findings

Oliver Hopwood and Robin Pharoah

This research sought to understand the impact of revenue spending cuts on Children’s Services across eight different local authorities in England. Researchers examined publicly available accounts and analysed spending fluctuations across two budget cycles: the financial years of 2011–12 and 2012–13. To allow for comparison, spending reductions and growths were categorised in eight broad service areas. Interviews were also conducted with officers responsible for strategy and service delivery in each council.

Chapter 1: Funding and policy context

This chapter explores the current pressures on local authority budgets and emphasises that cuts to Children’s Services spending are being managed in the context of significant other shifts in policy such as those relating to academies, Troubled Families and early intervention agendas.

Chapter 2: Data findings

The research highlighted the extent to which spending cuts were ‘front-loaded’ in the first year of the spending review period. For these eight councils, the total value of spending reductions in year one of the study was more than double that of year two. Although there was some spending growth in certain service areas as councils sought to meet growing demand or directed funds towards ‘invest-to-save’ initiatives, it was far outweighed by savings. Savings totalled £112m, while growth was just £32m across the eight councils involved.

Chapter 3: The story of cuts

Spending cuts were not evenly spread across service areas:

- Services provided to schools – such as school improvement, curriculum support, education welfare, behaviour support and school transport – bore the greatest burden of cuts. Out of every pound cut from Children’s Services budgets, 30p was taken from services to schools. This reflects broader national policy and legislative changes related to the academies programme (which have led to a reduction in the proportion of education funding that is held by local authorities as opposed to that held by individual schools).

- Services designed to help and support children, young people and families below the threshold of social work and statutory intervention also shouldered a large share of the cuts. These services – which include the provision of youth
centres and family and parenting support – were particularly adversely affected by the loss or reduction of grant funding. Many of the Early Years services commonly associated with the principle and practice of early intervention, including children’s centres, also suffered significant cuts, despite government rhetoric on the importance of early help. The universal elements of these services, in particular, appear to have been badly hit as councils seek to save money by targeting services at those with additional needs or most at risk of negative outcomes. The closure of youth centres was another visible symbol of this trend – although, in the councils we studied, perhaps fewer youth centres and children’s centres had closed than many might have feared given the scale of the cuts.

Social work services and services for children with special educational needs (SEN) appeared, from the data in this study, to have been shielded from the worst of the cuts. Certain targeted spending reductions had taken place in these service areas, but these savings were largely counter-balanced by spending growth. This growth was largely attributed to increased demand being placed on social work and SEN services; an early warning, perhaps, of escalating levels of need in a time of economic stagnation. This demand-led growth, of course, means that in practice more money had to be saved elsewhere.

Chapter 4: An era of innovation and resourcefulness?

The research also indicated that many councils had met austerity with a certain determination to continue delivering high-quality services and desire to innovate. One of the defining features of this ‘age of austerity’ for Children’s Services is that it has provided the impetus for many councils to join up and integrate different services more closely than ever before. Officers told us that structural changes in service delivery were also often matched by significant cultural shifts as those working in Children’s Services embraced the principles of evidence-based practice.

Officers also worked hard to limit the impact of reductions on front-line service delivery. Millions of pounds worth of spending cuts have not simply translated into millions of pounds worth of reductions in front-line services delivery. Councils’ central services – the back offices and support systems – have shouldered a sizeable share of the cuts.

Chapter 5: A look towards the future

While for the time being innovation and efficiency measures appear to have deflected some of the most visible reductions in front-line service delivery, the prospect of making further cuts in the future is likely to pose a far greater challenge. Councils are being asked to deliver more for families just as the resources available to them are dwindling.
Methodology

The study began with the identification of eight local authorities with Children’s Services responsibilities, selected to achieve a balanced strategic sample along the variables shown below:

<table>
<thead>
<tr>
<th>English region</th>
<th>Local authorities were located across four English regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of community</td>
<td>The sample included:</td>
</tr>
<tr>
<td></td>
<td>• two authorities with predominantly rural and semi-rural populations</td>
</tr>
<tr>
<td></td>
<td>• two suburban/outer urban boroughs</td>
</tr>
<tr>
<td></td>
<td>• four urban areas</td>
</tr>
<tr>
<td>Political balance</td>
<td>The sample included four authorities with Conservative party majorities, three with Labour party majorities and one with no overall control.</td>
</tr>
<tr>
<td>Relative deprivation according to the Indices of Multiple Deprivation</td>
<td>Five authorities in the sample were more deprived than average; three authorities had lower than average levels of deprivation.</td>
</tr>
<tr>
<td>Extent of reduction in revenue spending power (Department for Communities and Local Government Local Government Finance Settlement 2011–12)</td>
<td>Three authorities in the sample faced spending reductions in the upper two quartiles, while the remaining five authorities had revenue spending reductions in the lower quartiles.</td>
</tr>
</tbody>
</table>

Data relating to revenue budget savings and growth made in Children’s Services for 2011–12 were obtained through locally published budget books, revenue budget reports, medium-term financial strategies and/or Cabinet reports. Capital expenditure was excluded from the analysis. Non-Children’s Services spending appearing in ‘Children’s Services’ budgets (in some cases aspects of leisure, libraries, Supporting People, etc.) were eliminated. Budget adjustments were then categorised as shown in the table below. These are intended to be broadly recognisable service types, and while inevitably imperfect, allow some degree of comparison.
| **Social care and looked after children** | - Children’s social work (children in need, child protection)  
- Fostering, adoption, residential care for looked after children, special guardianship  
- Local Safeguarding Children’s Boards  
- Services for children with disabilities or complex health needs |
| **Non-social work services for young people and families** | - Youth services, including Connexions, Positive Activities for Young People, youth sports  
- Targeted services for young people such as teenage pregnancy services, diversion programmes  
- Parenting programmes  
- Afterschool childcare services |
| **Services to schools** | - School improvement and curriculum consultants  
- Behaviour support services  
- Education welfare  
- School admissions  
- Pupil referral units and alternative provision  
- Home-to-school transport (mainstream)  
- Costs of academy conversion |
| **Youth Offending** | - Youth Offending Teams/services for young people with court orders |
| **Special educational needs (SEN)** | - Education psychologists  
- Inclusion and SEN services, statements  
- Home-to-school transport for children with SEN |
| **Early Years** | - Childcare services for under-5s  
- Children’s centres  
- Early Years consultancy/advisory/support for the private, voluntary and independent sector |
| **Across-service savings** | - Training (where not allocated to specific department)  
- Department-wide personnel savings (e.g. multi-service restructures, agency staff spend reduction)  
- Department-wide procurement spend |
| **Non-service-related expenditure** | - Top executive posts  
- Buildings and facilities  
- Ancillary spend/income, e.g. canteens, car parks  
- Spend on human resources, finance teams, etc. |
RESEARCHERS LOOKED AT THE SPENDING ON CHILDREN’S SERVICES IN A SAMPLE OF EIGHT LOCAL AUTHORITIES ACROSS ENGLAND

<table>
<thead>
<tr>
<th>Geography</th>
<th>Size</th>
<th>Reduction in revenue spending power (2011/12)</th>
<th>Level of social deprivation</th>
<th>LAC rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNCIL 1</td>
<td>L</td>
<td>x</td>
<td>High suite</td>
<td>↓</td>
</tr>
<tr>
<td>COUNCIL 2</td>
<td>L</td>
<td>x</td>
<td>High suite</td>
<td>↓</td>
</tr>
<tr>
<td>COUNCIL 3</td>
<td>M</td>
<td>x</td>
<td>High suite</td>
<td>↓</td>
</tr>
<tr>
<td>COUNCIL 4</td>
<td>L</td>
<td>x</td>
<td>High suite</td>
<td>↓</td>
</tr>
<tr>
<td>COUNCIL 5</td>
<td>L</td>
<td>x</td>
<td>High suite</td>
<td>↓</td>
</tr>
<tr>
<td>COUNCIL 6</td>
<td>M</td>
<td>x</td>
<td>High suite</td>
<td>↑</td>
</tr>
<tr>
<td>COUNCIL 7</td>
<td>M</td>
<td>x</td>
<td>High suite</td>
<td>↓</td>
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<tr>
<td>COUNCIL 8</td>
<td>S</td>
<td>x</td>
<td>High suite</td>
<td>↓</td>
</tr>
</tbody>
</table>

**KEY**

- **Type of Council**: Urban, Rural, Suburban
- **Reduction in revenue spending power 2011/12**: Higher than average, Average, Lower than average
- **Level of social deprivation**: Below average, Average, Above average
- **LAC rates per 10,000 children (and change over 2 years 2009–11)**: Increasing, Decreasing
Interviews were subsequently undertaken with an average of three to four council officers in seven of those councils (the eighth council responded to questions via email). These officers were in senior managerial or executive roles and represented a broad spectrum of the activities undertaken by Children’s Services departments. Spending data were used as the basis for interviews, with officers asked to clarify figures and describe the background to spending changes (drivers, rationales) and changes in how the service is delivered and how the population is targeted. Where appropriate, officers were also invited to reflect on broader organisational strategy and contextual factors. Interviews also covered known data on service impact and the implications of changes.

By design, the research thus focused on the perspective of council officers themselves, and data presented in this report represents their viewpoints unless otherwise indicated. All interviewees were guaranteed anonymity, thereby affording them the opportunity to speak candidly and honestly about the services and budgets they managed. Wherever possible, data were triangulated with other sources (e.g. published minutes).

Equivalent financial data were gathered for the same councils for the 2012–13 budget cycle and categorised in the same way, supplemented with further qualitative engagement with the councils. Where necessary, freedom of information requests were used to ensure the completion of the growth and spend data acquired.
Funding and policy context

This project was initiated at a time of considerable change and upheaval for Children’s Services and local government more widely; this section looks at the wider policy and financial context in which decisions about spending on services were being made.

Financial settlement

The research for this project took place during a period when council budgets have been significantly reduced: not just the grant funding (which had been the source of so much of the previous decade’s funding increases for councils), but also core funding from central government, a significant proportion of a local authority’s income.

The Local Government Association (LGA) maintains that in the 2010 Spending Review councils had one of the toughest financial settlements across the whole public sector. Indeed, in the first year of the spending review period, government funding of local authorities in the form of Formula Grant decreased by 11.6 per cent. In addition, many grants which Children’s Services departments formerly received as discrete funding streams were rolled into the broader Early Intervention Grant – entailing a significant net reduction in the grant income received. The Department for Education (DfE) states that the Early Intervention Grant (EIG) was 10.9 per cent less than the grants it replaced. However, if other grants that were ended and not replaced are included, such as non-front-line schools education services, or which were cut in the coalition’s Emergency Budget, it is possible to argue that there was an even more significant reduction in the EIG when compared with the 2010–11 baseline. The EIG is a small but significant source of funds for a Children’s Services department – for example, in one council studied it amounted to just under 10 per cent.

However, the total reduction in spending power varied between councils, depending on not just the scale of the cutback to their individual Formula Grant from government, but also the relative proportion of their revenues provided by council tax and other sources. This latter proportion varies considerably between authorities, with some drawing on a larger local tax base and therefore being less vulnerable to fluctuations in government grant. The Government introduced a Transition Grant to ensure that no local authority was faced with a spending power reduction of more than 8.8 per cent. Further incentives were also provided to councils to encourage them to refrain from increasing their council tax. Consequently, the average reduction in spending power across local authorities in England for 2011–12 was 4.4 per cent. Added together, these cuts have been ‘front-loaded’: larger reductions were made in the first years of the spending review period than are planned for the period 2013–15. Cumulatively, central government funding to councils is planned to be reduced by 28 per cent over four years. Table 1.1 shows the forecasts for the Government’s funding of councils via the Formula Grant at the 2010 Spending Review.
Table 1.1: Forecasts for the Government’s funding of councils via the Formula Grant at the 2010 Spending Review

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Formula Grant (£bn)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010–11</td>
<td>£28.5</td>
<td></td>
</tr>
<tr>
<td>2011–12</td>
<td>£26.1</td>
<td>-8.4</td>
</tr>
<tr>
<td>2012–13</td>
<td>£24.4</td>
<td>-6.5</td>
</tr>
<tr>
<td>2013–14</td>
<td>£24.2</td>
<td>-0.8</td>
</tr>
<tr>
<td>2014–15</td>
<td>£22.9</td>
<td>-5.4</td>
</tr>
</tbody>
</table>

These figures represent a reversal of the trend over the decade leading up to the 2010 Spending Review. Over this period, despite efficiency savings targets of 2.5 per cent (‘Gershon’ savings – 2005–07) and 3 per cent (2007–10) per annum, local government spending grew consistently – increasing by 36 per cent in real terms between 2001–02 and 2006–07 alone, and more moderately thereafter, until 2010–11. Local government spending on social care (including children’s social care) had been growing at an average annual real-terms rate of 5.2 per cent from 2001–02 to 2009–10. Very rapid reductions in council spending are therefore taking place immediately after marked increases over several years.

In one council studied in this research, the overall spending cut for the authority was over £20m for the first year of the cuts and £13m for the second year; savings of less than £10m are required in subsequent years. The cumulative impact of these cuts, though, is that compared to the 2010–11 baseline, the council’s total budget will have been reduced by well over 10 per cent. Spending cuts of course vary between authorities: one analytical study predicted that the cumulative effect of the cuts for local authorities would be 20 per cent over four years. It suggested that councils in poorer areas were in fact hit harder by the Government’s spending cuts, observing that:

“...the most deprived local authorities lose systematically the most spending power, especially in the first year, while some affluent areas face only mild cuts initially”.

This is principally because these deprived authorities were more dependent on government grants in the first place. The Government’s Formula Grant works in such a way as to recognise the tax-raising abilities of different councils and thus allocates a greater proportion of funds to those councils with a lower council tax base.

Children’s services budgets: what is known nationally?

Excluding the Dedicated Schools Grant, Children’s Services might typically account for approximately 20 per cent of a council’s spending. Children’s Services budgets may, however, have been somewhat protected. Analysis by the Institute for Fiscal Studies showed that social care budgets (including much
of Children’s Services) were relatively protected compared with other service areas in the early stages of the cuts. In a 2012 survey from the Chartered Institute of Public Finance and Accountancy (CIPFA) with responses from 134 chief financial officers, children’s social care and education budgets were among those budgets named as most likely to be protected, alongside capital spending, economic development and housing. In this survey, 44 per cent of councils responded that their children’s social care budget would be likely to increase or stay the same in 2012–13.

Of course, a stable budget or a marginal increase does not mean that the available budget is keeping pace with demand or inflation. Indeed, even a budget with net growth could amount to a cut in real terms due to inflation.

Policy context

For Children’s Services, the tough financial settlement coincided with a series of significant external policy influences – so members and senior executives needed to adjust services to align with new legislation and focuses of public interest, as well as downsize to fit a new financial envelope.

The Academies Act 2010 paved the way for the conversion of a large number of schools to academy status, affording individual schools greater autonomy from the local authority. More than 1,000 schools became academies in the space of one year in 2011 and, at the time of writing (summer 2012), 45 per cent of all maintained secondary schools had already obtained academy status or were in the pipeline to convert.

Alongside the secession of schools from local authorities to become academies, the Education Act of 2011 removed local authorities’ duty to appoint a school improvement partner for each school within its borough. In effect, this significantly reduced councils’ role in education at primary and secondary levels. This is consistent with the vision articulated in the 2011 Schools White Paper, The importance of teaching, whereby school improvement is to be led by schools themselves, not by top-down initiatives or local authority intervention. Accordingly, much government funding for the activities undertaken by local authorities within schools – such as curriculum consultancy and school improvement – was axed with the removal of the Area Based Grant.

Beyond education, the work of Children’s Services has been the focus of further public and media interest following high-profile national reviews and developments. In January 2011 the report by Graham Allen MP entitled Early intervention: the next steps made the case for, among other things, the rebalancing of a “culture of ‘late reaction’ to social problems towards an Early Intervention culture” and improvement of skills in the Early Years (0–5) workforce. The review also called for a more explicit focus on evidence-based practice rather than unevaluated programmes.

In May of the same year, Professor Eileen Munro published her report into the effectiveness of the social care system for children. Among her recommendations, which were of great importance to local authorities, was an insistence on a cultural shift from a system beset with bureaucratic burdens to one much freer of central prescription and better equipped to meet local
need. Professor Munro’s review called for greater freedoms for social workers to exercise professional judgement, while also making the case for radically improving the knowledge and skills of social work professionals, supported by systems of regular case review as normal practice. At the same time, the ability of the sector to fulfil its child protection duties adequately has been brought under intense public and media scrutiny by tragic cases such as that of Baby Peter in north London.

Picking up on the work of Graham Allen MP, Professor Munro’s review also recommended a statutory duty for local authorities to secure sufficient early help for children, young people and families that services can be provided before needs escalate to meet the criteria of social care services.

The case for early intervention became a focus of public attention following the riots that took place in several English cities in the summer of 2011. Questions were asked throughout media and political circles about the supposed failure of public services to prevent social breakdown of this nature. Political debate also focused on families, with Prime Minister David Cameron concluding:

“If we want to have any hope of mending our broken society, family and parenting is where we’ve got to start.”

The Government responded with the creation of the dedicated Troubled Families Unit, which set about constructing a mechanism of working with local authorities to identify and support some 120,000 families in Britain most in need of help (meeting centrally defined ‘troubled families’ criteria covering anti-social behaviour and crime, truancy and worklessness). The model is predicated, to an extent, on a payment-by-results principle, and at the time of writing (summer 2012), local councils were in the process of configuring their individual approaches to working with the families meeting the Government’s criteria in their area. While criteria and funding models are centrally determined, actual approaches to supporting these families are perhaps more consistent with the Government’s ‘localism’ agenda, with councils free to develop their own models of help and intervention.

But while early intervention has become a policy focus, pressure on councils to perform impeccably when it comes to the highest need, most complex and most dangerous cases remains as strong as ever. Harrowing cases like that of Victoria Climbié and Baby Peter have focused public attention on the services designed to help before a crisis point is reached and on the role of councils in intervening when children and young people are already at serious risk of harm. In 2009, the Southwark Judgement clarified local authorities’ duties to accommodate homeless 16 and 17-year-olds – placing further strain on some local budgets.

Spending cuts, the academies reforms, early intervention, Baby P, Munro, the riots, localism, Troubled Families: this research was engaging with local authorities, therefore, at a time when they were facing spending cuts of a magnitude not seen for many years, as well as a paradigm shift in the policy landscape. Council officers interviewed were presiding over decreasing budgets – yet were also being positioned at the centre of government ambitions to mend a ‘broken’ society.
LOCAL AUTHORITIES ARE DELIVERING CHILDREN’S SERVICES IN A CHALLENGING CONTEXT

POLITICAL AND POLICY PRESSURES

- Localism
- Troubled Families agenda
- Eileen Munro Review of child protection
- Media spotlight on Child Protection
- Political and public opposition to local cuts and closures
- Graham Allen Review and early intervention agenda

DIMINISHING FINANCIAL RESOURCES

- Reductions to Formula Grant
- Net reduction of support via new Early Intervention grant
- Loss of funding associated with schools’ conversion to Academy status

TOWN HALL

RISING DEMAND

- Rising demand for local adult social care services
- Increased referrals into care creating pressure on LAC services
- Pressure on household incomes escalating need amongst local families
Data findings

This section describes the financial position of the eight councils included in the study and serves as a point of reference for the discussion, analysis and qualitative insights in Chapters 3, 4 and 5.

The scale of budget fluctuations

Table 2.1: Total budget growth and reductions across all local authorities

<table>
<thead>
<tr>
<th></th>
<th>2011–12</th>
<th>2012–13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget growth (£000s)</td>
<td>19,794</td>
<td>12,372</td>
</tr>
<tr>
<td>Budget reductions (£000s)</td>
<td>(79,548)</td>
<td>(32,206)</td>
</tr>
<tr>
<td>Net change (£000s)</td>
<td>(59,754)</td>
<td>(19,834)</td>
</tr>
</tbody>
</table>

Children’s Services budgets are commonly made up of many different budget lines. From year to year, some will go up (growth) to pay for increased demand, new services or expanded services, while others will go down (savings) to enable spending reductions to be made. The total actual budget growth in the local authorities studied over the two financial years was £32.166m, against total savings of £111.754m. There was a net reduction to the budgets, therefore, of £79.588m.

The net reduction across the eight local authorities for 2011–12, at £59.8m, was higher than the net reduction for 2012–13, at £19.8m. This trend of greater net reductions in 2011–12 is evident across six of the eight authorities studied; in the remaining two, more significant net reductions were made to budgets in 2012–13 than in the preceding year. In one authority, there was nominal net budget growth.

Across the eight councils we studied, there was an average Children’s Services budget reduction for 2011–12 of 9.8 per cent. This figure is slightly lower than, but broadly comparable to, a figure of 13 per cent identified by Children and Young People Now magazine 2011 following a wider survey of directors of Children’s Services. The average reduction in 2012–13 was lower (6.2 per cent), perhaps reflecting the kind of ‘slowdown’ in cuts cautiously predicted by the NSPCC, and correlating with what we describe above as the ‘front-loading’ of cuts. Over the two-year period, the cumulative average budget reduction was 15.3 per cent.

These figures on the reductions in overall Children’s Services budgets should be treated with some caution, however. The range of budget reductions across the different councils was large (from 2.8 per cent to 14.2 per cent in 2011–12). And even if the range had been narrow, figures from different councils are rarely comparable because of the differing structures and scopes of different Children’s Services departments. Furthermore, department-wide budget reduction figures alone reveal little about impacts on services. In much
SAVINGS IN CHILDREN’S SERVICES WERE FRONTLOADED: SPENDING REDUCTIONS IN YEAR ONE WERE MORE THAN DOUBLE THAT OF YEAR TWO

**2011/12**
- Net change: -£59.8m
- Reductions: -£79.5m
- Growth: £19.8m

**2012/13**
- Net change: -£19.8m
- Reductions: -£32.2m
- Growth: £12.4m

**Note:** Children’s Services budgets are made up of many different budget lines. From year to year, some go up (growth), while others go down (reductions).
of this report we focus instead on individual service areas and the share of budget cuts they have had to shoulder. This allows us to see which areas have been protected from the cuts and which have been more exposed, and thereby compare the different strategies councils have employed when looking for savings.

Where have budgets been reduced?

