



Breaking the Bank: A Cut Price Christmas for Low Income Families

"I've already told the kids Christmas may have to be cancelled this year to make way for the fuel bills coming in January"

"I don't enjoy Christmas at all, not one bit...It's just another day to spend money. That's how I've always seen Christmas. [Spend] money that you don't have. Because you don't want it to be like when you was at school and you're going to school lying and telling them [friends] that you've had loads of stuff, when you've had nothing."

Low income parents interviewed for Cut Price Christmas

About Family Action

Family Action has been a leading provider of services for vulnerable and disadvantaged families since 1869. We work with 45,000 families and children a year providing practical, emotional and financial support through more than 100 community based services across England. Additionally we distributed 1944 grants totalling over £630,000 to families and individuals in financial hardship throughout the UK in 2010/11. Find out more at www.family-action.org.uk.

Family Action: Breaking the Bank Reports

There are key moments throughout the year when parents particularly feel added pressure on their family finances. We know from talking to parents when these pinch points on their finances are – Christmas; when the fuel bills arrive in January/February, school holidays with the costs of providing activities to keep kids entertained over Easter and the summer months; and back-to-school costs in the Autumn.

Our first Breaking the Bank report focused on the impact of back-to-school costs on low-income families' finances. Our second report, Breaking the Bank: A Cut Price Christmas for Low Income Families focuses on the minimum standard low income families think an acceptable Christmas should cost. It is based wholly on the views of a snapshot of Family Action's service users but it is an important opportunity to listen to the authentic voices of families living on low incomes. Cut Price Christmas also highlights the impact this has on family finances, parenting and childhood experiences of the festive season in some of the most deprived areas of England.

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Key Findings

- 22 parents in focus groups led by our researcher agreed on a shopping basket of goods to celebrate Christmas which we costed at £182 based on buying basic lines in local shops for a family of two adults and two children.
- A low-income family's Cut Price Christmas is less than a third of the cost of an average family expect to spend on Christmas according to a recent HSBC report.
- In reality under half of the families who took part in our snapshot research intended to spend between £100 and £200 on Christmas this year. Some were planning to spend less than £100.
- Parents on the lowest incomes would have to spend up to two and a half weeks of any cash they have left over after paying for essential basics (like housing, food, bills, transport and clothes) on Christmas to afford the cut-price Christmas
- On top of this the parents in the focus groups were paying a poverty premium on Christmas because lacking bank account overdrafts or credit cards to spread the cost they had chosen to budget in advance using options like vouchers, loyalty points, and Christmas Clubs
- Some parents said that they felt pressure from their children to buy more expensive gifts than they could afford. Parents blamed this primarily on the media and retailers and older children's expectation of electronic goods like MP3 players, mobile phones or branded items.
- However over half the parents we spoke to intended to spend less this Christmas compared to last year with a third intending to spend more this Christmas. The most popular reason for lower Christmas spending was a lack of money with many parents saying they "just can't afford it."
- 55 per cent of parents believe "it is good to budget for Christmas all year round" compared to 30 per cent, who believe "it is important to have a good time at Christmas and think about the cost later"

For this report we spoke to a snapshot of Family Action service users in a number of our services across England. The research we have gathered shows a "minimum standard" for Christmas based on their opinions of what they think families should be able to provide for their children at Christmas. However, this does not mean to say that the disadvantaged families we work with can afford even this modest Christmas - for many this may simply be an aspiration which they cannot afford to achieve.

For some of the parents we spoke to while writing this report the Christmas season is filled with dread caused by social isolation, the pressures of commercialisation, having to lower their children's expectations and the prospect of running up debts, in stark contrast to the excited anticipation of their children.

Our Cut Price Christmas report highlights the problems some families face enjoying even the most basic Christmas. However, even the modest cost of a Cut Price Christmas may be too much for some families worried about food and fuel bills coming in. For many this is unaffordable at a time of rising household bills and reduced welfare support.

Further information

For a full copy of the report and findings contact Anthony McCaul, Family Action Senior Media and Campaigns Officer on 0207 241 7632 or 0781 309 2040 or email anthony.mccaul@family-action.org.uk