

Autumn Budget 2021 Pre-Budget Briefings

Economic challenges for single mothers

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Economic challenges for single mothers

A pre-budget briefing from Gingerbread and the UK Women's Budget Group – October 2021

Key points

- *Nearly a quarter of families with dependent children are headed by a single parent and single parenthood remains an overwhelmingly female experience (nine in ten single parents are mothers).*
- *Caring responsibilities are at the core of single mothers' economic struggle: they are both the breadwinner and the primary carer for their children.*
- *Single parents are more likely to be in low paid work and in part time work, and mothers in couple households earn twice as much per week as single mothers.*
- *Some of the sectors hit hardest by the pandemic (high street retail, hospitality) have disproportionate numbers of single parents. Single parents are also less likely to work in jobs that can be done from home.*
- *Childcare costs are an even bigger problem for single parents, who are more likely to depend on formal childcare than couples, and who rely on a single wage. 40% of single parents reported facing difficulties with childcare costs, compared to 26% of couple families.*
- *Universal Credit support with childcare costs is inadequate because it is paid in arrears, while costs have to be paid upfront, and the cap on support is based on 2003 childcare cost levels.*
- *Childcare maintenance decisions are poorly enforced and the individual amounts have decreased during the pandemic, at a time that saw foodbank use and debt soar among single parent families.*
- *The dual demands of paid work and childrearing are acutely felt by single mothers. Proper financial support for childcare costs should be provided through the social security system and sustained investment made in universal free childcare that would contribute to higher maternal employment, particularly among single mothers.*

Introduction

Nearly a quarter of all families with dependent children are headed by a single parent – that is 1.8 million households.¹ Higher proportions of Black and mixed ethnicity households and those with disabilities are headed by a single parent,² and half of single parents are on low income.³ Contrary to popular perception, teenagers represent just 1% of single parents (the average single parent is 39) and slightly

less than half become a single parent following the breakdown of a marriage or civil partnership;⁴ bereavement is a frequently ignored factor. Single parents are more likely to have just one child than coupled parents.⁵ While the number of single fathers is growing, single parenthood remains an overwhelmingly female experience: nearly nine out of ten single parents are mothers.⁶

The centrality of caring responsibilities

family type, gender and adulthood, United Kingdom (<https://bit.ly/3C3x9l3>)

⁴ Gingerbread analysis of Labour Force Survey (January-March 2019) (<https://bit.ly/3vP1Poa>)

⁵ Gingerbread (2018) One in four: a profile of single parents in the UK (<https://bit.ly/39O17OZ>)

⁶ ONS (2021) Families and households (<https://bit.ly/3mbCkKg>)

¹ ONS (2021) Families and households (<https://bit.ly/3mbCkKg>)

² Ethnicity Facts and Figures (2021) Families and households (<http://bit.ly/2HWxTyO>)

³ DWP (2021) HBAI: Table 3.10ts: Percentage of individuals living in households with less than 60 per cent of contemporary median household income, by

Caring responsibilities are at the core of single mothers' economic struggles; they are both the sole breadwinner and the primary carer for their children. They have to meet their childcare costs from one wage, and they cannot share care with another parent. They are the only person available to take a child to and from childcare/school, and the only person available to care for their child when he or she is ill.

Single parents have the combined imperative to both work to provide for their child(ren) and to care for them. Indeed, in accordance with benefit rules under Universal Credit single parents must seek a job when their youngest child turns three. The ability to combine work and caring is therefore vital to single mothers, many of whom survive in in-work poverty in part time and low paid roles in order to parent their children.

Their struggle highlights the inadequacy and injustice of our childcare system and associated policies, which are most apparent at the intersections between formal childcare, the world of paid work, social security and the conditionality regime. The pandemic has exacerbated and deepened this inequality.

Successive governments have ignored that a quarter of households with dependent children are headed by a single parent. The 2021 Spending Review goals – strong and innovative public services; levelling up across the country and an infrastructure and innovation revolution – must take into account the needs of these households to help secure the full economic participation of single parents and to help lift them and their children out of poverty.

