

Department for Work and Pensions

Research Report No 153

# Families, Poverty, Work and Care

**Part Two - Issues**



## 6 SUPPORT FOR CHILDREN

This chapter focuses on children's lives and experiences and how best to support children in the context of increasing family diversity. It begins with a review of the current situation of children in poverty and the impact of poverty on their lives.<sup>28</sup> The second part of the chapter considers the costs of rearing children, and discusses the issue of adequate incomes. The next section examines private financial support for children and the issue of Child Support payments and compliance. The final section reviews the evidence about the outcomes for children of changes in family structure, and discusses some of the possible explanations for these outcomes.

### 6.1 The current situation of children in poverty

The 1980s and 1990s saw a dramatic rise in the number of children in poverty in the UK (see Bradshaw, 1990; Kumar, 1993 and Walker and Walker, 1997 for an overview). Since 1999, it has been the government's intention to abolish child poverty in twenty years (Cm 4445, 1999). To achieve this aim the government has engaged in a broad range of policies which fall into three main areas: support for children – mainly through the education system, and Sure Start; support for parents – directed at making work pay, parenting initiatives and the National Childcare Strategy; and changes in fiscal support for children and families via the tax and benefit system. A range of indicators are used to monitor the governments' progress – these cover low income, education, health inequalities, worklessness and housing (Cm 4445).

The latest data from the *Households Below Average Income* (DWP 2001) for 1999/00 shows that 3.6 million children, 32 per cent of all children in Great Britain, were living below the poverty threshold<sup>29</sup>. Children represented only 22 per cent of the population in 1999/00 but were disproportionately represented among the poorest, making up nearly a third (31 per cent) of all individuals in the bottom quintile of the income distribution, after housing costs.

It is estimated that 1.2 – 1.3 million children could rise above the poverty line following budget measures between 1998 and 2000 (Treasury 2000; Piachaud and Sutherland, 2000, Piachaud and Sutherland 2001). Many of these children will be in families whose incomes are close to the poverty line. The remaining children are likely to be in families that are much harder to reach. Statistical modelling by Piachaud and Sutherland (2000) indicates that whilst current government policies will have an impact on

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<sup>28</sup> See Figure 4.1 for a summary of UK data sources on family and child poverty.

<sup>29</sup> Defined as 60 per cent of median income after housing costs.

child poverty, they will in effect only reduce it by one quarter. They argue that even were the strategy to promote paid work to be an unqualified success that would still leave over two million children in poverty. The majority of these children will live in families reliant on means-tested benefits and the issue of how best to support them will be a major challenge for policy.

### 6.1.1 Which children are vulnerable to poverty?

Children are not a homogenous group and the risk and experience of poverty for children will be mediated by a number of factors. These include; class, employment status, family structure, ethnicity, numbers of brothers and sisters, ill health and disability (Bradshaw, 1990, Kumar, 1993; Oppenheim and Harker, 1996; Adelman and Bradshaw, 1998; Gordon *et al*, 2000, Howard *et al*, 2001).

Table 6.1 shows that nearly eight out of ten children (79 per cent) living in workless families were living on incomes below 60 per cent of median income. Half of children with a parent working part-time only, and around one in ten of children with a parent in full time work were living below 60 per cent of median income. Nearly three out of every five children in a lone-parent household were below the income threshold compared with around one in every five children in a couple family. Children in ethnic minority households make up only 10 per cent of all children, but 19 per cent of children below the poverty threshold. Pakistani and Bangladeshi children were particularly at risk of poverty with three quarters of all Pakistani and Bangladeshi children living below the poverty threshold (DWP 2001).

**Table 6.1 Children in families living below 60 per cent median income (after housing costs) in 1999/00**

	Percentage below 60% median	Number below 60% median	All children millions
<b>Employment status of adults in family</b>			
Working full-time	11	0.8	7.2
Working part-time	49	0.6	1.2
Not working	79	2.2	2.8
<b>Family type</b>			
Couples with children	22	1.8	8.2
Lone-parent	59	1.8	3.1
<b>Ethnic group head of household</b>			
White	29	2.9	10.1
Black	49	0.2	0.3
Indian	49	0.1	0.2
Pakistani and Bangladeshi	73	0.3	0.4
Other	48	0.1	0.2
<b>All children</b>	<b>32</b>	<b>3.6</b>	<b>11.3</b>

Source: *Households Below Average Income* (2001: Table 5.7)

Analysis of the 1994/95 Family Resources Survey by Adelman and Bradshaw (1998) showed that when employment status was controlled for, there were other factors that correlated with children's increased risk of poverty, including living with cohabiting parents, or in ethnic minority households and having a large number of siblings

#### *6.1.2 Intensity of child poverty – the 'poverty gap'*

Children just below the poverty line may lead lives not dissimilar to those just above it, while those further from the poverty line may experience considerably worse deprivation. A measurement of the 'poverty gap' (the difference between the incomes of those in poverty and the poverty line) thus provides an insight into the depth of poverty children experience.<sup>30</sup> Adelman and Bradshaw (1998) used the Family Resources Survey 1994/95 data to calculate the poverty gap for children using 50 per cent of the mean average income in 1994/95. They found that the average poverty gap for children in 1994/95 was 22 per cent (£30.41) below the poverty line before housing costs and 31 per cent (£37.01) below the poverty line after housing costs.

#### *6.1.3 Duration of child poverty*

Many families move in and out of the margins of poverty, but some children, particularly those in lone-parent families and families where there is disability, can experience long spells of poverty. Over a third (34 per cent) of lone-parent claimants and nearly half (46 per cent) of sick or disabled claimants<sup>31</sup> have been receiving Income Support for five or more years (DSS, 2001b). Hill and Jenkins (1999) analysed BHPS data to provide a longitudinal perspective on child poverty. They identified two types of child poverty 'chronic' and 'transitional'. Looking at children's incomes over 6 years they found that pre-school children were particularly vulnerable to repeated (transitory) spells of poverty, one-fifth (21 per cent) were poor at least three times in six years; and 14 per cent were chronically poor. Differences in the duration of poverty, between short spells of poverty and recurrent spells of poverty may be particularly important. Experiencing recurrent spells of poverty can severely limited people's capacity to accumulate adequate funds to sustain them in times of need (Walker 1998). However, for children even a short spell of poverty can be devastating if it occurs at a crucial time in a child's social or developmental growth.

#### *6.1.4 The effects of poverty on children*

Both chronic and transitory periods of poverty are harmful to children's lives and well - being. The effects of poverty in children's lives need to be understood in both the short term (outcomes in childhood itself) and the long term (outcomes in adulthood). Evidence from quantitative studies

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<sup>30</sup> The poverty gap measure does have some limitations. It relies on the least reliable data at the tail of the income distribution (results from the Family Expenditure Survey show that those reporting the very lowest incomes often have an expenditure pattern that does not accord with reported resources).

<sup>31</sup> This figure includes claimants with and without children.

show that poor children often experience homelessness, poor housing conditions and poor environments. They are also likely to suffer from poor health, poor cognitive development, low self-esteem and poor educational achievement (Bradshaw, 1990; Kumar, 1993; Gregg *et al*, 1999b; Hobcraft, 1998; Machin, 1999; Bradshaw 2001).

NCDS cohort data was used by Hobcraft (1998) to study the extent to which social exclusion and disadvantage were transmitted across generations and the life course. Using several variables, including childhood poverty, family disruption and contact with the police, he found that poor children tended to have low educational attainment and a lack of qualifications. They also had lower incomes as adults, which was also linked to poor performance at school, and lack of parental interest in schooling, particularly for men. Boys from poor families were also more likely to be unemployed as adults.

Gregg *et al* (1999b) also analysed National Child Development Study (NCDS) cohort data to explore the effects of childhood disadvantage in adulthood. They found a clear relationship between childhood disadvantage and adult economic and social outcomes. In childhood, disadvantaged children did much worse than others in terms of educational attainment; this continued into adulthood, regardless of cognitive skills at age seven years. At age 23, people who grew up in poor families facing financial difficulties had higher joblessness rates than others, five percentage points higher for men, and nine percentage points higher for women. Some of these disadvantages persisted and men age 33, had worse economic outcomes, lower wages and lower employment probabilities. Educational attainment clearly played an important role as a transmission mechanism. There was little evidence of inferior performance related to growing up in a lone-parent family if there had been no financial hardship

There have been few studies that engage with poor children themselves, the exceptions are Middleton *et al* (1994), Shropshire and Middleton (1999), Roker (1998) and Ridge (2001). But what evidence there is shows that poor children are under considerable social and material pressure, particularly in relation to the demands of maintaining social participation and inclusion with their peers. How far these childhood experiences of social exclusion are a factor in poor educational outcomes is uncertain, and there is a need for further research with children that can combine these qualitative insights with quantitative analysis of outcomes.

## 6.2 The costs of a child

It is evident that financial difficulties for families have severe repercussions for children. Evidence quoted in Chapter 4 showed that mothers in particular strive to protect their children from the worst effects of poverty, in the face of constrained and inadequate incomes. This section looks at different ways of estimating the direct financial costs of rearing children,

and assesses the implications of the findings of these studies for benefit adequacy.<sup>32</sup> Figure 6.1 sets out the different approaches that have been used to estimate the cost of a child and the main UK studies using these methods in the 1990s (studies often use a combination of methods).<sup>33</sup>

### Figure 6.1 Different approaches to establishing the cost of a child

**Consensual Approach** – Items and activities perceived by the public as necessities for children.

1. Breadline Britain Studies; Gordon *et al* 2000, Gordon and Pantazis 1997, Middleton *et al* 1997, Mack and Lansley 1985.
2. Dobson and Middleton 1998, Middleton *et al* 1994; Focus groups with parents from different socio-economic groups meet as a focus group and establish an agreed list of items and activities they consider an essential minimum for a child.

**The Budget Standards Approach** – Experts from a range of disciplines, social sciences, nutrition etc. establish a detailed, costed budget for different family types, of goods and services deemed to be necessary to maintain a particular standard of living.

1. Oldfield and Yu (1993) measure the cost of a child using two standards of living; a **modest-but-adequate budget and a low cost budget**.
2. Parker (1998) Estimates the needs and living costs of two-parent and lone-parent families with two children at a **low cost but acceptable** living standard

**Expenditure based studies** – Based on surveys of what families actually spend

1. Dickens *et al* (1995) Banks and Johnson (1993); Family Expenditure Surveys. The costs of a child are estimated by comparing the expenditure of those with children with the expenditure of those without. Equivalence scales are used to estimate the proportion of household costs that can be attributed to children. (These take account of the child's age and family size.)
2. *Small Fortunes* (Middleton *et al* 1997) the first British survey to focus on the lifestyles and living standards of individual children.

<sup>32</sup> This chapter looks at the direct costs of children, for the indirect costs of children (e.g. foregone earnings) see Chapter Three.

<sup>33</sup> Most of these studies focus on the cost of feeding, clothing and caring for children. Most do not cover the cost of childcare, which can be considerable (see Chapter 7) or the extra costs of education.

### 6.2.1 Parents' perceptions of essential items for children

Arguably parents are best placed to identify the costs of raising children. Middleton *et al*'s (1994) study used focus group work with over 200 mothers from a range of different socio-economic backgrounds to establish a list of essential items for children. Mothers were asked to act as a 'budget standards committee' to develop a consensus about what they felt to be an essential minimum for a child according to their age. These items were then priced for children of different ages and compared to 1994/95 Income Support rates for children. The results suggested that there was a considerable shortfall especially for young children between the ages of two and five years.

This consensual list of necessities for children has been developed further by Middleton *et al*, 1997, and Gordon *et al*, 2000. In both studies an index of childhood deprivation has been constructed based on whether children lack these essential items. Gordon *et al* (2000) classified children as poor if they lack one or more essential items on the list. Thirty-four per cent of children were poor by this definition. However, as a large proportion of children lacked one item in particular (a holiday away from home once a year) a more restrictive threshold was set, of two or more items; by this definition 18 per cent of children were poor. Figure 6.2 lists the items perceived by the general public as necessary for children in Britain today.

#### Figure 6.2 Items perceived as necessities for children by the general public

**Food** – Fresh fruit or vegetables at least once a day; three meals a day; meat, fish or the vegetarian equivalent at least twice a day.

**Clothes** – New, properly fitted shoes; warm waterproof coat; all required school uniform; at least seven pairs of new underpants; at least four pairs of trousers; at least four jumpers/cardigans/sweatshirts; some new, not second-hand, clothes.

**Participation and activities** – Celebrations on special occasions; hobby or leisure activity; school trip at least once a term; swimming at least once a month; holiday away from home at least once a year; leisure equipment (age related); friends round for tea/snack fortnightly.

**Developmental** – Books of own; playgroup at least once a week; educational games; toys (e.g. Dolls, teddies); construction toys; bike-new/second-hand.

**Environmental** – A bed and bedding for self; bedroom for every child of different sex over 10 years; carpet in bedroom; garden to play in.

Source: Gordon *et al* (2000: Table 9)

The advantage of this approach is that it gives a clear indication of the accepted social and cultural standards for children that prevail in society. Social indicators have been used mainly to establish thresholds of poverty for children, rather than to establish the actual detailed cost of providing for them.

### 6.2.2 *The family budget approach*

The budget standards method prices a specific basket of goods and services based on society's current standards and patterns of behaviour (see Bradshaw 1993 for an outline of budget standards methods used by York Family Budget Unit). Family budget standards are used to provide estimates of what it costs different types of families to rear their children at an acceptable standard of living (Oldfield and Yu, 1993; Parker, 1998).

The Family Budget Unit have developed a detailed budget standard which estimates the needs and living costs of lone-parent and two-parent families, each with two children, a boy aged ten years and a girl aged four years (Parker 1998). They have produced a 'Low Cost but Acceptable' (LCA) budget which includes food, housing, clothing, fuel, personal care, household goods and services, and leisure costs. Excluded are the costs of education and healthcare, as they are assumed to be available free, although the costs of access to them are included. The 1998 LCA budget was compared with 1998 Income Support levels, and showed a gap between Income Support guaranteed amounts and the LCA level of £32 – 39 per week for the two-parent families and £24-27 for the lone mothers. Recent increases in Income Support allowances especially for younger children will have narrowed this gap. Up-rating the 'Low Cost but Acceptable' budget by the Retail Price Index to October 2000 shows that the gap between the 'Low Cost but Acceptable' budget and Income Support has fallen to £5.95 per week for a lone-parent family (with two children under 11) and to £11.17 per week for a couple family (with two children under 11) (Bradshaw 2001a).

### 6.2.3 *Parents' actual expenditure on children*

Dickens *et al* (1995) used the Family Expenditure Survey data to compare expenditure on children in two-parent and lone-parent households. They found that lone-parent families spend a substantially higher proportion of their incomes on their children relative to the expenditure of two-parent families. Expenditure on older children (aged over 11) in a lone-parent family was also significantly higher than expenditure on younger children. The expenditure on additional children in lone-parent families decreased with increases in family size. Dickens *et al* (1995) concluded that lone-parent families should receive additional support for children relative to two-parent families, and that it should be concentrated on the first child.

Evidence of what parents actually spend on their children is captured by the *Small Fortunes Survey* (Middleton *et al*, 1997). Information about 1,239 individual children was obtained in 1995, using a complex data collection system. The survey found that children have on average £3,000 spent on them each year and will have cost on average approximately

£50,000 by the age of 17. Ten per cent of spending on children is provided by other people, giving an insight into alternative resources that families draw on. Food accounted for the largest proportion of spending, but parents were also spending a significant amount on children's education - on average £5.92 per week. Poor parents tried to protect children from the effects of poverty by going without themselves, and average spending on children was much higher than Income Support Allowances for children. Younger children were particularly disadvantaged in benefit calculations compared with older children.

All the evidence from these different approaches to measuring the costs of a child indicate that families need incomes to support their children which are higher than the benefit levels they are likely to be receiving. In addition, studies such as Kempson *et al's* (1994) which looked at how poor families manage on a restricted income (see Chapter 4), revealed that despite their best endeavours to budget many families are experiencing considerable hardship. Being a parent is one of life's most important roles, and research with low-income parents reveals how they struggle to protect their children from the worst effects of poverty, however, many feel undermined as parents through a lack of resources to adequately fulfil that role (Middleton *et al*, 1994; Cohen *et al*, 1992). These studies raise the question of how much is needed to ensure that benefits provide an adequate income. For a discussion of Minimum Income Standards (MIS) see Viet-Wilson (1998).

Since these studies were carried out there has been an equalisation of child personal allowances. Rates for children aged 0-15 were equalised in a two - stage process (October 1999 and April 2000) and increased again in June (WFTC) and October (all other benefits) 2000, resulting in an overall increase of over 70 per cent for child Allowances for the under 11s since 1997.

### 6.3 Financial support for children – the role of Child Support

Alongside the need to establish how much children cost there is also the issue of who should pay for children and this is most visible in respect of Child Support policy, where the contributions of the parents have to be made explicit. This is a complex and sensitive area of policy, which raises issues of equity and of the balance between parental rights and obligations in the context of an increasingly complex web of family relationships. Current policy was established with the Child Support Act (1991) which is concerned with ensuring that biological parents pay for their children (see Garnham and Knight 1994, Bennett 1997 and Barnes *et al* 1998 for an overview of the Child Support Act and Child Support policy). This section reviews the evidence relating to current practice and the role of Child Support payments in the lives of lone-parents, non-resident parents and step-families.

### 6.3.1 Lone parents and Child Support

One intention of the Child Support Agency was to increase the numbers of lone parents receiving support from non-resident parents. This has been slow to happen and evidence from studies of lone parents, both before and after the Child Support Act (1991)<sup>34</sup>, consistently show that around one in three lone parents receive regular Child Support payments. The likelihood of receiving such payments is correlated to marital status, gender and employment status (Bradshaw and Millar, 1991; McKay and Marsh 1994; Ford *et al*, 1995; Ford *et al*, 1998)

Bradshaw and Millar (1991) found that only 39 per cent of lone parents had ever received any cash payments and only 29 per cent had received regular payments. Those who had been divorced were the most likely to receive payments, with 40 per cent receiving regular payments, whereas only 14 per cent of single lone parents were receiving money regularly. Of those receiving regular support 30 per cent were lone mothers and only three per cent lone fathers.

