**Insights podcast: families, incomes and benefit cuts**
With Gabriele Mari and Sara Ogilvie

**Chris Coates**

Hello and welcome to Insights – the podcast from Understanding Society. Understanding Society is a longitudinal survey that captures life in the UK in the 21st century. Every year, we ask each member of thousands of the same households across the UK about their daily lives. Each episode of Insights looks at what researchers do with our data. What do they find, and can it change things?

I'm your host, Chris Coates, and in this episode, we'll be discussing how families are affected by benefit cuts and fluctuating incomes. I'm talking to Gabriele Mari, assistant professor in the School of Social and Behavioural Sciences at Erasmus University Rotterdam, and Sara Ogilvie, director of Policy, Rights and Advocacy at the Child Poverty Action Group.

**CC**

Gabriele, we're talking about a couple of different bits of research here, so let's take them one at a time. To begin with, you've looked at benefit cuts in UK after the 2008 financial crash – can you tell us a bit about how these cuts have affected stress and mental health?

**Gabriele Mari**

I will start by saying that there is a wealth of evidence by now on the detrimental impact of austerity cuts on people's mental health, and certain reforms like the benefit cap, for example, have been singled out, and rightly so. But here, with my colleague, Renske Keizer, we take a more comprehensive approach and analyse nine major reforms rolled out by the Conservative/Lib-Dem coalition starting in 2011. And this includes a benefit cap, but also changes to tax credits, child benefits, housing benefits, and decisions to freeze or fix the operating of social benefits.

And we examined those by taking an intergenerational perspective, linking parents and their teenage children. So this is important, because one might think that by the time children are in school, parents have a more firm footing when it comes to paid work, or housing, and cutbacks might not bite as much as for single people or those with younger children. Yet even in this group we find that households with lower incomes and single parent families bore the brunt of cutbacks, losing up to a third of income support compared to what they could access before reforms came into effect.

So the stated intention back then, and something we hear a lot today as well was that employment might provide the best route out of financial hardship. In our study, though most parents were in employment at the time of reforms, and were then pushed into getting even more involved in paid work, for example, by working longer hours – although the extra earnings did not make up for the decreasing support brought by austerity, and especially for women in lower income households and single parent families.

So when you sum up benefit income losses on the one hand and low pay in the labour market on the other, that's when you see financial stress flaring up. Worries about making ends meet, go up first, and then we also see signs of material deprivation which are often hard to track with survey data. And all of this is then reflected in reports of worse mental health, from stress to feelings of self-worth, particularly among single mothers most affected by the cutbacks.

**CC**

And you were looking particularly at families with teenagers. So what did you find in terms of the effects on them?

**GM**

So, in understanding society, teenagers report on their own mental health between the ages of 10 and 15, and they report on the social and emotional difficulties that they might be facing, having to do with things like anxiety, concentration, how comfortable they are with their peers, and so forth. And all of these are important in their own right for children's wellbeing in the here and now, let's say, but also in determining school performance or later life chances down the line.

And so we find that for children in households most affected by cutbacks, there is a decline in social and emotional health – and linking parents and children, it would be commonplace to point the finger at parenting as the linchpin. Here, the idea being that stress might be seeping through and affect how warm parents are with their children, or how much they are able to establish rules, or rather give in or resort to harsher discipline, for example. But in our study we have measures of all of the above, and what we find is little evidence really of changes in parenting among those families most affected by cutbacks.

And so we suggest to also look beyond parenting, and, for example, focus on children's own experience of hardship, their wants and needs. The fact that growing up, children might become more attuned to their surroundings, and if their family falls on hard times they might take on more of a caregiving role while parents are managing their own mental health. And of course there are also other social settings like school, where children might be facing bullying or stigmatisation, and all of these are well documented to be disproportionately affecting children from households with lower incomes also in the context of austerity.

**CC**

And you were looking at 10 waves of Understanding Society, I think, so you could see what was happening over time? And are these problems gradually getting worse?

**GM**

Right, so longitudinal data is really crucial, and this kind of research is only possible, thanks to the generous and sustained participation in Understanding Society and the team working to keep the survey up and running. So we examined 10 waves, and so what we could do is compare families as some became more and more exposed to cutbacks, for example, to multiple reforms, while others were relatively spared, and the effects on financial worries and mental health among some parents as well as on children's own mental health. They mature over time, and up to seven, eight years after the first reforms came into effect, we can still observe those, and they seem to be levelling off, but not bouncing back as we draw closer to the pandemic period where our study stopped.

