

# In work, better off: next steps to full employment

A response from the Family and Parenting Institute

30 October 2007

## 1. Introduction

The Family and Parenting Institute welcomes the Government's determination to help lone parents enter sustained employment and thus reduce child poverty. However, we do have concerns about the approach proposed. The proposals in this Green Paper are a significant step from previous policies of providing information and support to lone parents and allowing them to make their own choices around balancing work and care.

The Family and Parenting Institute would like to see appropriate work-focused advice, support and training available to all parents not in employment, whatever the age of their youngest child. There also needs to be a much stronger focus on retention and progress in employment. This must include improving the skills and qualifications of lone parents, and ensuring that part-time workers have the same opportunities and remuneration as those working full-time. It is also clear that while childcare availability is much improved, it is still a real barrier to work for many parents.

The adverse effects on children of growing up in poverty are well established. However there is evidence that much of this is mediated through parenting. In other words, poverty causes some parents to be more stressed, depressed or irritable, and this, in turn, disrupts their parenting practices and styles.<sup>1</sup> Paid work which improves a parent's confidence could therefore have a very positive effect on their parenting: conversely, if work brings financial instability or increases the stress on a family in other ways, the overall impact could be negative.

Our concerns with the current proposals focus in particular on those parents facing multiple constraints on work (a large proportion of those with older children currently claiming income support). It is questionable whether, under a regime based on Jobseeker's Allowance and with an increased workload for advisers, there will be sufficient flexibility to respond to families' needs on an individual basis. It is unclear what sanctions might apply to lone parents under the Jobseeker's Allowance regime. For example, if lone parents are judged to have left their job 'voluntarily' they may not be eligible for benefits.

Finally, the work that lone parents do in raising their children should be valued as an important contribution to society in its own right. Parents need to be there for their

children not just in the pre-school years, but also supporting them through the transition to secondary school and during adolescence.

## **2. Characteristics of lone parents and support needs**

Many lone parents face additional multiple disadvantages in the labour market. The Jobseeker's Allowance regime has not been designed to deal with these people. The New Deal for Lone Parents has also had limited success in helping these parents.<sup>2,3</sup> If effective support cannot be guaranteed, the Family and Parenting Institute is concerned that increased pressure on these parents to seek work would be counterproductive, and could lock them into a 'low pay - no pay' cycle.

- Of all lone parents with a youngest child over 11, 25 per cent care for a disabled child and 28 per cent report a disability themselves.<sup>4</sup>
- Of those with older children (between 11 and 15) who were out of work or worked less than 16 hours a week, 50 per cent cited some disability, 30 per cent poor health and only 33 per cent had both a driving licence and access to a car. A quarter had both a disability and held no qualifications.<sup>5</sup>
- Of all lone parents on income support, 56 per cent had no academic qualifications (51 per cent had neither academic nor technical qualifications), 60 per cent did not hold a full driving licence, and 41 per cent had been on income support for 8 or more years.<sup>6</sup>
- One group for which statistics are lacking is lone parents with mental health conditions. This is a significant gap in research, essential if the needs of this group are to be met.

Lisa Harker's 2006 report recommended increasing the level of flexibility between Welfare to Work programmes, for example by ensuring that parents with health/disability problems are able to access condition management support, regardless of which programme they are on. Highly skilled advisers are also needed with the flexibility to respond appropriately to complex family situations, rather than imposing a rigid regime.

Advisers have also highlighted an unmet need for support for lone parents managing of debt or financial responsibilities, as these issues make it difficult to leave benefits and remain financially stable.<sup>7</sup>

Advisers on the New Deal Plus for Lone Parents have struggled to work effectively with Black and minority ethnic parents, identifying a need to develop new approaches in partnership with specialised outreach organisations.<sup>8</sup>

## **3. Employment sustainability and skills**

The evidence suggests that an increase in lone parent employment rates could perhaps be achieved more cost-effectively by focusing on sustaining employment. It is notable that when compared to a matched sample with similar characteristics (e.g. education, health), lone parents actually had higher rates of job entry, but they also had higher job exit rates than the control group.<sup>9</sup> It therefore seems that more should be done to make the role of sole carer compatible with retaining employment, with employers also playing their part in this.

The Family and Parenting Institute welcomes the stated intention to do more to enable parents to stay in work following a relationship breakdown. However no detail is given in the Green Paper on how this will be achieved. We would also like to be assured that those who do leave work on becoming a lone parent will not face benefit sanctions for leaving work 'voluntarily', and that they will be given time to establish financial and emotional security, especially if they have experienced domestic violence.