Among the PRILIF lone parent cohort, 29 per cent of lone parents were in receipt of maintenance in 1991. This figure falls by 1998 as the cohort matures and members repartner, or their children leave home, until just 20 per cent received any Child Support payments in 1998 (Finlayson *et al*, 2000).

These levels of Child Support are based on amounts reported by lone parents. Surveys of separated fathers show higher reported levels of Child Support payments (Bradshaw *et al*, 1999). The 'truth' of these figures probably lies somewhere in between.

Table 6.2 shows receipt of maintenance by lone parent status and by changes over time. This shows consistent differences between 1991 and 1995, and between never-partnered lone parents and those that have been separated or divorced. Of the never-partnered in 1991, 15 per cent received maintenance, compared to 44 per cent of divorced lone parents. Both groups experience a reduction in numbers over time, but the differences in likelihood of receiving Child Support still remain in 1995. The bottom half of the table shows the status of lone parents in 1995, with some now either married or cohabiting. Those who have repartnered by 1995 were among those most likely to have received maintenance in 1991, but by 1995 they were more likely to have lost it (Ford *et al*, 1998). This could indicate the reluctance of non-resident parents to pay Child Support when the mother repartners.

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<sup>34</sup> The Child Support Act 1991 has been considerably reformed and the Child Support, Pensions and Social Security Act 2000 introduces a reformed Child Support scheme in 2002. The reforms include a simpler, more transparent calculation system so non-resident parents will know in advance how much they have to pay, and an allowance for children in second families. Parents with care receiving Income Support will be allowed to keep up to £10 per week of the maintenance paid for their children.

**Table 6.2 Receipt of maintenance by lone parent's status in the PRILIF lone parent cohort, 1991 – 1995**

	Received maintenance			
	1991	1993	1994	1995
<b>Status in 1991</b>				
Never-partnered	15	14	10	12
Separated from marriage	34	33	29	20
Separated from cohabitation	28	26	20	20
Divorced	44	39	38	31
<b>Status in 1995</b>				
Never-partnered	13	10	10	12
Separated from marriage	38	35	38	26
Separated from cohabitation	23	25	20	21
Divorced	40	34	33	27
Married	38	36	26	19
Cohabiting	36	34	28	21

Source: Ford *et al* (1998:Table 3.3)

Receiving Child Support payments is consistently shown to be associated with employment status. Lone parents in employment were more likely to receive regular payments than those who were unemployed. (Bradshaw and Millar, 1991, McKay and Marsh, 1994; Marsh *et al*, 1997, Ford *et al*, 1998 Marsh *et al*, 2001). (See Chapter 8 for a discussion on the role of Child Support in the employment of lone parents.)

### 6.3.2 What do we know about non-resident parents?

The majority of non-resident parents are fathers, and there has been a growing interest in the rights, roles, and responsibilities of fathers in Britain. However, there is little statistical data available which gives an overall view of fathers as a group (see Burghes *et al*, 1997). It is evident that a growing number of fathers are living apart from some or all of their children.

Analysis of the BHPS data (Clarke, 1997) shows that more than one out of every eight (13 per cent) fathers of children under the age of 18 were not living with any of their children. A further one out of every 40 (2.5 per cent) were living with only some of their dependent children. Fathers of only one child were the least likely to be living with them; nearly one in five (19 per cent) were not doing so.

Information about the characteristics of non-resident parents can be found in several sources. Surveys of lone parents as above (Millar and Bradshaw, 1991; Ford *et al*, 1998, Marsh *et al*, 2001) (rely on lone-parents reporting information about non-resident parents); studies which gather information about both mothers and fathers before and after separation (Jarvis and Jenkins, 1998); and studies which look in detail at absent fathers (Simpson *et al*, 1995, Bradshaw *et al*, 1999).

This section will draw heavily on Bradshaw *et al's* (1999) study of 600 non-resident fathers carried out in 1995/96. The study also included two qualitative studies, one focusing on the fathers' relationships with their children (20 fathers) and the other looking in depth at fathers' financial obligations (18 fathers).

Table 6.3 shows the household circumstances of Bradshaw *et al's* (1999) sample, and illustrates the complexity of family circumstances and relationships. Thirty-six per cent were living alone, 42 per cent were living with a new partner, and four per cent were living with some of their own children, but not with female partners. Seventy per cent were living in households where there were no children. Eleven per cent had new children only living with them. Five per cent were living with their children from a previous relationship; and six per cent had children living with them from a mix of relationships. Nine per cent lived with step-children only. Forty-two per cent had re-partnered, 19 per cent of those with lone parents.

**Table 6.3 Household circumstances of non-resident fathers**

<b>Non-resident fathers (per cent)</b>	
<b>Household composition</b>	
Living alone	36
Living with partner only	16
Living with partner and children	26
Living with children only	4
Living with relatives (no partner or child)	9
Other	9
<b>Children in household</b>	
No child in household	70
New children only	11
Child from previous relationship only	5
Step child only	9
A mixture of children	6

Source: Bradshaw (1999)

Comparing the characteristics of non-resident fathers in their study with resident fathers in the Family Resources Survey 1994/95 Bradshaw *et al* (1999) found that non-resident fathers in the sample were more likely to be in lower social groups, have poorer health, be younger and live in smaller households than fathers in general.

### 6.3.3 What factors influence payment of Child Support?

Evidence from The British Social Attitudes Survey (Kiernan, 1992) shows general agreement among men and women that fathers should support their children whether they are legally married or not. Ninety per cent of men and 95 per cent of women are in favour in principle. However, attitudes to maintaining children after re-partnering indicate that the biological father's role is not necessarily seen as a lifetime commitment,

and that there is also perceived to be a role for step-fathers to contribute to their step-children.

To understand the factors behind non-payment by non-resident fathers we need to consider a number of different issues, including the complex interplay between ability to pay, perceived legitimacy of need, perceptions of parental obligations and the quality of relationships between non-resident parents, parents with care and children. Bradshaw *et al* (1999) identify two sets of factors in their study: those related to capacity to pay, and those related to willingness to pay (see Figure 6.3).

Capacity to pay is clearly an important issue. The evidence from several sources points to a higher than average unemployment rate among non-resident fathers (Ford *et al*, 1998, Jarvis and Jenkins, 1998). Bradshaw *et al* (1999) found that non-resident parents in their sample were more likely to be unemployed and were on average more likely to receive low wages, be dependent on social security benefits, and be poor.

The second section of Figure 6.3 shows a complex mix of moral, social, emotional and relational factors that can impact on whether Child Support is paid. Bradshaw *et al* (1999) divided their sample into three groups, those who were willing payers, those who were paying as a result of enforcement and those who were not paying at all. The key difference between the three appeared to be the presence or absence of contact with non-resident children.

Almost all of those who were paying willingly had contact with children and saw it as a duty to provide, although they did not always place the obligation to non-resident children first. Payment of Child Support eased relationships and negotiations between non-resident parents and mothers; payment was reciprocal: fathers paid and expected contact in return. In some cases payment acted as a form of compensation to alleviate guilt for past behaviour.

Enforced payers and non-payers had similar profiles to each other. The majority had no contact with their children, and poor relationships with their ex-partners, who they felt were obstructing contact and inhibiting the satisfactory development of a relationships with their children. These fathers tended to deny any 'legitimate' need for financial support, either putting their second families financial needs first, or rationalising that mothers (and step-fathers) had sufficient funds to manage without Child Support payments.

**Figure 6.3 Factors associated with non-resident fathers' Child Support compliance**

**Contingent factors related to capacity to pay**

- Fathers' income
- Fathers' commitments to second families
- Mothers' socio-economic circumstances
- Children's need for support
- Past financial settlements

**Contingent factors related to willingness to pay**

- History of relationship with mother and child(ren)
  - How child conceived
  - Confidence over paternity
  - Length and quality of paternal relationship
  - Length and quality of relationship with child (related to child's age)
  - How relationships ended: blame/guilt
- Parental relations post-separation
  - Reciprocal behaviour
  - Reached shared understanding
  - Sharing parental responsibilities
  - Blame/guilt
- Relations with child post-separation
  - Wanting and seeking contact
  - Having active contact
  - Guilt over reduced/unsatisfactory fatherhood role
- Legal expectations and the threat of enforcement

Source: Bradshaw *et al* (1999)

Bradshaw *et al* (1999) conclude that the obligation to pay maintenance is a negotiated one, and relationships with mothers and children are critical in the development and sustenance of secure financial commitment. Other factors that appear to influence Child Support are: age of children at separation, gender and the proximity of non-resident parent to child (Eekelaar and MacLean, 1997, Simpson *et al*, 1995).

Research shows that informal support also plays an important role in maintaining some children. (Simpson *et al*, 1995; Clarke *et al*, 1994; Daniel and Burgess, 1994; Clarke *et al*, 1996; Marsh *et al*, 1997; Bradshaw *et al*, 1999). Where non-resident parents were not paying regular Child Support, there was often a fear amongst lone parents that they would withdraw informal support if pressed to comply by the Child Support Agency (Clarke *et al*, 1994).

These studies reveal the diverse and complex nature of parental rights and obligations. Eekelar and MacLean (1997) explored the different perceptions mothers and fathers may have about each other and their rights and duties with regards to their children. Their study focused on the lives of 250 children who were no longer resident with both parents. Three factors were particularly associated with parental contact and the payment of Child Support. Firstly, contact between non-resident parents and their children varied according to previous relationship status. It was most likely to be maintained by formerly married parents, followed by previously cohabiting parents, and lastly by fathers who had never lived with their child(ren). Secondly, contact with children was strongly associated with payment of support. Finally, subsequent pairing with a new partner by either parent had a strong negative effect on contact and payment of support. Fathers related obligations more closely to 'social' parenthood than natural parenthood. Nearly half would reduce or stop payments if their first wife remarried, and two thirds felt that stepchildren would affect the financial support of first families. Mothers were more inclined towards obligations attached to natural parenthood, particularly as natural and 'social' parenthood coincide for most mothers (see also Burgoyne and Millar, 1994).

#### *6.3.4 The impact of Child Support on step families*

There has been very little research that explores the impact on step-families of Child Support payments. Step-families have only recently been the target of research, and much of this has tended to be focused on child development and step-parenting issues. The key text in this field is Ferri and Smith (1998) who provide a detailed account of step-parent families using the National Child Development cohort at age 33. Over half of the step-families were co-resident (55 per cent), that is the new couple and some or all of their children living together; the remainder were step-families where one or both adults had children living elsewhere. In over half of the co-resident families (56 per cent) the new couple had produced children. Step-families tended to have a larger number of children than first families, and they were typically spread over a wide age range. Step-families also tended to have lower incomes than their peers in first families, and payments of Child Support may seriously disadvantage some step-families.

Payment of Child Support among all non-resident fathers in the NCDS cohort was 61 per cent (Ferri and Smith, 1997, cited in Ferri and Smith, 1998). However, step-fathers appeared to be more likely to pay Child

Support (68 per cent), which would indicate that re-partnering had not necessarily resulted in a reduction in support for children of a previous relationship. This would appear contrary to the findings of other studies (above) which indicate that the existence of second families negatively impacts upon the obligation to pay.

As well as paying Child Support, step-families are also the recipients of Child Support. One third of the step-father families (32 per cent) in the NCDS cohort recorded Child Support payments into the household, and 42 per cent of households that paid Child Support out, also had regular payments of Child Support coming in (Ferri and Smith 1998). The SOLIF (Marsh *et al*, 2001) study found that one in seven low-income couples were entitled to Child Support payments; about half (51 per cent) had an order, but only a quarter (26 per cent) said they received payments (this number could be higher as the Child Support Agency may be collecting payments unseen and deducting from Income Support/Family Credit leaving some couples unaware of the payments).

#### 6.3.5 *The effect of Child Support payments on children*

It is difficult to assess the effects of Child Support payments on children and child poverty. There has been little research that deals directly with this issue from the perspective of children's well-being. Marsh *et al* (1997) using the PRILIF data set to explore the effects of Child Support on family welfare were unable to establish an independent role for Child Support in family welfare. Families receiving maintenance payments were no better off than other families. Children living in households on Income Support did not receive any extra financial support from the payments as they are deducted without any disregard. However, under the new Child Support rules<sup>35</sup> from April 2002 lone parents on Income Support will be able to keep £10 per week of the maintenance payment, this will go some way towards supporting children on the lowest incomes. Where maintenance did appear to have an effect was in conjunction with relatively low-paid work and in-work benefits (including the £15 disregard associated with Family Credit), as 'a three way joint effort' (Marsh *et al* 1997). At present, the importance of maintenance payments for child poverty would appear to lie most in its incentive effect on lone parents and work (see Chapter 9).

#### 6.3.6 *Child Support in cross-national perspective*

There are two recent studies that compare UK Child Support with schemes in other countries. Barnes *et al* (1998) provide short summaries of the way child maintenance is determined and enforced in eight countries (Australia, Austria, France, Germany, the Netherlands, Norway, Sweden and the USA). Corden (1999) focuses specifically on European countries and provides a detailed analysis of the systems in Austria, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden

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<sup>35</sup> Under reformed Child Support scheme.

and the UK. This highlights the wide variety of different structural and administrative arrangements. For example, decisions might be made by parents themselves, by the courts, or by administrative bodies and the mix of discretion and rules varies substantially. The study also attempted to look at outcomes but it is difficult to get comparable data on these. All countries had problems with achieving compliance although the Scandinavian countries (apart from Finland) seem to have been most successful. The UK and the Netherlands were the only two countries with no system of 'advance' payments. In 'advance' payments systems the lone parent receives a standard fixed amount and it is then the responsibility of the government to recoup those payments from the separated parent (Millar, 1996a has argued that the 'Child Support' and the 'advanced maintenance' approaches to Child Support represent two very different models with very different underlying values).

The Australian Child Support Agency also produces a regular report which provides Child Support 'profiles' for various countries, compares how different countries would deal with particular hypothetical cases, and discusses current political and administrative issues (CSA Australia, 2001). The collection edited by Oldham and Melli (2000) gives a comprehensive picture of current trends and debates in Child Support policy and practice in the USA.

#### 6.4 The outcomes for children of changing family structures

This final section looks at the research evidence concerning outcomes for children of family dissolution. The issue of divorce and family breakdown is socially and politically charged and debates about child outcomes can easily lead to an over simplification of inherently complex issues. In this review we will concentrate on UK studies and draw, in particular, on two recent reviews by Burghes (1994) and Rodgers and Prior (1998).<sup>36</sup> The data on this topic is subject to considerable methodological difficulties and limitations, particularly in disentangling the multitude of factors that are operating in children's lives before, during and after family dissolution, and understanding the subtle connections between these. Figure 6.4 contains some key UK studies from the last 10 years.

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<sup>36</sup> There is an extensive literature in the USA, see Amato and Keith, 1991; McLanahan and Sandfur 1994; and Amato and Gilbreth, 1999.

**Figure 6.4 Key studies of child outcomes from family separation since 1990 in UK**

Study	Date of birth	Age	Key outcomes covered	Reference
Twenty-07 Study	1972	18	Socio-economic, anti-social behaviour, educational attainment	Sweeting <i>et al</i> (1998)
National Child Development Study	1958	33	Socio-economic, educational attainment	Kiernan (1997)
National Survey of Sexual Attitudes and Lifestyles	1931-74	16-59	Early sexual behaviour, early adult transitions, early partnership and parenthood	Kiernan and Hobcraft (1997)
Exeter Family Study	1977/81	9-14	Socio-economic, anti-social behaviour, educational attainment, emotional problems	Cockett and Tripp (1994)
National Child Development Study	1958	23	Adult transitions, early partnership	Ni Bhrolchain <i>et al</i> (1994)

Rodgers and Prior (1998) conducted a meta-analysis of evidence from over 200 UK research reports. Some key findings were:

- Educational outcomes – children from separated families in all studies performed lower on educational measures than children from intact families, and this was especially so in respect of formal qualifications. The differences were statistically significant but also tend to substantially reduce or disappear when socio-economic factors were taken into account.
- Early adult transitions – children with separated parents are more likely to leave school and home when young, become sexually active at a young age, form a cohabiting partnership, and become a young parent.
- Antisocial behaviour – research has consistently shown higher levels of antisocial behaviour in children from separated families compared with children from intact families. They also tend to report more depression, smoking, drinking and drug use during adulthood and adolescence. However, this evidence is limited, complex and the outcomes typically evident in only a minority of children.
- Physical health – there have been fewer studies of children’s physical health in comparison to social and psychological outcomes. Findings from these studies are mixed, but overall children from separated families appear to have more health problems and GP consultations, experience more accidents and be admitted to hospital more often than those in intact families.
- Poverty – there is a very strong relationship between living in a lone-parent family and poverty and disadvantage in childhood, persisting into adulthood for some children. *The magnitude of the impact of socio-economic disadvantage far exceeded that for all other outcomes considered.*

Rodgers and Prior (1998) also looked at studies that compared outcomes for children from step-families, intact families and lone-parent families. They found that in general children from step-families fared less well than children from intact families, and in some instances worse than those in lone-parent families. In particular the risks of adverse outcomes for older children were higher in step-families than in lone-parent families, especially in terms of educational achievements, early transitions to adulthood, early sexual activity and early parenthood. Younger children appeared to fare better. These findings may reflect the capacity of younger children to adjust to changing family situations better than older children.

Children who had suffered the death of a parent also have adverse outcomes, but not across the same range as children from separated families. In particular they are less likely to experience the same risk of lower educational achievement, lower socio-economic status, and poorer mental health. However, Rodgers and Pryor (1998) did report some evidence that moving into a step-family situation, although likely to improve socio-economic status for children, was also likely to result in worse outcomes than for those in lone-parent families after bereavement.