Employment

⁷ ONS (2019) Families and the labour market, UK: 2019 (<https://bit.ly/3BbQgs3>)

⁸ Gingerbread (2021) Caring without sharing: single parents' journeys through the COVID-19 pandemic (<https://bit.ly/3ChOlye>)

⁹ ONS (2021) Annual survey of hours and earnings: Table 1.5a, hourly pay (<https://bit.ly/3pvPoMO>)

Before the pandemic 71% of single parents were in employment, compared to nearly eight in ten (76.1%) mothers in a couple, and over nine in ten (92.9%) fathers in a couple. Over four in five (83.9%) lone fathers were in employment in 2019, compared to seven in ten (69.6%) lone mothers.⁷

Before the pandemic single parents were far more likely to be on low earnings, with mothers in coupled households earning almost twice as much per week as single mothers. In order to combine working and caring on their own many single parents work part time (50.4%).⁸ Part time work means not just fewer hours worked, but lower hourly pay, both of which contribute to lower incomes for single parents. Median hourly pay for part time workers in 2020 was just £10.39, compared to £15.14 for full time workers.⁹ In 2018 30% of single parent households were in in-work poverty.¹⁰

During the pandemic single parents were more likely to have been furloughed (30%) compared to coupled parents (21%) and to have stayed on furlough for a longer period than coupled parents.¹¹

As well as predominating in part time jobs, single parents were usually employed in low paid roles in high street retail, hospitality and leisure, and administration and support. These are all sectors that have taken a hit during the pandemic.¹²

The pandemic saw a dramatic increase in the number of jobs that could be done flexibly including an overnight switch to many roles being worked from home. But single parents were more likely to work in jobs that cannot be done from home – the shift to home working was less pronounced for single parents (21% increase) than for couple

¹⁰ IFS (2018) Why has in-work poverty risen in Britain? (<https://bit.ly/3Celpwv>) p. 16

¹¹ Gingerbread (2021) Caring without sharing: single parents' journeys through the COVID-19 pandemic (<https://bit.ly/3ChOlye>)

¹² Ibid

parents (38% increase).¹³ There has been a decrease in part time work. Only 8% of jobs are advertised as part time, a drop in the number of advertised roles to the level seen in the 1990s.¹⁴

Typically, single parents have a higher unemployment rate (12%) compared with coupled parents (6%).¹⁵ The unemployment rate for single parents has stayed steady during the pandemic. It is too early to tell what the full impact will be on single parent unemployment, including seeing the full impact of the end of the furlough scheme.

Alongside inadequate childcare provision, the lack of a guaranteed right to flexible working impedes many single parents' participation and progression in the job market in quality jobs. Recently the government proposed a new right to request flexible working from day one, an improvement that may help some. However, many single parents need certainty and security when they apply for a job; they need to know the expected hours of a job and how it is to be worked so they can be sure that the job will fit in with their caring responsibilities and the available childcare. This is why legislation that guarantees that all jobs are advertised as flexible from day one is needed.

Childcare

According to the most recent Department for Education Childcare and Early Years survey, working single parents with pre-school-age children are the most likely family type to send their children to formal childcare, with 76% of these children spending some time in

formal childcare.¹⁶ This is higher than, for example, couple parents families in which one partner works (48%). Of more than 1200 single parents who responded to a Mumsnet survey on childcare in August 2021, 92% said they had used childcare in the previous two years.¹⁷

It is therefore particularly worrying for single parents' employment prospects that the pandemic has hit the supply of formal childcare hard, with over a third (35%) of local authorities (LAs) reporting that the number of childcare providers permanently closing in their area had gone up in the last year. Childcare providers were struggling to remain sustainable during the pandemic, with 39% of LAs seeing childcare providers raising their prices.¹⁸ According to data from Ofsted, in the six months up to March 2021 there was a net loss of 1.1% of childcare places and a net loss of 4.4% of providers, driven mostly by childminders ceasing to operate.¹⁹