Table 2.2: Average share of total Children’s Services savings made by individual service areas

<table>
<thead>
<tr>
<th>Service area</th>
<th>Indicative proportion of children’s services budget as at 2011</th>
<th>Average share of savings in 2011–12</th>
<th>Average share of savings in 2012–13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services to schools</td>
<td>20–30%</td>
<td>30%</td>
<td>15%</td>
</tr>
<tr>
<td>Social work and looked after children</td>
<td>35–50%</td>
<td>21%</td>
<td>22%</td>
</tr>
<tr>
<td>Non-social work services for children, young people and families</td>
<td>15–30%</td>
<td>17%</td>
<td>23%</td>
</tr>
<tr>
<td>Across-service savings</td>
<td>N/A</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td>Non-service-related savings</td>
<td>0–10%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Early Years</td>
<td>5–15%</td>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>Special educational needs</td>
<td>10–25%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Youth Offending</td>
<td>0–5%</td>
<td>3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Table 2.2 illustrates the share of savings made by each service area over all eight local authorities. In 2011–12, on average, councils made the largest proportion of their savings – 30 per cent – in services to schools, followed by social work and looked after children (LAC), and non-social work services for children and young people. Savings made across the service and savings that do not relate directly to service delivery together accounted for 18 per cent of all savings, on average. In 2012–13, on average, councils made the largest proportion of their savings in non-social work services for children and young people, followed by social work and LAC and services to schools. However, social care and services for LAC commonly account for the largest component of Children’s Services spending. Special educational needs and youth offending accounted for the smallest proportion of savings in both financial cycles; in the case of youth offending, these services commonly only account for a small proportion of budgets.
Table 2.3: Net budget change over two financial years

<table>
<thead>
<tr>
<th>Service area</th>
<th>Indicative proportion of children's services budget as at 2011</th>
<th>Net budget change across all eight councils (£000s)</th>
<th>Service budget reduction as a proportion of total budget reduction (net) across all eight councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services to schools</td>
<td>20–30%</td>
<td>-30,861</td>
<td>38.8%</td>
</tr>
<tr>
<td>Non social work services for children, young people and families</td>
<td>15–30%</td>
<td>-15,709</td>
<td>19.7%</td>
</tr>
<tr>
<td>Non-service-related spending</td>
<td>0–10%</td>
<td>-11,695</td>
<td>14.7%</td>
</tr>
<tr>
<td>Early Years</td>
<td>5–15%</td>
<td>-10,930</td>
<td>13.7%</td>
</tr>
<tr>
<td>Across-service savings</td>
<td>N/A</td>
<td>-9,594</td>
<td>12.1%</td>
</tr>
<tr>
<td>Youth Offending</td>
<td>0–5%</td>
<td>-619</td>
<td>0.8%</td>
</tr>
<tr>
<td>SEN</td>
<td>10–25%</td>
<td>-139</td>
<td>0.2%</td>
</tr>
<tr>
<td>Social work and looked after children</td>
<td>35–50%</td>
<td>-41</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>-79,588</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 2.3 shows that over the two financial cycles studied, all service areas faced a net reduction in nominal terms: total savings amounted to more than total growth over the years studied in all areas of spending. These figures do not account for price and wage inflation – indeed, the real-terms reduction will be even larger.

Services to schools suffered the largest net reduction, followed by non-social-work services for children, young people and families. Non-service-related spending saw large reductions, particularly given that this accounts for a relatively small proportion of spending.

Table 2.3 also shows that the net reduction in spending in social work and LAC and SEN was particularly small. Although considerable savings were made in social work services across the eight local authorities (as shown in Table 2.2), these reductions were largely offset by budget growth. Table 2.4 shows the share of total budget growth across all eight authorities in each area of spending.
THE REDUCTIONS TO CHILDREN’S SERVICES BUDGETS HAVE NOT BEEN APPLIED UNIFORMLY ACROSS DIFFERENT SERVICE AREAS

NOTES:

- All service areas were required to find some measure of efficiency savings. However in some service areas, savings were offset by demand-led growth in spending.
- The figures for ‘share of budget’ are an approximation, based on this sample of council budgets. In practice this proportion will vary considerably between councils.
- Savings made in the ‘across-service’ category (which includes spending across categories in areas such as training and procurement budgets) have been excluded from this graph.

KEY:
- Approximate share of children services budget
- Share of savings (net)
Table 2.4: Average share of budget growth attributed to different service areas across eight authorities

<table>
<thead>
<tr>
<th>Service area</th>
<th>Indicative proportion of children’s services budget as at 2011</th>
<th>Average share of growth in 2011–12</th>
<th>Average share of growth in 2012–13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social work and LAC</td>
<td>35–50%</td>
<td>66%</td>
<td>56%</td>
</tr>
<tr>
<td>Services to schools</td>
<td>20–30%</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Non social work services for children, young people and families</td>
<td>15–30%</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>SEN</td>
<td>10–25%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Non-service-related spending</td>
<td>0–10%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Early Years</td>
<td>5–15%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Youth Offending</td>
<td>0–5%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>Across-service savings</td>
<td>N/A</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

This research would therefore suggest that services to schools and non-social-work services for young people have been most adversely affected by recent spending reductions (although in the case of services to schools, some of this budget is ‘transferred’ from the councils to schools themselves). SEN spending and social work and LAC spending have, meanwhile, been relatively protected.

These findings reflect those of other similar studies. For example, 56 per cent of directors of Children’s Services who responded to the survey by Children and Young People Now in 2011 stated that ‘youth services’ (categorised here as non-social-work services) would be among the hardest hit; 40 per cent said that school improvement would also be hit hardest. Youth services, school improvement and Connexions were also top of the list of Children’s Services most affected by budget reductions in 2011–12 in the Joseph Rowntree Foundation analysis of BBC and CIPFA data.

It is likely that the real proportion of cuts made in areas of spending that do not relate directly to service delivery – such as office costs, finance, human resources (HR) and other back office overheads – is higher than represented in these figures, as some of these savings are likely to be reported as corporate savings rather than savings in Children’s Services budgets. Indeed, in the LGA’s 2011 Survey of Finance Directors, ‘central services’ were far more likely to receive a proportionally larger savings target than any other aspect of council spending: 65 per cent of counties and single-tier councils said that their central services were facing proportionally larger cuts, compared with 22 per cent citing services for young people.
What kinds of savings have been made?

A summary of the types of savings clustered under each category is shown in Table 2.5 below.

Table 2.5: Summary of the types and nature of savings made in service categories

<table>
<thead>
<tr>
<th>Service area</th>
<th>Examples of savings</th>
</tr>
</thead>
</table>
| Social work and LAC                              | • Reduced spend on independent fostering agencies (IFAs): delivering more in-house foster care and renegotiating contracts with IFAs  
• Reduced spend on services for unaccompanied asylum-seeking children  
• Reduced social work demand through provision of services at Common Assessment Framework (CAF) level (early intervention)  
• Savings in management and business support |
| Services to schools                              | • Reduction of school improvement and related activities  
• Reduction of education welfare service to statutory levels  
• Charging for services provided to academies to increase income  
• Ceasing of revenue spend associated with Building Schools for the Future Programme  
• Management savings  
• Changing eligibility for home-to-school transport |
| Non-social work services for families and young people | • Reduction in universal youth offer, focusing on areas of high need/high risk young people  
• Closure or replacement of youth centres  
• Reduction of universal Connexions Information, Advice and Guidance  
• Integration of below-the-threshold services (parenting support advisers, family support workers, outreach officers, youth workers) into locality teams to facilitate early intervention  
• Increased targeting of parenting programmes |
| Early Years                                      | • Remodelling of children’s centres, for example hub and spoke model  
• Recommissioning of children’s centres  
• Management restructuring in children’s centres  
• Reduction in spend on training and consultancy for the Early Years private, voluntary and independent sectors  
• Increase in charging for local authority nursery provision  
• Increased income from children’s centres |
| SEN                                              | • Tighter commissioning of SEN placements and transport  
• SEN pressure management through panel procedures  
• Review of policy for SEN home-to-school transport to reduce spend  
• Integration of assessments for SEN and children with disabilities  
• Reducing statementing levels, employing fewer educational psychologists  
• Reduction of education psychology to core activity/trading |
<table>
<thead>
<tr>
<th>Across-service savings</th>
<th>Non-service-related spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Departmental procurement savings: supplies, services</td>
<td>• Infrastructure reorganisation and deletion of vacant posts</td>
</tr>
<tr>
<td>• Department-wide management restructuring programmes/team integration</td>
<td></td>
</tr>
<tr>
<td>• Executive management restructure/mergers</td>
<td>• Savings in back office support and systems</td>
</tr>
<tr>
<td>• Income from ancillary activities</td>
<td>• Income from ancillary activities</td>
</tr>
<tr>
<td>• Premises/accommodation savings</td>
<td>• Premises/accommodation savings</td>
</tr>
<tr>
<td>• Policy/performance/commissioning team cost reduction</td>
<td>• Policy/performance/commissioning team cost reduction</td>
</tr>
<tr>
<td>• Reduction or restructuring of training budgets</td>
<td>• Reduction or restructuring of training budgets</td>
</tr>
</tbody>
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The story of the cuts

Chapter 2 described the scope of funding reductions faced by Children's Services departments. This chapter analyses the reductions in the context of data gathered in interviews with officers from across Children's Services. It will consider, in turn, reductions made in education, youth work, family support and parenting, Early Years, social work and services for LAC. We will consider, too, some of the less ‘visible’ spending reductions that have taken place and explore the implications of spending cuts for the voluntary sector.

Reductions in service delivery

“With cuts of this scale, it’s inevitable that service levels will have to decrease. We can’t just do it by salami slicing and taking off small bits and pieces any more.” These are the words of one director of Children’s Services. Indeed, these reductions were shown to have had an impact on levels of service in almost all areas of Children’s Services.

Education

Significant reductions have taken place in education services traditionally provided to schools by local authorities. These include school improvement advisers, curriculum consultants, education welfare services, behaviour support services, minority ethnic achievement services, admissions, pupil referral units (PRUs) and governor support. In relation to these services, local authorities are not faced just with an overall reduction of their core grant from central government. Services have been squeezed from a number of additional angles:

- When schools convert to academies, they take with them a large amount of the grant funding that the local authority hitherto retained to support that school with many central services. This sum is known as the Local Authority Central Spend Equivalent Grant (LACSEG), and refers to the element of the Dedicated Schools Grant (DSG) which has traditionally been held centrally by local authorities. Academies can choose whether or not to buy back support services from the local authority using their LACSEG. It could be argued that these LACSEG arrangements – whereby convertor academies ‘take with them’ a pot of money previously held by the council – do not really represent a cut in public expenditure: the money is just in somebody else’s budget for spending, and it can be spent more freely. Either way, the local authority’s residual budget before any trading is reduced and the role of the local authority potentially changes.

- Many services provided by local authorities to schools, particularly curriculum consultants for the national strategies and school improvement activity, were previously funded by the Area Based Grant. Much of this grant merged into the EIG in April 2011 and was reduced in real terms, but many of the education-related strands ceased altogether.
• The Education Act 2011 reduced the statutory role of local authorities in school improvement and other areas.

Officers interviewed described the dramatic changes taking place in these services. In one council, school improvement budgets were slashed by more than a third. Another council, despite shielding front-line school improvement activity as much as possible through dramatic reductions in premises and management spend, reduced its school improvement activity to only the very weakest schools; significantly fewer visits are therefore taking place. Other officers reported having almost completely phased out their curriculum consultants for the national strategies as a result of the deletion of the Area Based Grant.

As a means of sustaining services, many authorities have instituted trading arrangements of various types in order to sell school improvement services to schools – in particular to academies. New vehicles – including joint ventures with private companies and merged entities with neighbouring local authorities – are being developed as a means of maintaining the local authority’s service provision in schools in an era where the money has essentially changed hands. While some senior education officers report that such trading arrangements have been successful, with local schools choosing to buy back services from the council, this success has not been universal. In some areas, school improvement and related services are simply not being bought: “Retired headteachers, or ex-local authority advisers now working as freelance consultants, are up to 50 per cent cheaper,” explained one officer.

Cuts have not only been felt on the school improvement side of local education departments. In one council, a senior officer reported that the local Schools Forum – the body representing local headteachers and responsible for determining the proportion of school (DSG) funding the authority can keep to provide central services – had decided to cease funding for local minority ethnic achievement and English as an additional language (EAL) specialist support services – previously a prized and cherished team in the local area with high numbers of children from refugee families, traveller families and minorities with a first language other than English. A similar fate befell the behaviour management team in another authority, where demand for the service from local academies was so low that the service was commercially unviable.

Meanwhile, education welfare services have faced their share of reductions too: “We used to offer a more sophisticated service to schools and families. Now, we can only afford to do the bare minimum in terms of making sure local kids are attending school.” The story of a rationalisation of education welfare officer activity further and further towards the statutory minimum of dealing with the most serious cases was told in more than one local authority visited.

Some senior officers in local government expressed concern at the disintegration of these services to schools, principally for two reasons:

• The loss of assets and levers to influence standards in education as a consequence of ‘academisation’ and grant reduction: One director of
education explained, “We are being asset-stripped, and our capacity to have leverage is reducing. Previously sacrosanct budgets like education welfare are being stripped out.” Another reported, “It's harder to maintain intelligence of what is going on in local schools if you don't have the people going out and doing visits.” Furthermore, academies are not required to share their data with local authorities in the same way as traditional schools are. The ability of local authorities to contribute to school improvement efforts is thus arguably weakened. Of course, this school improvement activity may or may not be being undertaken more than adequately elsewhere by other parties commissioned by schools themselves.

• The lack of viability of services to support remaining schools: As more schools become academies and take with them their LACSEG funding, so the future looks more difficult for the services provided by the council to remaining local authority schools. “It becomes increasingly difficult for us to provide any services at all, as we lose economies of scale and the model just stops being sustainable,” explained a senior officer responsible for school improvement and education welfare. A further area of concern for senior officers was PRUs, demand for which risks increasing considerably if local academies choose to exclude larger numbers of pupils (which they have the right to do).

Debates about whether the conversion of increasing numbers of schools to academies adds choice and diversity or threatens accountability perhaps stray too far from the focus of this research, which is concerned chiefly with local authority services, their viability and vitality. Nevertheless, evidence from interviews with officers suggests that the funding changes and cuts have coincided with the Education Act 2011 to result in significant changes – and in many cases reductions – to the services that elected authorities provide to local schools.

Home-to-school transport is another local authority service that has suffered as a result of funding reductions. More than one local authority studied was reducing eligibility for transport to school for pupils starting Year 7 so that pupils in faith, grammar and other selective schools were no longer entitled to free transport. This had been particularly controversial in one authority with a significant rural school population.

Youth work

“If services to the most needy and most vulnerable – i.e. social work – are to be protected in the cuts, then something has to give.” Here, a director of social services and early intervention explains the logic behind the local decision to cut services below the social work threshold – services like youth work, parenting and family support.

As shown in Table 2.2, these services have faced a significant proportion of local authority reductions. One local authority made a cut of 10 per cent in its services to young people in one year; its universal offer of Connexions services was the most significant target for reductions. A senior commissioner in another authority facing a savings target of more than £3m in youth services...
alone explained that councillors there had opted to withdraw from universal provision altogether, in order that this service be delivered more cheaply on a localised basis. Another officer explained that a locally developed, intensive youth support programme designed to help young people get into employment, education or training had faced the axe as the council rationalised its offer for young people, keen to reduce duplication with other services such as Connexions. A number of youth centres in the area have also been closed. In this council, the relevant members’ scrutiny panel for children and young people’s services had actually declined to approve the closure of these centres – but the closures went ahead nevertheless. This demonstrates at least the controversy surrounding these decisions – if not the reluctance with which councillors made the call to stop funding centre-based provision. Indeed, all the eight local authorities included were making significant inroads into spend on youth services, with common features such as:

- reduction in Connexions services at universal level and/or the trading of this service with schools (with an associated income target)
- reduction in universal youth provision such as youth clubs, including closure of some youth clubs
- radical approaches to recommissioning of more targeted outcomes-led youth services in the voluntary sector as opposed to in-house delivery.

One officer commented that these fairly significant cuts have been more politically acceptable now than they would have been only a few years ago. The sheer number and scale of broader cutbacks mean that individual service reductions assume less prominence and attract less attention: “The broader corporate programme had lots of other big-ticket items, which took the heat off the youth service changes.”

**Family support and parenting**

Other services designed to meet children’s, young people’s and families’ needs below the social work threshold have also suffered in the cuts, despite ubiquitous rhetoric of the importance of early intervention. One senior officer reported that the number of parenting support advisers in local schools had decreased by more than a third, with schools claiming that loss of funding was the cause (a point disputed by the council officer, who insisted that funding streams were intact). Nevertheless, the number of Common Assessment Frameworks (CAFs) – assessments of lower level or emerging needs, commonly completed by parenting support advisers – in the local authority have now declined by almost a third, potentially indicating a reduced ability to identify needs in families across the community. In another authority, a deprived urban area, the previous trend of increasing CAF levels is now beginning to slow and potentially reverse; officers say the cause may be the halving of the size of the central CAF coordination team, or the fact that the council now has 35 per cent fewer family support workers around the city.

Parenting, too, has been a target of budget reductions, principally taking the form of targeting of provision and attempting to make better use of
reduced resources. One council, where parenting budgets are under particular pressure, is reviewing which courses it offers. Until now, universal courses have been well attended, while the council and its partners struggled to fill places on the targeted programme (although those attending universal programmes generally had additional needs). Outreach work to identify families who could benefit from the provision has also had to be reduced, and the council is having to rely on a virtual network of parents online to spread the word. From now on, fewer programmes will be run, but parents are encouraged to attend a taster session before committing to the programme. A compounding problem, though, has been the council’s difficulty in finding facilitators to deliver the courses, as partner agencies such as health authorities have also faced staff cutbacks. “For now, we’re just muddling through and doing as best we can, sometimes we have to buy in facilitators,” explained the manager in charge.

Another authority facing cuts of 10 per cent to its parenting budget in 2012–13, had undertaken a wide-ranging audit of parenting across the Children’s Trust, looking at who had received training and which courses were proving more successful. To safeguard the availability of staffing resources for parenting, the deployment of skills across the workforce is now being more tightly managed: all those who have received training now have a commitment to actually deliver programmes.

**Early Years**

Despite the introduction of the EIG, services for the youngest children and their families have not been shielded from cutbacks. This is largely because the EIG was worth less than the sum total of the grants it replaced, including the General Sure Start Grant. In one of the local authorities involved in this study, the total reduction in these grants was equal to more than 20 per cent, and the council chose to balance this loss by cutting services elsewhere.

This demonstrates the high priority often accorded to Early Years services. Indeed, officers frequently described the efforts undertaken to preserve front-line delivery in the face of spending cuts, partly because local members are often keen to keep children’s centres open. National research published by the Daycare Trust and 4Children in January 2011 found that 7 per cent of children’s centres were closing or expected to close, while 56 per cent would provide a reduced service and 86 per cent were facing budget cuts of some sort.19

Data from this research are very much in line with these national headlines. Budget data show considerable savings in Early Years management, with one operational manager now frequently covering several children’s centres in more than one of the local authorities studied, as well as the thinning out of strategic Early Years management, savings to the graduate leader fund and in consultancy and training services provided by councils to the private, voluntary and independent sectors.

Income targets for children’s centres have also been increased in some instances, with the temporary appointment of centre development managers to maximise potential revenue from those who can afford to pay. Finally, two of the
local authorities involved in the study have increased charges for their in-house nursery provision to bring charges closer to true-cost recovery, essentially reducing if not ending the council’s subsidy of childcare for those residents who have the means to fund this themselves. Measures such as these meant that in one council, while Early Years as a whole faced a 15 per cent cut in one year, children’s centre budgets had to make cutbacks of only 10 per cent. One described increased income targets for children’s centres, which would be achieved by attracting more paying service users and introducing a new charging structure.

Only in one council spoken to had the cuts to Early Years budgets led to the closure of a children’s centre – and in this case, it concerned an underused and inefficient centre, which had long been earmarked for closure; services and staff were transferred to another centre nearby, releasing savings on premises costs. In one council facing a 10 per cent cut in children’s centre budgets, the savings were made by management rationalisation (in in-house centres and those delivered by voluntary sector partners), reducing the number of staff in each session, and adjusting the preparation time allocated for each session. In some instances, this has meant changing the frequency and length of sessions to accommodate an operating model that optimises preparation and delivery time.

Meanwhile, a council with a more substantial 35 per cent cut to children’s centre budgets has operationalised a ‘hub and spoke’ model of children’s centre delivery – with a core of main centres and a number of smaller delivery hubs. Some centres, therefore, deliver fewer sessions but coverage is retained across the whole local authority area with no centres facing closure.

Another council is directing its children’s centre funding reductions at those centres run by local schools, where it is argued that not all the earmarked funding was being used for centre costs in the first place. In a fifth council, all Early Years operational managers across settings, centres and, crucially, sectors signed up to three binding principles – protecting the front line, treating all sectors equally, and minimising job losses – and were then free to make their reductions however they saw fit according to local circumstances.

These service reductions taking place across youth work, parenting, family support and Early Years perhaps appear concerning at a time when politicians and professionals are calling for a focus on early help, identifying needs quickly, and intervening with families before problems become crises.

Social work and looked after children

Social work services and services for LAC have been subjected to a relatively smaller proportion of cuts, given that they commonly account for the largest proportion of Children’s Services spending. However, to say that these high-end statutory services have been entirely immune from spending reductions would be inaccurate: officers reported that carefully considered savings have been made in these departments, too, where the opportunities allow. Core social work budgets have, though, remained more or less intact: in none of the local authorities involved in this study were there significant reductions in social work teams or child protection capacity.
In one local authority, a reduction in the number of incoming unaccompanied asylum-seeking children – and the progression of former service users into adulthood – has led to significant savings in this area. In another council, contingency funding added into the budget in a previous year to allow for a predicted rise in spend on placements for LAC was once again removed as the forecasted increase in need did not materialise. A third council recognised that its contact services for LAC and their parents were more generous than statute required, and have thus been trimmed back.

Spending less on placements for children through Independent Fostering Agencies (IFAs) tended to reflect not a squeeze on provision of care per se, but a policy to increase the numbers of children cared for by the council’s own pool of foster carers, which can often cost half as much, or a decision to provide enhanced services ‘at the edge of care’. In practice this means spending money on services which support children, young people and families with high or complex needs to help them stay together, rather than spending money on taking a child into local authority care. One officer explained that maintaining support for just six adolescents at the edge of care, as opposed to in local authority care, would save up to £200,000.