We know, though, that with the cost of living crisis and the gradual rollout of universal credit, struggles became more acute, and for many families these struggles also reflect the legacy of austerity cuts, many of which, like the benefit cap, are still in place today. So surely most people deal with the benefit system at one point or another, although how the system is experienced is very different, of course, and by design. And I hope research like ours, can join the many voices pointing to how and why government could rethink and reform if the goal is to ensure social security for all, also with an eye to younger generations.

**CC**

And you've also researched a slightly different subject: income volatility. Can you tell us a bit about what that means and, and what you found there, as well.

**GM**

Yeah, so this second study is in part a continuation of the paper we just discussed. And what I wanted was to analyse all sorts of income changes, not just those brought by austerity reforms. These income changes, or volatility, for short, have been increasing, especially when we look at earnings in the past 50 years. But the most important thing in relating parenting to income changes or volatility for me was to really put to test this narrative, which is commonplace in the UK, but also elsewhere about parenting being often fundamentally different across income groups. This narrative that parenting on a lower income might be somewhat or somehow lacking, and one of the many frustrations I have with this narrative is that incomes change and dividing people into income groups might tell only parts of the story.

So income volatility is really a summary measure of how unstable incomes can be for a given person or household over a period of time. And in this study I started from dividing families in different income groups based on their disposable income in the first wave of Understanding Society collected now almost 15 years ago, and then tracking income, volatility – all these changes, gains and losses, and see if parenting is influenced by volatility, and how. And of course, parenting is multifaceted and hard to capture in a survey, but once again, like in the previous studies, I could rely on things like warmth, rule setting, and so forth. And what I find first of all is that there is a large overlap across income groups, and so the idea that there are sharp differences in parenting is not supported by the evidence, or according to these measures.

And then volatility: these income changes are not always consequential, but when they are for households with higher incomes facing instability on the financial front, it becomes a bit more difficult to maintain the same warm interactions with children which require a lot of emotional investment and labour, and rules might be established more unilaterally or inconsistently by parents rather than through constant reasoning with the child.

And I'm sure these are common experiences of every parent, even daily. But among parents with lower incomes, what I find on average is a different response to income instability, one that shields or compensates for it. For example, parents report even warmer interactions despite everything that's happening on the financial front.

**CC**

So it seems as though the parents on, on lower incomes are better able to cope with, with income volatility, and I was wondering if maybe the parents on higher incomes are, maybe they're more stressed, for example, by the benefit system because they're not used to having to deal with it. Would that be a… an accurate interpretation?

**GM**

I think it's a composite picture, really, when you break it down by income source, which we could do, I could do in this study. So parenting becomes more strained, it seems, when households with higher incomes at the start face new inflows of benefit income as you were mentioning, but also labour income gains among mothers as well as when fathers experience labour income losses. Those are the changes most consistently related to parenting in my study. So you can think of these changes, all contributing to what some call mental load. Perhaps you have to suddenly manage a benefit claim or stressful work conditions, despite a promotion or a period of unemployment and job search. All of the above can impact parenting and caregiving more generally.

But there's also something to be said about how income instability in some cases might generate fears that you might no longer be able to secure a certain living standard, or afford things like higher education for your children. And here, I think, qualitative participatory study might be best equipped to pin down really what's going on, and for households with lower incomes, the double whammy, so to speak, of instability requires all sorts of creativity to shield children from it, and I find evidence of that. But it might come at a cost for parents, for example, all this emotional labour could take a toll on mental health as we discussed before. And so the idea of social security I was mentioning also applies here, I think, in that our focus could be relatively less on what parents do or don't in the everyday, and more on facilitating caregiving, when financial prospects change – something that could happen to anyone, but does not affect everyone equally.

**Sara Ogilvie**

I was just gonna add on that: who are we talking about when we're talking about families who are on universal credit or receiving other social security support in the UK. Who is it that's living in poverty, and you know there are some families who are in persistent poverty. But there's also lots of families who are moving in and out and up and down the income spectrum. It's not kind of, you know, a homogeneous mass, and by the time Universal Credit is fully rolled out, I think almost half of kids in the UK will be living in a family who's on universal credit. So it's actually, you know, we're talking about quite a large chunk of the population.