In London, which has the highest proportion of single-parent households live (19%), the position is stark. In early 2021 research carried out for the Mayor of London showed that 64% of non-domestic childcare providers (nurseries, preschools, maintained nursery schools) and 56% of childminders were indicating that for financial reasons they were at immediate risk of closure or concerned they will not be operating in 12 months' time.²⁰

The cost of childcare also remains an ongoing concern for parents, and this is a particular priority for single parent households who rely on one income to pay for childcare. For a single parent on minimum wage with two children, full time childcare can take as much

¹³ Ibid

¹⁴ Timewise (2020) Flexible Jobs Index 2020 (<https://bit.ly/3C4EXmO>)

¹⁵ Gingerbread (2021) Caring without sharing: single parents' journeys through the COVID-19 pandemic (<https://bit.ly/3ChOlYe>)

¹⁶ Department for Education (2019) Childcare and early years survey of parents: 2019 (<https://bit.ly/3G8wHo6>)

¹⁷ Mumsnet (2021) Mega survey of UK parents shows that childcare is failing families (<https://bit.ly/3AXOI4Z>)

¹⁸ Coram Family and Childcare Trust (2021) Childcare survey 2021 (<https://bit.ly/3ndwbfX>)

¹⁹ WBG (2021) Access to childcare in Great Britain (<https://bit.ly/3BOKUzN>)

²⁰ Early Years Alliance and Ceeda (2021) The business support needs of London's early years sector and how they can be met (<https://bit.ly/3G7MmEg>)

as a third of their income, whereas for a couple parent it amounts to less than a quarter. On average, childcare in the UK is the second most expensive in all OECD countries.²¹ This is why single parents are the most likely of all family types to experience difficulties in meeting childcare costs: 40% compared to 25% of couple households.²²

The situation has been exacerbated by the pandemic. Of more than 1200 single parents who responded to a Mumsnet survey on childcare in August 2021, 63% said the cost of childcare had a 'significant impact on their household costs or was completely unaffordable' compared to 48% living with a partner. The Coram Childcare Survey 2021 found that childcare use has been considerably lower since March 2020 than prior to the pandemic, and prices in England have risen above inflation, driven by childcare providers having to increase their prices in order to stay viable.²³

The supply and cost of childcare are unlikely to improve without significant investment in infrastructure by the government. Investment is also needed in the support offered under Universal Credit.

Whilst up to 85% of childcare costs can be supported within Universal Credit, single parents who moved over to the benefit during the pandemic expressed concern about having to pay the costs upfront and claim back later. The level of childcare costs that can be claimed under Universal Credit is also capped at a level set in 2003. As the predicted costs of childcare have increased as result of the pandemic this is also likely to make childcare

too expensive for many single parents going forward.²⁴

Research by the Department for Education has found that if there were no barriers relating to childcare, three in five (60%) single mothers said that they would increase their paid work hours or go full time, compared to just two in five (41%) of partnered mothers.²⁵

Gingerbread has consistently found that single parents would like to increase their working hours but are deterred from doing so by the upfront and ongoing costs of childcare which can drive them into debt. Of more than 1200 single parents who responded to a Mumsnet survey on childcare in August 2021 38% said childcare costs had caused them to accumulate debts and 25% said childcare costs had forced them to cut back on essential items such as food, heating, clothing and housing costs.²⁶

Social security

60% of single parent households are on a low income with more than 1.27 million single parents on Universal Credit.²⁷ This number will grow in future as more single parents who have previously been on legacy benefits are migrated to Universal Credit.

Research by Gingerbread since the inception of Universal Credit has highlighted that payments offer poor financial support to single parents on a low income, who are particularly impacted by the payment in arrears, the five-week wait for the first payment and the unstable nature of the payments.²⁸ During the pandemic single parent families have been helped by the £20 temporary uplift; but its withdrawal means that around six in ten of all single-parent

²¹ World Economic Forum (2019) These countries have the most expensive childcare (<https://bit.ly/3vwhZSY>)

²² Department for Education (2019) Childcare and early years survey of parents in England, 2019 (<https://bit.ly/3pBawRD>)

²³ Coram Family and Childcare Trust (2021) Childcare survey 2021 (<https://bit.ly/3ndwbfX>)