However, the maintenance of social work spending does not mean that these services are not facing significant pressures. Many officers representing these services described considerable escalation of need and demand for these services in local communities. Nationally, the number of children in care increased by 7 per cent between 2009 and 2011.\textsuperscript{20}

In one council, there has been a 70 per cent increase in referrals to social work in just 18 months, a trend which has been correlated by local research officers to the rise in claimant count. In the same council, child protection cases have increased by almost 50 per cent, and the number of children in local authority care is also edging upwards. In another authority, the number of children placed in mainstream external foster care has increased by 5 per cent in the last two years. One council reported not just the intensification of needs in communities historically associated with ‘high need’ for social services, but also needs emerging in new and qualitatively different communities: families in more affluent neighbourhoods experiencing problems because parents cannot afford to separate due to inflation, wage stagnation and exorbitant housing costs. One director of Children’s Services estimated the cost of rising pressures on services as being almost £3 million – which must be funded on top of savings that total more than £20 million over two years. In four of the eight councils involved, new funds were being added to social work budgets to allow for increased demand in fostering, adoption and children’s residential care.
Cuts beyond the front line

To merely describe the ways in which councils’ services have been reduced, rationalised or closed would not do justice to the millions of pounds of savings that councils involved in the study have made in their back offices and support functions – changes which might be invisible to most families in receipt of council services. Indeed, in two of the councils involved in this study, cuts and service reductions reflected less than 20 per cent of savings across the board. Spending reductions beyond the front line made up a much larger proportion of savings achieved, as did efficiency measures and service redesigns (discussed later in this report).

In one department visited, 25 per cent of all management costs were cut in one year; in another, three directors’ posts were merged into one and the management layers beneath tightened in a similar fashion. In three authorities visited, the post of director of ‘Children’s Services’ has been deleted and in two of these has been merged with the director of adult services to create a directorate called ‘Services to People’. In another council, strict new procurement practices are being rolled out with the support of a temporary procurement partner to make large savings in the purchase of supplies, while buildings costs have been slashed by locating the vast majority of office-based staff in a single building.

Post reductions in finance, performance and policy teams were also common, as were reductions in PA support for senior staff. The sharing of senior posts with other councils was also reported by more than one authority. Cutting management is not always easy, though, as one senior commissioning officer explained: in that particular council, middle and senior management had both been cut by over 15 per cent even before the current spending review period.

Saved from the cuts

The survey and analysis of spending cutbacks detailed above should not be assumed as necessarily representative of all councils. In school improvement, for example, one council has kept all its school improvement advisers, as this is what local members, senior officers and the Schools Forum felt was most appropriate. In more than one council, local members had confirmed their determination not to close youth centres and significantly reduce universal youth services, instead making savings by reducing the proportion of services delivered in-house. Another council chose to buck the trend and keep its universal careers advice service because local evidence suggested it continues to perform well: “If it ain’t broke, why fix it?” questioned one officer.

In one council, a senior officer suspected that the incoming administration of a different political creed had been keener to protect the entirety of children’s and adults’ services than the incumbent members had been. One member of staff remarked, “It felt like there has been a bit more protection this year.”

Several of the councils studied had been able to shield certain services, which were seen locally as highly valuable or important, from the cutting of the Area Based Grant. This in effect meant ‘mitigating’ grant reduction.
by replacing lost grants with funding from the council’s own core budget –
diverting money from other council-funded services to protect aspects of
Children’s Services which otherwise would have been reduced. One council
in particular undertook mitigation on a particularly large scale: the total sum of
funds redirected to shield services from grant cuts was almost as much as the
total savings taken from the budget. In other words, the impact of government
cuts was almost halved.

The decline of universalism?

The overview of service reductions which have taken place might be
summarised as follows:

- efforts to protect the front line where possible
- significant changes to and reductions in services provided to schools and
  the trading of services with academies
- rationalisation of services below the statutory threshold such as youth
  work, Connexions, family support and parenting, with a particular focus on
  the increased targeting of these services
- reductions in Early Years spending involving peripheral spending and
  the rationalisation of sessions and programmes more than the closure
  of provision
- less retrenchment in social work and services for LAC, although specific
  reductions were made here too.

Do these trends signify that councils are beginning to serve primarily as
a provider or commissioner of services for the most vulnerable families in
the most deprived communities? Certainly, the role of council services in
relation to schools has been diminished, and local education department
responsibilities lie more prominently with educating those with the most acute
needs. Similarly, youth work is increasingly targeted at the more vulnerable,
and the universal element of Connexions is in some places disappearing, while
children’s centre sessions in more affluent areas are ceasing in order to allow
funding to remain in place for more deprived areas.

On the other hand, the arguments against the hypothesis that councils are
losing their universal relevance are perhaps equally strong. On the question
of education services, several senior officers in education interviewed in this
study argued that with the right policies and strategies, the local authority –
keen to resist the fragmentation of the sector and marginalisation of the local
education department – can very much remain a key player and contributor
despite recent legislative and policy changes. In one authority, this has meant
the recasting of school improvement as a service which intervenes not when
a school is weak, but when a school shows the first and even smallest signs
of weakness. In another area, local maintained schools are keen to resist
academy conversion and are forming an association of local authority schools
based on shared principles and values, and supported by the local authority as
a democratically accountable institution.
Another director of education emphasised that there are other ways beyond school improvement advisers of bringing schools into the fold, whether academies or not, such as Early Years work, 13–19 service offers, or early intervention and prevention work. Another senior officer stressed that while many local schools had become academies, the sense of a shared responsibility across all local authority partners was uncontested and the role of the local authority to both champion excellence and challenge performance remained clear.

With respect to other services, such as youth work and parenting, the fading away of universal services is perhaps not the paradigm shift that one might mistake it to be. In one council which is increasingly withdrawing from universal youth provision, a senior officer pointed out, “More than 80 per cent of local people never used our services anyway – so they weren’t really universal.” In another local authority where the frequency, if not the existence, of universal parenting classes is under threat, the officer responsible quickly pointed out that the vast majority of attendees at this programme were from the ‘targeted’ cohort anyway, and that a sensible solution was to offer a parenting programme better suited to these families’ needs.

A service manager for a children’s centre questioned the pertinence of the debate about universalism. While recognising the validity of the ambition to remain universal in provision, this officer emphasised that the challenge has always been to “get the right families through the door” – the families who would most benefit from the services and help on offer. Regardless of whether we are in an era of universalism, proportional universalism or purely targeted provision, reaching out to the ‘right’ families is as challenging as ever.

What have these cutbacks meant for the voluntary sector?

Accurately ascertaining whether the voluntary sector has been hit harder or relatively protected from the cuts is a question easier asked than it is answered. To date, analysis of the issue has been limited by the absence of robust, up-to-date data about spending on the voluntary sector both nationally and locally.

In many of the councils studied in this research, it is certainly the case that when the Area Based Grant was cut, many of the kinds of services commonly delivered by voluntary sector organisations were affected: youth work, family support and children’s centres. This reflects the findings outlined in a report by the National Council for Voluntary Youth Services.21

However, these cuts also significantly affected service areas most commonly associated with council in-house provision, such as school improvement.

In an era of austerity, councils are approaching retendering and recommissioning exercises very carefully indeed. This is often a case of wanting to ‘do more with less’. For example, one senior officer described making cuts of nearly 30 per cent to children’s centres, but with an ambition to deliver the same outcomes with almost as many centres and sessions in operation. Commissioners described their expectation that private and voluntary sector partners make the same sacrifices in management, administration and overheads that councils themselves say they have.
been making. There was no evidence in the study of councils having a normative preference for delivering services in the public versus voluntary sector per se. At the present juncture, senior commissioners appeared more concerned about what is being delivered and which outcomes are achieved, than precisely who is delivering the service. In more than one council studied, some services were being brought in-house (in these cases, Connexions and family assessments), while others were being tendered out to other sectors (children’s centres and childcare).

An overall shift towards more commissioning – across youth support, family support, domestic violence and Early Years – rather than councils delivering things in-house could signify in some senses a ‘growth’ agenda for the voluntary sector. During this study, officers described their intentions to commission across a range of services, but particularly youth work and Early Years. Several council officers interviewed described organisational restructures taking place to accommodate a commissioning–provider split within the Children’s Services department, with the aim that the council would be able to commission more robustly from its own services and the marketplace. What this ‘robust’ commissioning might look and feel like is explored in a recent report by the Family Strategic Partnership, but is likely to involve competitive tendering, payment by results and different lengths of contract.

Officers interviewed for this project suggested that in future the specification and monitoring of outcomes is likely to be keener and more business-like. Will this mean that the relationship between council as commissioner and voluntary sector organisation as provider will become increasingly managerial? If so, this could potentially favour the larger charities more accustomed to high-value bids and contracts.

That said, there remains some acknowledgement in the upper echelons of town halls of the value of smaller, grassroots voluntary organisations. Indeed, one council, in a tendering process for its youth services, was actively encouraging greater participation of such charities in service delivery, aware of their ability to understand and meet needs very specific to local communities. As such, the council was welcoming bids from consortiums of small charities and larger voluntary sector partners.
An era of innovation and resourcefulness?

This chapter focuses on strategies adopted to maintain, innovate and improve services despite the challenging financial context. It considers:

- examples of efficiency gains in Children’s Services
- the redesign of services to better align to levels of need
- innovative delivery models.

It also considers how spending decisions have been made in the context of different strategic approaches taken by councils to delivering services in the current fiscal climate.

This report began by focusing on inputs into public service and public value in terms of relative levels of spending and cutbacks. But funding is only one part of the equation when considering the effectiveness of a service. Whether or not the service is fit for purpose, the value for money and outcomes it delivers depend not solely on how much is spent on the service or how many staff work in it, but also on:

- whether it is the ‘right’ service in the first place,
- the level of need that the service is attempting to meet,
- whether the service is well designed, efficient and well run.

Thus, even the most lavishly funded service might not be fit for purpose or good value for money if it is ill-conceived or delivered with a flawed understanding of the needs it is intending to meet. Similarly, a well-designed and conceived service which delivers to well-understood needs in a given community might be unfit for purpose if the level of provision is inadequate.

The following section discusses the changes that have been taking place in Children’s Services spending in the light of what officers reported about need, organisational effectiveness and service suitability, as a basis for a more nuanced debate about the funding and delivery of Children’s Services.

Enhancing efficiency

“We have made £1m savings in Connexions since 2011,” reported a senior officer responsible for youth provision. “The workforce has been halved, but to be honest, the universal offer has remained more or less intact. We had some capacity in the system.”

As this example shows, in some cases even quite significant cuts in funding do not necessarily translate into delivery reduction on the front line. Similarly, an officer interviewed in a large council explained that significant reductions had been made in the council’s budget for music services: little had changed at the point of delivery, but new processes, new terms and conditions and new ways of working had drastically reduced costs. This potentially raises
questions about why ‘unnecessary’ spending was sustained before the current spending review period.

Efficiencies of this nature have been made in specialist services, too. Ostensibly, one council involved in the study appeared to have made large reductions to its youth offending service. In reality, it was more a question of streamlining and removing duplication: management is now shared with another Tier 4 service and performance management is undertaken by a central Children’s Services performance management team. Management across the various youth offending teams has been ‘delayered’ (there are fewer tiers and fewer subdivisions of responsibility), and the preventive arm of the service integrated into the council’s targeted youth support team to remove “unnecessary duplication”. Business support savings have also been achieved.

Another council officer described how savings were being made to the LAC placement budget, despite LAC numbers increasing. The council in question had for several years been paying large sums to independent fostering agencies (IFAs). One officer said, “Our fostering service was a bit neglected. We had dwindling numbers of carers. We became dependent on IFAs – and the IFAs knew how dependent we were on them. In terms of pricing, the tail was wagging the dog.” The pressure of financial cuts, though, has heralded significant changes in how this council manages its fostering budget. On the one hand, more local foster carers are being recruited to enrich the council’s own pool. At the same time, though, efficiencies are achieved through “tougher negotiations with IFAs”: joining other local authorities in the region in these negotiations, the council is achieving “keener pricing and a better focus on outcomes”.

Services to meet need

In one interview, a director of Children’s Services explained that his council had made “pretty significant cuts in youth services ... There were issues about quality concerning our own delivery, and local kids wanted something more bespoke. So we’re going to be spending less, but giving them a more bespoke offer, probably involving more, smaller community organisations.”

Another officer in the same council commented that several services in the area were previously working towards the same objective: “We – youth offending prevention services, Connexions and the youth service – were all trying to achieve the same thing. You couldn’t put a fag paper between them.” The reduction of services to a core youth offer was, therefore, in the eyes of this officer, not so much a significant cut, as the removal of duplication, even triplication.

Officers described the ways in which social work services, too, are being adjusted more as a way to better align services with needs than to cut outright. One service manager for child protection – where social work is facing a savings target of £5m – explained that two-thirds of referrals to social work do not meet thresholds, but that the failure to meet additional needs when they are identified at this point ultimately adds cost to the system as the same families reappear later on, but with their problems in a more advanced and
complex state. Investment is therefore being made in evidence-based lower-end interventions and in clearer partnership arrangements with universal settings with the ambition to meet needs earlier and more effectively and thereby release pressure on social work teams. One such example is a programme to work with children’s centres and voluntary organisations to support mothers experiencing domestic violence; these cases would not normally meet social work thresholds and the needs would, under the old system, perhaps not have been adequately met. This can be viewed as the manifestation of ‘early intervention’ principles and their incorporation into service design.

Such accounts of services being dramatically changed or reduced in order to, purportedly, better meet actual need raise questions as to how that need is identified and quantified in the first place. Interviews demonstrate that councils do not have a single method of identifying need. An Early Years manager described needs analysis as an ongoing process looking at birth rates and trends, data from antenatal services and health visitors, and regular assessment and evaluation of internal management information about access to services. Describing the rising caseload in LAC, one head of children’s social work described fortnightly analysis of referrals statistics, set against trends (who is referring, on what basis, and what initial assessments were showing), as a direct indicator of the nature of need in the community. A commissioning director described how sources of information about needs for discrete services are many and varied, and are “tied together by our central policy team, who are in charge of joint strategic needs assessments and overarching strategies for assessing needs like the children and young people’s plan”.

The quantification of and interpretation of need is no exact science, but evidence from this study suggests that the orthodoxy of rigorous needs analysis is now more widespread and more embedded than ever before; local authorities can ill afford to fail to identify need – just as they can ill afford to provide services that fail to meet need.

**Better ways of delivering services**

“I’m simply not prepared to head up a mediocre service.” This was the sentiment strongly expressed by one senior officer – and shared by many others. In spite of the scale of funding reductions, officers interviewed in the study consistently articulated a determination to maintain quality services. Nationally, other research tells a similar story: a survey conducted by the RSA and the Local Government Information Unit (LGiU) found that 71 per cent of council chief executive and senior officers felt that the impact of cuts had been “positive or neutral” in early 2012. But what has this meant for Children’s Services?

In this context of an unwavering commitment to serve local communities well, many services delivered or commissioned by local authorities have undergone significant reshaping, realignment or restructuring – with a view to being able to ‘deliver more with less’ or find new, cheaper ways of working that preserve or enhance outcomes. In these cases, significant funding
reductions may have radically changed the way a service works, as the following examples illustrate.

One council which has seen closures of several youth centres is continuing to provide services via a suite of mobile facilities – including facilities for sport and music making. These are deployed in ‘hotspot’ areas on certain days of the week. “We’re going out with state-of-the-art facilities to where young people are, rather than sitting and waiting for them to turn up at our youth centres,” an officer explained.

A service manager responsible for parenting support advisers and family support described how the radical downsizing of the service was not having the dramatic effect that might be assumed. With the downsizing came a new approach to how the service works: “We used to be less focused. You’d have family support workers working with families at all levels of need, according to all sorts of models. Now we’re clearer on who does what and where different people have a role to play. So now our family support function works at Tier 3 as a lead professional, in a structured six-week intervention following a thorough assessment. Different agencies and skill-sets are pulled in as necessary rather than loads of council or partner staff working with the family all at once, on different issues and with different strategies. Now we have a clear, rational basis for our service.”

**Integration and early help**

In many councils, the cuts have prompted not just changes in how individual services are delivered but radical departmental shifts in ways of working, principally concerning the integration of Children’s Services.

In one council, several previously separate teams – each with their own professional management, separate processes, infrastructure, databases and often separate premises – have been merged into a single integration function, composed of teenage pregnancy outreach workers, education welfare officers, Connexions officers, drugs support workers, youth workers, youth offending prevention officers, family support workers and flexible learning support officers. This not only saves hugely on cost – as fewer managers and less infrastructure are required to support integrated teams – but also has the clear potential, so the officers explain, to support families in a much more effective way at the early intervention level: “Often these separate services were working with the same families, but doing different assessments, coming from different directions. Now it’s coordinated for the family – and we have a single picture of their needs.”

Such joined-up support packages have led council officers to consider searching questions about their service delivery that previously received little attention. For example, such an approach might now sometimes require a single person to lead a support package for a family with school attendance issues, where currently an education welfare officer might be acting in an enforcement capacity alongside a parenting support adviser working in a support capacity. Now, clear processes are agreed and in place for how such a matter is dealt with by the lead professional. Furthermore, the new teams operate on the principle of the ‘team around the family’: recognising the importance of family and home in the life of any child or young person, all assessments have the family at their heart.
In the same example, the creation of a single early intervention service also brought key partners together from the Children’s Trust – notably from the police and from health – to draw up an agreed basis for locality working. Previously, different agencies operated with different local subdivisions of the area – posing a significant challenge for local partnership working. The formation of the early intervention function was accompanied by the aligning of locality boundaries and locality-based services, and represents a long-held intention of the Children’s Trust, accelerated by the onset of cuts.

The integration function is mirrored by a multi-agency assessment function at the ‘front door’ of Children’s Services. This function enables not just the step-up of cases directly into social work and child protection, but improves the council’s ability to ‘step-down’ cases out of social work into other services – without severing support completely. In addition, it provides a mechanism whereby a service can be provided to families that do not meet the thresholds for social work, but for whom early intervention support via locality teams is seen as necessary. The council’s previous operating model based on discrete professional silos made the provision of this support more opaque and difficult. This wholesale service redesign had been on the cards locally for a long time – but the cuts “provided the impetus to get going with it”.

Services have been integrated in a similar fashion across several of the councils involved in the study. In one, the integration includes family outreach officers, targeted youth workers and education welfare staff – and is based on the same locality model as the local social work teams, to create an all-age early intervention service.

In another council, the early intervention function incorporates the management of children’s centres and some social work capacity to enable the management of cases “at the edge of the social work threshold” safely. Here, too, services are provided in six-week packages of assessment, intervention and review, with the family and parenting at the heart of the approach.

These examples are expressions of what is perhaps a broad shift in Children’s Services to achieve an integrated coordinated approach to early intervention. Such approaches are reducing both the proliferation of assessments and the duplication of delivery. Substantial cost savings are achieved through the minimising of overheads. One senior officer responsible for such an early intervention function wonders whether families will actually be better served under this new approach despite the cuts: “It is difficult to know. We have certainly reinvigorated the need for a focus on outcomes and put the quality of our work at the top of our agenda. We’re increasingly geared up to be evidence based and know that what we are doing is effective.”

It is also worthy of note that these integrated early intervention functions identified in the study frequently feature a family-based approach to both assessment and the provision of service. “Lots of our services, particularly in youth work, previously didn’t have to take account of the family or of the community. But things have changed now... We really do ‘think family’, and the idea that every family has resilience as well as risks – so strengths not just weakness – is pretty core to the way we’re designing our services,” explained one officer. “There is a growing narrative about parenting, and as a department
The local impact

One local authority studied was operating several separate services city-wide. Each team had their own managers, processes and were working with family members for different lengths of time…

…this had been re-designed into one single early intervention service, divided into three localities. Each case is now being managed as a 6 week intervention with a lead worker drawing in support from other professionals when needed.

The pressure to find savings has accelerated the trend towards service integration locally.

Cost effectiveness

 Savings per year: £750,000

£750,000 of savings were made by this council per year, as a result of lower management and premises costs, less duplication of casework between teams and tighter time-management of interventions.
we are more and more considering the client as part of a family, not just the individual.” This also takes the form of training and professional development, with increasing numbers of staff across all sectors of the local partnership equipped to engage with parents, explained the officer. There is also evidence that these locality models are expanding beyond Children’s Services to include aspects of adult services too.

Social work

Heads of children’s social work interviewed in some councils also spoke of something resembling a cultural shift taking place in the social work profession alongside budgetary pressures. In one council, the need to improve efficiency in social work prompted a review of how assessment is balanced with provision: “We used to have separate teams for initial response, assessment and monitoring and then LAC. It was great in terms of performance management – hitting throughput targets and making sure things happen at the right speed, so that we met all of the targets government gave us. But the system was building discontinuity for families with constant changes of teams and social workers. Children and families were constantly saying goodbye to our staff on their pathway through a service which they were supposed to trust and get help from. It was gutting for practitioners, too.” The council in question has re-engineered its social work function to place service user continuity, relationships and outcomes at its heart – and achieved some savings at the same time.

Another senior social worker made similar reflections about assessment and front-line practice. Concerned that social work had been dominated by the performance management of sequential assessments over recent years, this officer felt that it was imperative to stop thinking so much and so disproportionately about assessments, and to start thinking more about how and when help is delivered. A model of a continuum of assessment is thus being developed locally in a gradual cultural shift, which is intended not just to enhance the service’s capability, but also to reduce the financial burden of bureaucratic assessment regimes.

Innovation and new policy initiatives

While cutbacks, service targeting and restructures have to a greater or lesser extent dominated the agenda in many local authorities, it is also clear from interviews conducted for this study that there remains a role for local innovation and local policy discretion.

Some such innovations and new policy implementations are ‘invest-to-save’ initiatives. Members in one authority are committed to investment in local small residential facilities for older teens in care, for example, to reduce spending on costly placements in out-of-borough children’s homes. Another council is investing significantly in the Family Nurse Partnership programme as part of a suite of service changes to enable improved early intervention and prevention. This is a new budget and a new team within the local authority.