And then I think, as well, what's quite interesting is that from the families that we talk to, sometimes, if you read the newspapers or listen to people speak about how families on a low income need to cope, often it comes with budgeting advice. And actually, what we find is families who are living on a low income are the best budgeters around. They really know what they have got available to them and how they can survive in the conditions that are kind of imposed upon them. So actually, if you are a parent who is used to these circumstances, you try really, really hard to protect your kids and you and you know everything that you can possibly do to get by, even though you haven't really got enough. But I think that – resilience isn't the right word, because it's incredibly stressful and awful, but actually, we can't really lecture families on a low income about what it is that they can do to get on any better. And I think it's like really like hearing what you've said that Gabriele, like really reinforces that for me, that you know families know best and are doing best even in really difficult circumstances, and those groups of families are kind of all across our society.

**CC**

Sara, it looks as though benefit changes and an unstable income, these could be having an effect across generations, and by the sound of it, this kind of fits with what you're seeing in your work.

**SO**

Yeah, absolutely. So we work directly with parents through, for example, the Changing Realities project that we run with the University of York, and also we speak to children and teachers and families directly in schools in particular, as well as looking at the evidence about how social security system in the UK is functioning – and there are 4.3 million kids living in poverty in the UK. So that's a record high. And as we've already heard, the effects of living on a low income are really well documented, and it can be about lower educational outcomes. It can be that there are higher rates of infant mortality and shorter life expectancy in areas of higher deprivation. All of these things we know. But I think it's when we speak to children and families and parents, it's really useful to kind of think about what the reality means for them in the moment, and a lot of that, of course, relates to the stresses that they're under. Because if you are a mum or a dad who is worrying about whether you're going to be able to have enough food to put on the table if you know that there's a school uniform that you need to buy, and you haven't got money in the bank account for it. And if you're worried about the impact that all of this is having on your kids, that is just an inherently stressful to be in for yourself and for your family.

But also, you know the thing Gabriele was hinting at before. Parents will do pretty much absolutely anything for their kids – we all want the best for our kids – so often that will mean parents who are living in poverty will go without food, if it means that they can give their kids what they need, or it might mean juggling two or three jobs and living quite a stressful situation in order to give your kids everything that they need. And that takes a toll on parents as well, is what we find. And then, when we speak directly to children, anybody. Anybody who spends any time with kids, I think, recognises that they're pretty astute most of the time. So, as you say, it's not necessarily about just stress filtering onto them from their parents' stress, although that can play a role, but actually, they look around them, and they can see whether they've got the same as their peers, or they notice if one of their friends doesn't have as much food in their lunch boxes, and they think about what that means. They know if someone isn't able to go on a school trip, or if they're not able to participate fully because they haven't got all of the things that they want in life – so kind of recognising that for themselves or their friends.

And then, you know, we have heard a little bit about stigma as well, and social isolation. How kids feel about themselves is just something that they've got a very strong sense of. So the impact on mental health is there – for parents, but for the kids, too, and I think it's the Millennium Cohort Study showed that the poorest children at the age of 11, if you are from some of the poorest families, you're four times as likely to have mental health challenges than children from wealthier families. It's really there in black and white as well as in the things that children tell us.

That's the stress of living in poverty and on a low income in general, but there's also this additional stress created by the way that the Universal Credit system in particular operates in the UK. So, first of all, I'd say that a social security system that leaves 4.3 million kids living in poverty is clearly to me not doing its job correctly. And as we've already heard, lots of the cuts that happened since 2010 were, in fact, directly targeted at families. So policies like the benefit cap and the two child limit affect families with children really, really badly, in addition to all the other cuts and changes that happened since then.

So families simply just don't have enough money to live on if you're depending on the social security system to help you. But then there's also the design features of the Universal Credit system. It's incredibly complicated. Mistakes are made all the time. Trying to get those mistakes changed, you know, can be really impossible, so there's not huge amounts of advice for people. A parent told us that managing their Universal Credit is like having a full-time job on top of everything else. So there's kind of these design features that just don't work very well. And then there's an inherent instability that Universal Credit causes for lots of families. Universal Credit gets paid monthly, so if you are on a low salary, you might not get paid monthly, you might get paid weekly, you might get paid in other patterns. If you are in insecure work, your hours might vary from one week to the next. Or if you are subject to conditionality, or to sanctions, or a review – which are features of the Universal Credit system – all of that means that from one month to the next the amount of universal credit you receive can change quite considerably. So it's really, really hard to plan and to cope, and frankly to get by for families. So it's really not surprising that we're seeing this seep out in really stressful situations for parents and kids.

**CC**

And so, you've touched on this already, but my next question is what these findings might mean for government policy. Presumably one thing is simplifying the benefit system and maybe making it more generous too. But what else springs to mind?