The New Deal for Lone Parents was not designed to provide extensive in-work support: around 29 per cent of those who found jobs through the programme had returned to income support a year later.<sup>10</sup> The Employment Retention and Advancement pilots could provide valuable lessons in in-work support. However, sustainability also needs to be addressed by ensuring employees have the skills needed to progress in the labour market. As described above, a high proportion of lone parents currently out of work have few or no qualifications, and those with no qualifications are three times less likely to receive job-related training than those with some qualifications.<sup>11</sup>

The Department for Work and Pensions has emphasised a 'work first' approach through the New Deal for Lone Parents. Participants are in fact less likely to enter education or training than other lone parents claiming income support.<sup>12</sup> It has been questioned whether this approach is effective in all cases. Yeo (2007) points to the 'work first' approach as contributing to high rates of job exit as lone parents enter low paid, part-time employment with few prospects of advancement.<sup>13</sup>

Restrictions on training availability were raised by advisers and managers as their greatest criticism of the New Deal Plus for Lone Parents. A lot of courses were believed to be too short to up-skill people who had been out of the labour market for a long period of time.

Lone parents are a heterogeneous group with diverse needs. There was found to be a need for more effective support and training for lone parents with serious confidence and life skills issues.<sup>14</sup> The provision of courses in English for Speakers of Other Languages (ESOL) has also been criticised.<sup>15,16</sup> Although we welcome the announcement of increased investment in ESOL training through Jobcentre Plus in London a more comprehensive national approach may be needed.

Those lone parents who are looking for higher-level jobs, that may require some specialist training, tend also to be poorly served by the New Deal for Lone Parents (which only funds training up to NVQ Level 2).<sup>17</sup> Several managers on the New Deal Plus for Lone Parents also commented that training options were often not very 'aspirational', confining clients to low paid and low skilled jobs.<sup>18</sup>

#### **4. Childcare**

Despite the significant investment in childcare over recent years, a lack of suitable, affordable childcare can still be a barrier for parents wanting to return to work. There are particular gaps in holiday provision and for older children. Currently, it is estimated that just one childcare place is available for every 200 children aged 11 to 14.<sup>19</sup> In the Daycare Trust's 2007 Holiday costs survey, only 46 per cent of Children's Information Services in England reported that there were sufficient holiday playscheme places for children in their area, with a particular lack for children aged 12 and over.<sup>20</sup>

The Family and Parenting Institute is concerned that by October 2008, lone parents with a youngest child over 11 will have to seek work, and by that stage only a third of all secondary schools in England are expected to offer extended services. Parents of children aged 12 and over still often feel uncomfortable about leaving them alone after school and the Government has stressed the importance of parental supervision of teenagers to prevent antisocial behaviour. There is no information in the Green Paper on why the ages of 12 and seven were chosen as appropriate points in a child's development for a parent to go back to work.

One proposal from Lisa Harker's report into child poverty was that there should be a formal link between the duty on local authorities to secure childcare provision and conditionality for parents claiming benefits. In other words, if parents were able to show that out of school provision in their area was not suitable for their needs, they would not be penalised for failing to take up employment.

## **5. Flexible working opportunities**

The Green Paper states that the flexible labour market in the UK delivers more employment opportunities for parents than in most other countries. Many parents, particularly lone parents, feel strongly that they need to be there for their children for more time than employment at 'standard hours' will allow. Part-time work is therefore widely taken up, by women in particular, despite the typically lower wages. However, the 'flexible' jobs available to those with low qualifications are often driven by employers' needs (for example shift work at anti-social hours, or insecure low-paid part-time jobs with no time off if a child is sick).

The UK has one of the highest pay penalties in Europe for part-time workers.<sup>21</sup> These jobs are concentrated in lower paid sectors such as sales and customer service, and are often not available at higher levels. Even for those with qualifications and experience, going part-time often involves a drop in job status. A survey revealed that 53 per cent of the part-time women workers questioned had previously worked in jobs requiring either higher qualifications, or more skills or experience, or which had involved more management or supervisory responsibility.<sup>22</sup> On top of this, part-time workers are 40 per cent less likely to receive training than full-time workers.<sup>23</sup>

There is no good reason why part-time work should be associated with such negative consequences, and the Government has an important role to play in ensuring that employers offer the same opportunities to part-time staff. Lone parents, when asked, felt that the Government could do more to encourage employers to offer part-time (particularly school-hours) work, flexible hours and job shares, and to urge employers to take a flexible approach with regard to unforeseen events such as a child's sickness.<sup>24</sup>

Jobcentre Plus could fill a valuable role, working with employers to help them establish flexible working arrangements and informing its customers about these, for example establishing job-share registers. The local employment partnerships could also be used to create more opportunities to work at child friendly hours.