It is notable that several of the new initiatives and investments described involved an element of peer-to-peer working or service user involvement.
One such example is the community fostering programme being expanded in one council, whereby experienced foster carers are offered additions to their allowances to work with other families who are struggling or at the edge of care. Another council is piloting a similar initiative, which encourages local people to be involved in low-level parenting support and befriending other parents undergoing the CAF process. Another council is seeking to improve the support it offers to its pool of foster carers through a training programme delivered by local LAC themselves.

One council officer spoken to described significant investment taking place locally to reduce youth unemployment, in a partnership initiative designed to offer in-depth support to young people seeking work alongside the active encouragement of employers to take on new staff. “We’ve faced massive cuts in our services, but that doesn’t diminish our members’ ambitions for the area,” the officer responsible explained. “So there is a story of front-loading the cuts and then slowly building things up again.”

Reflecting on the cultural shift in the department over the past five years, one director of Children’s Services commented: “necessity is the mother of invention. We used to have a fortress mentality and when things got difficult, our instinct was to batten down the hatches. It doesn’t feel like that here any more. We are a learning organisations and we have the permission to test things out.”

The Government’s Troubled Families initiative

What has the Government’s high-profile Troubled Families initiative meant for these eight councils’ spending reduction strategies? Has it played a part in driving these major service transformations?

In one council, the Troubled Families initiative has prompted the creation of a small new department, comprising family support coordinators and resources for information sharing; the actual providers of services remain in their traditional settings. The council in question is, however, executing a larger, more strategic piece of work looking at how early intervention and social care can best function in the medium to long term. It is clear that this council sees the troubled families initiative as significant – the local Partnership Governing Board named improving outcomes for this cohort of families as one of its three top priorities.

In other councils, the reception of the Troubled Families initiative was perhaps more lukewarm – particularly by middle managers. While no officers interviewed disagreed with the principles or ambitions of the Troubled Families initiative, many articulated a certain frustration that this was “nothing new”. For some, it was perceived as a ‘recycling’ of existing FIP (Family Intervention Project) models – and some officers expressed relief that they had not cut their FIPs when funding streams came to an end, “because otherwise we would have had to start from scratch all over again”. “We loved the FIP model in terms of its values, beliefs and concepts – working with the whole family and so on – and that’s no different from what Troubled Families is about.”
Some officers went further, even expressing concern about the FIP programme. “Apparently we’ve got so many hundred troubled families under our watch. How would they know anyway? I suppose it could distract us a bit from what we’re trying to achieve more broadly in terms of early intervention.” This officer’s concerns were related to a wider restructuring programme designed to improve pathways through Children’s Services at lower cost – and the Troubled Families work was having to be integrated within a larger piece of strategic planning.

In another council undergoing a similar type of strategic restructuring, the Head of Social Work Practice expressed irritation that “they [the Government] keep changing the goal posts” and that this much-trumpeted policy was “hardly inspiring” in its payment-by-results mechanism. In this council, participation in the initiative required a reshuffling of three existing services: the FIP, the service to support high-needs adolescents and the nascent early help service. Indeed, the council was confident that it was already working with the ‘troubled families’ in its area.

The focus of frustration for other council officers was the perceived contradiction in government policy. A director of education remarked that it might become “much more tricky” to give the best support to troubled families if the child happens to be a pupil at an academy, which, independent from the council, can more easily exclude pupils from its roll. A parenting lead in another council felt that the Troubled Families initiative was being undermined by the money being cut from other aspects of Children’s Services.
A look towards the future

This section identifies current and future challenges facing Children’s Services as identified during this research, focusing on the relative ease or difficulty of making further savings, the viability of partnership working and workforce issues.

This research has surveyed the cuts and reductions that councils have made in their Children’s Services spending, and provided an account of the extent to which councils have reconfigured services or redeployed resources to continue to meet the needs of families as effectively, or even more effectively, than before the current spending review period. But with several years of fiscal restraint still on the horizon, what is the position of the sector following recent reductions and what grounds are there for optimism or otherwise?

The low-hanging fruit

“Some of our reductions and changes we would have made anyway. I think the Government cuts agenda made the change happen faster. And it increasingly feels like the changes we’re making are driven by finance rather than by needs or policy.”

In Chapters 2, 3 and 4, council officers describe cuts that have been made and responses to the financial imperatives, including the interplay between needs, effectiveness and level of provision. But the officer quoted above is also one of many to express the concern, during interviews for this research, that the future might not be so easy: cuts become harder to make, the “low-hanging fruit has gone”. While there was a common expectation among the officers interviewed that the overall sum of cuts would reduce slightly in coming years, there was equally strong consensus that the cuts would become harder to make.

One officer thought savings could be made in the future through better integration of health services with services for children with disabilities and SEN (particularly in assessment); many officers reported awaiting government policy direction on SEN before addressing this. However, in general terms, many of the savings that have been made so far can only be made once: once management has been delayered, unnecessary housekeeping spending eliminated, services to schools remodelled and universal services scaled back, it can only be a matter of time before the reductions begin to bite in other service areas of targeted or even specialist provision.

It would appear that many councils were anticipating that improved effectiveness in early intervention would relieve pressure on budgets for costly higher-tier services. The extent to which this will translate into savings or merely eliminate the need for budget growth remains to be seen. This question is of course partly dependent on the escalation or otherwise of levels of need. A senior commissioner for Children’s Services expressed his concern that “we designed our new operating model based on a two-year recession, not a five- or seven-year stagnation – who knows what the future might be like.”
a five or seven-year stagnation – who knows what the future might be like”.
Another officer expressed a worry that in an age of targeting, means testing,
tightly managed thresholds and time-bound, coordinated interventions, some
families might just slip through the net as universal services disappear: “What
about the poor who don’t have additional needs, but who are just able to cope
thanks to certain council services like free afterschool care? Might they soon
escalate into social work? Or will they just get poor outcomes?”

The data presented in Chapters 2, 3 and 4 also suggest that the
hypothesis that the full effect of the cuts is yet to be felt is plausible. A
substantial proportion of these reductions have been made through efficiency
measures, non-service spending and services to schools, which will take time
to filter through the system. Indeed, reductions in areas such as youth services
and parenting may not be reflected in poorer outcomes for a number of months
or years.

Whether or not the real impact of funding reductions has yet been felt,
there was a sense among a small number of officers interviewed that the
sector was being weakened by the financial stranglehold it is facing: “Is this
actually about disabling local authorities?” asked one officer, angered by
the share of cuts being shouldered by local government. “The money we are
saving feels like such a drop in the ocean nationally, but is making such a
massive impact locally.”

A challenge for partnership working

Since the establishment of the Every Child Matters agenda and the formation
of children’s trusts, partnership working has been a key feature of both
local strategy and delivery in the Children’s Services sector. The withdrawal
of statutory guidance on children’s trusts, the emergence of academies
and free schools, and budgetary tightening across partnerships, however,
represent potential challenges to the models of partnership which had
become commonplace.

“It is becoming more difficult to get people around the table. The police
have cut officers and the primary care trust is undergoing a massive merger.
Partners keep saying that their staff are being stretched very thinly,” reported
a commissioner for a local children’s trust. “The trust is now a voluntary
engagement,” explained another officer, “and I suppose the police don’t see
CAF and early help as their core business, they’ve got their own problems.”
Not all interviewees would agree with this pessimistic view of the state of
children’s trusts, though: “Partnership working is becoming easier, there’s
a better mutual understanding and a willingness to put core business first.
We know we need each other more than ever,” stated one officer. “This
climate has made us really pull together. That’s how we do it around here,”
remarked another.

Sustaining a spirit of partnership with schools that have acquired
academy status is, for some at least, not proving straightforward. “Some of
our partnerships with academies are dreadful. They don’t have to tell the
local authority anything. The majority of them are fine but not all of them.”
A director of Children’s Services, meanwhile, articulated a certain “concern about the fragmentation of the education system” and the risk of antagonism between academies and the local authority, particularly around thorny issues of admissions and exclusions. However, on the viability of a flourishing partnership between councils and academies, perspectives and outlooks were divided, with many officers optimistic about their ability to establish a shared sense of focus in meeting needs in local communities.

A challenge for commissioning, management and morale

The increasing prevalence of commissioning as a way of working across local government is well documented, and Children’s Services do not buck this trend. But the move towards commissioning more services from the voluntary and private sector is not unproblematic for managers experiencing a squeeze on their budgets: “You’d think that we’d need a good commissioning department, but our commissioning team in Children’s Services has been subsumed into a corporate one... so our capacity is reduced and I’m not sure how it’s going to work out.”

While the data gathered in interviews suggest that such reductions in commissioning capacity are not universal, this issue remains of ongoing interest, given that commissioning involves not only the planning and procurement of services, but also the analysis of need and the evaluation of outcomes. One council involved has developed a new mechanism for the management of performance and tracking of outcomes alongside its new early intervention function – which it celebrates as more consistent and robust than the previous culture of ‘secretive monitoring in discreet teams’, but as a result of capacity issues and the relaxation of government reporting requirements, “some data simply isn’t being gathered any more”. The officer questioned whether the shift away from performance monitoring had “gone too far the other way”, with too little data now collected by central teams, where previously too much was demanded.

It is in relation to management and leadership, and organisational functioning more generally, however, that officers interviewed articulated graver concerns. “Our education psychologists are spending hours doing typing and admin because their admin budgets were slashed,” reported one officer. “The management structure for social workers has been significantly dismantled,” explained another. “This means their capacity for case management and supporting other professionals in the community such as teachers might be reduced.” This echoes wider concerns articulated by the British Association of Social Work in its paper *The state of social work 2012*, which found that 77 per cent of social workers felt their caseloads were “unmanageable”, alongside “excessive administration demands, inadequate supervision, high vacancy rates [and] low morale”.

A children’s centre manager, meanwhile, complained that “the senior commissioners responsible for my service are now so far removed, such managerialists, that they don’t really understand my service – or understand what it is that is vital for the way the service works, like good-quality, informal
partnership working across agencies." This was not the only officer to express growing frustration fuelled by the sense of distance felt between operational staff and the senior management or ‘commissioners’ in charge of their services.

Of course, complaints about management are neither new nor unusual. But these quotes from officers raise a question about the strength of the strategic capacity of councils to continue to manage budget reductions adeptly, while maintaining a focus on quality and outcomes, long into the future. The morale of Children’s Services departments also emerges as an area of concern, as it is eroded by the pressures of overworking, reduced administrative support and increasingly distant management.
Endnotes – Part two


6. Ibid.


17. Higgs (2011) Exclusive survey


The Impact on Families

3
Introduction to Family Matters

The final part of this publication presents highlights of the *Family Matters* research authored by Chris Perry and Suzanne Hall of Ipsos MORI and published in April 2013. Firstly, they introduce the study and then give an overview of the methodology. This is followed by four example case studies selected from the 11 families participating in the project, along with a summary of the cross-cutting findings from the study. Finally, we conclude with a policy response from the Family and Childcare Trust.

Fragility and austerity

Chris Perry and Suzanne Hall

*Family Matters* started in the autumn of 2011 and we began working with the families in December 2011 through January 2012. The study comprised five, often day-long, family visits with a mixture of varyingly structured interviews and participant observation. In addition, we kept up regular contact with our families by telephone throughout the fieldwork period.

This study aimed to understand and convey:

- the lived experience of families against a backdrop of austerity,
- the various impacts of austerity on family life,
- and what matters to families and supports them under conditions of austerity, with a particular focus on family finances and wellbeing.

If this research is to convey the lived experience of the families participating in this study, it is important to emphasise just how fragile some dimensions of their day-to-day life were. Family life could be considered fragile in a number of different ways – emotionally, relationally, physically and mentally – but as this study focused on the families’ financial circumstances it primarily identified the ways in which they were financially precarious. Nonetheless, the families demonstrated remarkable resilience to shocks over the course of the year and remained hopeful for their future.

All the families in our study experienced financial fragility to a greater or lesser degree. Even the highest income household, the Williamses, was only ever a couple of negative shocks – typically car, tax bill, tax credit or childcare costs – away from having to rely on informal financial assistance from other family members. Our survey work reflected this, with almost 8 in 10 (79 per cent) parents concerned about their ability to find the money to pay for an unexpected major expense.

Financial fragility – whether making ends meet in the day to day or dealing with large shocks – was at the root of much emotional, relational and even physical distress. Financial difficulties were often the trigger for stress and anxiety, which was typically transmitted via the primary earner to the rest of the family:
This study suggested that there were four key drivers of fragility in family life in austerity: cost of living, cars, credit and childcare.

The four Cs

This study suggested that there were four key drivers of fragility in family life in austerity: cost of living, cars, credit and childcare.

Cost of living as constant pressure

All the families in the study felt the impact of the rising cost of living, especially food and petrol. There was a strong sense that household incomes were either struggling to keep up or had been significantly eroded by everyday costs:

“Everything is getting so expensive apart from what you’re earning” (Salim Akhtar)

“The price of everyday things; fruit, meat, fuel… has just skyrocketed” (Mark Williams)

This tended to reduce the ability save – whether for emergencies or the future – and further reduced financial resilience and the ability to deal with the unexpected. Additionally, the cost of living led to families having to employ a range of innovative coping strategies, including selling unwanted possessions on eBay, growing food, negotiating better deals with service providers and practising fuel-efficient driving.

Parents in the survey also reported cost of living pressures. At least 8 out of 10 parents felt they had been affected by increases in the amount spent on food (89 per cent), petrol (80 per cent) and household bills (89 per cent) in the past year. Compounding this, 6 in 10 (62 per cent) had not been able to save as much money for emergencies or for the future as in the past. Not surprisingly, therefore, when asked to list their top three priority areas for investment and action to help families in Britain manage the impact of austerity the most popular response, by some margin, was “making the cost of living more manageable for families”, mentioned by 77 per cent of parents.
Credit as a way of life
Partly as a result of the pressures of the cost of living, borrowing from family and friends or using high cost credit — payday and doorstep loan companies — was a common strategy families used to get by. However, there was often a ‘relationship premium’ in borrowing from friends and family, which meant straining close relationships and a financial premium for using high cost credit. Those using high cost credit were often well aware of this, but felt they either had no other option or that the products they were using suited their needs:

“You are going to get these unexpected bills but unless you’re able to get credit you’re screwed... I had to do something and had to do it now, sod whether it was going to be 15,000% interest” (Bridget Stanton)

Looking beyond the families participating in this study, the survey also suggested that there was clear demand for policies that would allow wider access to affordable credit for families with over a third (34 per cent) of parents thinking that this would have a positive impact on family life.

Cars as most likely source of negative financial shocks
Cars were considered absolutely essential to family life, reflecting the findings of Minimum Income Standard (MIS) research: 2012 was the first time that a car was deemed by MIS as “essential in order to meet the needs of both parents and children and particularly to enable them to have opportunities and choices relating to work and social activities”.

Cars were considered a ‘necessary evil’ not least because they’re a source of frequent costs, expected and unexpected. Expected costs — car insurance, road tax, MOTs and petrol — tended to be manageable although all part of the squeeze on living standards. Less manageable were breakdowns and repairs. Because these unexpected costs were often large, borrowing from friends or family, particularly when others were managing financial pressures, was difficult. As a result, even the most debt averse families, like the Youngs, had no choice but to borrow at high cost.

Again, the survey was consistent with the findings from the qualitative study. We have already seen that 8 in 10 (79 per cent) parents were concerned about their ability to pay for an unexpected major expense — of which the car is a likely candidate. Further, a similar proportion (80 per cent) felt they had been affected by an increase in the cost of petrol in the last year. It is also clear why the car is such an important means of transport for family life — with three-quarters (76 per cent) concerned about the rising cost of public transport.

Childcare as a primary financial pressure on families
Despite valuing formal childcare highly, families using it — and even those who weren’t — commonly found it unaffordable and inflexible. As a result, the costs and inflexibility acted as a significant barrier for second earners. High costs left some parents unable to work as much as they would like, a situation often compounded by unsympathetic and inflexible employers and cuts to subsidies
and assisted places. This was in turn compounded by the reduction to the childcare element of Working Tax Credit, as in the case of Sarah Lewis. As a result of these challenges around affordability, several in the study found themselves relying a great deal on family to provide childcare – such as Marion Williams:

“Childcare is pretty extortionate… If I didn’t have Dave’s parents I wouldn’t work. We need the money but at the same time childcare is so expensive that you end up just paying to work” (Marion Williams)

The survey also confirmed that affordability and availability were concerns for a significant minority of families. Almost 4 in 10 (37 per cent) suggested that increasing the affordability of childcare was among their top three priority area for investment to help families in Britain in the future, with this proportion rising to half (52 per cent) of parents of the under fives.

**Looking to the future**

Far and away the main concern parents in the survey had for the future (80 per cent of parents were very or fairly concerned) was regarding the prospects of their family and children. This is perhaps an unsurprising finding but it is also consistent with the findings from the qualitative study. A common theme across the families was how much importance parents attach to the success – especially educational success – and development of their children, which contributed significantly to the pride, happiness and general wellbeing of families. It is hardly surprising then that parents focused on prospects for their children and did what they considered to be in the best interests of their families for the future.

However, while families often mentioned the importance of the future, much of their thinking was necessarily directed to the present, given the many and various demands on their time, money and mental resources. Many felt financially trapped, usually by some combination of the four Cs, and struggled to see how they would be able to extricate themselves from their constrained circumstances. While the resilience, ingenuity and optimism of these families throughout the study was striking, often families regarded the future more in hope than expectation:

“We’re more like in a trap… chained to your job… no time for social life… having to pay the mortgage… you have to think about it all the time”. (Salim Akhtar)

“At the moment, I’m trapped, my life’s on hold. In two year’s time I’m hoping that I would have moved, changed job, maybe at uni.” (Sarah Lewis)
The Impact on Families

At its core, the question ‘what matters?’ to family life might be reduced to a consideration of the factors that help families manage risk and fragility.

What matters?

It is well documented that people who feel control over outcomes enjoy higher levels of psychological wellbeing. Conversely, in this study we see how instability and a lack of control – usually as a result of the effects of one of the four Cs – could undermine the quality of family life. To a large extent, the themes and focal points of this report explore families’ efforts to retain agency, find stability and gain control in the face of a set of different forces and financial pressures.

At its core, the question ‘what matters?’ to family life might be reduced to a consideration of the factors that help families manage risk and fragility. This question was asked consistently throughout the research period, sometimes directly and sometimes indirectly. In interrogating the question, we have found it helpful to think about four resources or forms of capital available to families – money, time, support and environment.

Crudely put, sufficient access to these resources is likely to protect families from fragility. All four forms of capital matter in different ways to families, and assume varying levels of significance at different stages of the life course – something reflected in the secondary literature and the experiences of the families we studied. Consequently, this research explores how these resources mattered to families and considers how features of austerity may have created deficits.

“I just want to live comfortably, not be on top of each other. I just need another room and a bit more money. I suppose I’ll get it one day. One day I’ll get myself straight again. Hopefully.”

(Joanne Taylor)

This is not intended to be defeatist or pessimistic. Rather, it is a note of caution so that we don’t underestimate exactly how challenging life can be for families in austerity. It may be instructive to bear in mind that data from the US, UK and Iceland suggests that self-reported wellbeing often remains remarkably stable throughout both good and bad – in the case of Iceland extremely bad – economic times. This so-called ‘adaptation’ to difficult circumstances is an important and valuable form of resilience, but adaptation and optimism for the future may underplay or not fully convey exactly how difficult life can be for families in austerity.
Research methodology

In this research, we employed a hybrid but predominantly qualitative approach containing elements of case study and ethnography. Each family in the study was subject to and participated in an “empirical inquiry that investigates a contemporary phenomenon within its real life context.” Moreover, as it has been established that a good ethnography is the result of triangulation, using multiple methods of data collection, we went beyond purely qualitative data collection to attempt to better respond to the aims of the study.

The study was never intended to have more than a small number of cases or participants. We started with 15 families, to allow for attrition, and ended with 11. The relationship of this kind of study to the larger population the cases are expected to reflect is necessarily a complex and uncertain one. Given the problems with generalising from case study research, this work follows in the tradition of the extended case method and has two main aims:

- to explain a social situation and phenomenon (the family) – in relation to the broader social forces shaping it (austerity) – the focus of the comparative report;
- to develop an understanding of process and how events are linked to one another over time – the focus of the case studies.

Sample

Sampling in qualitative research is not and cannot be representative of the wider population of interest. However, even with a small number of cases it was possible to purposively select families according to key sampling criteria to ensure maximum diversity across the sample. Our primary sampling criteria were family structure and household income. We attempted to ensure as full a range as possible across these criteria while also incorporating other relevant criteria including ethnicity, geography and housing tenure, and a number of secondary criteria.

Our approach to the sample was also influenced by analysis of family income and welfare reform undertaken by the Institute for Fiscal Studies (IFS) for the Family and Parenting Institute (now FCT). This work suggested that families with children, families with children under five, larger families, black and minority ethnic (BME) families – particularly Pakistani and Bangladeshi families – and lone parents not in employment were set to be hardest hit by austerity measures such as tax and benefit changes, and rises in child poverty. We were therefore keen to ensure the study encompassed some families drawn from these groups.
The Impact on Families

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<tr>
<th>Household Members</th>
<th>Geography</th>
<th>Housing</th>
<th>Work</th>
<th>Financial Standing (% people richer/poorer than the family)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Akhtars</td>
<td>10</td>
<td>M</td>
<td>48hrs</td>
<td>81% richer, 19% poorer</td>
</tr>
<tr>
<td>The Youngs</td>
<td>8</td>
<td>P</td>
<td>40hrs</td>
<td>81% richer, 19% poorer</td>
</tr>
<tr>
<td>The Stantons</td>
<td>9</td>
<td>S</td>
<td>Var</td>
<td>29% richer, 71% poorer</td>
</tr>
<tr>
<td>The Samuels</td>
<td>7</td>
<td>S</td>
<td>35hrs</td>
<td>88% richer, 12% poorer</td>
</tr>
<tr>
<td>The Browns</td>
<td>5</td>
<td>S</td>
<td></td>
<td>85% richer, 15% poorer</td>
</tr>
<tr>
<td>The Mortons</td>
<td>4</td>
<td>S</td>
<td>35hrs</td>
<td>81% richer, 19% poorer</td>
</tr>
<tr>
<td>The Peacocks</td>
<td>3</td>
<td>S</td>
<td>37.5hrs</td>
<td>81% richer, 19% poorer</td>
</tr>
<tr>
<td>The Clarkes</td>
<td>2</td>
<td>S</td>
<td></td>
<td>81% richer, 19% poorer</td>
</tr>
<tr>
<td>The Lewises</td>
<td>1</td>
<td>S</td>
<td>21hrs</td>
<td>81% richer, 19% poorer</td>
</tr>
<tr>
<td>The Williamses</td>
<td>0</td>
<td>S</td>
<td>35hrs</td>
<td>81% richer, 19% poorer</td>
</tr>
<tr>
<td>The Taylors</td>
<td>0</td>
<td>S</td>
<td>35hrs</td>
<td>81% richer, 19% poorer</td>
</tr>
</tbody>
</table>

Data collected for this family was insufficient to make an indicative calculation.