These findings need to be treated with caution. First, any one of these findings will only apply to a minority of children whose parents have separated. Second, separation and divorce are a process, not an event, and what happened in the family prior to the divorce has also been shown to be important (Rodgers and Prior 1998). Third, it cannot be assumed that parental separation is the underlying cause and there are other mediating factors that may provide as much if not greater explanatory power than parental separation and lone-parenthood. These include economic factors (poverty and disadvantage before, during and after family breakdown) and parental factors (parental absence, the psychological well-being of parents, the degree of contact with the non-resident parent, and conflict between parents at all stages of the separation process). Differences between children that affect their responses to parental separation include their age and gender at the time of separation and at the time of step-family formation, and the personal resources they have to draw on - their vulnerability and resilience. Burghes (1994) concludes that there is no single or straightforward relationship between family disruption, lone parenthood and outcomes for children, particularly when allowing for other social and psychological influences. 'There is no inevitable path down which children will travel'.

Moreover, as Utting (1995) has argued this sort of research does not reflect the diversity of family types that are emerging, and the comparisons between 'intact' and 'lone-parent' families, which form the basis of many of these studies, present a very static picture. And children themselves tend to be treated as the passive victims of divorce and separation, rather than as active social and moral agents who can themselves influence the processes and outcomes (Douglas 2000, and Neale and Smart 2000). A

recent study of almost 500 children between the ages of five and 16 examined their perspectives on the family changes they had experienced (Dunn and Deater-Deckard, 2001). This found that about a quarter of these children said that no-one has talked to them about the separation when it happened, that many felt confused and distressed, and that grandparents could be very important in helping children through the changes. Among those children who were living in two households, those who felt they were able to play a more active role in decision-making about this felt the most positive about their changed living arrangements.

## 6.5 Summary

This chapter has focused on support for children through a review of evidence that is centred on their lives and experiences. It is clear that children are disproportionately likely to suffer from poverty, and some children will experience severe poverty, possibly over long durations. The outcomes of poverty for children are severe, and need to be seen in the context of childhood as well as future adulthood. Even short transitory spells of poverty can have a significant affect. To establish an income sufficient to keep children out of poverty we need to know the costs of raising children and whether wages and benefit levels are sufficient for families to meet these basic costs. The evidence shows that benefit levels fall well below an adequate income for meeting the cost of children.

Financial support for children from their non-resident parents is also an important source of potential support for children; however, few lone mothers receive regular payments of Child Support. A review of the reasons underpinning non-compliance with Child Support payments revealed a complex mix of factors, which included the interplay of old and new relationships, and gender differentiated perceptions of family obligations, and equity and need. Step-families play an important role in Child Support issues, both as a factors in non-compliance and as payers and receivers of Child Support.

The final section of the chapter looked at the outcomes for children of family disruption. Here the evidence is complex and there appears to be no straightforward relationship between family disruption and adverse outcomes for children. What is apparent is that there is a wide range of economic, social and psychological factors that can influence the lives of children and their families. With a growing diversity of family forms, experiencing life with a lone parent or a step-parent will increasingly become a common experience for children.



## 7 RECONCILING PAID WORK AND CARE

This chapter looks at how families in general reconcile their working lives with their caring responsibilities.<sup>37</sup> The first section outlines current trends in childcare use, including cost and availability. The next section looks at formal and informal childcare arrangements, and parents' attitudes to childcare, including a discussion of children's experiences of childcare, and the needs of families with other caring responsibilities. The final part of the chapter is concerned with reconciling work and care through family-friendly employment practices and also includes a discussion of parental leave.

**7.1 Childcare use** Adequate, affordable and accessible childcare is an important requirement in family strategies for balancing the demands of home and working life. There is a considerable body of evidence from large surveys about childcare arrangements, much of this focuses on childcare for all parents not solely low-income ones (see Figure 7.1).

**Figure 7.1 Surveys of childcare use and demand**

Survey Title	Coverage	References
PRILIF & SOLIF	Childcare use, lone parents and low-income couple families.	Marsh <i>et al</i> , 2001. Finlayson <i>et al</i> , 1996; Ford, 1996, Marsh and McKay, 1993
DfEE (now DfES) Parents' Demand for Childcare Survey	Childcare use and demand. All parents with a child under 14 years, working and non-working.	La Valle <i>et al</i> , 2000
General Household Survey	Special questions on childcare use in 1991 and 1998, all parents surveyed.	Bridgwood <i>et al</i> , 2000. Bridgwood and Savage, 1993
Family Resources Survey and LA database	Take-up, use, demand for childcare; obstacles to supply and provision.	Callender (2000)
Survey commissioned for the Women's Unit	Women's attitudes to combining paid work and family life.	Bryson <i>et al</i> , 1998
NCDS cohort at age 33 years	Childcare use, women in the cohort (Ward <i>et al</i> , 1996) and married couple parents only (Ferri and Smith, 1996).	Ferri and Smith 1996. Ward <i>et al</i> , 1996
British Social Attitudes Survey	Attitudes to work and childcare, all parents working and non-working (1990), and working and non-working mothers (1994).	Thomson 1995 Witherspoon and Prior, 1991

<sup>37</sup> Childcare as a barrier to work and the issue of childcare for students and people in education and training are discussed in Chapter 8.

The evidence from all these studies indicates that the numbers of parents using childcare is increasing. However, childcare arrangements are complex and involve the interaction of several different factors. These include parental employment status – in particular whether mothers work full or part-time–socio-economic status, family structure, and children’s age.

The latest evidence from the 1998 General Household Survey (Bridgwood *et al*, 2000) shows that childcare is used by employed and non-employed mothers. The likelihood of using childcare was associated with mothers’ economic activity particularly for school age children. Three-quarters of pre-school children whose mothers worked full time were in childcare, and two-thirds of children whose mothers worked part-time, compared to a quarter of pre-school children with economically inactive mothers. Children at school with full-time working mothers were six times as likely to be in childcare as those with economically inactive mothers

The DfEE survey of childcare<sup>38</sup> in 1999 (La Valle *et al* 2000) interviewed a representative sample of over 5,000 parents drawn from Child Benefit records. They found that 86 per cent of parents used childcare of some kind in the last year, and 57 per cent had used childcare in the last week. The strongest predictors of childcare use were employment, income status, children’s age and number of children in the household. Parents working full time were the most likely to use childcare: 77 per cent of lone parents in full-time work and 70 per cent of couple families with both in full time work used childcare in the previous week. Families in higher income groups and non-manual occupations were most likely to use childcare, and used it in the greatest quantities. The use of childcare decreased with the age of the child. Children aged three and four were the most likely to have received childcare (76 per cent in the previous week), and 12 – 14 year olds the least (29 per cent).

The focus on childcare is invariably a focus on women. Childcare has been primarily seen as a ‘mother’s’ responsibility, rather than as a parental one. Women in the main tend to organise, arrange and pay for childcare and it is women who change their employment to fit in with childcare needs (Brannen and Moss 1991, Joshi *et al* 1995, Bryson *et al* 1998) (see Chapter 5 for a discussion of the economic costs to women in forgone earnings of caring for children).

### 7.1.1 *Geographical variations in the use of childcare*

Childcare use differs considerably across geographical regions. Table 7.1 shows the level of childcare usage per child between regions (La Valle *et al*, 2000). The lowest level of usage was in London, with 69 per cent of

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<sup>38</sup> A wide range of formal and informal providers were included in the definition of childcare. These included child minders, babysitters, crèches, playgroups, nurseries, out-of-school clubs, grandparents and other relatives.

children receiving childcare in the past year. The highest was in the South East at 90 per cent. Further analysis between household income, employment status and regional trends in childcare showed that the lowest levels of childcare were in areas with the lowest levels of mothers in employment. In London childcare was only used for 36 per cent of children in the reference week, it also had the lowest proportion of mothers in paid employment (45 per cent), and 40 per cent of households with a gross annual income of below £10,399. In the South West where the use of childcare was considerably higher at 49 per cent, 68 per cent of mothers were in paid employment, and 19 per cent of households had a gross income below £10,399.

**Table 7.1 Level of childcare use per child by region**

	<b>North</b>	<b>Yorks/ Humbs</b>	<b>East Midlands</b>	<b>South West</b>	<b>South East</b>	<b>London</b>	<b>Wales</b>	<b>Total</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Last week	47	45	43	49	46	36	38	44
Last year	82	87	77	89	90	69	82	86
<i>Base - weighted</i>	388	1303	551	876	2506	951	509	9270
<i>Unweighted</i>	349	1140	485	780	2184	821	441	8134

Base : All children.

Source: La Valle et al, (2000: table 2.2)

## 7.2 Formal and informal care arrangements

Parents use a wide range of childcare arrangements and these tend to fall into two groups: formal paid care (including nurseries, playgroups, work-place crèches and child-minders), and informal care (childcare from family members and friends, which is usually unpaid, although it can be paid for in cash or kind). A further distinction is between registered and unregistered childcare. Registered childcare includes child minders, playgroups and nurseries registered with a local authority, and after-school-clubs or holiday play-schemes that are registered, approved or on school premises. Nannies, although considered to be formal paid childcare, are not registered for childcare. These are important distinctions as only registered childcare can be counted as ‘eligible’ childcare for the purposes of claiming help with childcare costs through the childcare credit in Working Families’ Tax Credit.

The evidence from all studies point to a strong preference for informal care among both lone parents and couples families. Table 7.2 shows childcare use in 1999 according to family type and employment status. Both family types showed similarly strong preferences for using informal care, with three-quarters of them reporting informal care use in the last year. Formal childcare was higher among couple families at 51 per cent in the last year, compared with 41 per cent of lone parent families. About a third of families (39 per cent of couple families, and 31 per cent of lone-parent families) had used a combination of formal and informal care

throughout the year. However, figures for childcare use in the previous week showed a much smaller proportion of combined use, which would indicate that parents did not use combined methods on a regular basis. Lone parents working full-time are more likely to use formal care (51 per cent) than those working part time (40 per cent) (La Valle *et al*, 2000).

**Table 7.2 Childcare use by household structure and employment**

	Two-parent family				Lone-parent family				
	Both work full- time %	One full- time one part-time %	One full-time %	Neither works %	Total %	Parent works full-time %	Parent works part-time %	Parent does not work %	Total %
Formal	54	52	54	32	51	51	40	37	41
Informal	79	82	68	54	75	81	85	66	74
Formal only	13	10	16	12	12	11	7	11	10
Both	42	43	38	20	39	40	33	26	31
Informal only	38	40	31	34	36	41	52	40	43
Base	838	1508	1095	263	3853	262	322	715	1299

Base: All households.

Source: La Valle *et al* (2000: table 1.14)

The age of the child needing care is significant in the choice of care. Parents with children under five years of age are more likely to use professional care than those with older children. However, the majority of parents still preferred to use informal care for pre-school children as well as for those of school age (Finlayson *et al* 1996, Bridgwood *et al*, 2000, Marsh *et al*, 2001). Some mothers tailor their employment around their children's school times. Finlayson *et al*, (1996) found that 30 per cent of working mothers with children aged between 11 and 15 years of age avoided using other forms of childcare altogether by only working during school hours, or working at home.

Attitudinal surveys, which look at parents' preferences for childcare show that informal childcare is the childcare of choice for the majority of parents (Thomson 1995, Bryson *et al*, 1998). The DfEE survey of childcare demand asked parents to choose their first choice of provider, while they were working, studying or training. The overall choice was informal care, and 29 per cent chose their partners, 16 per cent a grandparent and 18 per cent would ideally prefer to work in term time only. The most common choice of formal provider was a crèche/nursery but this was chosen by just five per cent of parents (La Valle *et al*, 2000)

### 7.2.1 Informal care

Fathers frequently undertake informal care in couple families. Ferri and Smith's (1996) study of married couples in the NCDS cohort at age 33 years found that fathers alone or in combination with other sources of care (mainly informal) provided care in four out of ten cases where the

child was under five and in half of those where the child was over five. In dual-earner families fathers were most likely to provide care where the mother worked very short hours (less than 16 hours per week). Fifty-four per cent of husbands looked after under-fives in this group, with 37 per cent being the sole carer. 'Shift-parenting' was common in these families and in 71 per cent of cases the mother worked in the evening between 6pm and 10pm. When mothers worked longer hours (35+) fathers figured considerably less in the caring arrangements; just 19 per cent in families with under fives, and only four per cent with sole caring responsibilities.

Ferri and Smith (1996) also looked at a small group of single-earner families where the mother was employed and found that as expected fathers were providing a high proportion of care with 75 per cent involved in some form of childcare. However, only 39 per cent of those with pre-school children were sole carers, indicating the limited extent to which fathers in these families had taken the burden of full family responsibility.

For lone mothers the preference for informal care is just as strong as couple mothers' but without the support of a partner to help with care. There is some evidence that ex-partners play a role in childcare although this is generally a small one. The DfEE survey of childcare found that 25 per cent of full time working lone parents and 29 per cent of part time working lone parents had used their ex-partners for childcare in the past year (La Valle *et al*, 2000). However, Finch and Gloyer (2000) in a study of childcare and the NDLP found that although some lone parents turned to their ex-partners for help with childcare in the short term, such support tended to dwindle over time, and some were reluctant to use this source of childcare at all. In general, lone parents were most likely to use childcare from friends and relatives (46 per cent of lone parents working full time and 53 per cent working part time) (La Valle *et al*, 2000).

Grandparents play an important role in childcare for lone mothers, and couple families (Bradshaw and Millar 1991, Ferri and Smith 1996, La Valle *et al*, 2000). This is particularly apparent where women are working part-time: 66 per cent of childcare in couple families (where one worked full time and one part time) and 60 per cent of childcare in lone-parent families who worked part time was provided by grandparents over the previous year (La Valle *et al*, 2000). It is possible that grandparents are becoming more central to supporting and sustaining families in their endeavours to balance work and caring responsibilities. However, family obligations to care cannot be assumed, and care and support often rely on reciprocity and negotiation (Finch and Mason 1993). The British Social Attitudes Survey (Dench *et al*, 1999) showed that although grandparents placed a high value on their relationships with their grandchildren, where grandparents are able to choose how much childcare support they give to their children many provide very little. Where childcare support is high

grandparents often report a lower level of satisfaction, this effect is heightened after family breakdown when greater levels of support are imposed by family circumstances.

The strong preference for informal childcare creates a financial disadvantage for low-income couples and lone parents receiving in-work benefits who would otherwise be eligible for the childcare credit in Working Families' Tax Credit. Table 7.3 shows childcare used by lone parents and couple families in the SOLIF data (Marsh *et al*, 2001). Only 21 per cent of low-income couple families and 29 per cent of lone parents used registered care. Lone parents appear to be more likely to pay for some of their care, 36 per cent paid for some of their childcare compared to 24 per cent of couple families. However, these figures are inflated by the inclusion of higher income lone parents in the sample (64 per cent of higher income lone parents in the sample paid for some of their childcare).

**Table 7.3 Childcare arrangements for working lone parent and low-to-moderate income couple families, 1999**

	<b>Lone parents</b>	<b>Couple families</b>
Used childcare	68	76
Paid for some childcare	36	24
Used 'registered' childcare	29	21
Used 'unregistered' childcare	85	91
Used both 'registered and 'unregistered' childcare	14	12

Source: Marsh *et al*, (2001:Tables 9.15 and 9.17)

### 7.2.2 Formal childcare provision

Much of the research evidence, particularly in the early 1990s, pointed to a major shortfall in affordable and accessible childcare to enable mothers to enter paid work (Millar and Bradshaw, 1991; Cohen and Fraser, 1991; Holterman and Clarke, 1993; Holterman, 1993). Studies that are more recent have shown that cost and availability are still issues for parents.

The PSI Maternity Rights study found that a third of mothers could not earn enough to return to paid work after the birth of their child, and one in ten mothers said that they were unable to find suitable childcare for their needs (Callender *et al*, 1997).

Following the launch of the National Childcare Strategy the numbers of formal childcare providers is rapidly expanding (Stratford *et al*, 1997; Prior *et al*, 1999; Smith and Barker, 1999; Smith and Barker 2000, Blake *et al*, 2000, DfEE, 2000, DfES 2001).

After school care plays an important role in childcare provision for older children. Evidence from a survey by the Kids Club Network (Smith and Barker 2000) shows that after school clubs have expanded rapidly from about 350 in 1990 to over 5,000<sup>39</sup> in 1999, and numbers are set to rise to

<sup>39</sup> These include after school clubs, breakfast clubs and holiday clubs.

a further 30,000. At present demand for places exceeds supply, and over 11,400 children were on waiting lists in 1999.

The numbers of Day Nurseries has steadily risen in the last decade from 2,900 in 1990 to 7,800 in 2000. Play group and pre-school places have increased to 353,100 and there was a 15 per cent increase in holiday schemes<sup>40</sup> between 1999 and 2000<sup>41</sup>.

While overall provision of formal childcare is increasing, within this, the numbers of registered child-minders are decreasing. Numbers have fluctuated during the 1990s, falling from a high of 109,200 in 1992 to 75,600 in 2000<sup>42</sup> (DfEE 2000). The decrease in the numbers of registered childminders could be a cause for concern. Child-minders play a significant role in supplying formal childcare needs (Marsh and McKay 1993, Bridgwood and Savage 1993) especially for full time working mothers and those in high status employment (Bridgwood *et al*, 2000). Analysis of the Family Resources Survey for 1993-1996 by Mooney *et al* (2001) showed that after informal care, child-minders were the highest providers of care to under fives, accounting for nearly a quarter (22 per cent) of formal care arrangements.

Callender (2000) used Family Resources Survey data and linked locality data to assess how far local supplies of childcare affected working mothers' use of formal childcare. She found that taking all factors into account, including mothers' characteristics and family circumstances, numbers of child-minding places and out-of-school club places were both significant influences on the demand for formal childcare. Lack of availability of these care places constrained childcare demand.