The right to request flexible working is cited as an example of the support that is now in place to help lone parents. However, as this does not currently apply to parents of children of 6 or over, it will not benefit the lone parents who are to be affected by the proposed changes. As the impact of this right on employers is limited since they can refuse flexible working if there is a business case against it, it would seem

straightforward to extend this right to request to parents of older children. There is also a good argument for extending it to all workers, to avoid resentment among non-parents/carers.

## **6. Making work pay**

The Green Paper states that the Government is considering introducing a caveat into the new system such that lone parents would only have to accept a job offer if it would make them better off financially. This is a welcome principle, but needs more detail: for example would lone parents have to accept a full-time job which made them just ten pounds a week better off?

Employment is not a guaranteed route out of poverty for lone parents, as 14 per cent of lone parents working full time and 30 per cent working part time fall below the poverty threshold (60 per cent of median income after housing costs).<sup>25</sup>

Two important means of tackling this have already been discussed: improving the skills and qualifications of lone parents, and addressing the part-time pay penalty. Linked to the later is the high wage inequality in the UK, and the undervaluing of traditionally female occupations. Policy interventions that seek to lift the children of lone parents out of poverty must address these factors.

A balanced approach would include:

- raising the level of the minimum wage in real terms;
- strategies to allow career development for part-time workers and those in traditionally female sectors
- the public sector, including contractors, paying a 'living wage'
- the public sector leading the way in reassessing the wages paid to certain employees, such as care workers, in the light of the skills and commitment required.

## **7. London: a special case**

The situation in London differs significantly from other areas of the country. We welcome the up front financial support for childcare for parents in London announced earlier this year, and the increase in In-Work Credit to £60 within London. However, a more radical approach may be needed to make work pay. The In-Work Credit, while welcome, may only be deferring the problem: it will be necessary to investigate how families cope with the fall in income at the end of the first year's employment.

There are higher levels of worklessness in London (55% for lone parents compared to 41 per cent elsewhere, and a similar gap for partnered mothers). This employment gap between mothers in London and elsewhere is mostly in part-time work.<sup>26</sup> The main issue is that high costs in London, and high rates of benefit withdrawal, mean that a lone parent starting work in London needs to earn significantly more for it to make any difference to their income.<sup>27</sup>

Competition from a large pool of young people with no dependents means that the London premium for wages does not apply at lower levels. In London 70% of female part-time jobs in the hotels and catering sector pay less than £6.00 an hour. 40% of part-time service sector jobs pay £7.00 an hour or less.<sup>28</sup>

The cost of formal childcare (apart from holiday provision) is much higher in London, and London families are also less likely to have access to informal childcare from relatives.<sup>29</sup> Another barrier to part-time work is that childcare places often cost more pro-rata and may not be available at the right times. Improving the affordability and flexibility of childcare in London is a key means for Government to make work, in particular part-time work, more financially viable for lone parents.

## 8. Lone parents with disabled children

Of all lone parents with a youngest child over 11, 25 per cent care for a disabled child.<sup>30</sup> For those lone parents with disabled children who want to work, one of the main barriers is the availability of suitable and affordable childcare.<sup>31</sup> Measures under the Childcare Act have given a new focus on the needs of disabled children, so we hope that future evaluation will show real improvements in this situation.

For many lone parents, looking after their disabled child will be a full-time job and the state should ensure that they are not penalised for not taking up employment. Whether working or not, families with disabled children (or adults) may not be claiming all the benefits they are entitled to. Research has shown that major factors in this are a lack of awareness and the complexity of the claims process for Disability Living Allowance (DLA).<sup>32</sup>

This has wider implications as DLA is a gateway for other benefits such as Carer's Allowance, and it is proposed that lone parents would have to be receiving Carer's Allowance in order to stay on income support when their child reaches seven. A proactive uptake campaign for DLA is needed, allied with a simplification of the system (for example reducing the frequency of repeat claims) and a review of the adequacy of benefits such as Carer's Allowance. Consideration should also be given to the needs of families who do not qualify for DLA, but whose circumstances mean that they need to be exempted from the requirement to work.

Claire James, Policy Officer  
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<sup>3</sup> Hosain, M. and Breen, E. (2007) New Deal Plus for Lone Parents qualitative evaluation. London: Department for Work and Pensions

<sup>4</sup> Written Answer by Jim Murphy MP to a Parliamentary Question, Hansard, 21 March 2007, Column 930W

<sup>5</sup> Haux, T. (2007) Lone parents with older children and welfare reform. CASP Working Paper. University of Bath

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