Key

- Adult
- Older child
- Younger child
- Rural
- Suburban
- Urban
- Mortgage
- Social
- Private
- Rented
- Temporary accommodation
- Full time
- Part time
- Part time
- Unemployed

Figure 1. A visual sample of the families
This study was never specifically focused on poverty or families in poverty and the sample was not restricted to those living on the lowest incomes. However, the sample did not extend all the way up the income spectrum to higher income families because we were keen to focus the research on the experiences of families with greater vulnerability to income shocks associated with austerity.

The families at the lowest point on the income distribution in the sample were richer than 19 per cent of the population and the best off family was richer than 53 per cent of the population. These calculations were made using the Commission on Living Standards (CLS) ‘Where do I Stand’ calculator. The calculator uses data from the Family Resources Survey and allowed us to compare the data we collected on the families with the incomes of other people in the UK. Crucially, the calculation provides an equivalised income for each family that takes account of and allows for comparison between households of different sizes.

However, it is important to note a caveat about the accuracy and purpose of these figures. The calculations were made on the basis of the data that we collected during the time we worked with the families, which does not necessarily reflect longer term variations in income. Nevertheless, while the data may not be completely accurate it should give a good indication of where these families lie in relation to the rest of the population. It is worth noting that income alone is a blunt indicator of living standards and that income should be looked at alongside expenditure and existing assets to give a better indication of the financial circumstances of these families.

To give some indication of where these families fit in it may also be helpful to contextualise our families according to the current terminology on position in the income distribution. The Resolution Foundation defines low to middle income (LMI) families as those working-age households with equivalised gross incomes in deciles 2–5 of the income distribution (£12,000–29,000 for a couple with no children) with less than one fifth of income from means-tested benefits. While our families are almost all within deciles 2–5 of the income distribution there are several that are benefit reliant and therefore do not fit the LMI categorisation.

The definitions provided by the Guardian’s ‘How Wealthy am I?’ comparison tool are also instructive and the calculations we made using the CLS calculator transfer to it. Using their definitions, we can see that the three worst off families with the lowest income (those richer than 17 per cent of the population but poorer than 31 per cent) are ‘living on the edge of poverty’, while the eight better off families (those richer than 31 per cent of the population but poorer than 29 per cent) are in the ‘squeezed middle’. However, given that the best off family in our sample is richer than 53 per cent of the population we are talking about the more squeezed of the ‘squeezed middle’. We therefore think that the term ‘low to moderate income households’ best describes the sample of families that we have tracked.

It is worth pointing out that some of our families closely resembled other well known typologies including ‘troubled families’ (the Browns and the Taylors) and some of the Poverty in Perspective typologies developed by
Demos and Natcen – including ‘Managing Mother’ (the Stantons), Full House (the Akhtars), Vulnerable Mothers (the Browns and the Taylors again) and Grafter (the Youngs) – even if they did not wholly meet the criteria for these typologies.

Recruitment

Sampling and then recruitment for a study like this is very much a battle between the desirable – recruitment of families perfectly fitting a predefined, theoretically informed quota – and the possible – finding as good a range of families as possible whose members are willing to take part in a relatively unusual and demanding exercise.

Not only was it important to recruit families that met our sampling criteria but it was vital to try and ensure that we recruited families who would remain engaged over the long term. Recruitment was conducted face-to-face by professional recruiters using a combination of a short screening questionnaire and a composite profile – a ‘pen portrait’ – of the families we were looking for. Where possible we accompanied our recruiters into the field in order to meet potential recruits. In cases where the researchers weren’t able to go out with the recruiters this initial contact was followed by a further telephone conversation, not only to ensure the family met the sampling criteria, but also to get a sense of how possible it would be to work with the family and to ensure that the family were fully aware of what the research entailed.

All families were offered a financial incentive as a means to thank and reimburse families for their time. Incentives were also designed and structured over the course of the study to avoid sample attrition, which given we only started with 15 families was a key priority.

Data collection

There were two main forms of data collection used throughout the study: semi-structured in-depth interviews and self-completion diaries.

Semi-structured in-depth interviews

Discussion guides were used to ensure consistency of coverage across interviews at each visit. We developed a new guide for each visit to address different aspects of family life, often as an iterative adjustment to what we learnt from the families as the study progressed. The semi-structured interviews always included a review of the self-completion diaries (see below) and a more in-depth consideration of family finances and wellbeing.

Self-completion diaries

At the outset of the study we asked each family to nominate a financial respondent, and from the second visit we asked this primary respondent to complete a diary of household financial information, initially at fortnightly intervals. Not all financial managers continued to complete their diaries.
fortnightly throughout the year, some preferring to do so monthly. While this may not have been ideal from the perspective of data accuracy it was important that participants found an approach to completion which ensured they continued to fill in the diary regularly.

We built on existing work looking at developing these kinds of tools, and reviewed other useful sources, such as key large scale surveys covering consumption and family finances and other financial tracking work. We also used the first family visit to pilot prototype designs of the diaries and as an opportunity for training in how to complete them. We tried to strike a balance between an approach that would deliver accurate data and a tool that was visually appealing, usable and not too onerous.

We accepted from the outset that the data recorded in the diaries could never be completely accurate and we treat all the financial data presented as indicative – especially expenditure data, which is notoriously difficult to record accurately and the reporting of which may correlate with household characteristics. However, we tried to address potential inaccuracy of recording through our regular phone calls, asking for physical evidence of documentation, e.g. tax credit awards, payslips and shopping receipts where possible. In some instances we were assisted by the fact that some families already kept detailed records of their financial life.

Unlike the finance diary, the wellbeing diary was intended for completion by everyone who was willing in the family from age 10 and up, again over fortnightly periods. We consulted at an early stage on how best to design the questions for younger family members and again used the first visit as a pilot. Building on work by Kahneman and Deaton we decided to ask both a life evaluation question and an emotional wellbeing question, given their different relationships with money.

Subjective wellbeing data is problematic – prone to adaptation effects and personality dependent. Even the life evaluation question we selected (considered to be one of the most reliable subjective wellbeing indicators available) is still cognitively demanding and unreliable. Once again, we’re aware of the problems of relying on this data but we found it a helpful form of triangulation – and on an indicative level it often helped us to ask better questions and gain deeper insight into what matters for families over time.

Other forms of data collection
In addition to interviews and diaries we also undertook two other complementary forms of data collection: participatory photography and a survey.

Participatory photography
On our third visit we undertook a participatory photography exercise with consenting families. Before the visit we asked families to come up with suggestions for photographs that summed up the most important aspects and features of their lives. During the visit, we worked with a trained visual anthropologist and photographer with experience of participatory photographic method in order to co-produce a family photo essay, loosely structured around the theme ‘what matters to family life.’ Not only did this exercise give us a
different form of data to draw on for analysis, but it served as a stimulus for further conversation with the families.

Survey
Later in the study we used the emerging findings from the qualitative work – as well as a specifically tailored policy-related exercise – to design a survey that would gather family responses (from the perspective of parents) to the experiences and challenges of austerity. The final part of the survey was a ‘policy testing’ section in which we asked families to prioritise the kinds of policies or interventions which they thought would have the greatest positive impact on family life.

The survey was conducted online with 1,009 parents across Great Britain between 20th–27th March 2013. Respondents were aged between 16–65 and living in the same households as a child aged 17 or under. Quotas were set on age and region and data were weighted at the analysis stage for gender.

The full results of the survey are available to download on the Ipsos MORI website: www.ipsos-mori.com.
Salim and Rima have been married for 12 years. Salim is second generation Pakistani-British but Rima came to the UK from Pakistan when they got married. She was a teacher in Pakistan but now looks after their four young daughters full-time while Salim works twelve hour night shifts as a security guard.

2012 has been challenging. Reductions in Salim’s wages and decreasing job stability have made making the mortgage repayments difficult and the car has been a constant financial drain in expected and unexpected ways. Once the car and mortgage have been taken care of there hasn’t been much left to go round whether for big things like Eid or smaller things like school dinners.

### Autumn 2010 – Rima’s car accident

Rima was having a driving lesson when she had an accident in the family car. It was a write-off and the insurance didn’t cover it. Salim had to use £5000 of savings he’d planned to put towards the mortgage, along with substantial financial assistance from his mother and a friend, to buy a new car:

“I think the only time life was better was before the accident happened. I think because I had a bit of savings, I had a bit of money. And obviously all of my money went towards the new car... I think from there we went sort of downhill.”

The family “go everywhere” in the car and need it for “everything”. With the exception of the girls’ school there’s “nothing close... within walking distance”. Before September 2011 the girls went to a school further away and whenever Salim worked day shifts they had to pay for taxis because he couldn’t do the school run. Without the help of Citizens Advice, who helped Salim write a letter to the headmaster of their current school and showed him the “right steps” to getting them transferred, he doesn’t think they would have been able to make the change.

It’s not just that the car is essential to everyday life; it’s the knock on effect of losing the savings. Salim intended to put much of these towards his interest only mortgage which would, in turn, have reduced his monthly repayments with some left over for emergencies:

“When I say to you that when I’m saving money I know I say the mortgage is a big thing but in reality it could be for anything... It could be for any emergency... because I know that anything could happen and any time that I would need that money for backup because I should have something... and that’s my insurance.”

### April 2012 – Salim keeps his job

Salim had been worried about losing his job for a while and dissatisfied with it for even longer, not least because he has a terrible relationship with his manager, by whom he regularly feels intimidated.

Finding out he had kept his job was initially a relief but there were several catches: his wages decreased by another £100pm and the extra shifts he used to rely on to earn more dried up; he became a “floater” with no fixed site of work and even less certainty about his working days; and unlike his old
site he lacked access to a designated prayer room so felt much “less accepted”.

What’s more, the increased uncertainty of his shifts and greater travelling time meant that work became even less compatible with family life. The only redeeming feature was that he kept his night shifts meaning he could do the school run, saving Rima from having to do “missions” to and from school with the girls:

“Travelling far for work is taking up a lot of time… I see even less of my family. I only see them two hours in every day anyway. In the time I do have I just get ready for work or pick up the kids from school or got to my parents house or do chores… all I’m doing is going to work and back.”

May – Paying for the car insurance

The car insurance was not far off £1000 this year – a £300 increase from the year before. Salim prefers a one off yearly payment because it works out cheaper than monthly payments. However, covering this payment meant significantly adjusting the household finances.

Food and shopping was the main focus for cutting back. The family had noticed the rising cost of living – “everything is getting so expensive apart from what you’re earning” – and in the run up to May they cut back on anything that wasn’t absolutely essential; avoiding supermarkets, known brands, and more expensive items like meat, fruit and vegetables. They also bought more in bulk from local “bargain stores for the Asian community” especially staples like rice – “one sack of rice for £19 which lasts us about 8 months” – and washing powder which can be very expensive given that Rima does a wash every other day. Clothes are a constant expense for the family but fortunately Rima is an excellent seamstress and is able to “make and sew clothes rather than buy them”.

Salim tries to ensure that “we only buy things we really need” but occasionally there are things that the girls want which are hard to say no to. Safia had a ‘bring your bike to school’ day in March but Salim was mindful of the car insurance, so Rima used “her money” – child benefit – to pay for one.

By the time Haifa’s birthday came round in May there was only enough to buy a cake and some balloons which Rima took into school for her. Haifa didn’t understand why she didn’t have any presents and Rima was “really upset about it”:

“The money side of things makes things difficult. They want to go out and I can’t afford it. It was Haifa’s birthday and she’s only 4 and she was going on about it… I do feel a bit bad sometimes… that’s what the arguments are about… not having enough money.”

August – Eid-al-fitr

Eid, like the car insurance, is an expected annual expenditure. What Salim hadn’t expected were problems with the car around the same time. He couldn’t afford the “headache of something going wrong” so decided to get everything fixed. The bill came to £700 so he had to use his “savings” – the money he keeps for emergencies and paying off the mortgage. Partly as a result, Eid was very different to past years. Salim said that he “didn’t give my missus much… only £100 for the kids” and had to avoid many of the celebrations because he didn’t have the money for gifts.

The summer holidays are often challenging because it’s difficult to know what to do with the girls. Although they have a TV subscription, a laptop – “as soon as they get through that door it’s a war, it’s like a fight to get to that” – and a computer, which they like to play on with their dad when he’s around, they get bored quickly because “we do the same thing every day… that’s all we do”. This can be difficult for their relationships as “when they’re bored they’ll start quarrelling”. That’s when Salim wishes they had more than the one family room because there’s “nowhere to hide” and things can get quite stressful, especially when he’s having a tough time at work.

December – School dinners

Salim and Rima were both worried in December because Haifa was “losing a lot of weight and her health is really getting bad”. The girls have taken in packed lunches for a while because school dinners are too expensive but they rarely eat what they’re given and often leave it completely – something that was noted by a concerned teacher:
“Even the teacher said could she eat her dinners in school because then maybe she’ll start eating properly because the food is fresh and she sees other children eating it and her friends as well, and she can’t understand that why can’t she have it.”

Salim felt he had no choice but to pay “another £40 a month” for school meals but it came at an awkward time as December had already been expensive. As usual, the family had been to the Matalan sale to get clothes and shoes for the year and Salim had also decided to pay off in one go the sofas he had previously been paying off in instalments because he just wanted to get rid of the “headache”.

Into 2013

At the beginning of 2012 it was “all about how to survive and how to keep a roof over head”. That remains the case for 2013 except that the families’ situation feels more like a ‘trap’ than ever with even fewer choices given that ‘options are to do with money’. Salim’s ‘savings’ have kept the family afloat at times but he had to go into them again in December and is not sure he can get the same financial support from family and friends as he has in the past.

The main concern at the moment is how to manage with a new addition to the family. Rima is due to give birth in the summer and Salim’s already concerned about how they will cope without the support that used to be available, “the government, they used to actually give a certain amount… £500 or something for the child”.

The main worry at this stage is being able to support Rima and look after the children while working – “there’s nobody really that’s going to come to help us” – especially as his parents are too elderly and ill to help out much with childcare. If he could get a new job he would but he’s not sure how to put his CV together and the few people he’s asked haven’t got any jobs going. He just hopes that the car keeps running, he’s able to replenish his savings and that the secondary school Safia will start at in September is nearby.
Sarah lives with her two young sons Michael and Leon in London. She works part-time in a bank and looks after the boys the rest of the time. She has been living in temporary accommodation since 2008, moving four times in four years.

2012 was a challenging year for the family. Sarah feels she has little control over their housing situation and it’s a source of considerable instability and stress. Debt is an ever present feature of financial life as making ends meet on a small salary while coping with fluctuating benefits is often hard. Decent childcare and keeping the car running are her other two priorities but this can also complicate financial management and destabilise family life. Fortunately Sarah is able to call on substantial support from friends and particularly family that makes her current life possible, however unstable it sometimes is.

January – damp problems in the home

Sarah has been in her current flat since the beginning of 2011. Over the winter the boys had serious, ongoing chest problems which their GP attributed to severe damp in the flat. Accordingly, Sarah kept the heating on 24 hours a day to try and keep the house warm for the boys. The Housing Association are responsible for the flat but neither they nor the landlord are responsive to Sarah’s requests for improvements. She had to wait until April for the landlord to partially deal with the damp, at which point it was less of a problem anyway.

The council also eventually sent a surveyor round who told her that their home wasn’t suitable for the family. Despite this she was sceptical that anything would change because “the council wouldn’t want to say it isn’t good enough because then they couldn’t move someone else in”. Nothing happened, as predicted, and her housing situation “really depresses” Sarah and is a considerable source of unhappiness and stress. She feels she has no control and that “everyone fobs you off”. She desperately wants somewhere permanent, “somewhere I can call home”, but does not have enough points to make successful bids on social housing:

“The whole temporary accommodation issue is a struggle in itself. I can’t plan or relax.”

June – a family holiday

Sarah took the boys away for a weekend in June. She’s very aware that “apart from nursery, there’s nothing” and in the summer holidays she feels that the boys deserve to be able to do something given that they are prevented from doing many of the things they want to, like going to the football club, as they are unaffordable. Trying to keep up with the cost of living – especially food, petrol and baby products like formula and nappies which she feels cost her much more for Leon than for Michael – also meant that the family never had anything apart from the absolute essentials and Sarah certainly couldn’t “spend on myself anymore”. Ultimately, she just wanted to be able to give the boys a treat and have something to look forward to as well as needing a change of scenery and a break from the flat and day-to-day routine and thought a holiday would be able to provide all this.
The trouble was that Sarah had been repaying Council Tax and Housing Benefit overpayments since March and was struggling to make ends meet. So much so that she’d become increasingly reliant on friends, family and high interest payday loans just to “get through every month”. Although she “hates” using this kind of credit and knew that it wasn’t necessarily a sensible decision to pay for the holiday this way she felt at the time that “sometimes you need to do it, there’s no other way”. The holiday was also funded by money Sarah had left with her mother for safe keeping:

“If I just stick to getting the essentials then sometimes I can get through without borrowing but then sometimes I think, “I’m not going to live my life like this.”

September – Paying for childcare

Last school year Michael had a fully paid for assisted place – in recognition of his developmental support needs – at a local nursery. Since going, Michael has “really developed with his speech and his behaviour” which has, in turn, had a very positive impact on family relationships. Understandably, Sarah wanted to be able to send Leon to the same nursery, partly to not have to rely on her aunt who currently provides care for him four days a week, but mainly so Leon would experience the same developmental benefits as his brother.

To facilitate this, Sarah applied for the childcare element of Working Tax Credit which covers up to 70 per cent of the formal costs of childcare for eligible families. Sarah’s claim was successful so, from September, she started to receive substantially more in tax credit support. However, the cost associated with sending both boys to the same nursery – even though Leon only attends for two days – meant her whole tax credits award was used to fund the nursery fees. With both boys in childcare, monthly outgoings regularly exceeded what Sarah had coming in but she still thinks it is money well spent. She just wishes that it was much more worth her while to be in work:

“It wouldn’t make sense for me to work if I had to pay any more in childcare so if my aunt didn’t take Leon for 2 days a week then I would have to stop working.”

September/October – Problems with the car

Sarah took out a £2,000 loan in August and bought a second hand car to replace her existing one because she felt it was becoming unreliable and didn’t want to worry about it breaking down. She also borrowed well over £1000 from her mother and some friends but the loan was the big problem. The repayments are £161 pm but her poor credit rating – a result of an inability to repay a loan for her first car when she was a teenager – meant “it was the only one I could get”. Looking back, Sarah admits that almost all of the substantial loans she’s taken out have been for cars. While cars “are the roots of all my problems” she still believes that “having a car is a life or death situation for me”.

The new car seemed pretty reliable at first but had to be returned at the end of September due to problems leaving her without for about a month. During this time she estimates that she spent about three hours every day just travelling in order to drop the kids off to her aunt or the nursery or both as well as getting to work. She also had to spend money on taxis to do the food shopping which was expensive. The one silver lining was that she started to shop for food on the internet which saved her time if not necessarily money.
It was the worst time of my life. I couldn’t get to work on time; I couldn’t get on the bus and had to walk everywhere. It was a nightmare.

October – Getting a new qualification

Sarah works in a high street bank and is keen to progress professionally. With this in mind she had been studying for a work-based qualification over the previous year. This had meant a lot of hard work, sacrificed evenings, relying on family members for childcare and no little guilt about not spending time with the boys.

When she finished the qualification in October 2012 she was relieved it was over and proud of her achievement. However, she was left feeling frustrated as the new qualification didn’t have any obvious impact in terms of pay or prospects and she wondered whether the sacrifices she had made were actually worth it. Gaining the qualification has made her realise two things; one, that “I could study but not while I’m working, it’s too much”; and two, that she wants to study towards something other than working in a bank:

“I’m still only [young] and I thought that in 35 years time, do I still want to be in the bank?”

Into 2013

Sarah ran out of money in early January and took out two payday loans of about £50 after Christmas despite only buying presents for the boys and not buying anything for her wider family as she normally does. This makes her minimum debt repayments about £250 per month and means that she doesn’t have that money for the things the family needs so “there’s always something else which means I have to take a loan out”. Despite the help she gets from her friends and family she still feels she’s in a cycle that’s difficult to break.

Two things that that she thinks could make a big difference to family life would be “getting a new job or a new house”. She’s increasingly dissatisfied with her job and wants to train to be a midwife although she doesn’t think she’d be able to support the kids or pay off her debts if she did. She also knows that the family will be moved out of their flat soon as the landlady has not renewed her contract with the Housing Association. She hopes that when she is moved she’ll get somewhere permanent but knows it’s unlikely. She’s also keen that her new home is in the same area because it’s close to her family, work, childcare and the schools she’s applied to for Michael and worries that if she is moved somewhere else in the borough, it will have a detrimental impact on the boys’ education and development as well as the amount of support she is able to call on from her family.

Mainly though, Sarah just hopes that “we’re more settled” and knows that her finances are the key to this. She is, however, cautiously optimistic about the year ahead believing that if she pays off her loans and they’re moved somewhere decent to live then life could certainly improve:

“At the moment, I’m trapped, my life’s on hold. In two year’s time I’m hoping that I would have moved, changed job, maybe be at uni.”
In 2012

- **July**: Sarah took out a £2000 loan with a high cost credit provider in order to pay for a new car.
- **August**: Paying for the new car.
- **October**: Sarah receives a temporary refund for the value of the car while repairs take place, a tax credit lump sum and a bonus from work.
- **November**: Giving back the temporary car refund, and paying back the loans to buy the car.
- **December-January**: Outgoings clearly exceed income as childcare costs start to tell.