Out of school clubs play an important role in the National Childcare Strategy through provision of care for older children, and there has been considerable growth in provision. Smith and Barker (2000) in a small survey of 25 out of school clubs found that cost and services provided were very variable. There was a lack of concessionary places for children of low-income families and those with special needs; less than half (40 per cent) offered concessions to low-income families and only 21 per

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<sup>40</sup> Holiday schemes care for children of school age during the school holidays and operate like out-of-school clubs.

<sup>41</sup> Provisional figures for 2001 indicate that between March 2000 and March 2001 there has been an increase of 300 (3%) in the number of day nurseries and a decrease of 300 (2%) in the number of playgroups. The number of child-minders is still falling with a decrease of 3,300 (4%) between March 2000 and March 2001 (DfES 2001).

<sup>42</sup> Numbers of child-minders are difficult to ascertain as they may remain on Local Authority registers when they are no longer minding. A quarter of respondents in a survey of child-minders by Mooney *et al*, (2001) had stopped child-minding either permanently or temporarily, even though their names were still on local authority lists as active.

cent of clubs had disabled children attending. There was also little awareness or promotion of ethnic diversity.

There is little formal childcare provision that is arranged with shift-working, or evening and weekend working hours in mind. After school clubs and private nurseries are the main exceptions; however a study for the Day Care Trust of shift-working families (Kozak, 1994) found that workers rely heavily on their partners for childcare. Nearly three-quarters of shift-working parents use more than one type of childcare during working hours, and 42 per cent reported childcare problems. Shiftworkers were paying more than other parents were for childcare, which placed a heavy burden on women who earned less than men. La Valle *et al* (2000) looked at the extent to which childcare is used at 'non-standard'<sup>43</sup> times and found that 17 per cent of families were using early morning childcare, 17 per cent late afternoon childcare, nine per cent evening care and 18 per cent weekend childcare. The lowest use of childcare was among couples where one parent worked shifts and the other standard hours.

### 7.2.3 *Costs of childcare*

Clearly, the cost of formal childcare may be an important practical barrier to its use, although it is only a partial explanation of variations in childcare use (see discussion below). Childcare costs vary according to the type of care used and the time of day covered, and higher costs will be experienced by full time workers, parents of pre-school children who need childcare during school hours, and families with more than one child.

The median weekly cost of childcare for working lone parents in the SOLIF sample was £20 for part-time workers (16-29 hours) and £40 for full-time workers (30+ hours). For couple families, it was £35 for part-time workers (16-29 hours) and £34 for full time (30+hours). The highest costs were found to be for younger children aged between 0 and 4 years (Marsh *et al*, 2001). The majority of families in the DfEE survey (51 per cent) had childcare costs below £20 per week, although these figures represent an average of payments for all ages of children and full-time/part-time employment etc. Payments varied according to socio-economic status and the children's age; families in the highest income brackets with pre-school children incurred the highest costs, with 17 per cent of families paying more than £70 per week (La Valle *et al*, 2000).

The advantages of informal childcare would appear to be its relative cheapness; however, informal care is not necessarily free of costs, one-fifth of working lone parents (18 per cent) and 12 per cent of low-to-moderate income couple families in the SOLIF sample were paying for informal care the average amount was £19 and £20 per week respectively. (Marsh *et al*, 2001). These payments would not qualify for help with

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<sup>43</sup> 'Non-standard' times are early morning (6am to 9am), late afternoon (3.30pm to 6pm), evening (6pm to 10pm) and weekends.

childcare costs under the childcare credit in Working Families' Tax Credit, as informal (unregistered) care is not seen as 'eligible' childcare. La Valle *et al* (2000) also found that while the majority of informal providers were not paid, 37 per cent did receive a payment in kind, this was mainly in the form of a gift for relatives or reciprocal childcare for friends.

The costs of childcare can also be counted in terms of time costs; Land (2001) argues that the location of childcare/schools in relation to home and employment is an important factor and places considerable constraints on the timing and location of mothers' employment.

### 7.3 Attitudes to childcare

While cost and availability are clearly important practical barriers to childcare use, they provide only partial explanations of complex issues. Different employment conditions, economic circumstances, and social needs can influence attitudes to childcare. In addition, families' perceptions of the appropriate childcare for their children can vary considerably, in particular attitudes towards childcare can be tied to deeply-held views on parenting and women's identities as 'good' mothers.

The social tensions and ambiguities between being a 'good mother' and being a 'good worker' are particularly heightened in the case of lone parents where there is a potential conflict between the responsibility for sole caring and the need (and increasingly the social expectation) of taking up paid work. Attitudes in the general population towards lone parents working are ambivalent. The *British Social Attitudes* survey which asked whether a single mother with a pre-school child should go out to work, found that while the majority of men and women felt that she should choose to do as she pleased, 29 per cent of men and 20 per cent of women felt that she should stay at home and look after her child. This drops to five and four per cent respectively when she has a school-aged child. (Hinds and Jarvis, 2000; see also Hills and Orsolya, 1999)

Qualitative research with lone mothers about their attitudes to work and childcare reveals some of the complexity of this issue (Ford 1996, Duncan and Edwards 1999, Finch and Gloyer 2000). These show that costs and availability are only partial explanations for low childcare use among lone parents. Attitudes towards childcare are also shaped by their identities as sole parents, and there was a reluctance to leave children in the care of others. Some parents clearly preferred to be full-time mothers, while others felt a strong obligation towards compensating their children for the absence of the other parent through stable parental care. Children's views on their childcare, either expressed verbally or through behaviour, were also influential. The overall preference was for informal care, which was seen as cheaper and more trustworthy; but this was restrained by feelings of obligation, and limited availability. Fears for children's safety underpinned much of the concern about formal care; child-minders in particular were seen as having a poor reputation. (See Chapter 8 for further discussion of lone mothers' attitudes to childcare and employment.)

### 7.3.1 *Children and childcare*

Parents are concerned about their children's experience of childcare, and this can influence whether they use childcare at all and what type of care they choose. Children are the primary users of childcare services and yet their experiences of care are rarely sought. Recent initiatives, such as the ESRC Children 5-16 Research Programme, Kids' Club Network and the DfEE Audit of Childcare Provision (which included a requirement for all local authorities to consult with children as well as parents and providers of childcare) have started to address this gap.

Smith and Barker (2000) carried out child-centred research with over 400 children aged between four and 12 years attending out-of-school services. They found that the majority of children (79 per cent) attended because of parental employment; but they enjoyed their time at clubs and saw it as an opportunity to meet with friends, especially in rural areas. A significant minority of children (19 per cent) chose to attend because clubs provided better play opportunities than they would have had at home. However, older children and boys tended to feel that the clubs were oriented towards the needs of younger children. These insights may help to explain why some older children are less likely to attend after school provision.

### 7.3.2 *Childcare needs for parents with sick and disabled children*

When children are ill it is usually mothers who take time off to care for them (Ferri and Smith 1996). For parents with children who have long term illness or disability the struggle to balance caring responsibilities with employment becomes particularly acute. Evidence from the SOLIF data shows that caring for a sick or disabled child is an important cause of some parents not working (see Chapter 8). Kagan *et al*, (1998) provides an insight into the lives of those who do manage to combine caring with work. They interviewed 42 working parents of disabled children (five lone parents and 37 couple families) to explore how families combine their work and care. All parents said they needed to work for financial and psychological reasons. However, due to the needs of their children, the dilemmas of combining work and care continued for longer periods than for other parents, sometimes indefinitely. The barriers to employment they identified were a lack of adequate childcare, benefit penalties, and a lack of flexibility in employment and the school system.

Kagan *et al*, (1998) identified four different types of dual earner arrangements in the 37 couple families. Nineteen families were 'one and a half earner' families where fathers worked full-time and mothers work flexibly part time. The others were evenly divided (six each) into 'modified single-earner' families in which the father worked full time and the mother worked a minimum of work to fit in with the fathers' non-working time and the child's needs; 'full-time dual earners' who needed considerable flexibility in work and community support; and 'flexible dual earners' where both partners worked part time or flexible hours. Many of the mothers said they would like to work more hours but were constrained by a lack of flexible childcare and benefit penalties. Without the extra

support from a partner, lone parents found it particularly hard to be sole providers and carers. This was a small sample of lone parents and more research is needed to understand how lone parents balance the demands of caring for a sick or disabled child with employment.

#### 7.4 Carers of sick, disabled or elderly people

Data on carers can be found in the Family Resources Survey, the General Household Survey for 1995/96 (and in the forthcoming GHS 2000 survey)<sup>44</sup>. Carers of working age are less likely to be in employment than their peers (Evandrou and Winter 1993, Corti *et al*, 1994, Corti and Dex 1995, Dex 1999). Analysis of the 1995/6 GHS showed that one in eight (13 per cent) of people in Britain were caring for a sick, disabled or elderly person (Dex 1999). Both men and women are carers<sup>45</sup> although the evidence indicates that women are more likely to be involved in heavy caring commitments (Arber and Ginn 1995, Dex 1999).

Analysis of the 1990/91 GHS by Arber and Ginn (1995) found that employment patterns for women carers differ according to whether they are co-resident carers or extra-resident carers. Co-residence tended to reduce full-time and part-time employment more. They also argued that there was little evidence that caring for under 20 hours a week reduced hours in paid employment. However, since 1990/91 the numbers of people caring for more than 20 hours per week has increased sharply, and in 1995, 1.9 million people were caring for 20 hours or more a week, around half of these for 50 hours or more (Dex 1999). A significant minority (41 per cent) of working age carers, who were caring for at least 20 hours per week were in employment, although male carers were more likely to work, and work full time, than were female carers (Dex, 1999).

Analysis of caring responsibilities and employment using the first wave (1991) of the BHPS was carried out by Corti *et al*, (1994) and Corti and Dex (1995). They found that many carers had left work or changed their employment patterns to fit around their caring responsibilities. When in paid employment, carers had significantly lower incomes than their non-caring peers (Corti and Dex, 1995). The Family Resources Survey 1998/99 shows that over one third of informal carers live in households where social security benefits are the main source of income (DSS 2000).

Evidence from SOLIF (Marsh *et al*, 2001, p206) shows that 28 per cent of women in non-working couples who did not expect to work in the future cited caring responsibilities as restricting their capacity to work.

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<sup>44</sup> The 2001 Census had a question on caring responsibilities.

<sup>45</sup> Children can also be carers of their sick and disabled parents. Research into 'young carers' shows that young people who care for their chronically sick or disabled parents over long periods of time risk future long-term employment problems through missed schooling and a lack of qualifications (see Becker *et al* 1998, Dearden and Becker 2000).

These were mainly co-resident carers and 79 per cent were caring for their partners. Ten per cent of non-working lone parents also reported additional caring responsibilities beyond themselves and their children, these were mainly for elderly parents.

### 7.5 Family-friendly employment practice

Family-friendly employment practices include a wide range of measures to facilitate the process of reconciling work and family life. Bevan *et al* (1999) define these as: 'a set of formal or informal terms and conditions which exceed the statutory minimum and are designed to enable an employee to combine caring responsibilities with employment'. These might include flexible working arrangements (term-time working, part-time work, job-share and home-working); family leave arrangements (maternity leave, parental leave, paternity leave and career breaks); and childcare support (workplace crèches, subsidised childcare, financial help for care of elderly). They have tended to be seen in the context of facilitating women's dual roles as carers and employees.

However, there is a growing recognition of the importance of extending the benefits from family-friendly working practices to men and women. Fathers in the UK are working the longest hours in Europe and spending the least time with their families (Ferri and Smith 1996, Forth *et al*, 1997). The increase in mothers' employment has not resulted in a decrease of fathers' work hours, which with the result that there is considerable pressure on working families in reconciling their work and caring responsibilities

Attitudinal surveys give an insight into which practices parents consider the most important for their work life balance. La Valle *et al* (2000) asked working couple families and working lone mothers what kind of help would make it easier for them to work. At the top of the list for both was time off when a child is sick, followed by a preference for term-time working. Bryson *et al* (1998), in a survey of women's attitudes towards combining employment and family life, asked mothers with children in three different age groups which three arrangements from a given list would be the most useful family-friendly working practices. Table 7.4 shows that flexi-time was considered to be by far the most useful measure for pre-school children, followed by being able to work from home and special paid leave for a sick child. Workplace nurseries and part-time working were also considered to be useful. Mothers of children aged six preferred term-time employment and flexi-time, fitting in their family care needs with the school day. Mothers of the oldest children also preferred flexi-time work followed by term-time contracts and paid time off to care for sick children.

**Table 7.4 Perceived usefulness of family-friendly practices**

	<b>Pre-school children</b>	<b>Children aged six</b>	<b>Children aged twelve</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Flexi-time	51	38	47
Part-time work, school hours	Na	43	35
Term-time contracts	Na	31	29
Working from home	37	21	17
Paid time off for sick child	36	29	26
Part-time work, fewer hours	30	20	15
Workplace nurseries	30	na	na
Job-sharing	27	18	22
Part-time work, fewer days	22	15	14
After school care	Na	18	21
School holiday play schemes	Na	14	21
The full cost of child care	14	6	4
Unpaid time off if children are sick	12	10	11
Part of the cost of childcare	12	7	5
Subsidised nearby nursery	9	na	na

Source: Bryson *et al*, (1998: Table 4.7)

Large-scale surveys of family-friendly work practices provide an insight into current employment practices. Key studies include a survey of employers and a postal survey of recent mothers and their partners carried out by the PSI (Callender *et al*, 1997, Forth *et al*, 1997); the 1998 Workplace Employee Relations Survey (Cully *et al*, 1999); and the Work-Life Balance Baseline Study (Hogarth *et al*, 2001). Forth *et al*, 1997 and Cully *et al*, 1999 found that public provision of family-friendly employment practices was at a higher level than private provision, although this improved with the size of the company and unionisation. Forth *et al* (1997) found that nine out of ten employers in 1996 provided at least one family-friendly working arrangement, the most common being flexi-time. To assess the extent of overall provision they used four categories of family-friendly initiatives – maternity benefits, paternity leave, childcare arrangements and non-standard working hours. Only five per cent of employers had voluntarily provided family-friendly working arrangements in all four categories; a similar percentage was found in the Workplace Employee Relations Survey (Cully *et al*, 1999).

Hogarth *et al* (2001) conducted a Work-Life Balance Baseline Study of employers and employees for the DfEE to assess the extent to which employers operated work-life balance practices, covering a representative survey of 2500 workplaces and 7500 employees. Key findings from the survey included:

- A high level of support for work-life balance from both employers and employees, but actual current practice was very mixed.

- More than a quarter of full-time employees worked long hours (49 or more hours a week).
- Other than part-time working there was little flexible working available, although 47 per cent of employees not using flexi-time would have liked to do so. The proportion of men wanting to work flexi-time exceeds women, and women were more likely to want term-time working or reduced hours.

Employers introduce family-friendly measures for a range of reasons. Bevan *et al* (1999) carried out case studies in 11 organisations which had adopted a range of family-friendly measures and found that these were often initially adopted as ‘somewhat random responses to a short-term problem’ (p xiii) usually for business reasons. These were then developed into formal policies. The main areas where they felt that they benefited were in reduced casual sickness, improved retention, improved productivity, improved attraction for recruitment, and improved morale and commitment. Lewis *et al* (2001) in interviews in 40 organisations found there were various reasons for the introduction of family-friendly measures and also highlighted three main barriers to their introduction: an absence of perceived need, concerns about the impact on productivity, and lack of scope for flexibility. They also found lots of use of discretion, and that line managers were often responsible for decisions in practice.

Evans, J (2001) compares family-friendly practices in Australia, Japan, the UK and the USA, and (on more limited measures) in the EU member states. In general, the most common sorts of provision are changes in working hours (flexi-time and/or part-time working). Rarely do employers in any of these countries offer childcare or extra family leave. The paper also explores the relationship between statutory requirements and extra-statutory arrangements for maternity leave and finds that these are least likely to be found in countries where such statutory provision is either high (e.g. the Nordic countries) or low (the UK).

For mothers returning to work after childbirth, family-friendly provisions are particularly important. Callender *et al* (1997) found that a high percentage of women had returned to work following childbirth (67 per cent). Seventy per cent of these had returned to the same jobs, and 30 per cent had changed jobs or employers (29 per cent said this was because their old jobs were not available). Other studies have found that women returning from maternity leave often return to part-time working only. Forth *et al* (1997) found that over half of mothers returning after childbirth had used flexi-time arrangements, which included reduced hours, and job sharing. Only 12 per cent of fathers had used this provision. Hogarth *et al* (2001) found that 70 per cent of full-time working women switched to part-time working on their return to work after childbirth, and given a choice 55 per cent of women said that they would prefer greater flexibility of working hours to a longer period of maternity leave.

## 7.6 Parental leave in Europe

In this final section, we focus on one aspect of reconciling work and family life: the role of statutory parental leave provision for mothers and/or fathers and paternity leave for fathers. We will draw on the experience of different countries in Europe for an insight into the different ways in which countries are trying to facilitate the balance of people's work-life commitments. Useful sources of information about family-related initiatives and policies in Europe include the European Observatory of Family Policies, see Chapter 5), and the MISSOC (Mutual Information System on Social Protection in the European Union) database. Recent studies include Moss and Deven's (1999) edited overview of parental leave policies in the EU and Norway.

While maternity leave is reserved for the mother, parental leave is available to one or both parents and is not just reserved for families with very young babies. Following the EU Directive on Parental Leave, which came into effect in June 1996, all member states in the EU have some kind of parental leave. However, they vary considerably across member states in terms of qualification, duration, flexibility, transferability, conditions and payment.