**SO**

I mean, absolutely, you know. The first thing that the UK social security system should be doing is providing that security to families. And I think the first thing is a question of adequacy: are families getting enough? And at the moment the answer is no, and there are some quite straightforward fixes on that. I would scrap the two-child limit straight away. It's the most cost-effective way to lift kids out of poverty. And I would scrap the benefit cap which would lift families out of that really deep poverty. Also, I think, government needs to guarantee that benefits are going to rise at the very least in line with inflation, so that when things like the cost of living crisis happen, families know that they're not going to get left behind. So, those kind of quite straightforward things that government could do.

But it does also need to look at design features that probably wouldn't cost a huge amount of money to change, but would make a really significant difference to families, like how the online form works: are people able to put the correct information in? Have they got space to request that a payment is backdated? All these kind of things that would just allow families to access their entitlement in a more straightforward way, would really, really help. You know, is DWP joining up all the information that it holds on Universal Credit and availability for different elements, or for different benefits that do still exist. You know, if DWP joined the dots on a lot of that, again families might find that sometimes their entitlement increases, they're getting everything they're supposed to be getting – but critically they're not having to jump through hoops in order to prove that every time and to get everything they need. So that's, that's really about effective take-up of what people are entitled to, and it's something that government could prioritise.

Then there are other things that you know require, probably like a little bit more thought about how they work out in practice, but really need to be done. The government should be really, really reducing the use of sanctions right down. It should be reviewing conditionality. You know, if you are, if you are a parent who has got a job that you work a few hours every week, then you have to juggle that with childcare, and then you're being asked to come into the job centre every couple of weeks, or else you're going to get a penalty slapped on you. That is just so stressful and not practical. It isn't going to help you be around for your kids. It isn't going to help you look for more hours, if that's what you need. It's just, you know, it's not really a system that makes sense for parents with kids.

So there's lots of things that government can do. You know, I think if you were thinking about a Universal Credit system that works for the people who use it, and you want to redesign it: speak to parents. People are experts in their own lives, and they can't make decisions on what algorithm DWP is using. But actually, if parents are treated with dignity and respect; if DWP is willing to prioritise giving people stability, then working with them to try and achieve some of these changes, is definitely something that could be done over a reasonable period of time, and it would make a considerable difference to the quality of people's experiences and hopefully reduce some of that stress, as well as increase their incomes.

**GM**

I just wanted to add that when you also look at research from around the world during the pandemic period, and studies that interviewed parents who were receiving new payments or expanded programmes during the emergency of the pandemic, one thing that you always find is talk about how the suspension of conditionalities really lifted a weight off their shoulders, and at the same time the idea that those conditionalities might at some point be coming back and sanctions as well was really on their mind, and that's also a useful comparison, I think, when it comes to the approach the UK took during the pandemic to uplift Universal Credit, but because of the design features Sara was mentioning, many parents, or anyone on Universal Credit actually did not always feel the uplift because of the taper rates because of the system of advance payments. Whereas other countries – I'm thinking of Ireland, for example, Australia – they also temporarily expanded their safety net during the pandemic, but amounts were much more generous, and the approach was more comprehensive, especially in Australia, affecting more programmes at once, and studies show that in particular that experience in Australia was really related to better health reports both among parents and children.

**SO**

That's so interesting, and I think I think the pandemic, it provides such an interesting case study of some of the flaws in the social security system when seen through the eyes of people who haven't really experienced it before. So I think it's telling. Obviously the circumstances were very particular, but it's really telling that government felt the need to introduce furlough system, and of course, partly that was to keep businesses going, but also maybe a recognition that the social security system, as it currently operates, wasn't going to be sufficient to help keep people going. Because there's no contributory reflection in Universal Credit, so the gap that families would have faced would have been significant. I think the fact that there was the £20 uplift, kind of a recognition, again, that families who were suddenly exposed to the Universal Credit system were going to find that they just did not have enough money to get by. They needed more, and government responded quite quickly and correctly to that pressure. But, interestingly, you got £20 increase in universal credit whether you were a single person or whether you were a family with two kids or three kids, it was that same amount, and one of our concerns about the Universal Credit system is that there's a real break between what people need and what they're entitled to. It doesn't reflect family size or circumstances, as a result of the two-child limit in particular – so when Covid came along and there was that £20 increase, actually – even though it did make a difference, and it was really critical – it didn't really reflect the needs that people had, in particular the number of kids that they have, and that's, you know, another inbuilt problem with the Universal Credit system as it stands right now.