![In an average month chart]

- **Housing**: represents almost a third of total outgoings, and includes an average monthly rental payment of £804. Sarah receives £600 in Local Housing Allowance.
- **Other**: incomings includes the proceeds from selling the old car.
- **Transport**: is a significant cost for Sarah but this figure also includes the large lump sum outgoing when she bought the new car.
- **Childcare**: costs increased significantly in September when Leon started at nursery.
- **Debt**: varies a great deal from month to month but is an ever present feature of family life.
- The discrepancy between incomings and outgoings indicates the increased costs of childcare later in the year, buying a new car and Sarah’s use of high cost credit providers.
Lauren and Martin are in their forties and have been married for over 10 years. Lauren has two daughters from a previous relationship, Susie (17) and Jade (13), and another daughter, Lois (6), with Martin. Martin has been working in a factory since spring 2012 after a period of unemployment and Lauren is a full-time mother.

Martin was out of work at the beginning of the year but careful financial management saw them through until he found a new job in the spring.

The family went on their first holiday in seven years in the summer and with Martin in work they were better able to cope when unwelcome shocks, like having to replace the car, came along. Still, relying on one salary not far off minimum wage was not easy especially when Lauren became very ill towards the end of the year and Martin had to take time off work. The whole family pulled together to make sure everything ran as smoothly as possible especially Susie who started to work part-time to help pay her way a little bit.

**Early 2012 – Dealing with unemployment**

The year started with Martin out of work leaving the family reliant on what he received in unemployment benefit. Things weren’t easy but they were able to make ends meet, not least because of Martin’s experience of bankruptcy and Lauren’s with credit card debt. Since clearing their debts, partly as a result of help and advice received from the Citizen’s Advice Bureau, both recognised it would be “stupid to go down that route again” and they radically altered their approach to finances and became committed to living within their means.

In February they started to shop at cheaper supermarkets and were pleasantly surprised to find that while the prices were lower they didn’t feel like they were compromising on quality – “the children are the biggest critics and they haven’t complained once.” Sometimes they admit they may not get the best price – when they pre-pay for gas and electricity and rent white goods – but they feel it’s worth it to protect themselves from unexpected shocks that have made life difficult in the past. A crucial part of their approach to finances is that they work as a team – Lauren looking after the spending on food and clothes and Martin being responsible for spending on the car for instance – and “pull in the same direction”:

“It depends on what the budget allows. If you don’t have the money there you don’t go out... If you haven’t paid for your amenities and your priorities you shouldn’t be standing in a pub.”

**April 2012 – Martin goes back to work**

April looked like it was going to be difficult when the family’s benefits dropped by £80 due to a reduction in Child Tax Credit. This could have made things difficult for the Youngs but fortunately Martin found full-time work in a local factory at the end of the month. Although he is earning just above the minimum wage, his salary, along with Working Tax Credits mean that the family were more than £500 better off per month.

Rediscovering his role as provider boosted Martin’s confidence and reduced the constant stress
and worry of being able to cover the essentials. Not only did he now have a little disposable income for himself and the rest of the family but his work hours – 7am until 4pm – meant that his work was compatible with being able to spend time with Lauren and the kids in the evenings:

“It's the right order of things now that I'm back at work. We're not under each other's feet at home... It's now fine again if the kids ask for some new school shoes. It gives you a bit of breathing space.”

July 2012 – A family holiday

In July the family went on a caravan holiday together – the first holiday they had been able to take for seven years due to the impact of their debt repayments, and something they were keen to do given Lois had never been away. Martin and Lauren had been paying instalments towards it even before he found work but his new job meant that there was a bit of spending money as well. Everyone had a good time and with they decided to book again for next year at a reduced rate.

While before April they couldn't afford to go out much things changed after Martin got into work. For example, they were able to visit the village social club more. It's close by, the drinks are cheap, they know lots of people there and they have Sky TV. The youth club is next door too and Jade in particular likes to hang out with her friends and meet new people there. The family are also in a better position to go out together but they still take advantage of things like Spree Book if they go to the cinema or eat out:

“If you've got the money to go out and socialise then if you're having a bad day it can make you feel a lot better. It doesn't need to be much money, just enough to go out and visit people.”

August 2012 – The car breaks down

In August, the family car broke down and despite their strong debt aversion, Martin and Lauren were forced to take out a relatively high-interest loan to cover the cost of a new one. They can't do without a car both for Martin to get to work and to enable them to take days out as a family. They would have preferred to get a cheaper loan but couldn't due to their poor credit history.

Around this time Susie decided to start working. She works part-time for £4.35/hour but she now pays for her school books, clothes, toiletries and mobile phone contract. She also contributed £100 towards her bus pass. She enjoys being a little more financially independent but has struggled to balance work and school since starting her A-levels. Before she decided to reduce her hours she found herself juggling her family, boyfriend and her studies and she often felt too tired to do her homework. This partly contributed to her deciding to drop her PE A-Level, something that she was passionate about and a decision that she knows might make it more difficult to get into university as she will have fewer points.

October 2012 – Lauren's health deteriorates

Lauren discovered that she was very unwell at the beginning of October and was admitted to hospital for an operation in November. Everyone was worried but they worked together to ensure that life went on as normally as possible. Martin's hours made it easier to be around for the kids in the evenings but Susie still had to pick Lois up from school and the leader of Lois' after-school club helped out by taking her to school in the mornings. Despite his hours Martin still had to take time off work to look after Lauren and the family which in turn meant a reduction in earnings.

With Lauren ill and less money coming in it was a particularly stressful time for Martin but he appreciated the way Susie helped out with Lois. Lauren also appreciated the way everyone helped out in her absence and was grateful that Martin was able to take time off even if this did mean having a bit less money. Although the family barely went out during the three months of Lauren’s illness, if anything, the experience brought them closer
together and they continued in their family routines of eating together every evening, watching their favourite TV shows together and playing their favourite computer games together.

**Into 2013**

A very close family, Martin and Lauren have faced a number of considerable challenges throughout 2012 that they have been able to cope well with due to the emotional support they provide one another.

Further, with Martin back in work they head into the year practically debt free and better able to cope with financial shocks.

Lauren is looking ahead and thinking about returning to work when her health allows. She’d like to become a dinner lady at Lois’ school if possible as this will enable her to bring in an income, as well as being there for the children.

### In 2012

- **June**: Martin moves off JSA and back into work at which point his earnings are supplemented by Working Tax Credit.
- **July**: The family went on holiday and spent around £300 on activities and going out while they were there.
- **August**: Outgoings are generally higher because of the loan repayments for the car.
- **November-December**: Martin’s wages drop a little as he has to take some time off work whilst Lauren was ill.

### In an average month

- **Net pay**: has become a bigger contributor than these averaged figures suggest since Martin got back into work.
- **Housing**: is a significant expenditure, and includes a monthly rental payment of £660, though the family receives Local Housing Allowance of an average of £371.
- **Debt**: The only debt the family has is the loan repayments on the new car at £152pm, which began in August.
- **Childcare**: costs were avoided even when Lauren was ill, as Susie stepped in to look after her sister.
Marion and Mark Williams live with their son, Daniel (16 months), and two cats in a three bedroom house in the Midlands. Mark works full-time as a data analyst and Marion studies Occupational Therapy part-time at University as well as looking after Daniel. The family came into 2012 still feeling the aftershocks of the financial crisis; their mortgage was with Northern Rock and its subsequent collapse and the fact they were left in negative equity caused them a good deal of worry. These issues, along with the high cost of childcare and the general rise in the cost of living, have all but wiped out their savings buffer. However, towards the end of the year Mark was headhunted for a new role which came with a pay rise leaving the family in a distinctly better financial position than at the beginning of 2012.

October 2011 – a new addition to the family

Autumn brought good news with the arrival of Daniel. However, it also was the trigger for financial and emotional challenges for the family. Before going on maternity leave, Marion had only just recently returned to work juggling two part time roles. Before this, long periods of ill-health had left her unable to work. However, what this meant practically was that she was not entitled to Maternity Pay and, instead, was only able to access Maternity Allowance at a much lower rate.

This wasn’t ideal but they coped thanks in no small part to how well networked they are in their local community. For instance, they were able to save on all of the costs associated with having a baby as friends and family gave them all of the equipment, toys, clothes and furnishings that they needed. Marion also appreciated the mother and baby classes subsidised by the local authority, and the local play group during maternity leave as they helped her feel less isolated and lonely.

Spring 2012 – the rising cost of living

By the spring, covering the cost of an extra mouth to feed – especially given rising prices – made living off Mark’s income increasingly difficult. This marked the start of a period of reflection for the family, in which they reviewed their expenditure so they could earmark essential items and cut back on those things that were not deemed to be necessary given their straitened conditions. As a result of this, they reduced the amount of fresh meat, fruit and cheese they bought as these were the most expensive items on their weekly shopping receipts. Further, while they purchased a freezer, they reasoned that this initial outlay would be offset by the fact that frozen food is cheaper than fresh. They also changed where they shop, choosing instead to frequent lower cost supermarkets, and began growing vegetables in their back garden and travelling by bike in an attempt to cut back on their outgoings:

“We are living on the borderline between going into debt and not going into debt, you know, can we run the car this week, can we not.”

Their worries about their family’s financial situation were compounded when Marion was informed that, if she wished to return to work, she would have to reapply for her job. Furthermore, she was told that if she was successful, due to funding cuts she would be earning over 50 per cent less than before. While Marion was keen to go back to work, partly to address the feelings of isolation she felt, she wasn’t
convinced that it would be financially worthwhile, particularly when the high cost of childcare was taken into account:

“If you had a proper job, if you were earning a decent wage then you could probably do it [cover the cost of childcare], but I reckon it’s around £40 a day, £200 a week, £800 a month so after tax it just doesn’t work at all.”

**Summer – spending time together**

The summer is a busy time for the Williamses. Both Marion and Mark play rugby on a weekly basis and, in addition, Mark plays cricket throughout the summer months meaning his only free day is a Sunday. Marion also volunteers at a summer camp which provides support for disadvantaged and disabled children and their families in the local area. These activities are very important for both Marion and Mark; they’re things that they enjoy doing and, in the case of the summer camp, Marion thinks it important to try and help those who do not have the same opportunities as her family where possible. However, they place a considerable time constraint on the family, meaning they don’t always have as much time to spend with each other and Daniel as they would like.

Their lack of time together as a family was curtailed further still when Marion learnt that she had been successful in re-applying for her job. She subsequently returned to work which, at least initially, was a relief for the family. However, the cuts to her pay meant that her earnings were entirely subsumed by the cost of childcare leaving them just £10 per week better off. Further, an internal reorganisation at Marion's place of work meant her role had changed considerably and team morale was low. These factors prompted the family to think that Marion working "wasn’t worth the bother and stress" and so she decided to resign from her post in order that she could spend more time at home with Daniel while also considering her next move.

**September – Marion goes back to university**

While out of work over the summer months, Marion took the time to apply for part-time courses at university with a view to retraining. Much to her delight, she found out she was successful in her application and, in September, Marion was able to fulfil her long term goal of studying Occupational Therapy. Marion receives a bursary for this course, meaning the family do not have to cover study fees. In realising her aspirations, Marion's wellbeing significantly improved. Further, Marion and Mark realised that her retraining could bring the whole family benefits in the long term, by virtue of her being able to get a better paid and more fulfilling job.

With Marion attending university on a part-time basis and Mark in full-time work, the decision was made to put Daniel into nursery. Daniel's nursery is located on the same site as Mark's work which makes the logistics of combining work and childcare less problematic. It also provides the added bonus of meaning that Mark is able to spend more time with his son, thus countering some of the challenges the family faced in the summer. However, there was a high price attached to the convenience of Daniel's nursery. At £45 per day it was more expensive than others they looked at, but given that Marion had been told that she would be able to claim a high percentage of her childcare costs back from the NHS, they did not think it would be too much of a problem for them financially. Two months down the line, however, the family had still not received this childcare bursary, and were only managing to keep Daniel's nursery place by depleting the savings they had worked hard to accumulate.

**December – Mark gets a new job**

In December, Mark was contacted out of the blue by a head hunter who had seen his CV on a dedicated job search website. Off the back of this, Mark was invited to an interview for a better paid position that was located much closer to home. Mark was subsequently offered the role which was a huge personal confidence boost for him.

As well as improving his wellbeing, Mark's new job also benefited the family financially. Not only did the role come with a pay rise meaning the family had more disposable income each month but, also, it meant that the family were no longer reliant on the expensive nursery that Daniel used to attend at Mark's former place of work.
This good news was, however, countered by the fact that around the same time Marion was informed by the NHS that they were not eligible for help with their childcare costs after all. This left them with one last bill of around £300 to pay and, because they had run down their savings already, this was unaffordable for them. Debt-averse, they turned to Mark’s parents rather than investigating formal borrowing options. This incident highlighted to Marion just how little financial resilience the family now have and that, until their savings buffer is rebuilt, they are reliant on the financial help of others should the need arise:

**Into 2013**

The past year has not been without its challenges for the Williamses. The high costs that they have encountered throughout the year, particularly for childcare, have left them without savings which, in turn, has lowered how financially resilient they are. Further they are concerned more generally about rising costs and especially about what an increase in the interest rate would mean for their mortgage payments.

In spite of these challenges, they are hopeful about the prospects that 2013 brings. Marion is settling well into university and finding the course every bit as enjoyable as she hoped she would. Further, Mark, with his confidence boosted, feels valued in his new role at work and the extra income will help ease the family’s financial concerns. Family relations have also been strengthened by these changes; Marion is happier, and as Mark now works closer to home he is able to spend more time sharing childcare duties which are now less arduous as Daniel has grown. Therefore, while they may not be more financially resilient, the family certainly approach the year ahead with greater reserves of emotional resilience to call on.

Their involvement with the church and various community groups also affords them a different perspective. While they recognition the challenges that they have faced as a family, they are also quick to realise that “that there is always someone worse off than us”.

- **April:** Mark was awarded a bonus at work.
- **May:** Mark received a pay rise.
- **June-July:** Marion went back to work and was still receiving Maternity Allowance.
- **October-December:** Outgoings much higher because the family were faced with a large childcare bill each month.

<table>
<thead>
<tr>
<th>In 2012</th>
<th>In an average month</th>
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<td>In £2608</td>
<td>Out £2695</td>
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- **Net Pay:** £2129
- **Housing:** £813
- **Food & Drink:** £364
- **Transport:** £358
- **Household goods and services:** £181
- **Clothing:** £16
- **Childcare:** £146
- **Other:** £459
- **Benefits:** £396
- **Participation:** £149
- **Savings:** £155
- **Other - £83
- **Debt:** £54
- **Incomings - £2695**

- **Other incomings:** Marion’s NHS Bursary.
- **Childcare:** has been a bigger contributor than these average figures suggest since Daniel only started attending nursery in September.
- **Clothing:** Marion and Mark buy their clothing out of their monthly allowances and most of Daniel’s has been donated by friends and family.
- **Other outgoings** include a combination of regular charitable donations of nearly £100pm and allocation of money into personal allowances.
- **Debt:** From some student loan repayments.
- **Savings:** A regular, monthly sum.
- **Discrepancies between incomings and outgoings** were met by the family using their savings and asking Mark’s parents for help, primarily to pay for childcare.
Summary of findings from across the eleven families

1. Money

Money impacts on all areas of family life. It is perhaps the most important constraint (or enabler) of what individuals and families can do and achieve and often determines the level of control families have over their lives. As such, money often underpins the psychological, physical and emotional wellbeing of families.

- All families experienced an ‘austerity effect’ in terms of the money available to them although some experienced more direct impacts – reductions in hours and wages, benefits – than others.

- Despite the range of families in terms of the income distribution it was very rare for families to feel like they were doing anything more than ‘just about getting by.’ This was the case for even families with two earners and those comfortably part of the ‘squeezed middle.’

- Most families considered themselves to be some way off having ‘enough’ – the “difference between struggling and having something left over.”

- A scarcity of money was normally at the root of poor physical, emotional, mental and relational wellbeing in families. A lack of money tended to cause stress and anxiety and be transmitted from the head of the household to the rest of the family.

- Families were often financially and psychologically reliant on tax credits and so changes to this particular form of income, whether as a result of changes to the benefit system or overpayments, were often a source of considerable stress, anxiety and instability in family life.

- Families emphasised the importance of stable and reliable income regardless of source.

- The key drivers of scarcity when it came to the money available to families were the cost of living (food, energy, cars and petrol), debt, and negative financial shocks.

- Rising food costs were mentioned as a challenge by all and food was usually the first area to be cut in the family budget. ‘Trading down’ and eating poorer quality food had a range of impacts across the families including tiredness and a lack of energy, poor health, parental guilt and even relational tension.

- Families noticed the rising cost of energy and some were happy to pay a premium in order to be able to control the amount they spent, for example through pre-payment methods. Others –usually those in poor quality private or social rented sector accommodation –sometimes had
Financial capability – the ability to manage money and take control of finances – was important in coping with the drivers of financial scarcity. However, it was noticeable that even the most financially capable did not always have an answer to negative financial shocks and that financial capability was no guarantee of financial stability.

2. Time

Time is often a scarce resource and key challenge for families; both the amount available and the quality of time mattered to families. Unpressurised and shared time together has a range of relational and emotional benefits and can protect against the stresses of everyday life including a lack of money. Conversely, a scarcity of time undermined the resilience and exacerbated the fragility of family life.

- The amount of time available to families was often determined by their life-work balance. This balance was often hard to maintain at the best of
times but under conditions of austerity it became even more difficult for some as a result of changes to their working conditions.

- Several families found themselves engaging in ‘tag team’ parenting or effectively living parallel lives in order to manage their lack of balance between life and work. Invariably this was a source of unhappiness, depression and contributed to deterioration in family relationships.
- However, not all families experienced a worsening life-work situation. Those families with primary earners able to sustain working early shifts - finishing at 4pm - found their hours much more compatible with family life allowing for more and better quality time together as a family, greater sharing of domestic responsibilities, and, as a result of all of these things, better relationships.

- The quality of time that families had together was also subject to an ‘austerity effect’ as budgets for participation (leisure and recreation) were the first area of the household budget to be cut back other than food.
- As a result, home entertainment was crucial to many families, not only as an affordable alternative to going out but also as one of the main opportunities for families to spend time together. The quality of time together was a function of many other things including parental time, availability and attention, sufficient space, and often access to a library for DVD’s and computer games.
- It also mattered to families that they spend time away from the home for a range of reasons, from escaping day-to-day stress to strengthening family bonds. Common to all families was the importance of the local area to getting out in the first place and families with access to green space and low cost opportunities for recreation were much better served than those without.
- In some ways holidays were the ultimate form of ‘going out’ but while highly desirable they were often unaffordable. However, even when not strictly affordable families tried to make sure that they took a holiday because of their perceived and experienced benefits.
- Participation in celebrations like Christmas, Eid and birthdays was often a social imperative. As a result this kind of time was often highly pressurised both financially and emotionally.

3. Support

All families benefit from some combination of bonding capital – support via close relationships with family and friends – and bridging capital – support through membership of or interaction with organisations like the workplace or formal services (whether voluntary or state provided). These two forms of capital provide access to a variety of different forms of support – financial, emotional or practical – which can protect families against fragility.
In conditions of austerity strong bonds with family and friends may provide a crucial source of support for many families and arguably matter more than ever. However, as the need for support – financial, emotional, or practical – increases, so too does the pressure on these bonds.

- In the absence of savings or affordable credit, the family bank (financial assistance from relations) was usually the first port of call for money in an emergency.
- Relying on family for financial support often came with some kind of relational cost, even if no monetary interest is charged. Parents reported feeling guilty at borrowing money from their own parents, and asking for both financial contributions from older children and regular informal support with childcare.
- Close friends were (potential) stabilisers, especially for lone parents, helping bridge the gap left by family members and reductions to formal support services.
- Older siblings were a crucial support in some of the families, providing for themselves or contributing to the household finances through paid work, and caring for younger siblings.

Childcare that recognises the realities of family life often makes work or even study possible which, in turn, can improve emotional wellbeing and financial standing. Two key themes were important here:

- Affordability was vital: parents in the study felt strongly that higher childcare costs often cancelled out the benefits of taking on more work, meaning they were reliant both on family support and the free 15-hours childcare available when children become eligible.
- The lack of flexibility of childcare meant that parents in the study struggled to find work which was compatible with school pick-ups, and were more reliant on informal support, with attendant relational costs.

- Formal services, notably Connexions, Home Start and Citizen’s Advice provided a key form of ‘bridging capital’ for a number of the families and cuts to these services impacted on family life.

- Support was particularly appreciated by families at certain transition points, like the birth of a new child or the move into post-16 education or training and scarcity of external, formal support at these points was particularly noticeable in several cases. Further, those families most in need of support at points of transition were either not aware or just did not access it.
- Reductions to services had both practical and financial implications: family members reported difficulties in obtaining appropriate
support from advice services, and in accessing suitable support for disabled children.

- **Support in and through work** can make a significant difference to family life, particularly in times of heightened job insecurity that come with conditions of austerity.

- **Supportive managers** allowed parents to negotiate flexible hours to accommodate temporary or ongoing requirements for caring for children. Conversely, managers who offered little flexibility made parents’ work life balance highly challenging.

- **Opportunities for progression at work** were a chance to build “human capital” (skills, qualifications and experience), and by extension, longer term financial security. A feature of lower paid, lower skilled roles was a lack of genuine opportunity for advancement.

- Having **confidence or knowing what to do** when finding a new role made a difference to some of the families in this study, allowing them to improve their work-life balance and self-esteem.

- **Aspiring second earners** – typically mothers – felt they lacked support to enter work or to move beyond low skilled, low pay employment.

### 4. Environment

The environment – home and local area - may have a range of significant impacts on family life. Homes that are affordable, sufficiently spacious and in decent condition can provide a solid foundation that positively affects the financial and emotional life of the people who live in them.

- Families want to live in **homes that they can afford** without having to worry about excessive rent or mortgage payments. Generally, families wanted to feel like they had security of tenure and a home they could call their own, but even owner occupation was often seen as a mixed blessing in this regard.

- A key contributor to the quality of family life was the **space available to families** in their homes both in terms of bedrooms and family rooms. Families who lacked space seemed to experience considerably more stress and relational tension than those who did not.

- The **condition of the family home** was also an important aspect of family life. A number of families had to deal with damp of varying degrees of severity as well as a range of other problems which often impacted on psychological and physical wellbeing, especially of children. The ability – or often the inability as a result of an unresponsive landlord or Local Authority – to deal with these problems was also important determinant of the amount of control families felt they had over their lives.

*Local area* is important to family life because it matters that family members can access the things they value – support networks, vital institutions like work
and school, as well as opportunities for time together – relatively easily. Access and proximity directly impacts the availability of other resources – money, time and support – as well as wellbeing.