²⁴ Gingerbread (2021) Caring without sharing: single parents' journeys through the COVID-19 pandemic (<https://bit.ly/3ChOlve>)

²⁵ Department for Education (2018) Childcare and early years survey of parents in England, 2018 (<http://bit.ly/331ebKm>)

²⁶ Mumsnet (2021) Mega survey of UK parents shows that childcare is failing families (<https://bit.ly/3AXOI4Z>)

²⁷ Gingerbread (2021) Briefing: an end to UC uplift and other protections (<https://bit.ly/3Cjuynm>)

²⁸ Gingerbread (2021) Caring without sharing: single parents' journeys through the COVID-19 pandemic (<https://bit.ly/3ChOlve>)

families will see their income falling by the equivalent of £1,040 per year, to below the levels needed to maintain an adequate standard of living.²⁹

Rates of Universal Credit are insufficient to assist a single parent with two children in meeting the Minimum Income Standard if they are out of work, according to the Joseph Rowntree Foundation. They will face a shortfall of over £140 a week. Where the parent works half time on the National Living Wage they can still close only half this gap. While a full time job can improve the situation they still fall £46 a week short of the Minimum Income Standard: they would need to earn £27,500 a year to reach this standard.³⁰

Under Universal Credit single parent families see relatively small gains where a parent works full time. This is caused by Universal Credit reducing as earnings rise, and the need to spend some of these earnings on childcare. While Universal Credit provides more support towards childcare costs than the benefits it replaced (up to 85% of costs compared to 70% under tax credits), it is pegged to the costs of childcare in 2003.

The cost and availability of childcare and how it is met under Universal Credit is likely to come under increasing scrutiny as more parents with children become subject to its work conditionality regime. Single parents must seek work or work at least 16 hours per week once the child turns three, and this requirement increases as children get older (to 25 hours for children over school age to age 12, and up to 35 hours for those with children aged over 13). However, as Universal Credit requires parents to pay childcare costs upfront and then claim back support in arrears on a monthly basis, for many single parents this is unmanageable.

Single parent families are also 62% of the 200,000 households to have their benefits capped (72% prior to the pandemic).³¹ The maximum a single parent with children living with them can claim in benefits before being capped outside Greater London is £384.62 per week (£20,000 a year) or £442.31 per week (£23,000 a year) inside Greater London. Those who are capped were denied the £20 temporary uplift to Universal Credit as well as the restored Local Housing Allowance. Shelter calculated that in 2021 families with children were losing, on average, £59 every week from their income as a result of the benefit cap – more than the average UK household spends on the weekly food shop. Shelter is calling for the benefit cap to be lifted and the Local Housing Allowance (LHA) to be unfrozen again. They calculate that the LHA now fails to cover the cost of a modest two-bedroom home in most of England (58% of areas) and that single parents are disproportionately impacted. 34% of LHA claimants are lone parents (95% of whom are women), compared to 6% of all UK households.³²

Child maintenance

Two-thirds of child maintenance is paid via voluntary arrangements. One third is paid by statutory arrangements using the DWP's Child Maintenance Service (CMS), including its charged-for Collect and Pay Service, which charges receiving parents 4% of all child maintenance collected (20% for paying parents) plus a £20 application fee. According to DWP CMS statistics published in September 2021, there has been a steady increase in the number of parents making use of the CMS (8% since June 2020), in the number of children covered by arrangements, and in the number of parents obtaining a waiver from the application fee for reasons of domestic abuse

²⁹ Ibid

³⁰ Joseph Rowntree Foundation (2021) A minimum income standard for the United Kingdom in 2021 (<https://bit.ly/3EeTBSq>)

³¹ DWP (2021) Benefit cap: number of households capped to May 2021 (<https://bit.ly/3Ees7D5>)

³² Shelter (2020) Submission: Treasury Committee inquiry into an equal recovery (<https://bit.ly/30I2FHz>)

(60% of all application fee waivers at June 21, compared to 58% the previous quarter).³³