Table 7.5 shows the diversity of parental leave schemes operating in the European Union (Gauthier, 2000). In half of the countries leave is unpaid, and in the others a combination of means-tested and non-means-tested benefits is paid. There are large differences between countries in the duration of parental leaves. Some, such as Ireland and Greece, offer only three months while others, such as France and Germany, offer up to three years. Flexible leave allows families to take the time off when they need it and countries vary considerably in their provision. For example:

- In Germany the three years' leave can be taken by either parent, but it has to be taken in one go and only one parent at a time can be on leave. In Sweden there are 450 days of paid leave that can be staggered, and can also be used to reduce working hours and fit around childcare. So parents can reduce their working hours to 30 a week, with a cut in pay, and use extra hours to fit in round childcare.
- In Norway paid leave can be taken using a time account scheme, whereby parents do not have to use all their leave benefit quotas in one leave period but can retain unused days and then use them within a three-year period.

**Table 7.5 Parental Leave Schemes in the European Union, 1999**

	<b>Duration (months)<sup>1</sup></b>	<b>Cash benefits (as % of wage)<sup>2</sup></b>	<b>Flexibility<sup>3</sup></b>	<b>Father's Entitlement</b>
Austria	24*	31	—	Father entitled to 6 months non-transferable.
Belgium	3	37	Up to child's fourth birthday.	Both parent entitled to a separate leave.
Denmark	12*	63	Up to child's eighth birthday.	Father entitled to simultaneous leave.
Finland	36*	66	—	Father entitled to the same leave.
France <sup>4</sup>	36*	39	—	Father entitled to leave (instead of mother).
Germany	36*	24	—	Father entitled to leave.
Greece	7	Unpaid	Up to child's third and a half birthday.	Each entitled to non-transferable 3.5 months
Ireland	3	Unpaid	Up to child's fifth birthday.	Both parents entitled to leave.
Italy <sup>5</sup>	6	30	Up to child's ninth birthday.	May be taken by father or mother.
Lux'bourg <sup>6</sup>	12	63	May not be taken in instalments.	Each entitled to non-transferable 6 months.
Netherlands	6	Unpaid	Up to child's eighth birthday.	Both parents entitled
Portugal	24	Unpaid	Up to child's third birthday.	Father entitled to leave.
Spain	36*	Unpaid	—	Only one parent can make use of the benefit
Sweden	15	Paid	Up to child's eighth birthday.	Each parent entitled to leave.
UK	6	Unpaid	Up to child's fifth birthday	Each parent is entitled to 3 months leave.

1 Duration marked by \* are cases for which the duration includes the post-childbirth period covered by the maternity leave.

2 In some countries, the benefits are paid as flat-rate benefits. They were converted into a percentage using data on the female average wages in manufacturing (from the ILO *Yearbook of Labor Statistics*). When the wages for 1998 were not available, they were estimated using the latest data available and data on the consumer price index. The flat-rate benefits, in national currency, were as follows (in 1998): Austria: 18.50 ATS/day; Belgium: 20,000 FB/month; Denmark: 70 per cent of unemployment benefit; France: 460 ECU/month (for full-time leave); Germany: 600 DM/month; Luxembourg: 60,000 LF/month (only paid to one parent).

3 Flexibility: In some countries, the parental leave has to be taken immediately following the period covered by the paid maternity leave. The information that appears in this column corresponds to cases for which the leave may be taken at any time during a longer and more flexible period.

4 France: The parental leave benefits (allocation parentale à l'éducation, APE) are paid to parents with at least 2 children, including at least one under the age of 3.

5 Italy: There are plans to extend this leave to 10 months.

6 Luxembourg: The cash benefits correspond to more than 100 per cent of the average earnings of wage earners in manufacturing, but 63 per cent of the average earnings of salaried employees in manufacturing.

Source: Gauthier (2000, Table 4).

**7.6.1 Paternity leave** Family-friendly employment practices can act to reinforce gender divisions of care insofar as women are more likely than men to take advantage of provision (Moss and Deven, 1999; Bruning and Plantenga, 1999). This is likely to be the case where parental leave is unpaid, or paid at a flat rate. Take-up of parental leave by fathers can be low. In Germany 96 per cent of women take up parental leave but only two per cent of men do so. In Sweden about 50 per cent of fathers take some parental leave but they only take 10 per cent of all the leave taken – women take the other 90 per cent.

In Norway there has been a dramatic increase in the take-up of parental leave by men – from under five per cent to over 70 per cent – as a result of the ‘daddy quota’ scheme, introduced in 1993. The ‘daddy quota’ gives fathers four weeks paid leave which is reserved exclusively for them and which is not transferable to mothers. The background to the legislation was twofold: to promote gender equality in the workplace and to promote fathers’ caring role. Reserving the leave period for fathers only was crucial in improving take-up, not least because it made it more difficult for employers to refuse (Leira, 1998; 2000).

The diversity of provision across Europe gives an indication of the different ways in which countries are balancing work and family life, and engaging with the challenges presented by the growth of dual-earner families. Moss and Deven (1999) suggest six areas where better information and more research are called for. These include: improved statistical information about parental leave take up and use; greater understanding of how and why mothers and fathers make their decisions about leave; the impact of leave taking in both the short and the long term for parents, children, families and employers, and the effects of family diversity on leave.

#### 7.7 Summary

There has been a considerable increase in the numbers of parents using childcare in recent years. Many factors appear to influence the use of childcare, including employment status, income and children’s age. Despite the growth in formal childcare provision, the majority of parents still prefer informal childcare arrangements to formal ones. However, informal childcare is not without costs, and many low-income families are paying for informal care without the benefit of the childcare credit in Working Families’ Tax Credit. Parents’ attitudes to childcare are highly complex and concern not only socio-economic factors but also attitudes towards parenting and motherhood. Those caring for disabled and elderly family members are severely affected in their capacity to work and their incomes both in and out of work are reduced, especially when caring for more than 20 hours a week. Flexible employment and family-friendly working arrangements are important factors in parents’ and carers’ capacity to reconcile their work and caring responsibilities. However, the evidence suggests that, in general, there is still little employment flexibility available.



## 8 BARRIERS TO PAID WORK

Much of research into unemployment and benefit receipt in the 1970s and 1980s focused on whether benefits for unemployed people created financial disincentives to work. This showed that such financial disincentive effects did seem to exist but were not large, and had a greater impact on women than on men (Dilnot and Walker, 1989; Gregg *et al*, 1999b). In the 1990s, however, research became increasingly focused on putting these financial incentives into a wider context and considering all the factors that might influence labour supply (Bryson and McKay, 1994). The concepts of ‘barriers’ and ‘bridges’ to work has become central to this approach, and in this and the next chapter we summarise the key findings, in this chapter in respect of the barriers that make it difficult for people to get into work and in the next in respect of the policy measures that help people obtain and sustain employment.

### 8.1 Barriers to work – the general picture

Gardiner (1997) constructed a typology of potential barriers that relate to different ‘stages’ in moving into work (see also Bennett and Walker, 1998). These stages include being economically inactive, the desire to have a job, the search for a job, and securing employment. At each stage, there are various things that might impede a move into the next stage. Her typology is shown in Figure 8.1. The idea that people move through stages that bring them progressively closer to the labour market, and that at each stage they overcome various barriers before they can move into the next is likely to be a rather simplistic view of what actually happens in practice. But this list is useful in highlighting the number and range of possible work barriers – both individual and structural – that people might face. These barriers include human capital characteristics (educational qualifications, work experience, etc), attitudinal factors (values, motivation, etc), labour demand (lack of suitable jobs, employer prejudice, etc), services in work (childcare, etc), benefits and employment services (benefits levels, lack of flexibility, lack of training, etc), information failures (lack of knowledge about job opportunities, about benefits rules etc), and uncertainty (about income, about jobs, etc).

**Figure 8.1 Potential barriers to securing employment**

<b>Economically inactive</b>	
<i>Individual</i>	<i>Benefits system and employment services</i>
a) Lack of educational qualifications	a) Benefit levels are too high
b) Lack of work experience	b) Benefits levels are too low
c) Lack of basic skills	c) Difficulties and delays in payment of benefits
d) Lack of practical skills/access to facilities	d) Disincentives for couples
e) Long term sickness/disability	e) Disincentives to work while on benefits
f) Caring responsibilities	f) Treatment of housing costs
g) High living costs	g) Loss of passported benefits
	h) Lack of suitable training
	i) Lack of assistance with job search
	j) Lack of flexibility and responsiveness of the system to people's needs
<b>Desire for a job</b>	
<i>Individual attachment to the labour market</i>	<i>Lack of information</i>
a) Cultural/social values that restrict job search	a) Job opportunities
b) Lack of flexibility about work one would consider	b) Benefits
c) Lack of motivation	c) Take-home pay
d) Unrealistic reservation wages	d) Training another employment services
e) Insufficient job search	e) Rules concerning working while on benefits
<b>Job search</b>	
<i>Job markets and employers</i>	<i>Uncertainty</i>
a) Lack of jobs at national or local level	a) Net income in work
b) Lack of suitable kinds of work	b) Managing financially during transition
c) Lack of jobs with adequate wages	c) New job
d) Prejudice of employers	d) Need to reclaim benefits
e) Employment conditions	
<b>Securing employment</b>	
a) Childcare	
b) Travel, clothing and tools	

Source: Gardiner, 1997, p8

The list in Figure 8.1 does not indicate anything about the relative importance of these factors, nor about whether they apply more to some groups of unemployed or non-working people than to others. However, the extensive research evaluating the New Deal programmes has explored the nature and relative importance of the barriers to work faced by the various target groups. Millar (2000, p.v) sums up the New Deal evaluation evidence on barriers to work and how these vary for different groups:

For all groups the main barriers to work centred around lack of skills and work experience, low or inappropriate job search, psychological factors (including lack of self-confidence and lack of realistic goals), the level and type of job opportunities available in the local labour market, and employer attitudes.

But different emphases were found for different groups. For young people the key barriers were lack of skills and work experience, ineffective job search, low pay, and access to and costs of transport. For the long-term unemployed the key barriers were a mismatch between their skills and what was required, outdated skills, and lack of transport. For disabled people the key barriers were special needs associated with their disabilities and employer attitudes. For lone parents, childcare and money issues were paramount. For partners, it was also childcare and a concern about role reversal. Each group included people with multiple barriers and special needs.

Each of the New Deal target groups includes families with children but to varying degrees, ranging from all (in the New Deal for Lone Parents) to almost none (in the New Deal for Over 50s and the New Deal for Young People). So we need to try and identify how this general picture applies to the specific circumstances of parents.

## 8.2 Barriers to work - lone parents

As we have seen in Chapter 3, about four in ten lone parents were employed in the late 1990s. Among those not currently working, there is a range of different orientations to work. In 1998 these were:

- four in ten lone parents were working for at least 16 hours per week;
- two in ten were ready for work, one was seeking work and half of the others were already in part-time jobs;
- three in ten said they would look for work in the future but not immediately;
- one in ten thinks they will never look for work (Finlayson *et al*, 1999).

Lone parents in the latter group tend to be older, have less work experience and are more likely to have health problems (see also Hales *et al*, 2000a). Thus in analysing barriers to work or constraints upon work it is necessary to consider both why some lone parents do not want immediate work, and the nature and type of problems faced by those who want to work/are looking for work.

There are two main ways in which research has sought to identify the factors that facilitate or impede employment for lone parents. The first is to compare the socio-economic characteristics of employed and non-employed lone parents, either at one point in time or by following the same individuals from non-employment to work. The aim is to identify those characteristics that are associated with a higher probability of being employed. The second approach is to ask lone parents about the problems that they have in finding work and the barriers that they feel are most difficult to overcome. This can be prospective, asking non-employed lone parents to identify barriers, or retrospective, asking lone parents who have taken up employment what problems they have faced in making the transition into work. There is an extensive literature on both of these. The PRILIF series has now followed lone parents for seven years and we explored some of that evidence on movements in and out of work in Chapter 3. In addition there have been several studies evaluating the New Deal for Lone Parents and other recent policy initiatives (see Appendix B) and various other studies that have explored issues relating to lone parents, benefits and work (e.g. Bradshaw and Millar, 1991; Noble *et al*, 1998; Payne and Range, 1998; Evason *et al*, 1999). There is also an extensive cross-national literature discussed in Chapter 5.

The research gives a very complete and generally consistent picture. Bradshaw and Millar (1991) compared lone mothers working for more than 24 hours per week with those not working or working for less than 24 hours and found a higher probability of full-time employment was associated with:

*'not having young children, especially under 5s; not having three or more children; higher predicted wage rates; child care availability; being ex-married rather than single; living in owner-occupied housing; and having higher housing benefit entitlement'* (p40)

Similarly, Holtermann *et al* (1999, p54) summarise findings from various studies comparing employed and non-employed lone parents. These (usually multivariate analyses) find a negative association between employment and age of youngest child, having three or more children, and lacking educational qualifications; and a positive association with being an owner-occupier and having higher educational qualifications. Similar factors - especially age of youngest child, tenure - are found in analyses of movements from non-employment into work (Ford *et al*, 1998, Finlayson *et al*, 1999) and movements off Income Support (Shaw *et al*, 1996; Noble *et al*, 1998).

The PRILIF database also shows employment to be associated with receipt of maintenance, relative lack of hardship out of work, access to in-work benefits, and attitudes to work and family responsibilities. Finlayson and Marsh (1998, p194) sum up the findings from these studies:

*'Combinations of seven key variables - housing tenure, prior marital status, experience of benefits, education and training, family composition, receipt of maintenance payments and family health - can together statistically explain large fractions of the variance in lone parents' chances of getting and keeping paid work. Typically, poorly educated and occupationally inexperienced lone parents, who are social tenants, who have young children and who cope with persistent ill-health will participate little in the labour market. In contrast, well-educated lone parents who are owner-occupiers and who have older children, participate a great deal in paid work...'*

### 8.2.1 Reasons for not seeking work

Asking non-employed lone parents about why they are not seeking work and asking employed lone mothers about the problems they have encountered in taking up work produces a not dissimilar list of factors. Table 8.1 summarises data from three surveys asking non-employed lone parents who are not seeking work to give reasons why they are not seeking work/do not want a job. There are differences in the samples and in the way the questions were asked (but note that in each case the lone parents were choosing from a checklist and so their answers were to some extent pre-determined). In each study, reasons to do with caring for children are the largest single factor, mentioned by around one third. Childcare, health and financial factors all appear as important, but their relative importance varies. The SOLIF data, in which lone parents were asked to identify all factors and not just the main factor, shows both childcare and ill-health as more important than the other two studies. Ill-health was also the most common reason given by lone parents who thought they would never work, with around half giving this reason in both the SOLIF and New Deal studies (not shown in table, which focuses on those who want to work in the future).

**Table 8.1 Non-working lone parents: reasons (survey data)**

	%
<b>Lone mothers on Income Support, 1989, those not wanting work; main reason for not wanting to work or to increase hours<sup>1</sup></b>	
Children are too young	32
Prefer to care for children	20
Because of benefit loss	14
No suitable child care	10
Jobs do not pay enough	4
Ill-health	3
Other/DK	17
<b>Lone mothers on Income Support with children aged 5 plus, those who are postponing seeking work; main reason for not wanting a regular paid job<sup>2</sup></b>	
Looking after children/home	36
Don't want to leave children with anyone else	13
Long-term sickness/incapacity	12
Studying	8
Temporary sickness	5
Would be worse off in work	4
Can't afford childcare	3
	Continued

**Table 8.1 Continued**

	%
<b>Lone parents not working for 16 hours plus and who expect to look for work sometime in future; anything stopping you looking for work of 16 hours plus, all reasons<sup>3</sup></b>	
Don't want to spend time away from children	34
Cannot afford childcare	28
No childcare available	19
Own illness/disability	13
Child illness/disability	9
Other family illness	3
Better off not working	12
Studying/training	9
Other	14

1 Bradshaw and Millar, 1991, table 4.18, excluding those who want to work now

2 Hales *et al*, 2000a, table 4.3.6

3 Marsh *et al*, 2001, table 8.6

### 8.2.2 Evidence from in-depth studies with lone parents

Evidence from qualitative studies, based on in-depth interviews with lone parents – usually lone mothers – raises the same sorts of points as above but also highlights some additional factors. Three recent studies are summarised in Table 8.2, which shows the value of employment for income but also for other reasons such as independence and social contacts. The barriers to work are seen as including caring responsibilities, financial matters, health and lack of work skills. Lack of confidence, lack of work experience and of experience in seeking work, transport, lack of job opportunities, and fears of employer prejudice also appear.

**Table 8.2 Reasons to work and barriers to work: lone mothers (qualitative data)**

#### **Finch et al 1999**

*Reasons to work* - financial, route out of isolation, dignity, and independence

*Barriers to work* - motivations and preferences; financial concerns; lack of skills/qualifications/experience; job opportunities and employer attitudes;

Lack of self confidence

#### **Lewis et al, 2000**

*Reasons to work* - financial, independent of benefits, route out of boredom of being at home, to gain self-esteem, role model for children.

*Barriers to work* - caring responsibilities and childcare; financial implications of working; lack of skills, qualifications and work experience; job opportunities and employer attitudes; other personal issues such as health problems, lack of confidence and low self-esteem, homelessness, harassment, debt.

#### **Dawson et al, 2000**

*Reasons to work* - income, social contacts, fulfilment, better future for themselves and their children

*Barriers to work* - childcare, restricted hours of availability, lack of qualifications and experience, not enough jobs or jobs of poor quality, mobility, employer prejudice, health, ethnicity, mood and outlook.