• Getting to school and college easily was a high priority, especially to a number of older children in the families who were reliant on bus travel. Some had used Educational Maintenance Allowance (EMA) or its less generous replacement, the bursary fund, to pay for the bus but found it difficult to manage. In the most striking case, a lack of assistance meant having to drop out of college.

• The ease of getting to and from work had implications for money spent on cars and time available to families. Being close to work and not having to rely on the car for commuting tended to have a real beneficial effect in terms of individual wellbeing and family relationships.

• Where families had things to do in their local area it often contributed substantially to the quality of family life.

• Access to green spaces, whether gardens or accessible and safe outdoor space, tended to be beneficial for families especially those with younger children. Where families had little option but to stay in the house – whether as a result of a lack of suitable outdoor space or lack of parental time or both – it tended to have a negative effect on emotional wellbeing and relationships.

• Having an accessible social or sports club could make a real difference to family life in that it provided an opportunity for affordable, quality time to be spent together away from the home either as a family or as individuals. Clubs also facilitated social connectedness, improved family relationships and subjective wellbeing.

• Being part of a local community – putting down roots – mattered to families in terms of having opportunities to build and develop their support networks. Access to friends, family and services, which, again were often mediated by transport options, helped to build a sense of belonging and stability in family life. Families without these roots led much more isolated, potentially unstable and fragile lives.
Living Precariously: Supporting Families in an Age of Austerity

Family and Childcare Trust

Introduction

*Family Matters* opens a window onto the lives of 11 families, providing a vivid illustration of the delicate balancing act necessary to sustain household budgets and keep family life on track in difficult times.

The stories of the families in this study, in tandem with the survey of over 1,000 parents, demonstrate how the reverberations of the economic crash and austerity measures can combine to exert a cumulative effect on households. The implications of multiple pressures converging on families are not simply financial, but can also be discerned in their health, wellbeing and the quality of their relationships. Nevertheless, the research reminds us that families are also highly adaptive, constantly finding ways of absorbing new pressures.

Yet these findings should also serve as a warning signal. As saving buffers are eroded and family relationships are tested, the multiplier effects of austerity are incrementally undermining resilience over time. Evidence from beyond this study supports the idea that financial vulnerability has generally been on the rise in the UK. A major study of the UK population (the project Poverty and Social Exclusion in the United Kingdom) recently found that households in 2012 are less able to cope with unexpected events or afford minimal levels of financial protection than in 1999, pinpointing a sharp rise in the percentages who could deal with financial emergencies. We should not underestimate the extent to which today’s economic pressures could be exacerbating pre-existing vulnerability in households.

*Family Matters* marks the completion of a two-year research programme – Families in an Age of Austerity – and follows on from analysis of local spending cuts (*Families on the front line*, October 2012) and research tracking the impact of tax and benefits on family income with the Institute for Fiscal Studies in early 2012. Together, these pieces of work have highlighted the economic trends, public policy shifts and cuts to services that have made family life more precarious.

The implications of this financial fragility are unknown, but if we wish to avoid long-term scarring effects then families need to be given the opportunity to regain control over their financial futures. While families may be both adaptive and resourceful, they also need sufficient resources – financial, emotional and environmental – to thrive. We need an ambitious agenda for growth, which can also deliver higher living standards and a better quality of life for families in the UK.
Families create value, and drive growth

Families play a critical role in creating social and economic value – performing vital functions such as informal care-giving (it has been argued that the value of unpaid care has been consistently neglected by mainstream economics and measures of GDP).\(^4\) The active economic participation of adults in the household is of course closely related to consumer spending, taxes and the welfare bill. Families have also been described as the ‘bed rock’ of social capital\(^4\) because of the critical role they play in developing and sustaining informal networks.

The social capital of families is intrinsically linked to human capital – the skills, competencies, knowledge, social and personal qualities which are passed down the generations. A range of theorists explored ways in which families accumulate this capital and its relationship with children’s cognitive and social development.\(^4\) Drawing on evidence relating to the centrality of human capital to economic productivity, the Nobel Laureate James Heckman has drawn attention to the importance of the environment provided by parents and wider family resources. He argues that a “major refocus of policy is required to capitalize on knowledge about the importance of the early years in creating inequality and in producing skills for the workforce”.\(^4\)

Importantly, investment in family friendly policies opens up opportunities for full labour market participation for parents – especially mothers. This is important to the economy and to family incomes for a range of established reasons. As recent IFS analysis for the Resolution Foundation has shown, of all the income growth in low- to middle-income (LMI) households from 1968 to 2008–09, more than a quarter came from women’s work (compared with less than a tenth from men’s). The importance of this factor was second only to the tax benefit system, which provided 34 percent of all growth.\(^4\)

However, the UK is something of an under-performer in female labour market participation, despite previous increases, rates of economic activity have reached a plateau in recent years.\(^4\) The stories contained in *Family Matters* illustrate how stagnating wages and rising childcare costs have now placed further obstacles in the path of some mothers, who are unconvinced that work is economically viable. Added to this are a number of welfare changes (such as the cut to the childcare element of Working Tax Credit and the increase in the number of hours from 16 to 24 that a family has to work before they are eligible to claim), which may increase work disincentives for mothers. There have been early warning signs that this may provoke a dip in maternal employment. Ipsos MORI parental surveys for the Department of Education point to a fall in maternal employment from 63 per cent in 2010 to 60 per cent in 2011.\(^4\)

There are sound economic reasons to avoid underemployment and wasted human capital, ensuring that young people and parents are able to fulfil their potential. Economists are increasingly emphasising the role played by human capital in a country’s economic growth. One recent study by economists at the University of Chicago and Stanford estimates that 15–20 per cent of growth in aggregate output per worker in the US over the last 50 years may be explained by the improved allocation of talent of underrepresented groups (like women
The Impact on Families

and ethnic minorities) into occupations that were previously largely off-limits, like doctors or lawyers. A labour market and economy which fails to open doors to economic participation is also closing off routes towards growth.

Clearly, the health of our society and our economy is intertwined with family life in a host of complex ways. The social justice argument for supporting families has long been made, but given their role as producers of human and economic value, families also need to be situated at the heart of our narrative about re-building the economy. As we seek to stimulate our faltering economy we would do well to consider the tangible ways in which the family unit enables individuals to contribute as consumers, carers and workers.

Counting the costs of austerity

As Family Matters has illustrated, family resilience results from the interaction of a whole range of different forms of capital, such as support, time, money and environmental factors. Such resources enable families to ‘bounce back’ from challenges and financial shocks. They bolster resilience during testing times (for example, at the birth of a child or during an illness), and levels may fluctuate over the life course. Often, an abundance or surplus in one dimension (for example ‘support’) can offset a deficit in another respect (for example ‘time’). However, if resources in several categories are consistently eroded over time, then relationships will be tested and the wellbeing of individuals within a family will inevitably suffer.

It is therefore a source of considerable concern that in the period since the crash of financial a number of disparate trends have converged on the family, which could deplete the resources necessary for families to thrive. In seeking to count the cost of the financial crisis, the focus has inevitably been on econometric analysis, with the human impact remaining more hidden. But there are good reasons to suspect that the implications of pressures on household budgets may ultimately impact the health and wellbeing of British families.

This is clearly reflected by our survey of parents for this project – 60 per cent strongly agreed or agreed with the statement: ‘over the last year I have experienced increased levels of stress and anxiety as a result of changes in my financial circumstances’. Even more worryingly, 29 per cent strongly agreed or agreed with the statement ‘over the last year my health has suffered from a change in my financial circumstances’. We should not be surprised if financial pressures spill over into relationships, making parenting a more pressurised and challenging experience. As Sendhil Mullainathan (Professor of Economics, Harvard University) has argued, the more time and attention which parents are forced to devote to financial concerns, the less in the way of “psychic resources” they have to devote to everyday practices of good parenting.

In the following sections we examine some of the ways in which the associated effects of austerity could be impacting family life, before pinpointing exemplars of the types of measures that could help alleviate pressures on family life in this period. Our approach to policy interventions must be both cost-effective and invest in the existing assets and capabilities families and communities have available to them.
There are no public policy panaceas for such complex challenges, especially as a number of economic trends (particularly in relation to the stagnation of LMI incomes) have been gathering pace over a number of years. Any short-term measures we take must therefore be underpinned by a strategy for tackling the longer-term trends depressing family living standards. We may face difficult choices to be made about the allocation of limited public resources but there are sound social and economic reasons for putting families at the centre of those decisions.

1. Money

There is an extensive literature on the nature of financial resilience and families. Lack of resilience is generally characterised by high levels of debt, lack of savings and low income or income instability, or both. The need for families to have sufficient financial resources to guarantee a decent standard of living and participate in society has been catalogued extensively, as has the adverse effect of low income and poverty on children's life chances. But looking beyond the breadline, families also need sufficient room in their budgets to accommodate uncertainty – as Professor Michael Barr in his book on low-earners in the US No slack explains:

"Financial slack can be thought of as breathing room provided to households by the ability to make relatively costless adjustments to align resources with needs. The costlier or more difficult these adjustments are, the less slack these households can be said to have... No slack too often means that small problems can escalate rapidly and undermine the fragile financial stability of these households."\(^{52}\)

The economic crash has had far-reaching implications for household income and the extent to which families have ‘slack’ available to them. The Coalition Government’s programme of welfare cuts has exacerbated the pressures on budgets experienced by many types of family – as our published analysis demonstrated in early 2012.\(^{53}\) Little wonder then that 85 per cent of the parents we surveyed with Ipsos MORI also thought that the financial situation for families in Britain has got worse over the past year (2012–13). The cumulative impact of the current economic climate has also seen the IFS project a 7.1 per cent real terms fall in median net household income between 2009–10 and 2013–14, the largest fall since 1974–77 (of 7.5 per cent).\(^{54}\)

The cost of living has been another acute challenge for families over this period – when we asked parents whether their immediate family had been affected by ‘an increase in the amount you are paying for food’ or ‘an increase in the cost of household bills’ in both cases 89 per cent said they had. Similarly, this year’s childcare costs survey from Daycare Trust and the Family and Parenting Institute finds average childcare costs increasing by more than 6 per cent (more than double rate of inflation).\(^{55}\) Many households have also struggled with inflation, in part driven by an increase in VAT in January 2011. This has affected lower income households most severely: between 2008 and
2010, inflation for the poorest fifth of UK households averaged 4.3 per cent, against 2.7 per cent for the richest fifth.56

Another key marker of low levels of financial resilience for families is debt, especially given the established links between problem debt and psychological health.57 Many families entered the recession having already accumulated significant debt. Total outstanding personal debt increased by around 220 per cent over the 15 years to 2010 (an annualised rate of 8.1 per cent per annum), yet average earnings grew by only 75 per cent over the same period (an annualised rate of 3.8 per cent per annum). So personal debt grew at more than twice the rate of average earnings over the period.58 In 2011 each household paid off an average of around £355 of their unsecured debt and yet, according to a report by PricewaterhouseCoopers in 2012, UK households remain among the most indebted in the world, each saddled with around £7,900 in unsecured debt – despite three successive years of net repayments.59

Recent years have seen an upsurge in pay-day lending. In December 2012 there were reports that the number of people seeking help with payday loans from the debt counselling charity StepChange had increased by almost 300 per cent in the past two years.60 Given the rising cost of living, it is revealing that Department for Work & Pensions research shows that a large proportion of short-term loans are used to pay for everyday expenses or household bills: 66 per cent in the case of retail payday loan users, 52 per cent of pawn-broking customers and 54 per cent of online payday loan customers.61

An available savings buffer is one critical mechanism by which individuals and households are able to avoid getting into debt, cope with financial uncertainty and retain a sense of agency. However, there is evidence that households are finding it especially challenging to save in this financial climate: 62 per cent of the parents we surveyed reported having to reduce the amount of money they were able to put aside or save for the future. But there are clear indications that challenges related to savings predated the crisis and were particularly pronounced among low-income groups. In 2012 Lucchino and Morelli suggested:

“*There appears to be a mild general decline in saving rates across deciles from the early ‘90s to the eve of the crisis. The lowest decile is an exception to this, and exhibits a much more dramatic decline in saving rates compared to other deciles.*”62

Indeed, it is arguable while the crash and related government austerity measures have presented specific challenges to families in the here and now, in many respects this has only served to exacerbate a number of underlying trends. The work of the Resolution Foundation has helped to expose the extent to which, even before the economic crisis in 2008, a large proportion of British households were not benefiting from growth in GDP. They have pointed to a ‘disconnect between headline economic indicators like GDP and the financial health of ordinary working households’.63

Their analysis has highlighted the fact that from 2003 to 2008 median wages flat-lined and average disposable incomes fell in every English region
The Resolution Foundation has also estimated that on current projections, the typical LMI household is expected to be no better off by 2017–18 than it was in 1997–98.

### Policy responses

As we have seen, families are experiencing a range of acute pressures on their finances, although many of these do not stem solely from ‘austerity effects’ but also from long-term trends around the stagnation of income for LMI earner families. Such issues go to the heart of the structure of our economy and will require similarly profound shifts on a set of interrelated policy agendas, including tackling the underlying causes of low pay and low skills, addressing predicted rises in child poverty, improving labour market participation rates for mothers, and tackling problem debt.

In addition to these ambitious long-term policy goals, we should also be considering measures to help families cope with the financial strains they are experiencing in the short term. When asked to select their top priorities (from a list of policy areas) to help families in Britain manage the impact of austerity, 77% of the parents selected ‘making the cost of living more manageable for families’. Consequently, while far from comprehensive, the example policy proposals below are primarily orientated towards this challenge.

### Access to affordable credit

Debt is undoubtedly now a common, albeit often an unwelcome, feature of life for families in austerity Britain – and the difficulty of sourcing affordable short-term credit particularly afflicts those on lower incomes. There is need for a two-pronged strategy to policy in this area: tightening regulations on high interest pay-day loans, and promoting viable alternatives to high cost credit such as credit unions. Action in this area would be particularly timely, given concerns about the changes being ushered in by Universal Credit (which will be paid as a single, monthly household payment) and which could create additional budgeting challenges for low-income households accustomed to alternative models of benefit receipt.

Despite having greater need for loan facilities, people on low incomes face high charges for credit, the so called ‘poverty premium’. Families in this category typically have a poor credit record so do not have access to options such as fee-free overdrafts and credit cards. The problem of limited access to affordable credit affects around 7 million people on low incomes.

Following on from the growth of the industry, there has been increasing scrutiny of the more ‘unscrupulous’ practices of payday lenders, with the Office of Fair Trading (OFT) highlighting many concerns in March 2013, such as “failure to work out whether people could afford the loan, ‘aggressive’ debt collection practices, a failure to explain how repayments are collected and a lack of sufficient forbearance for those who cannot afford the repayments.”

Consequently, the OFT has proposed to refer this matter to the Competition Commission, noting that the Financial Conduct Authority (FCA) will have powers to better regulate consumer credit from April 2014. When it takes up these powers we urge the FCA to take strong steps to ensure this...
market serves all customers – including families – better. If the industry does not respond to ongoing pressure to improve its practices, the FCA should fully explore the option of capping charges to protect customers. At the very least, charges must be proportionate and affordable, and interest rates should be always displayed in straightforward cash terms so that borrowers are able to make informed choices.

In addition to tighter controls on this industry, we also need to move to expand the range of viable alternatives to high-cost, short-term credit. In this respect, there is untapped potential in credit unions – not-for-profit financial institutions which are mutually owned (members pool their savings together, and then provide funds from which loans are offered). Competition and EU law places limits on the role government can play in direct support to banks, including credit unions. However, the Government can intervene to fill a gap in the lending market and promote competition.

The Department for Work & Pensions (DWP) Credit Union Expansion Project has pursued this aim to an extent. The project is an extension of the DWP Growth Fund, which operated between 2006 and 2011 and aimed to increase access to affordable credit. However, the incremental nature of such efforts arguably limits the scope to promote widely accessible alternatives to high interest commercial lenders in the short-term credit market.

The Government’s work to expand the reach of credit unions is certainly a move in the right direction, but more can be done. For example, this initiative does not address the challenge of enhancing marketing strategies to ensure that people are aware local credit union lending is available to them. There is therefore a challenge to match increased capacity in the sector with greater public awareness that there are alternatives to payday lenders and pawnbrokers.

One option that would go some way to addressing this challenge is a national credit union network linked to the Post Office. This would ensure a visible local presence, widely accessible from a service trusted by low income groups. Consumer Focus research from 2010 indicates that many consumers would find it convenient to access credit union services through post offices. The Association of British Credit Unions and Consumer Focus have in fact advocated for a formal link between the services, which the Government has accepted as desirable in principle, although current plans are limited to developing the necessary back-office IT systems. However, more formal and extensive integration with the Post Office could drive and support increased credit union capacity and sustainability in the years ahead.

While credit unions alone will never be a comprehensive answer to people’s borrowing needs, there is certainly significant room for them to expand from their current position, and to deliver more widespread benefits for families, particularly those struggling to find sustainable solutions to their borrowing needs.

Wider take up of the living wage

Given the centrality of income in determining the financial resources households have to draw on, we believe it is important to pursue further development of living wage proposals. In the near future, only minimal future growth in family income is likely to be derived via the tax and benefit system, so
it is increasingly important that we explore the role of employers – in the public and private sectors – in boosting incomes.

As one pathway towards achieving this, the idea of the living wage (in a range of incarnations) has gained considerable political momentum, with Ed Miliband pledging that Whitehall contracts would only go to firms paying the living wage if Labour won the next election. It also appears likely to attract some support from families. In our Ipsos MORI survey, when presented with three options about making employment more ‘family friendly’, a wider take up of the living wage by employers was the proposal which received the most support from parents (49 per cent thought it would have a positive impact on families in Britain today).

Considerable work has been undertaken to explore the feasibility of a wider application of the living wage. Evidence has been gathered which suggests there is significant headroom for a higher minimum wage without damaging employment prospects for low paid workers. However, there remain fears that replacing the minimum wage with a much higher living wage could cause economic damage. The Resolution Foundation’s Commission on Living Standards has recommended that an affordable wage commission be established, building on the existing Low Pay Commission, to identify areas of the economy where a living wage is affordable. We support this proposal as an important starting point; it has the potential to make a reality of the living wage in those sectors which can afford to sustain it.

Finally, a convincing case has also been made for the public sector to take the lead on this agenda. Institute for Public Policy Research (IPPR) and Resolution Foundation researchers have explored its application in the public sector, and in addition have proposed strategies for promoting the living wage in the private sector, for example through calculating the savings of lifting public sector workers out of welfare thresholds and using this money to incentivise higher pay in businesses. We would also urge public sector employers to model approaches to implementing living wage.

Ensuring tax and benefits rise in line with the cost of living

Many families in our Family Matters study were affected by the rising cost of living, as were the majority in our survey of parents. However, alongside implementing a raft of cuts to benefits and tax credits, the Coalition Government has recently taken targeted steps to erode the link between rising costs and financial support from the state.

By default, working-age benefits and tax credits were uprated each April in line with the Consumer Prices Index (CPI) in the preceding September. CPI inflation is forecast to be 2.6 per cent and 2.2 per cent in the Septembers of 2013 and 2014 respectively. With the introduction of the Welfare Benefits Up-rating Bill, the Government now intends to uprate the majority of these benefits by 1 per cent for the next three years. According to the IFS, this implies a cumulative 4 per cent real cut in the benefits affected (although the real-terms cut is obviously dependent on the rate of inflation).

The Children’s Society has highlighted the significant impact this step is likely to have for the incomes of families (including working families), drawing on the Government’s own impact analysis to show that 87 per
cent of households with children will be affected by the Bill (95 per cent of lone parents and 80 per cent of couples with children).\textsuperscript{81} Citizens Advice has pointed out that this change undermines any gains from the rise in the personal tax allowance for families on low and middle incomes.\textsuperscript{82}

It was notable that when asked in our survey about ‘government financial assistance to families’, the principle of increasing tax credits and benefits in line with increases in the cost of living attracted significant support relative to other measures – with 52 per cent responding that this would have a positive impact for families in Britain. This is supported by other attitudinal data. Another Ipsos MORI survey found that six in ten Britons (59 per cent) think benefit payments should rise in line with inflation and a further 10 per cent think they should rise by more than inflation.\textsuperscript{83}

At a time of escalating living costs, capping rises in benefits establishes a worrying precedent, and there is also well-founded concern that this move will particularly affect the most vulnerable of families (the Child Poverty Action Group recently branded the Welfare Benefits Up-rating Bill a “poverty-producing” bill).\textsuperscript{84} For a host of reasons, there is a pressing need for the Government to reconsider this direction of travel and commit to reflect the rising costs of living in future tax and benefit policies.

2. Time

Time is one of the most precious assets available to families – and it is an essential dimension of sustaining healthy family relationships, especially in the case of parenting where quality time with children fosters healthy attachment and bonding from the early years onwards. Adequate time also facilitates the provision of unpaid care for other family members, such as older people or those with illnesses or disabilities. Long-term trends indicate that time is increasingly valued as a resource in family life, and we are spending more time with our children (analysis of data from the Office for National Statistics shows that parents report spending three times longer with their children per day in 2002 than they did in 1972).\textsuperscript{85} However, a number of trends gaining pace over recent years may well have impacted negatively on the quantity and quality of time available to families.

For example, employment status and flexibility is one of the key determinants of the amount of time families are able to spend together. Faced with the rising cost of living and reduced tax credit awards, we saw how some families participating in Families Matter were driven to taking on additional, anti-social hours or extra shifts at work. In our survey, when asked about their experiences of ‘austerity’, 27 per cent of parents tended to agree or strongly agreed that ‘changes to the way in which I work over the past year have meant that I now spend less time with my child/children’.

However, under-employment (people who are in employment but want to work more hours) can be equally problematic for families – limiting the ability of parents to generate income and stifling their progression in the labour market. According to the ONS the number of underemployed workers has risen by 1 million since the start of the economic downturn in 2008 to stand at 3.05 million
in 2012. Again, this trend was echoed to some extent in our polling – when asked about their own circumstances or that of their immediate family, 11 per cent of parents reported that they had experienced a reduction in working hours over the past year, which had been imposed by their employer.