A Gingerbread survey for a report with StepChange found that just under half (48%) of single parents had experienced some form of economic abuse by a former partner which can, and often does, continue after separation. Perpetrators use child maintenance payments to control or manipulate their ex-partners.³⁴ Gingerbread's research finds that those who have experienced economic abuse are less likely to receive their due maintenance payments: 24% of those who had experienced economic abuse received full maintenance on a regular basis.³⁵

However, the CMS fails large numbers of single parents. In June 2021, the cumulative unpaid child maintenance since the CMS was created in 2012 stood at £421.5 million (up from £408.3 million in the previous quarter). The number of children not getting any child maintenance under a Collect and Pay arrangement is 97,200, and 26% (or 39,300) of paying parents are not paying any of the child maintenance they owe under a Collect and Pay arrangement. The proportion of parents paying 90% or more of what they owe stands at just 49%, compared to 51% in the previous quarter.³⁶

As DWP CMS recognise within their own statistical briefings, improving rates of compliance by paying parents during the pandemic can be attributed to the increased numbers of parents paying via deductions from Universal Credit, but under these arrangements a flat rate of £7 is payable, severely curtailing the amount received by single parents with majority care. Gingerbread receives many complaints about the CMS's failure to enforce child maintenance payments. The CMS can use powers to confiscate or suspend passports or driving

licences to enforce payment, but their own statistics show it consistently fails to make use of these powers.

Debt

Single parents disproportionately experience problem debt: prior to the COVID-19 outbreak, 13% of single parents were in severe problem debt.³⁷ This compares to 5% of couple parents and 4% of single adults. In 2019, 24% of debt advice charity StepChange's clients were single parents, compared to 6% of UK households.³⁸

Research conducted in 2020 by Gingerbread and StepChange found that single parents are exposed to a high number of risk factors and potential triggers for problem debt.³⁹ The majority (85%) of single parents struggling with problem debt cited more than one cause.

82% of single parents in problem debt cited "not enough income to meet living costs" as a reason for using credit. Single parents were also unable to work their way out of poverty and debt. In fact, working more hours actually *increased* the likelihood of single parents experiencing problem debt, largely because of the design of Universal Credit and its failure to support childcare costs effectively, particularly the upfront costs of childcare.

44% of single parents said relationship breakdown or divorce was a reason for being in problem debt. Financial difficulty can contribute to (or is present during) relationship breakdown, and single parents often inherit arrears and debt. Around half (48%) of single parents in the survey sample had experienced some form of economic abuse by a former partner. Economic abuse drives a range of financial problems, including dealing with substantial arrears and debt.

³³ Department for Work and Pensions (2021) Child Maintenance Service statistics: data to June 2021 (experimental) (<https://bit.ly/3vA4XUB>)

³⁴ Gingerbread and StepChange (2021) The single parent debt trap (<https://bit.ly/3E06ruk>)

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ StepChange (2020) Personal debt in the UK 2019 statistics mid-year update (<https://bit.ly/3mbmVK0>)

³⁹ Gingerbread and StepChange (2021) The single parent debt trap (<https://bit.ly/3E06ruk>)

Low financial resilience means that single parents are particularly exposed to problem debt following unexpected life shocks. Like any other household, single parents are exposed to a range of such risks but tend to have fewer resources and are, therefore, forced to use credit. Life events feature prominently in the reasons single parents cite for being in problem debt, including illness or disability (28%), moving home (17%) and unemployment (15%). COVID-19 has had a negative impact on single parents' household finances. 49% of single parents reported taking on more debt since the start of the pandemic. Similarly, the average amount of debt held by single parents increased by around 15% during the pandemic (an average of more than £600 in additional debt per household).

Poverty and homelessness

The economic struggles of combining paid work and childrearing, combined with an expensive childcare system and inadequate social security support, result in single parents being one of the groups at higher risk of poverty: nearly half (48%) of single parents and their children are currently living in relative poverty.⁴⁰

Housing unaffordability is a big public policy issue and because of the gender pay gap and women's lower levels of wealth, housing unaffordability is a bigger issue for women. According to WBG's analysis of ONS data, private rental is unaffordable on women's median earnings in every region in England, whereas men can afford every region except London.⁴¹ Women who rent privately spend on average 43% of their median earnings on rent, as opposed to 28% for men.