8.2.3 *Financial issues* Financial factors appear very strongly in these in-depth studies, with concerns focusing both on the potential problems of making the transition into work and on whether they will be able to manage financially in work. As Finch *et al* (1999, p58) note:

*'Financial concerns were a central barrier ... They related to the viability of work and the risk involved in moving from benefit to work. - 'It's not feasible' being a recurrent theme. ... the option of work was precluded by the likelihood of low earning potential combined both with the need to pay for childcare and the loss of passported benefits. In cases where there are high outgoings, such as mortgage payments, high rent or debt, there were especial problems'.*

8.2.4 *Paying for housing* One particular cost which in-depth studies have highlighted is that of paying for housing in work (Ford *et al*, 1995; SSAC, 1995). This applies to both couples and lone parents and confirms evidence from survey data (including the PROLIF studies) that shows that people are often confused by the Housing Benefit system and that this creates a barrier to work. Ford *et al* (op cit) found that, while owner-occupiers with mortgages knew they would have to meet housing costs in full when in employment, many tenants also assumed this would also be the case for them, and were concerned about how they would be able to do this. Others who knew they might receive some Housing Benefit were nevertheless also concerned that they would have to meet some portion of their housing costs themselves and about delays in being assessed and receiving payment. In addition, the interaction between different in-work benefits can create a perception that Housing Benefit is 'lost' when other benefits are received. Wheatley (2001), using evidence from Citizen's Advice Bureaux clients, reports that families claiming the Working Families' Tax Credit also faced these same sorts of problems.

8.2.5 *Morale, self confidence and hardship* Issues of low morale, lack of self-confidence and low self-esteem seem to appear more strongly from the in-depth interviews than is usually picked up in survey data. However, Finlayson *et al* (2000) found a very clear association between severe hardship and low morale (see also Finlayson and Marsh, 1998). Those in severe hardship were four times more likely to have low morale than those not in hardship. The link between hardship and low morale is also found in the SOLIF data and Marsh *et al* (2001, p352) conclude that, 'the experience of hardship over long periods of time can itself erect barriers to work. It lowers families' morale and self-confidence and makes it harder to contemplate the demands of working and bringing up young children'. There may also be selection and self-reinforcing effects in this, with lone parents with less hardship and better morale moving more quickly into work, leaving those in severe hardship to form a high proportion of the long-term non-employed and also to become more 'discouraged' from seeking work.

8.2.6 *Employer attitudes* Another of the barriers that lone parents often mention in these qualitative interviews is that they think that employers are either unsympathetic to their situation or that employers are prejudiced against them. In their study specifically of employers' attitudes to lone parents, Lewis *et al* (2001) found that employers did not generally perceive lone parents as a distinctive group with special problems. But they did feel that lone parents might have limited availability for work, limited flexibility at work, and need more time off than other workers. Some expressed the view that their obligation as employers was to meet these challenges, while others did see these as a barrier to employing lone parents.<sup>46</sup>

8.2.7 *Mobility* Mobility - transport to work and also to childcare facilities - is also mentioned by some lone mothers as a barrier to work. However there is very little information available about the transport uses and needs of employed and non-employed lone mothers (or indeed women in general, Beuret, 1991). In the evaluation of the prototype New Deal for Lone Parents, Hales *et al* (2000a) compared lone parents working 16 hours plus with lone parents receiving Income Support and found the former were more likely to have a driving licence (62 per cent compared with 44 per cent) and access to a car (of those with licences 85 per cent and 72 per cent respectively), but both groups were just as likely to say they had good public transport (68 per cent and 70 per cent).

8.2.8 *Identity and motherhood: lone mothers' attitudes to paid work and care work* Thus the range and type of work barriers perceived by lone parents can be identified from these studies. But understanding the relative importance of these, how they interact with each other, and how they apply to different types of lone parents is more complex. These sorts of questions require a more theory-based approach and the concept of identity has been seen as central to understanding these relationships. Lone mothers' views about employment are, it has been argued, closely connected to the ways in which they think about motherhood and their obligations and responsibilities as mothers, and more specifically as lone mothers. These responsibilities as mothers in providing care for children are seen as relevant to all children, not just young children. Lone mothers often raise concerns that their children might suffer if they go out to work. This may be related to the circumstances of the marital/relationship breakdown. Those who have recently separated or who separated in traumatic ways (involving violence for example)<sup>47</sup> may feel that they need to devote more time to their children (Brown, 1989; Bradshaw and Millar, 1991; Leeming *et al*, 1994; Finch and Gloyer, 2000). But even without these sorts of circumstances there are often ambivalent attitudes towards working and whether this is, or is not, in the best interests of children.

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<sup>46</sup> We examine labour demand below (section 8.4.1) and the nature and extent of 'family-friendly' employment practices in Chapter 7.

<sup>47</sup> Marsh *et al* (2001) found that 35 per cent of lone parents reported that they had experienced physical violence from their partner in the last year of their relationship.

### 8.2.9 Attitudes to the use of childcare

Using childcare means substituting other care for parental care and, as discussed in Chapter 7, lone mothers hold quite complex and sometimes ambivalent attitudes towards the use of childcare. LaValle *et al* (2000) asked employed mothers about the childcare arrangements that helped them to work. Most pointed to more than one factor, indicating the need for flexible and varied childcare arrangements, but when asked for the main factor it was 'good quality childcare' for lone mothers and married mothers (both 24 per cent). Lone mothers put 'free/cheap childcare' second, while married mothers placed having their 'children at school' second (22 per cent). Ford's (1996) in-depth interviews with lone mothers also highlighted concerns about quality. The lone mothers had strong preferences about who cared for their children and in order to take up work, they had to be able to convince themselves that it was right to separate themselves from their children for substantial periods of time, to place their children in someone else's care, and to spend time in work rather than at home. Thus:

*'Not all lone mothers feel that using childcare is compatible with their perceptions of what is best for themselves and their children. Yet this is a prerequisite of entering work with hours that overlap with time the mother would otherwise spent caring. In other words, in using childcare [a lone mother] should not feel she is renegeing on her caring role, or at least she should feel that her work is providing something else of equal value to the child, such as a better standard of living or simply a happier mother.'*

(Ford, 1996, p 200)

These sorts of attitudes may explain the preference for informal care (which is seen as the closest substitution for parental care) and/or for work that enables the parent to continue to provide most of the care. But Ford also found that there was limited knowledge about the nature, availability and costs of formal care. Few people had had the opportunity to try out childcare arrangements in advance of working, although this was something that people often wanted to be able to do. Lewis *et al* (2000) similarly identify three sorts of approaches to the childcare issue - some lone mothers wanted to care for their children themselves, some were only prepared to use informal care, and others would use formal care but had difficulties in finding or affording it.

### 8.2.10 Mothers and/or workers?

Thus identity as a 'mother' seems to be very important in how lone parents think about both jobs and childcare; but there is no single 'motherhood' model that all lone mothers share. Duncan and Edwards (1999) have developed the concept of 'gendered moral rationalities' to explain lone mothers' attitudes to employment and to mothering. It is, they argue, moral values about motherhood rather than economic calculations about the costs and benefits of working that underpin different orientations to employment. Thus some lone mothers see themselves as 'primarily mothers', others as 'primarily workers' and others as 'mother/workers integral'. They argue social class, race and locality particularly

influence these identities, and that they determine how lone parents will respond to opportunities to work and to policies intended to encourage work.

The concept of 'barriers' seems rather unhelpful in this light, and it might be more helpful to think of identity as a mother as forming part of the context in which people frame their orientation to the labour market. Nor should giving priority to the care of children be conceived of as a sort of a 'stage' in the process of moving towards paid work which, once over, frees people to seek employment. Caring for children is always part of the equation. Nevertheless views about the 'right' balance between paid work and care must change for individuals over time, as Ford's (1996) work discussed above shows. Children growing older and becoming more self-reliant are part of this, but others factors are also involved. Marsh (2001, p 29) discusses how these issues of childcare, motherhood and identity work out over time and summarises the key points as:

Following [lone parents in the 1991 PRLIF study] in their journey from Income Support into work, it seemed clear that arranging childcare was the last hurdle in a long row of hurdles. They seemed to seek work that fitted their own view of their childcare needs - that is, the arrangements for care that best fitted what they wanted for themselves and their children - rather than try to find childcare that suited a particular job. High on their list of childcare needs was the opportunity to spend as much of their own time with their children as possible.

Lone parents' passage into work is a journey marked by a number of changes in attitude and self-definition, and by a resumption of control over their personal circumstances.

Marsh (2001, p20) also suggests that, *'the decision to go to work, when it comes, seems to come so suddenly. They [lone parents] seem to 'flip' between identities'*. What helps lone parents effect this shift, overcome the barriers they face, and make that journey more quickly and more securely is explored in the next chapter when we examine the success or otherwise of policies to help lone parents into work and to improve the financial returns from working.

#### 8.2.11 *Barriers: real or exaggerated?*

We should note, however, that perceptions of work barriers might be more or less accurate in the sense that some may arise from misconceptions about, for example, the operation of in-work benefits or the real costs of childcare. Non-working lone parents may also be more anxious about the consequences of taking work than those who have made the move into work. Hales *et al* (2000a) looked at the type of problems that lone parents who had left Income Support said that they had encountered. In general there were fewer problems than people had anticipated that there would be, and about one-fifth said that there were none. Otherwise the

main problems identified were financial – paying for general living expenses (44 per cent), paying the rent (36 per cent), money problems while waiting for wages (34 per cent), waiting for housing benefit (34 per cent), waiting for Family Credit (26 per cent), paying back debts (26 per cent). Childcare problems were mentioned by 18 per cent. It is perhaps not surprising that financial factors were most commonly mentioned since many of those who entered work had low wages, with median wages at £4.00 per hour. Finlayson *et al* (2000) also asked lone parents who had returned to work by 1998 about the problems they had faced. The majority said they had faced none (68 per cent). Among those with difficulties the most common single problem was finding a job with hours to suit the family. Backett-Milburn *et al* (2001) used in-depth interviews to examine how lone and married mothers experience combining paid work and parenting, and reported that many of those interviewed found managing the two both onerous and tiring.

#### 8.2.12 Education/training and part-time jobs

So far we have focused on the movement from non-employment to work. But other movements are also of interest. For example, are the barriers to taking up training or further education the same as the barriers to taking up paid work? Higher educational qualifications and training are associated with higher levels of employment participation and with higher wages in work (Bryson *et al*, 1997). But in general there is little information available about access to education and training. Marsh *et al* (2001) found that 33 per cent of non-working lone parents had neither vocational nor academic qualifications but also that 72 per cent said that they would not ‘consider another training course’. However, this could be because they feel training would not be helpful rather than because they do not want to take it up. Lone parents participating in the New Deal sometimes felt that they needed more guidance on training not least because they were uncertain about what vocational directions that could or should take, although others were not interested in training because they wanted to get straight into work (Lewis *et al*, 2000). Land *et al* (2000), in their study of mothers who had received grants from the Elizabeth Nuffield Educational Fund, found that both lone and married mothers found the costs of childcare a ‘formidable’ barrier to accessing education. Callender and Kempson (1996) found that lone mothers in higher education had much lower incomes than partnered students with children and were paying more for their child care; and many had very large debts and arrears for household bills and utilities (see also Callender and Kemp, 2000).

Also of interest is the movement from part-time to full-time work (or from few to more hours of work). But there is only limited information about this transition and in many of the comparisons of working and non-working lone parents those receiving Income Support and working for just a few hours per week are treated as part of the non-working, rather than the working, group. As discussed in Chapter 3, Iacovou and Berthoud (2000) found part-time work increased the likelihood of full-

time work for lone (and married) mothers. Ashworth and Youngs (2000) found that lone parents receiving Jobseeker's Allowance were more likely to work part-time than those receiving Income Support (17 per cent of lone mothers compared with seven per cent) and about half (55 per cent) of those working were earning less than the disregard. Elam and Thomas (1997) explored attitudes to part-time work among current and former benefit recipients, including lone parents. They found that the decision to work part-time depended on whether such work was seen as worthwhile, and on whether people could overcome the barriers to part-time work (this study is discussed in more detail below when we consider barriers to work for couples).

### 8.3 Barriers to work – low-income couples with children

There is rather less information available about barriers to work for low-income couples than about lone parents. The series of studies of unemployed claimants before and after the introduction of Jobseeker's Allowance (Bottomley *et al*, 1997; McKay *et al*, 1997; Trickey *et al*, 1998; McKay *et al*, 1999) include families with children but do not always provide detailed breakdown of the data by family type. McKay *et al* (*op cit*, 1997 and 1999) include separate analyses of the situations of the 'partners' of unemployed people. This group is also covered in the New Deal evaluations (Stone *et al*, 2000; Griffiths and Thomas, 2001a/b), although as noted above the other New Deal programmes include only a small proportion of families with children. The first PRILIF sample included low-income couples as well as lone parents (Marsh and McKay, 1993) and Bryson and Marsh (1996) also included low-income couples in their sample of families leaving Family Credit. The SOLIF study includes low-income couples with children (Marsh *et al*, 2001) as does Iavacou and Berthoud's (2000) BHPS analysis, and Dorsett's (2001) analysis of Labour Force Survey data on workless couples. There is also qualitative data available from McLaughlin *et al* (1989) and Millar *et al* (1989); (Dean and Taylor-Gooby (1992), Kempson *et al* (1994) and Elam and Thomas (1997), Snape *et al* (1999), and Dean (2001, 2002 forthcoming).

For all claimants in general (i.e. not just those with children) the factors associated with faster exits from unemployment include age (older people have longer spells), ethnicity (non-white people have longer spells), previous work experience, qualifications, having a driving licence and a telephone, housing tenure (owner-occupiers exit faster than social tenants), and region (Shaw *et al*, 1996; McKay *et al*, 1997; Trickey *et al*, 1998). Trickey *et al* (*ibid*), following a cohort of unemployed people two years after they first registered, found that the most important factors predicting exit from unemployment were: previous experience of unemployment and status immediately before becoming unemployed; whether a job was found quickly (the risks of staying unemployed did not increase with longer durations but the 'best chance' of finding work was in the first few weeks); human capital resources (particularly qualifications and health status); socio-demographic factors (single men had the longer unemployment durations, respondents from ethnic minorities also had

long durations); and deprivation (living in social rented housing, not having a car or a telephone all slowed down the return to work). All this is not dissimilar to the factors associated with employment/non employment for lone parents, but with one important exception – the presence of children is not a significant factor for unemployed men.

Indeed men with children tend to have shorter unemployment durations than men without children and, as Marsh *et al* (2001) point out, long-term unemployment is relatively uncommon among families with children (especially in the past two to three years); so workless families are very likely to have additional labour market disadvantages. In fact, about half of the non-working couples in the SOLIF data set were receiving disability-related benefits, and Dorsett (2001) also found that about half of the men in workless couples in the LFS were ‘inactive’ due to ill-health.

Here we focus less on the individual characteristics of workless couples with children and more on their joint situation, looking at job search, at issues of identity and attitudes, at financial barriers to work, and at constraints upon part-time working. The focus here is on barriers facing workless families going into work (we discuss the transition from one to two earners in Chapter 9).

### 8.3.1 *Workless couples: job seeking*

Table 8.3 shows whether non-working couples in the SOLIF sample were looking for work. About one in ten of the respondents (99 per cent of whom were women) were currently seeking work, but 37 per cent said either they did not know when they would look or that they would never look. About a third (34 per cent) of the partners (i.e. the men) said that they were looking for work. But they were also very likely to say they did not know when they would look, or that they thought they would never look. Taking the couples together, 38 per cent had at least one person looking for work and 25 per cent included no one who was contemplating work in the near future. The table also shows the figures for lone parents for comparison and this shows that the workless couples seem to have been more disengaged from the labour market than the lone parents. Although the lone parents were less likely to be currently looking for work, fewer (14 per cent) said that they did not know when they would look for work or that they thought they would never do so.

**Table 8.3 Employment intentions, low-income families not in full-time work, 1999**

	<b>Respondent<sup>1</sup></b>	<b>Partner</b>	<b>Both<sup>2</sup></b>	<b>Lone parents</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Currently looking for work	11	34	38	17
<b>Not looking and</b>				
Working less than 16 hours	5	4	}	7
Expects to look in next few weeks/months	4	5	}	9
Expects to look sometime in future	43	16	} 37	52
Does not know when will look	13	17	}	7
Does not expect to look for work in future	24	24	} 25	7

<sup>1</sup> Usually the female partner.

<sup>2</sup> Three categories: respondent and/or partner looking; neither looking but at least one expects to look in future; neither expects or do not know when they will look.

Source: Marsh et al (2001), Table 8.3, 8.13 and 8.14.

Respondents who were not looking for work tended to be older and were most likely to describe themselves as 'looking after the home/family' (73 per cent). They had little recent work experience (again less than the lone mothers in the sample). Partners not looking for work were also older and most commonly described themselves as 'sick/disabled' for six months plus (56 per cent) or retired (10 per cent). Table 8.4 (which is equivalent to the lower section of Table 8.2 on lone parents) show that there were significant differences in the reasons given by women (spending time with children, childcare cost and availability, caring for others in the family with illness, own illness) and by men (who rarely gave reasons to do with children but often gave health related reasons).

**Table 8.4 Non-working couples: reasons, 1999**

	<b>Respondent</b>	<b>Partner</b>
	<b>%</b>	<b>%</b>
<b>Couples not working for 16 hours plus and not looking</b>		
Don't want to spend time away from children	28	3
Cannot afford childcare	10	1
No childcare available	8	1
Own illness/disability	24	66
Child illness/disability	9	4
Other family illness	26	13
Better off not working	6	1
Studying/training	1	3
Other	8	9

Source: Marsh et al, 2001, Table 8.17.

As the authors note (p211) ‘the incidence of ill-health and disability among non-working partners in this survey was astonishingly high, as was the level of caring responsibilities reported by respondents’. As noted above, half were receiving disability-related benefits and so this sample is not directly comparable to samples of unemployed claimants. The latter generally find higher levels of job search than in the SOLIF sample, but they do also find that ill-health is the most common reason given by men for not seeking work (Bottomley *et al*, 1997, McKay *et al*, 1999). Ill health is also an issue for those who are seeking work and may restrict the employment opportunities available to them.