And then, of course, you know that money got taken away from families, even though actually they just moved into the cost of living crisis and costs increased rather than went down. So, in a way, it was a really interesting example of the fact that the social security system isn't providing families with the security and stability that they need, and during a moment of national crisis we were able to recognise that and crack that open a little bit. But we really receded from it. And I think that poses some questions for the new government about what kind of changes it should be making now.

**CC**

Obviously the Blair and Brown governments were quite proud of their record on lifting children out of poverty, and obviously it's early days for this new government. But it'll be interesting to see what decisions they make.

**SO**

It will. The government announced in July a Child Poverty Task Force that was tasked with creating a child poverty strategy, and we were expecting that strategy to be published this spring. I think it will probably now be closer to summer when there was publication of the multi-year spending review. And yeah, the government has got some big decisions to make, but you know, fundamentally child poverty is kind of a straightforward equation in that if you give money to families, then you can reduce poverty.

You mentioned the previous Labour government, and they lifted, under the measurement used at the time, almost a million kids out of poverty. So we know it can be done. And again, during the pandemic, the £20 uplift didn't reflect family size, which we criticised at the time and criticise it still, but it did still lift probably around 3 or 400,000 kids out of poverty – and then, when that was taken away, they fell back below the poverty line. So we know that if you have a social security that really invests in children and their families, then you can make a really critical difference. And I really hope that this government will, will take those big steps that we've spoken about, some of them. But there's lots it can do in social security system, I think, is the first stop in reducing child poverty, and then there are things in education, in health, in housing, in particular, and other services, where it can also start to make a critical difference. But really, the starting point, I think, has got to be social security reform.

**CC**

You mentioned childcare earlier on, and I was just wondering if the government's focus is on getting people from welfare into work, is there anything they can do in that line which will… which will help families?

**SO**

Yeah, so the government is really keen on employment support, and how you help get people back into work, and I think that is definitely a really good area for them to think about. But I think it's also important to understand that child poverty isn't just the bit of poverty that happens if you live in poverty when you are young. It's something that is the product of having kids which come with cost associated with it, you know: you need to feed them, you need to buy them things. They need to go places at a time when your salary won't change to reflect the fact that you have kids; your ability to work longer hours is probably going to be limited by the fact you do have to provide childcare. So, unless we're going to ask employers to start paying people more money in accordance with the number of kids they have – which we're probably not going to do as a society – even if people have secure employment, having some support from the social security system, is going to be quite important to them. And that's probably obvious in the Universal Credit system. But also the child benefit system is still here, too, to support parents with those additional costs of having kids, because we recognise as a society that we want parents and children to kind of build, to live a decent life – that matters to all of society, really. So the first thing to say is like, even if you manage to get more people into work or people working longer hours, we will still need a really strong social security system.

But of course, the needs of parents who are going into work are a bit different from somebody who doesn't, who's got different concerns about how they get into work. So it might be that you've been out of work whilst you look after your child, and you now want to return to the workplace. What are your skills like? What is your confidence like? You're going to really need support with a lot of that. Or it might be that you are the second earner in your household, and if you're on Universal Credit, if you start to get work, that could really, really change the calculations and the balance of what works for your family. So, having a second earner workers' allowance and Universal Credit would make a really big difference to that, potentially.

And childcare, as you say, is really something that probably sits at the heart of some of the challenges that parents face in work, or in increasing their hours, or in finding a job that has a career progression rather than one that just fits their particular circumstances, and at the moment, and families on Universal Credit can get help with childcare, but it doesn't cover all of your costs, not all families know you can claim some of it in advance. It doesn't provide childcare cover if you are training, or if you're doing a job application, so there's lots of things we can think about. And then, as well, really thinking about that wider picture of employment support, and how you make sure that parents are being supported to look for jobs. That is not just the first job that they can find, but it's one that will be sustainable, that can allow them to spend some time with their children and their families, that it's something that fits into a longer term future for them and their families rather than the risk that we have at the moment, with sanctions and conditionality, of forcing parents into jobs that just aren't suitable or just won't work for them.

So, taking kind of like a much bigger picture, a much longer term picture, change childcare support in Universal Credit more widely, make sure that childcare is available in those areas where there are higher rates of poverty. Look at take-up is really important, but also fit it into a bigger picture of employment, support for parents, that will mean that it's a coherent system rather than having bits of the system fight against each other.

**CC**

Thank you, Gabriele and Sara. That's all for this episode. You can find out more about how Understanding Society data are changing practice and informing policy by visiting our website understandingsociety.ac.uk and by following us on social media. Thank you for listening and remember to subscribe wherever you get your podcasts.