⁴⁰ DWP (2021) HBAI: Table 3.10ts: Percentage of individuals living in households with less than 60 per cent of contemporary median household income, by family type, gender and adulthood, United Kingdom (<https://bit.ly/3C3x9I3>)

⁴¹ WBG (2021) Autumn Budget 2021: Housing (<https://bit.ly/3E6EDEu>)

⁴² WBG (2019) A home of her own: women and housing (<http://bit.ly/2L9c9Ts>)

With lower earnings than the woman's average, housing is even less affordable for single mothers. Single parent families are two thirds of families with children in statutory homelessness, even though they are only around a quarter of total families with children.⁴²

Violence against women and girls

Single mothers are disproportionately survivors of domestic violence and abuse. ONS figures published in 2018 and based on surveys conducted between 2015 and 2017, show that single parents are four times as likely to be a victim of domestic abuse than those living with other adults.⁴³ A fifth (20.5%) of single women with children said they had experienced abuse from a partner in the previous 12 months, compared with 4.9% among women living with other adults and children. According to this ONS data single parents are also seven times as likely to have been stalked and three times as likely to have been the victim of sexual abuse by a partner or ex-partner.

Gingerbread's research indicates a high proportion of single parents who have survived domestic abuse from their former partner are subject to ongoing economic abuse in the form of irregular, incomplete or non-payment of child maintenance contrary to the new domestic abuse legislation.⁴⁴ This is borne out by the rising proportion of fees waived for those applying to use the DWP Child Maintenance Service's Collect and Pay Service, now at 60% according to the September 2021 quarterly statistical briefing.⁴⁵

WBG and Gingerbread recommendations

To support the conciliation of paid work and care for the UK's 1.8 million single parent

⁴³ ONS (2018) Women most at risk of experiencing partner abuse in England and Wales: years ending March 2015 to 2017 (<https://bit.ly/3CduZzG>)

⁴⁴ Gingerbread and StepChange (2021) The single parent debt trap (<https://bit.ly/3E06ruk>)

⁴⁵ Department for Work and Pensions (2021) Child Maintenance Service statistics: data to June 2021 (experimental) (<https://bit.ly/3vA4XUB>)

households the government should increase investment in the childcare infrastructure and improve support through social security, while encouraging the creation of good quality part-time work.

Key policy asks for social security and employment

- Jobs should be advertised as flexible by default.
- Investment in good quality and well paid part time jobs is key.
- The benefit cap, which disproportionately affects single parent families, should be abolished and Local Housing Allowance rates should reflect local average rents.
- The £20/week Universal Credit uplift should be reinstated to ensure single parent families will not plunge into poverty because of expected rising living costs in 2022.
- The taper rates should be revised so that it pays for single parents to move into work, and they should take account of childcare costs.

Key policy asks for childcare

- The 30 hour free childcare offer should be extended to single parents who are in training and have pre-school-age children, and made available to all job-seeking single parents who are undertaking training or improving their skills.
- Universal Credit should receive investment to meet parents' upfront childcare costs. Childcare costs should not be paid in arrears and the level of childcare support that can be claimed under Universal Credit should be reviewed, in particular the out-of-date childcare caps set in 2003.
- In the longer term, the government should invest in a universal and high

quality childcare system, free at the point of use, from the end of maternity leave to primary school. This would particularly enable children from disadvantaged families to have better life chances. The initial investment would nearly all be recouped in higher tax revenues due to increased maternal employment and savings on benefits.⁴⁶

Key policy asks for child maintenance

- Child maintenance payments should be properly enforced and the CMS Collect and Pay Service fees abolished, in recognition that child maintenance is for the child.
- Recognising that CMS is used by large numbers of single parents who have experienced domestic abuse, the DWP should urgently review how the CMS treats users.

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⁴⁶ WBG (2021) Calculating the cost of a high quality, free universal childcare system (<https://bit.ly/2ZaBwfa>)