In general unemployed people seem to be fairly flexible in the types of jobs they are seeking. For example, Bottomley *et al* (1997) found that most of their jobseeking respondents were willing to accept temporary jobs; most preferred full-time jobs but many said they would accept part-time jobs; most were willing to work shifts, weekends, and nights. However, their partners were rather less flexible about what they thought the jobseekers should accept and particularly in respect of ‘more disruptive types of work’. So, for example, 51 per cent of jobseekers said they would consider working away from home but only 28 per cent of partners agreed with this, 83 per cent of jobseekers said they would work weekends but 71 per cent of partners agreed this would be acceptable. There was somewhat less willingness among both jobseekers and their partners to move for jobs (53 per cent and 46 per cent agreeing). Partners also provided help with jobseeking, especially partners working part-time or those not working. The type of help offered was usually practical – looking for vacancies and helping with application forms.

This evidence suggests that it is helpful to consider jobseeking not just as an individual activity but as something that partners are also involved in, both in respect of the types of jobs considered acceptable and in the actual jobsearch activities. However, it would be helpful to have more information which specifically focused on those with children – all the above includes childless couples.

### 8.3.2 *Attitudes and identity - breadwinners and carers?*

Issues of identity are also part of the picture for couples, as they are for lone parents. As shown above, there are clear gender differences both in whether people were looking for work (men being much more likely to be seeking work than women) and in the reasons they give for not seeking work (ill-health for men and care responsibilities for women). This is also apparent in other studies (e.g. Shaw *et al*, 1996; McKay *et al*, 1997; 1999). The most common job search strategy among the couples (including childless couples) in the pre-Jobseeker’s Allowance sample (McKay *et al*, 1999) was for one person to be looking for full-time work and the other not to be seeking work (58 per cent of the job-seeking couples). This is also the most common destination for workless families when they do change employment status (Dorsett, 2001). About a fifth (19 per cent) of those seeking work said that they were both seeking, and

for these families the most common pattern was for the men to be looking for full-time work and the women to be looking for part-time work. This mirrors the most common pattern of work found among couples with children (see Chapter 3).

Qualitative research has tried to explore the extent to which gendered attitudes might act as a barrier to work. McLaughlin *et al* (1989) suggest that there might be contradictory effects for fathers. On the one hand the unemployed fathers they interviewed had a very strong commitment to work in order to provide for their families. On the other hand, their perceptions of themselves as breadwinners also meant that they were unwilling to consider certain jobs, because they wanted jobs that could support the family. Elam and Thomas (1997) also found that those who perceived themselves as breadwinners were not keen to take part-time jobs. Some jobs may also be seen as 'women's jobs' and may not be considered for this reason. The perception of men as breadwinners may also restrict the opportunities for women. The picture given by the partnered women interviewed by Stone *et al* (2000) in their evaluation of the New Deal for Partners was, in many ways, very similar to the picture found in studies of lone mothers (see also Dean, 2001 forthcoming). Those who did not want to work most commonly said this was because they were looking after their children and the sorts of barriers to work mentioned included childcare, lack of work experience and confidence, lack of suitable jobs. But there was also an element of concern about whether it was appropriate for them to be employed if their husbands were not:

*'there was a potential for friction and tension to emerge between partners and jobseekers if the partner became employed ... most likely in households where the male jobseeker held a 'traditional' view of gender roles and wished to perpetuate the 'male breadwinner- female housewife' role ... in such households jobseekers would possibly find 'looking after children' demoralising and a threat to their "traditional" role.'*

(Stone *et al*, 2000, p13)

In general, men often define their fatherhood role in terms of a financial provider role (Speak *et al*, 1997; Burghes *et al*, 1999; Warin *et al*, 1999) so this does not necessarily mean that workless couples are more 'traditional' in their attitudes than employed couples. Marsh *et al* (2001) found little evidence of differences in attitudes among working and non-working couples. However, Shaw *et al* (1996) found that men in couples receiving Income Support were more likely to agree that 'the man should be the main breadwinner' than were women, and older people more likely to agree with this than younger people. Goode *et al* (1998), in their qualitative study of money management among families receiving benefits, found that the name and the payment of Jobseeker's Allowance to the man tend to reinforce some couples in their joint commitment to the breadwinner identity for the man. Snape and Molloy (1999) also pointed to the importance of the breadwinner identity in shaping attitudes.

Trickey *et al* (1998) examined the impact of 'social networks' on jobseeking and duration of unemployment. Finding jobs through friends was not uncommon and there was a positive relationship between having employed friends and getting a job, with women and owner-occupiers apparently more likely to have friends who can help them to find work. Again, however, there is no separate analysis for couples with children.

### 8.3.3 Financial barriers to work

One of the long standing policy concerns has been that men with children face a particularly high financial disincentive to work because their out-of-work benefits may be close to, or even exceed, what they can earn in work. As with lone parents, the evidence suggests that there are several dimensions to the financial incentives issue - concern about making the transition to work, concern about meeting the costs of working, and concern about being able to manage financially.

A number of qualitative studies have explored the ways in which unemployed couples consider the financial aspects of working and how this affects their approach to seeking work. McLaughlin *et al* (1989) suggested that couples with children were concerned with both the level and the reliability of income in work - whether they would have enough to live on, and whether they could manage during the transition into work. Ford *et al* (1995) found that the overall level of the household's outgoings played an important role in determining the wages that they sought but also that these were generally set fairly modestly, to cover their basic needs. They also found problems in the transition to work, and in paying for particular expenses such as housing costs. Both studies found that some families were reluctant to claim in-work benefits and that men may be more reluctant claimants of in-work benefits than women. These views partly related to difficulties and delays that people had experienced in the past, but also reflected negative attitudes to claiming benefits. People tended to prefer to make up their incomes by overtime or by partners taking up jobs. Kempson *et al* (1994) also found that people preferred to seek extra income by these routes than by claiming benefits. In general couples seem to know less about in-work benefits and to be more reluctant to claim them than are lone parents. This suggests that, for couples, in-work cash benefits have not necessarily provided a bridge into work in practice (we return to this issue in the next chapter).

There has also been interest in the extent to which benefits act as a disincentive to the partners of unemployed people, and whether this explains why the wives of unemployed men are themselves less likely to be employed than are women married to employed men (Garman *et al*, 1992; McKay *et al*, 1997; 1999). For families receiving means-tested benefits while out of work, the earnings of the partner lead to a reduction in benefits (above a small disregard) and thus there is only a small financial gain from a partner's working. However, while McKay *et al* (1999, p112) found that 'the unemployment of one person in a partnership may

sometimes cause the other to leave work', it was also the case that partners had lower levels of employment before the respondent became unemployed. Their multivariate modelling examined the factors affecting whether a partner would be employed in any given week over a two-year period (1993 to 1996). This showed that partners were least likely to be working in families with young children, in families living in social housing, and in families where the unemployed person reported poor health or disability (the latter reinforcing again the point that non-child-related caring responsibilities may be an important work barrier for partners). Partners were also less likely to be working the longer the claimant was unemployed, with a 'noticeable decline' after 12 months, when the family would be receiving means-tested rather than insurance-based benefits.

However their results also suggested that these benefit factors were less important in explaining the lower levels of employment for partners than were 'individual characteristics and shared constraints' (which explained 19 per cent of the 31 per cent shortfall in employment compared with 12 per cent for unemployment duration). This tends to confirm the results from previous studies - the benefit system plays a part in this pattern of 'family labour supply', but is not the sole, or even major, cause. Elam and Thomas (1997) draw similar conclusions from their qualitative data, as does Dorsett (2001) from Labour Force Survey data:

*'The high degree of similarity between partners in a couple suggests that problems of worklessness may be concentrated within a particularly hard-to-reach group of households ... Worklessness among partners differs by gender and policies should be sensitive to this. A better understanding of the inter-relationship of partners' economic status is important in predicting the effects of employment policies.'*

(Dorsett, 2001, p x)

#### 8.3.4 Constraints on part-time working

In their evaluation of the Back to Work Bonus<sup>48</sup>, Ashworth and Youngs (2000) found that this had had little impact on levels of part-time work among benefit claimants, but they did find that part-time work seemed to help some people move off benefit and into more full-time, although not necessarily permanent, jobs. Iacovou and Berthoud (2000) report similar results (see Chapter 3), as do McKay *et al* (1999). Elam and Thomas (1997) looked in detail at the attitudes of unemployed and formerly unemployed families to part-time and voluntary work while receiving benefits. They found that people saw the barriers to part-time work as similar to the barriers to full-time work: lack of suitable jobs, difficulties matching work and childcare, the costs of working (fares,

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<sup>48</sup> Unemployed people can build up this Bonus through part-time work while receiving Jobseeker's Allowance. Half of earnings above the disregard are put into the Bonus and when the claimant moves off benefit into work s/he can receive up to £1000 tax-free.

childcare), their lack of qualifications and experience, and employers' preferences and prejudices. But they also found that an important factor was whether or not part-time working was seen as being 'worthwhile'. This encompassed a range of elements - being worthwhile financially but also being worthwhile in terms of the disruption to the family, and being worthwhile in terms of leading on to further or to full-time work. Women tended to be more positive about part-time work than men, who are more likely to hold the view that part-time work is low status, low-paid and likely to prevent, rather than enhance, their opportunities for full-time employment.

#### 8.4 Labour demand/childcare supply

This review is focusing upon families with children and so we have been concentrating on research based on samples of families. But this puts all the attention upon the families - their characteristics, attitudes and situations - and tends to ignore the context in which they are placed, and the constraints that this places upon them. Here we consider the ways in which these research studies have taken this context into account, looking first at labour demand and then at childcare supply.

##### 8.4.1 Labour demand and employer practices

There are several aspects of labour demand that may be potentially of interest in understanding barriers to work, especially variations in demand across regions or local labour markets, and variations in demand across different groups of workers (e.g. skilled/unskilled, part-time/full-time). These show considerable variation across the country and it has been argued that geographical variations in unemployment and labour demand are a much more significant factor in predicting employment outcomes than individual characteristics of unemployed people (Turok and Edge, 1999; Webster, 2000).

In general these sorts of factors have not been very well integrated into the research studies we have been considering. The most common way to measure labour demand in the survey-based studies has been to include a variable measuring the local unemployment rate (usually region or travel-to-work area), and/or a variable measuring local vacancy rates. These produce something of a mixed picture - for example McKay *et al* (1997) found region to be significant for unemployed people and Millar and Bradshaw (1991) also found this for lone parents. Hasluck *et al* (2000) found that the female unemployment rate was significant in their assessment of the New Deal for Lone Parents, but found no effects for vacancy rates. Shaw *et al* (1996) found no significant effects for unemployed people from either region or travel to work area, and nor did Trickey *et al* (1998) in respect of travel to work area. The latter note that this may be because 'it is truly unimportant or because the Jobcentre area did not adequately coincide with the relevant labour market area' (p 160), while Shaw *et al* suggest that there may be 'differentiation of opportunity within labour markets', (p136) with employers recruiting from those in work and from short-term unemployed but not long-term unemployed people.

This latter points to the importance of understanding employers' recruitment practices. Dawes (1993), in an innovative study, combines data from a longitudinal sample of unemployed people in four travel-to-work areas, with data on vacancies, and a survey of local employers, arguing that 'a satisfactory understanding of the labour market behaviour of the long-term unemployed must take account of the heterogeneous nature of employers, of unemployed individuals, and of the local labour market conditions that actually impinge on individuals' (p8). There has been some recent interest in examining employers' recruitment and retention policies including Brown *et al* (2001) focusing on low-paid labour markets, Lewis *et al* (2001) on employers and the New Deal for Lone Parents, and Snape (1998), Arthur *et al* (1999) and Elam and Snape (2000) in respect of other New Deal programmes. But this is an area where further work is needed and where the studies of labour supply and labour demand could be brought closer together.

#### 8.4.2 *Childcare supply and costs*

There have been only limited attempts to include childcare costs and availability in formal models of employment. Bradshaw and Millar (1991) measured the importance of childcare for lone mothers by reference to answers to question about whether employed lone mothers needed childcare to carry on working and whether non-employed lone mothers needed childcare to take up work. This was a significant variable in their multi-variate analysis of the factors affecting full-time work probabilities. In their comparative analysis of lone mothers' employment, Bradshaw *et al* (1996) measured the costs of childcare by reference to typical hourly rates for childminders. Duncan *et al* (1995) estimated childcare costs from data in the 1991/2 General Household Survey in their policy simulations of various childcare subsidies. Callender (2000) provides some evidence on childcare supply, using a database on the number of childcare places available for children aged up to age eight by local authority area in 1995/6<sup>49</sup>.

There are both conceptual and technical problems in trying to include childcare in any modelling of employment decisions because, as discussed above, issues of cost, quality, accessibility and acceptability are difficult to untangle from the decision to work. In addition parents do not use childcare only as a tool to help them take up employment, but also for other reasons. This is an area where further research is needed, now that studies such as LaValle *et al* (1999) have mapped out the broad picture of parents' use of, and demand for, childcare.

#### 8.5 Summary

The main factors associated with employment for lone mothers are age of youngest child, educational qualifications, tenure, and also receipt of maintenance, relative lack of hardship out of work, access to in-work

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<sup>49</sup> Another possible source of data would be the childcare audits, which all Local Authorities were required to carry out as part of the National Childcare Strategy.

benefits, and attitudes to work and family responsibilities. Lone mothers themselves cite caring responsibilities, ill health (self and children) and financial factors as important barriers, also lack of work skills and experience, lack of confidence, transport, lack of job opportunities, and employer prejudice.

Lone mothers' views about employment are closely connected to the ways in which they think about motherhood and their obligations and responsibilities as mothers, and more specifically as lone mothers. These responsibilities are seen as relevant to all children, not just young children. This affects attitudes to childcare and lone mothers hold quite complex and sometimes ambivalent attitudes towards the use of childcare. There is a preference for informal care (which is seen as the closest substitution for parental care) and/or for work that enables the parent to continue to provide most of the care. Few people have the opportunity to try out childcare arrangements in advance of working, although this was something that people often wanted to be able to do. There is only limited information about barriers to taking up education or training, although student lone parents are particularly likely to be in financial difficulties and have problems accessing childcare. Nor do we know much about transitions from very few hours of part-time work into longer of hours of work.

For couples, it is important to note that 'workless couples' are not the same as 'unemployed couples'. About half of the men in workless couples have health problems and many receive disability-related benefits, while most of the women are inactive, i.e. not seeking work. These couples share similar characteristics, which for many mean similar disadvantages in the labour market. It is this, rather than the benefit system, that seems most important in explaining their status as workless couples. Identity is important for couples as it is for lone parents and gendered expectations about family roles (especially about men as breadwinners) and about jobs ('women's jobs' and part-time jobs) affect how both partners in a couple approach the labour market. Financial barriers are a significant factor for couples with children, with concerns about making the transition to work, about meeting the costs of housing, and about being able to manage financially. Some families seem reluctant to claim in-work benefits and this is partly related to difficulties and delays that people had experienced in the past but also to negative attitudes towards these. People tended to prefer to make up their incomes by overtime or by partners taking up jobs. The barriers to part-time work are similar to the barriers to full-time work, but another important factor was whether or not working part-time was seen as being 'worthwhile' not just financially, but also in terms of the disruption to the family, and in terms of leading on to further or to full-time work. Women tended to be more positive about part-time work than men.

The most common way to measure labour demand in the survey-based studies has been to include a variable measuring the local unemployment rate but this may be too crude to pick up labour demand effects. There has been some recent interest in examining employers' recruitment and retention policies but this is an area where further work is needed and where the studies of labour supply and labour demand could be brought more closely together. Similarly, few studies have attempted to include variables to measure childcare costs and availability.

## 9 SUPPORTING POOR FAMILIES TO WORK

This chapter examines the impact of policies intended to help people into employment. The first part of the chapter looks at the UK evidence. The second part summarises key points from the cross-national evidence and from evaluations of policy in other countries, especially the USA. Policies to support employment can be divided into those which aim to ‘make work possible’ (through employment services, labour market programmes, measures to help parents reconcile work and caring responsibility), and those which aim to ‘make work pay’ (through in-work benefits, tax credits, childcare and other subsidies). More recently attention has also focused on helping people to sustain employment. There is a very substantial body of literature on these topics and this review seeks to keep a tight focus on the impacts on families with children.

### 9.1 Making work possible

Here we focus first on the New Deal programmes and then on other measures to help parents reconcile work and family life.

#### 9.1.1 *The New Deal for Lone Parents*

Only one of the New Deal programmes is specifically targeted upon families with children. This is the New Deal for Lone Parents, where the original target group was lone parents receiving Income Support for at least three months and who had a youngest child aged five and above. The New Deal for Lone Parents was introduced in July 1997 as a prototype programme in eight areas, and nationally from October 1998. Lone parents are now required to attend work-focused interviews as a condition of benefit receipt, but participation in the New Deal for Lone Parents is voluntary. Participants have access to a Personal Adviser who provides information and advice about employment, training, childcare and benefits. Appendix C gives details of the evaluation reports (see also Hasluck, 2000 and Millar, 2000a for overviews). Key findings from the evaluation include:

- There has been a positive, although fairly small, impact on exits from Income Support. The prototype led to a reduction in the stock of Income Support claimants of about 1.54 per cent after six months and to a reduction of about 3.28 per cent after 18 months.
- However, not all participants left Income Support for employment and, among those who did, between a quarter and a third reported that they were no better off financially (this was prior to the introduction of the National Minimum Wage and the Working Families’ Tax Credit). Some returned to Income Support quite quickly (see section 9.3). In addition, as with all labour market programmes, some of those helped would have found jobs anyway and the additional employment effect was estimated to be about 20 to 28 per cent.