Parents with young children, and particularly lone parents, are extremely reliant on flexible working arrangements – it is therefore of some concern that any number of families – even the 12 per cent identified in our survey – have observed a ‘reduction in the availability of flexible or family-friendly working practices’ over the past year. Although many employers already recognise the economic benefits of offering flexible working to employees, this is not yet universal and evidence indicates major differences across sectors and in terms of accessibility. Many women who work part-time are working below their potential and in lower paid jobs. However, changing attitudes towards the family also mean that more fathers, other carers and older workers also want to be able to work flexibly to balance work and life.

It is possible that operating within a more competitive and uncertain labour market means that parents could feel less able to negotiate flexible arrangements compatible with childcare. On that note, it is revealing that finding enough time together as a family qualifies as a real source of worry, with 51 per cent of the parents surveyed identifying it as one of their concerns for the future.

This recession has also been accompanied by an increase in the number of employers who employ staff on ‘zero-hour contracts’. The 2011 Workplace Employment Relations Study found that the proportion of firms with some workers on zero-hour contracts rose from 11 per cent in 2004 to 23 per cent in 2011. Although such contracts have been a feature of the private sector for some time, increasingly these contracts are a feature of the public sector too. Zero-hour contracts are not in themselves problematic and many find them a useful way of balancing jobs and contrasting commitments. However, the increasing prevalence of such arrangements could create unwelcome fluctuations in family income (which has an impact on financial planning and consistency with regards to benefit eligibility). For some families these contracts could limit their ability to plan hours and work patterns, and also limit access to employment rights and flexible working - which are a feature of most permanent contracts.

The quality of the time families can spend together is also of real significance – and is closely related to financial resources. When household budgets come under strain the sums available to support leisure activities and social participation also shrink. Several of the families taking part in our year long tracking study showed indications of cutting back on this type of spending – or when spending money on a holiday finding themselves getting into debt as a result. The associated feelings of guilt and strain on the families for either choosing to spend the money on such activities, or choosing to forego them, is shaping the reality of ‘austerity’ for many in Britain, impacting the quantity and quality of time families can spend together.
Policy responses

As highlighted throughout Family Matters and other literature on family life, scarcity in terms of the quality or quantity of time can negatively affect family wellbeing. On a number of occasions over the course of the year in this project we saw how parents reaped the benefits of flexible employment practices, helping them to balance work and family life. However, looking ahead, our survey points to a degree of concern amongst families in Britain in relation to these issues. When asked about the future in relation to their immediate family, 51 per cent identified ‘work–life balance’ as something they were very or fairly concerned about.

Improving work–life balance could prove to be one of the more cost-effective policy approaches to helping families cope with the challenges of austerity – flexible working practices can also deliver benefits to productivity and the economy more broadly. For that reason, we have identified this area as one of the key priorities for further progress.

Extending family friendly working practices by improving employee working hours, flexibility and conditions

The benefits of flexible working – to employer and employee – are increasingly well established and include falling absenteeism, increased productivity, access to a wider talent pool of potential employees and higher levels of work satisfaction and loyalty among staff. A growing number of businesses now recognise that flexible working is a vital tool in remaining competitive. With the publication of the Children and Families Bill 2013 the Government has also taken steps to promote flexible working and shared parental leave – in part with the aim of improving the UK labour market by providing more diverse working patterns.

However, much more can be done, and the benefits of family-friendly working are yet to be extended to all parents (let alone all workers). This area also emerged as a popular policy issue in our survey – with 41 per cent of respondents thinking that ‘better support and recognition for employers seeking to become more “family friendly”’ would deliver positive benefits to British families.

Progress still needs to be made on paid parental leave, extending flexible working to a wider range of sectors (particularly those reliant on inflexible shift work), the availability of job sharing at more senior levels and fathers’ uptake of paternity leave. Employers making progress in this area also deserve greater recognition as champions of flexible working.

In particular, we need to work towards making shared parental leave and flexible working a ‘day one right’. Some elements of employee entitlements are available to all employees regardless of length of service and type of contract – whereas others require a qualifying period of employment – such as paternity leave and flexible working. To build a truly family friendly employment culture in this country, flexible working rights should come as standard. This would help counter the rise of employment contracts which are able to avoid making such offers to employees and also encourage greater take up.

Flexible working should not simply be regarded as a ‘nice to have’ in good economic conditions. On the contrary it is one of the key ways we can support
families to better cope with the adverse conditions of austerity. This will require concerted action in partnership from employers, Government and charities.

3. Support

Families sit at the intersection of informal networks, providing support and care to individual members and communities. In order to produce this social capital families need access to a range of forms of external support, derived from different sources including the state, the third sector and society. At key points in the lifecycle families and children need access to services that promote physical and mental health, along with opportunities to develop the human capital necessary for learning and participation in the labour market.

The routes by which families access these forms of support are extremely varied, however; some of the more formal sources of have undoubtedly been squeezed in the wake of Government spending cuts and the economic downturn. In our survey of parents, 18 per cent thought their immediate family had been affected by ‘a reduction in the availability of public amenities and services’ their local area.

At the local level, services to children and families have been affected by the fact that (according to the Local Government Association) councils received one of the toughest financial settlements from the 2010 Spending Review of the whole public sector. In the first year of the Spending Review period, government funding of local authorities in the form of Formula Grant decreased by 11.6 per cent. In addition, several grants which Children’s Services departments formerly received as discrete funding streams were rolled into the broader Early Intervention Grant, leading to a significant net reduction in the overall income received.

Our recently published research on impact of these cuts on children’s services outlined the lengths to which councils were going to protect frontline services in favour of back-office cost-efficiency measures and service re-designs. However, some scaling back or closure of services has been inevitable (with some areas of service provision harder hit than others) and in light of further cuts to funding of local authorities it is likely that children’s services will be increasingly targeted towards the most vulnerable or those in crisis. While there have been some areas of expansion in services to families (such as the ‘troubled families’ agenda and parenting class pilots in several areas) the vast majority of families in Britain will not be reached by such initiatives.

In conjunction with these cuts to funding for local services, families are likely to be affected by cuts to support services providing information and advice. For example, changes to funding for legal aid reduced Citizens Advice Bureaux budgets for legal aid from £22 million last year to just £3 million from 1 April 2013. These cuts to legal aid are also poised to affect housing advice services delivered by Shelter.

Families are likely to see the support available from the voluntary and community sector being significantly diminished during this period, as the pace and scale of the local spending cutbacks create reverberations for the VCS around the country. Recent work, such as Perfect storms, published by
Children England, has analysed the confluence of other factors making this such a challenging climate for charities to sustain pre-existing levels of support to families. It outlines the ways in which VCS income from a range of sources (such as statutory, national lottery distributors, foundations and the private sector) has slowed since the global financial crisis with many of these set to remain stagnant or reduce further in the medium term. 

The record levels of food bank usage in the UK also points to increased demand for different forms of support from the voluntary sector, reflecting increases in the numbers of families who are unable to afford basic meals. While food banks clearly provide a much-needed service, their emergence indicates that austerity effects are generating heightened levels of need amongst some communities.

Policy responses

While only one dimension of the external support for families, we have selected childcare as an example of the key ways we can help families to navigate life through austerity and beyond. Childcare is an important area for action because in a time of limited public resources, any investment must achieve several policy goals simultaneously. Affordable and high quality childcare delivers child development outcomes and economic growth in terms of increased maternal labour market participation. It also matters to families.

‘Increasing the availability and affordability of childcare’ attracts approval from respondents to our survey as a priority area for future action, coming in second after ‘measures to help families manage the cost of living’.

Meeting the affordability challenge and supporting schools to play a bigger role in childcare provision

Over the long term, the three key priorities for childcare centre on quality, affordability and flexibility. The current economic climate means we must be realistic about the pace of reforms but it must remain our ambition to create a world-class, affordable childcare system in this country.

In a period of acute pressure on family budgets, tackling the affordability challenge is paramount. Childcare costs are rising at significantly above the rate of inflation in England. Over a ten-year period, a nursery place for a child aged two or under is now 77 per cent more expensive than it was in 2003. However, average earnings in real terms are now at similar levels to those of 2002–03.

Tax relief is provided through two different funding streams – tax credits and the voucher system (to be replaced by a further system of tax relief from autumn 2015) – and public funding is not directed cost-effectively. There is a case to be made that tax relief combined with an inefficient market (where supply is poorly matched with demand) is contributing to excessive price inflation in childcare. At the same time, the evidence that quality is of paramount importance in child outcomes means it is imperative public funding is used as a lever to deliver quality in the system.

The current complex mix of funding mechanisms and subsidies should therefore be remodelled in favour of more supply side funding. This could, for example, mean an extension of the free universal offer, complemented by either additional subsidised childcare hours for those on low incomes, or income
contingent top-up fees. A number of countries successfully marry choice of childcare for parents with a more efficient system where a greater proportion of funding goes directly to providers. The most successful models (where levels of quality and female employment rates are both high, such as those in Norway or Finland) subsidise the cost of childcare for working parents on a sliding scale according to income.

In addition to meeting costs, many parents struggle to find suitable childcare in the first place, particularly if they work atypical hours (for example, nurses and other shift workers). More generous childcare entitlements and a proactive role for local authorities in commissioning would help to address this problem, but childcare for school age children is also a significant challenge. When asked to choose between three childcare policy options in our survey, parents appeared to particularly favour progress in this area – with 43 per cent identifying ‘schools to be supported to play a bigger role in offering childcare to working parents before and after the school day’ as a step which would have a positive impact on families in Britain.

However, there are still significant challenges with regards to defining what wraparound care should look like, what the role of the school should be, how partnership models could work more effectively, and what kind of funding could be made available to support provision. Many schools report that they lose money providing wraparound care (though not generally because of a lack of demand) and that they struggle to staff childcare services adequately. The vision expressed in the 2004 ten-year strategy for childcare to extend the core childcare offer to include wraparound childcare in all schools by 2010 has fallen far short of universal coverage. It should be a priority to revisit this target and set out a viable strategy to meet this ambition.

4. Environment

The environmental factors which shape families’ lives relate to both the quality, sustainability and affordability of the home they live in as well as the context and local area where they spend most of their time. This also encompasses the accessibility of local services, proximity to social networks and employment opportunities – so it is also closely intertwined with the quality of transport networks. As we saw extensively in Family Matters, these environmental resources can prove to be a determining factor in family wellbeing, with deficits in this area leading to family members feeling unsafe, insecure or having a detrimental impact on health.

While some aspects of the local context and environment are less likely to be impacted by a recession – others (such as transport and housing) are more vulnerable to austerity effects. For example, there is some evidence that some of local amenities families need to thrive are under the same public funding pressures as other key services. As one example, in the wake of cuts to council spending there were reports that some local authorities were introducing policies to charge children and families for the use of play facilities which were previously free. Notably, when asked to consider their concerns
for the future, 32 per cent of parents in our survey said they were very or fairly concerned about 'access to safe, green space' in their area.

Sustrans has been influential in drawing attention to pre-existing levels of transport poverty in the UK – and the way in which entrenched problems in our transport planning system can compound other forms of disadvantage. Already, LMI households spend almost twice as much of their disposable income on housing and food as higher income households and also tend to spend more on car costs.104 High transport costs can further restrict access to employment, social and leisure activities and have a negative impact on life chances and wellbeing for families.

There is clear evidence that the pressures of resourcing family transport have escalated in recent years. In addition to rising petrol prices (which had affected 80 per cent of the parents we surveyed in the past year), it was reported at the beginning of 2012 that in some areas of the country bus users were facing a 20 per cent rise in the cost of an annual ticket, while the price of single tickets has gone up by as much as 22 per cent.105 Meanwhile from January 2012, rail season ticket prices increased by an average of 6 per cent while some rail commuters faced higher than average rises of up to 11 per cent compared with January 2011.106

These trends appear to be generating unease among families. When asked to consider their concerns for the future, 76 per cent of parents said they were very or fairly concerned about: ‘the cost of transport for getting around’. Clearly, tackling fuel poverty and alleviating this mounting pressure on family budgets needs to be considered a priority issue for local and central government policymakers in the years ahead.

Meanwhile, the financial crisis has done little to ameliorate the underlying problems of the British housing system. According to the National Housing Federation in 2012, one in 12 families in England is now on a social housing waiting list and homelessness has risen by 26 per cent over the last two years.107 In the current economic climate, the prohibitive costs of home ownership puts this option even further out of reach for many families – so they are more likely rent privately for the medium to long term.

Analysis by Shelter published in 2012 found that more than 40 per cent of the level of growth in private renting in the previous two years had come from families with children. There are now more than 1 million families renting privately in England – almost double the number there were five years ago.108 While private renting undoubtedly suits the needs of some families, contracts lasting between 6 and 12 months also introduce unwelcome uncertainty into the lives of others. As several of the case studies in Family Matters demonstrated, instability in relation to long-term housing arrangements generates anxiety about access to services and schools and proximity to friends and family. Simply not knowing whether rents will increase or a contract will end can have a destabilising impact on family life.

There are also financial challenges for families living in the private rented sector. The cost of privately renting a home has risen 37 per cent in the past five years.109 Families living in this sector could also encounter intensified financial pressures in the years ahead. According to the National Housing
Families in an age of austerity

Federation, private rents are likely to be broadly stable through 2013, but there could be steep increases in 2015–18 of around 6 per cent a year as interest rates and house prices rise. Private rents could be 27 per cent higher in 2017 than they are today. There is also evidence that standards of housing in the private rented sector are poorer than in other tenures (such as social rented and owner occupied).

Looking beyond the private rented sector, there are pressing reasons to be concerned about the standards and decency of environments which some of the lowest income families live in — along with the associated impacts on their health. The Poverty and Social Exclusion (PSE) project identifies trends in the proportion of the UK population that falls below what the public sets as a minimum standard of living. This year, the project published results which show that in 2012, 5 million more people live in inadequate housing than in the 1990s. Furthermore, in 2012 there were 2.3 million households (in which 1.5 million children live) that cannot afford to heat the living areas of their home. In addition, 2.7 million households (with 2.5 million children) were living in a damp home.

Finally, there is growing concern that the programme of cuts to welfare could have unintended consequences for families and the stability of their living circumstances. With the phased introduction of a ‘cap’ in April 2013 on the total amount of benefit families can claim (a move which particularly impacts larger families) some may have to move from their communities to find cheaper accommodation elsewhere. Meanwhile the controversial ‘bedroom tax’ or ‘spare room subsidy’ has cut the amount of housing benefit that people receive if they are deemed to have a spare bedroom in their council or housing association home. Both measures could result in families having to move house, leaving behind established support networks in the process.

Policy responses

There are a wide range of interrelated policy areas which determine the environmental resources families have at their disposal — from transport, to planning, housing and welfare policy. As the political discourse increasingly focuses on investment in the UK’s infrastructure as a method of stimulating the economy, it is vital that any planned development also works to counteract the levels of transport and housing poverty many families face — and enhances their access to public amenities and services.

The affordability, standards and levels of overcrowding in housing is clearly a priority area, and one of the most significant drivers of high housing costs (and similarly overcrowding) is lack of supply. To date, successive governments have focused support on income top-ups for housing costs rather than an extensive programme of house building. In contrast, building additional affordable homes would serve two critical policy aims: it would be a key way of bringing down housing costs for families, and it could also help kick start growth in the economy.

At a more granular level, we have selected two policy proposals which might bring relief to two of the pressures families are currently navigating: instability in the private rented market and the costs of heating their homes.
A new ‘stable rental contract’ to be made available to tenants in the private sector

The growing numbers of families with children living in the private rented sector are especially vulnerable to the lack of protection afforded to tenants in the tenure and also to hikes in rents which may be in the pipeline.

Shelter’s landmark work on the private rented market has highlighted the fact that both landlords and renters have a shared interest in stability, and that more mutually beneficial tenancies are legally possible. They have formulated a proposal for a ‘stable rental contract’ – a tenancy giving renters the choice to stay in their home longer term and flexibility to move. Their evidenced proposal aims to:

- “Give renters five years in their home during which they could not be evicted without a good reason
- Allow landlords to increase rents annually by a maximum of CPI during the five years
- Give renters the chance to decorate their home as long as they return it to neutral afterwards
- Allow renters to give two months’ notice to end the tenancy
- Give landlords the right to end the tenancy if they sell the property.” 116

Shelter acknowledges that such a shift in the market is unlikely to materialise overnight, and advocates that landlords be incentivised to introduce this form of contract via the tax system and that local councils should be given a new power to license the use of short tenancies. We fully endorse Shelter’s proposal for a stable rental contract, as one of many measures necessary to bolster the security, stability and affordability of families’ living conditions.

More help with fuel bills for families on low incomes

Evidence shows that household bills (and winter fuel bills) are a significant problem for low and middle income families.117,118 It can be challenging for such families to budget for heating bills, which are rising exponentially year on year as fuel costs also rise. The consequences of these struggles are not simply financial: cold, damp homes and family over-crowding (as children and parents share heated rooms) are related to physical and mental ill health, which contribute to poor wellbeing for children.

The End Fuel Poverty Coalition (EFPC) has campaigned to extend the Warm Homes Discount, which is currently limited to older people on low incomes, to low income families.119 This would provide an important cushion (currently £135) against the size and fluctuation of fuel bills in the winter. To date, eligibility for the discount has been based on age and receipt of pension credit, but suppliers are also able to provide further discounts to vulnerable customers. Eligibility is set according to a definition of vulnerability prepared by each supplier separately but approved by Ofgem.

In practice, the effect of this discretion appears limited, as evidence gathered by EFPC indicates that a large number of low income families and
households lack adequate support to avoid or manage difficulties arising from fuel bills. Introducing such support might require the extension of the ‘data matching’ systems that allow energy suppliers to identify eligible customers, for example those in receipt of certain components of Universal Credit with young children.

**Conclusion**

In an era of scarce financial resources only the most cost-effective public spending commitments will be considered feasible. It is simply not realistic to assume that every spending cut can be opposed or ultimately reversed. However, insight into the pressure points for family life during this period can help to equip us with the intelligence necessary to design the right forms of support (financial and otherwise) and deliver it when it is most needed. Understanding *what matters* to families can help frame our policymaking priorities for the future.

There is an economic imperative to invest in families as the engines for growth in the UK, but we also need to recognise the social imperative to invest in their wellbeing and their aspirations for the future. One of the most disconcerting trends flagged by our survey results is the extent to which families are worried about their prospects and those of their children\(^{120}\) – other polling indicates there has been deterioration in similar indicators over time (Ipsos MORI found that in 2011, 35 per cent of adults think their children would have a lower quality of life than they did, up from 12 per cent in 2003).\(^{121}\) It would be a deeply disappointing legacy of austerity if this trend continues to gather pace. Both our policy responses and the practical support we provide to families needs to restore their optimism and build on their natural resilience.
Endnotes – Part three

1. Defined as a period of rising costs, financial insecurity, cuts to public services and changes to the benefits system.


7. Ibid.


9. This framework owes much to Tania Burchardt’s work on time-income poverty and is an extension of this way of thinking albeit with a somewhat different focus. See Burchardt, T, (2008) Time and income poverty, CASE Report 57, Centre for Analysis of Social Exclusion. Online at http://eprints.lse.ac.uk/28341/1/CASEreport57.pdf


11. Ibid., p. 111.


15. FPI (2012) Families with children will be worst affected by falling incomes study finds, press release, Family and Parenting Institute, 4 January. Online at http://goo.gl/2f0bc


17. Ibid.


21. Barr uses this terminology in his work. See Barr, M. et. al. (2011) *Preferences for banking and payment services among low- and moderate-income households*. Online at http://law.bepress.com/cgi/viewcontent.cgi?article=1144&context=umichlwps-empirical but we are not using the same technical definition; ours is merely descriptive.


25. For the purposes of the data capture and visualisation the incentive was not included in household incomings – to give as accurate as possible a calculation of household income in relation to the rest of the population – but clearly the amount would have been part of the overall household expenditure.


36. The full photo essays were only used internally and are not reproduced in full in this report.

37. 1,009 parents in Great Britain were interviewed for this Ipsos MORI survey; respondents were adults, aged between 16 and 65, living in the same household as a child aged 17 or under. The survey was conducted online by IIS between 20 and 27 March 2013. Quotas were set for age and region. Data were weighted at the analysis stage for gender.


43. Ibid.


51. See, for example, Joseph Rowntree Foundation’s groundbreaking work on the Minimum Income Standard based on research into what members of the public think people need for an acceptable minimum standard of living: Joseph Rowntree Foundation (n.d.) *Minimum income standards*. Online at [www.jrf.org.uk/focus-issue/minimum-income-standards](http://www.jrf.org.uk/focus-issue/minimum-income-standards)


64. Ibid.

65. Households on low to middle incomes are defined by the Resolution Foundation as those of working age and relying primarily on their own earned resources but with incomes below the median (middle) in the UK. The definition does not include the poorest 10 per cent of households and those who receive more than one-fifth of their gross household income from means-tested benefits. Definition taken from Whittaker, M. (2013) Squeezed Britain 2013. London: Resolution Foundation. Online at www.resolutionfoundation.org/media/media/downloads/Resolution-Foundation-Squeezed-Britain-2013_1.pdf


DWP (2012) *Credit unions*.


DWP (2012) *Credit unions*, p. 8


Ibid.


92. Ibid.


96. A record number of people received emergency food from UK food banks in the last six months, a charity says. See BBC News Business (2012) UK food banks used by record number, says Trussell Trust, 16 October. Online at www.bbc.co.uk/news/business-19953938


113. Poverty and Social Exclusion (2013) *Falling below minimum standards*. Online at www.poverty.ac.uk/pse-research/1-falling-below-minimum-standards


Our survey showed that 80 per cent of parents were ‘very’ or ‘fairly’ concerned about the prospects for their family’s and children’s future.

This publication brings together highlights from a two-year research programme _Families in an Age of Austerity_. Drawing on analysis carried out with research teams at Ipsos MORI, ESRO and the Institute for Fiscal Studies, it offers insight into the economic trends, public policy shifts and cuts to services that have made family life more precarious in austerity.

Starting with an exploration of the impact of tax and benefit changes on family incomes, the report goes on to raise questions about how far-reaching reforms to the welfare system could be re-shaping the relationship between families and the state. Part two of the report addresses the local implications of austerity measures – identifying how children’s services have been affected by recent spending cuts.

Finally, part three examines the experiences of families themselves; presenting excerpts from _Family Matters_, an in-depth project following the lives of eleven families for a year of austerity. Accompanied by findings from Ipsos MORI polling of parents, this study opens a window onto the delicate balancing act necessary to keep family life on track in a hostile economic climate.