- The take-up of the programme has been low and this reflects a mixture of positive and negative factors plus a high degree of inertia. People have come into the programme with various different expectations, some being quite precise about the help they wanted but most being unsure about what they want.
- The amount of contact has generally been limited to one interview, covering job search, benefits and childcare and very few have been referred to other services or offered access to education or training. The better-off calculations were a key element for lone parents.
- Most participants have found the programme helpful and overall response has been very positive. But some participants have been disappointed in the limited help available and would have liked more information, especially about jobs and childcare
- How the lone parents viewed the programme was closely linked to their perceptions of their Personal Advisers. They also generally welcomed the integrated service offered. Identification of needs was an important part of the Adviser's role, especially in respect of those most far away from the labour market.
- Teenage mothers need particular support and encouragement and realistic assessments of the opportunities available to them. Lone fathers wanted general information about lone parenthood including informal support systems.
- Lone parents taking part in compulsory work-focused interviews in the three 'Pathfinder' areas were also generally positive about the advice and information they received and about one in three went on to have a New Deal for Lone Parents initial interview (Pettigrew *et al*, 2001).

A number of studies have also examined the operation of the New Deal 'Innovative Pilots'<sup>50</sup> (Woodfield and Finch, 1999; Yeandle and Pearson, 2001) and of other welfare-to-work programmes provided by the voluntary sector (John *et al*, 2001)<sup>51</sup>. The most successful Innovative Pilots has established good links with other agencies (including the New Deal for Lone Parents) and many worked with clients who were particularly disadvantaged and in need of support to reach the stage of becoming 'job ready'. These voluntary-sector schemes were valued in particular for being supportive and increasing confidence, and for providing childcare.

### 9.1.2 Other New Deal programmes

It is difficult to identify separately couples with children from among the target groups and participants of the other New Deal programmes. The New Deal for Partners of Unemployed People is targeted upon couples

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<sup>50</sup> There were ten such pilots which ran for a maximum of 12 months, between 1999 and 2001, each offering a different delivery model.

<sup>51</sup> See also Evans H (2001) who examines the operation of a community-based employment programme in Hackney, London. This programme targets various groups who are disadvantaged in the labour market, including lone parents.

but many of these are likely to be childless. Indeed the target group is quite difficult to identify administratively (Griffiths and Thomas, 2001a/b) and take-up has been very low, with non-participants showing very little awareness of the programmes. Those who participated tended to have partners actively seeking work and their priorities were for the provision of information about childcare, confidence boosting and training in work skills. As noted in Chapter 8, some were concerned about the gender role implications of a programme to help partners into work (Stone *et al*, 2000). Families with children made up about one-third of the sample of participants and a quarter of non-participants in the evaluation of the New Deal for Disabled People (Arthur *et al*, 2000). Participants were more likely to have working partners than non-participants. Given that so many workless families include people receiving disability benefits (see Chapter 8), it would be useful to have more information about these couples and whether these non-working partners would welcome access to labour market programmes<sup>52</sup>.

### 9.1.3 Other measures to make work possible for families with children

These include the National Childcare Strategy, the extension of maternity benefits and the introduction of parental leave. However there is very little to report in terms of evaluation of these measures, which are still in their early stages. Callender (2000) has examined some of the obstacles and difficulties that childcare providers face in setting up and running services, and at the wages and conditions of those working in the childcare sector. She also found a 'rather confusing picture' in respect of supply and demand, with both surpluses and shortages. Duncan *et al* (1995) modelled the impact of various different ways of subsidising childcare and concluded that targeting help on parents receiving in-work benefits is cost-effective but benefits relatively few families; that childcare vouchers could be effectively targeted at fairly modest costs; that full state subsidy to parents would be very expensive but could be restricted by means-testing; and that tax relief is neither well targeted nor effective in terms of work incentives. Marsh *et al* (2001) examined the use of childcare by working lone parents and low-to-moderate income couples with children. They found that 'many of those who were in work had access to reliable, free or low-cost childcare, predominantly provided by friends and relatives' (p 230). Most (68 per cent) lone parents used childcare when they were working, but most (64 per cent) did not pay for this care and most (85 per cent) were using 'unregistered' care. The same picture held for the couples - most (76 per cent) used care, but most (76 per cent) did not pay for it, and 91 per cent used 'unregistered' care.

## 9.2 Making work pay

Here we look first at Family Credit and then at other measures to boost in-work incomes, including Working Families' Tax Credit.

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<sup>52</sup> Fielding and Bell (2001) explore attitudes to work and to participation in labour market programmes for childless couples receiving Jobseeker's Allowance, in the context of the introduction of joint claims for JSA for these couples.

### 9.2.1 Family Credit

The PRILIF studies have provided a very clear picture of the way in which Family Credit was used and the impacts on families. Marsh (1995) provides a very useful short summary of the earlier PRILIF studies, Finlayson *et al* (2000) summarises the evidence for lone parents in the PRILIF cohort between 1991 and 1998, and Marsh *et al* (2001) examine receipt of Family Credit in 1999. These studies show that:

- Lone parents generally have higher take-up rates of Family Credit than couples, they are also more knowledgeable about it and other in-work benefits, and they feel less stigma about claiming. But non-working families (lone parents and couples) often have only limited knowledge and many families, both non-working and Family Credit recipients, do not understand how Family Credit interacts with other benefits.
- Lone parents tend to stay longer in receipt than couples. The main reasons for leaving are re-partnering, becoming ineligible because their children grow up, or losing their jobs and returning to Income Support. For couples, exits are more likely to be because their incomes improve or because they move from having one to having two earners.
- There are two main circumstances under which lone parents rely on Family Credit. First, *when children are older and do not require childcare and the parent can work full time*. Second, *when the lone parent is in steady part-time employment, perhaps also receiving child support, and with children at school and/or in stable, often informal family-based, child-care*.
- Family Credit can also help lone parents stay in work at the point at which they become lone parents, either because they start a claim at that point or because they continue to receive it from an existing claim.
- There are three main circumstances under which couples rely on Family Credit. First, *when there are young children and one partner is providing full-time care*. This is a sort of life-cycle use. Second, *when the man loses his job in a two-earner family*. These are what Marsh and colleagues call 'parachute claimants'; Family Credit catches them and stops them falling into worklessness. Third, *when the family fall into financial difficulties for other reasons*. This might include loss of overtime, reduction in hours of work, drop in pay, increase in expenses, debts, etc. The family may be eligible for some time before they claim.
- Most families prefer to receive Family Credit than Income Support.

The impact of Family Credit on incentives to work has also been explored in these studies. There is a clear financial gain, especially for lone parents, who have substantially higher in-work income if they receive Family Credit. In 1999, according to the SOLIF data, lone parents receiving Family Credit were better off than they would be on Income Support by, on average, £57 before work expenses and £40 after work expenses. Couples were £41 and £36 better off respectively. This is not to say that these families all escaped poverty and hardship. Of the lone parents

receiving Family Credit 48 per cent were in moderate hardship<sup>53</sup> and 19 per cent in severe hardship (this compares with 42 per cent and 38 per cent respectively for non-working lone parents). Of the couples receiving Family Credit, 46 per cent were in moderate hardship and 23 per cent in severe hardship (39 per cent and 38 per cent respectively for non-working couples).

The actual incentive effects of Family Credit are, however, not straightforward to identify nor to isolate from other factors. There are several possible incentive issues. Family Credit could have impacts on movements from non-work into work, on changes in hours of work, on the formation of new partnerships for lone parents, on second earners for couples. As noted above, families come into receipt of Family Credit in various different ways and many do not come directly from a situation of non-work. In the SOLIF data about half of the lone parents and about a third of the couples claimed when they started a new job and Family Credit may therefore have been an incentive for them to take up the job. However, it seems that very few recipients take up Family Credit as part of a conscious strategy.<sup>54</sup> Ford *et al* (1995) in their qualitative study of decision-making among unemployed couples suggest that three groups can be identified: those who make 'better-off calculations' and then act upon them (about half of the people they interviewed); those who make better-off calculations but then override them (about a quarter); and those who do not make such calculations (about a quarter). For those making such calculations there is always a risk that they get these wrong. People who do not make such calculations, or who make them and then override them, tend to place greater emphasis on the nature of the jobs on offer. It is job-related factors - such as the type of work, the hours, the location, the pay, and the security - that are considered to be first and most important. Thus, as Bryson and Marsh (1996, p3), put it:

*'When asked to compare eleven factors that might be important in getting and keeping jobs, families rated wages, job security, hours, childcare and convenience ahead of Family Credit even though, retrospectively, they acknowledged its importance. They kept their attention on the labour market, not on the benefit system'.*

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<sup>53</sup> Moderate hardship means that the families scored 1 to 2 on a nine-point scale, severe that they scored 3 to 9. The items in the scale included, for example, quality of accommodation, heating, debts and money worries, lacking food, clothes, leisure activities and consumer durables.

<sup>54</sup> The New Deal programmes could change this, at least for lone parents. As noted above, better-off calculations and information about in-work benefits were rated as among the most useful aspects of taking part.

The same sort of point may also apply to the potential disincentives for more hours:

*'The evidence was that if the withdrawal rate increased to say 100%, few would notice and no-one would behave any differently. The effects of the withdrawal rates are, anyway, cushioned by the six-month award period. In most claimants' and ex-claimants' views, more earnings are more earnings and will be welcomed ... Improved labour market conditions are rarely to be rejected solely on the grounds of loss of benefit.'*

(Marsh, 1995, p 25/26)

Another important issue concerns whether Family Credit helps people improve their labour market position or holds them back in low-paid jobs. Bryson *et al* (1997) found that lone mothers receiving Family Credit had less wage progression over the next few years than other lone mothers and thus 'it seems that lone mothers' ability to prosper in paid work is constrained, once they have entered or held low-paying jobs with a benefit-top-up' (p74). This suggests that, while in-work benefits do help parents (especially lone parents) to get into or stay in work, there is a question mark over whether they help people to sustain employment and to achieve an upward employment trajectory.

### 9.2.2 Other income in work

The PRILF studies have consistently shown that working lone parents are more likely to be receiving child support payments than non-working lone parents. Finlayson *et al* (2000) suggest that child support payments act as a sort of 'privatised' Family Credit, providing an important, and non-means-tested, boost to in-work incomes for those who receive such payments. Women working part-time have been one of the main groups to benefit from the National Minimum Wage (Low Pay Commission, 2000) and many lone mothers are liable to be among these. About one-third of the working lone mothers in the evaluation of the prototype New Deal, who went back to work just before the National Minimum Wage was introduced, had hourly wages below that level (Hales *et al*, 2000). Meeting housing costs is also often an area of concern for families entering work, especially owner-occupiers, and people often find the interactions between housing benefits and other in-work support confusing (see Chapter 8 for further discussion).

### 9.3 Working Families' Tax Credit

The above studies pre-date the introduction of the Working Families' Tax Credit, but may provide some hints about how families might react to this benefit. Marsh *et al* (2001) found some, but limited, awareness of the change (just announced when they were carrying out their fieldwork). Table 9.1 shows that, of the payment options offered, most couples said they would prefer to receive Working Families' Tax Credit through the Post Office, or by direct credit transfer, but few preferred the wage packet option (but note, the respondents were generally the women in the couples, not the men, and these were responses to a hypothetical question). However, Wheatley (2001) in a report based on people's contacts with

Citizens Advice Bureaux, found payment through the pay packet to be unpopular with both claimants and employers, and one of the main causes of problems in the early stages of implementation.

**Table 9.1 Preferences for receipt of Working Families' Tax Credit, 1999**

	<b>Non workers %</b>	<b>Eligible non-claimants of FC %</b>	<b>FC recipients %</b>	<b>Moderate income workers %</b>
Through wages	16	11	7	8
Post Office	55	46	67	43
Bank or Building Society	29	43	26	49

Note: the sample is all respondents, lone parents and women in couples.

One of the main concerns about the Working Families' Tax Credit is that it will create a disincentive to work for second earners; in effect it would put financial barriers in the way of a second earner in a couple entering work (Land, 1999; McLaughlin *et al* 2001). This is because the Working Families' Tax Credit is generally paid to the wage-earner and so, if a second earner in the family enters the labour market, there would be a fall in the income received by the person who was already employed. The experience with Family Credit - where there was also a loss of benefit associated with a second earner - suggests that this disincentive might not have a large impact in practice. Families who are claiming in-work support for 'life cycle' reasons will still prefer employment when it becomes possible or desirable for them, as will those who are 'parachute' claimants. The six months award period also means that the impact is not immediate. However, Working Families' Tax Credit is more generous than Family Credit and for most couples is paid through the pay packet. These factors might change the way in which it is perceived by claimants and by partners. The 'first' earner may be reluctant to give up income paid directly to him (in most cases it is the man), especially if substantial amounts are involved. Simulations of the impact are not able to take the payment method into account but can examine the likely impact of the higher levels of support.<sup>55</sup> Gregg *et al* (1999) and Blundell (2000) both estimate that there will be increased employment among workless lone parents and couples but reductions in employment for second earners in two-parent families. Blundell also notes that the childcare tax credit

<sup>55</sup> As Gregg *et al* (1999a, p103, note 38) note, not taking into account who actually receives the benefit 'is not the solution to the extremely difficult question of how to model intra-household distribution. it is inadequate for looking at labour supply substitution within the household ( i.e. the possibility that the wife's labour supply decision may be influenced by what the husband does and vice versa)'. As discussed in Chapter 8, there is evidence that people perceive money from different sources in different ways.

element could have a major impact on the childcare market, opening up low-cost care to those who currently do not have access to it. If so, the employment effects could be more substantial.

The introduction of the Integrated Child Credit in 2003 is also relevant. This new tax credit will replace the child payments in Income Support, income-based Jobseeker's Allowance, the Working Families' Tax Credit, the Disabled Person's Tax Credit and the children's tax credit with a single payment. Thus working and non-working families will be part of the same system, with payments being made to the primary care, in most cases, the mother (see Battle and Mendelson, 2001 for a comparison with similar child benefits in Australia, Canada and the USA). Adult payments in work will be through a separate Employment Tax Credit, which will also be available to some groups of childless people. Brewer *et al* (2001) calculate the extent of redistribution between men and women from the Integrated Child Credit. Among one-earner couples where the man is the Working Families' Tax Credit claimant and receiving payment through his pay packet, the introduction of Integrated Child Credit will mean an increase in the women's income from £15.50 to £50 per week, (at current rates), because the child payment is made to her and the man receives correspondingly less in Working Families' Tax Credit.<sup>56</sup> We do not know enough about how and when families make the transition from one to two earners to be able to predict how families have responded to the changing financial incentives offered by Working Families' Tax Credit compared with Family Credit, and how they will respond to the Integrated Child Credit and the Employment Tax Credit compared with the Working Families' Tax Credit.

#### 9.4 Sustaining employment

Concern about what helps low-income workers to stay in employment is a fairly new area of interest. Kellard *et al* (2001) have recently reviewed the research, in part in order to explore the way in which terms such as 'employability'<sup>57</sup>, 'retention' and 'sustainability' have been defined, and in part to review empirical evidence on what helps or hinders sustainability in employment (see also Walker and Kellard, 2001). They define sustainability as 'the maintenance of a stable or an upward employment trajectory in the longer term' (pii) and note that 'the available research indicates that the factors associated with obtaining work are not necessarily the same as those affecting whether someone *stays* in work' (p23, see also Trickey *at al*, 1998). Some of the key findings they note from empirical

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<sup>56</sup> However, for lone parents, who all receive Working Families' Tax Credit through the pay packet, the introduction of the Integrated Child Credit will mean that more money is received as a benefit and less received through the pay packet.

<sup>57</sup> See also Hillage and Pollard (1998) for a discussion of the concept of 'employability'.

research are that:

- Lone parents may have particular difficulty in sustaining employment because of problems with childcare (Noble *et al*, 1998).
- The presence of children in couple families may increase the chances of sustainable employment since people who have children are more likely to stay in jobs for longer periods (Trickey *et al*, 1998).
- Employment is more likely to be sustained for people with no health problems, homeowners, and those who have a car (Trickey *et al*, 1998).
- Employment may be particularly difficult to sustain from entry-level jobs (i.e first jobs after a spell of unemployment) and for those who take temporary or part-time jobs as a route off benefits (White and Forth, 1998).
- Employers' attitudes, their recruitment and retention policies, and whether they offer family-friendly employment are also important factors in creating the conditions for employment sustainability.

Noble *et al* (1998) also point out that many lone parents have multiple reasons for movements on and off Income Support, making it difficult to separate clearly work-related reasons from family-related reasons from benefit-related reasons. Hales *et al* (2000a), in their sample of lone parents within the target group for the New Deal for Lone Parents, found that about seven-eighth per cent of the lone parents who left Income Support for work were back on benefit by the time they were interviewed (up to eight months later). The most common reason was because they left their job (40 per cent in New Deal areas and 30 per cent in the comparison areas) or lost a job (21 and 27 per cent). Non-work reasons (such as relationship breakdown) were rarely given. However, childcare problems were not apparently offered as an option on the checklist, so it may be that those who gave 'other' responses (17 per cent and 27 per cent) included some with problems of this sort. Those who said they had left jobs seems to have been in less good jobs than others, and they had more worries and more problems. So it may be that those who take a job that is less than satisfactory in some way find it more difficult to sustain that employment.

## 9.5 Work-based welfare: cross-national comparisons

In looking to the experience of other countries we start by summarising key points from cross-national comparisons. We then look in more detail at policies and programmes in the USA, and briefly at Canada. Figure 9.1 lists recent cross-national comparative studies of welfare to work programmes and associated measures.<sup>58</sup>

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<sup>58</sup> See also Pinto-Duschinsky (2001), who gives examples of welfare to work programmes and Kellard *et al* (2001) who have a brief review of studies relevant to employment sustainability.

**Figure 9.1 Cross-national comparisons of employment-related policies**

<b>Policy areas</b>	<b>Countries</b>	<b>Reference</b>
The impact of ‘case management’ on unemployed jobseekers	Australia, Canada, the USA, New Zealand and Europe.	Eardley & Thompson, 1997
‘Workfare’ defined as ‘programmes or schemes that require people to work in return for social assistance benefits’	France, Germany, the Netherlands, Norway, Denmark, UK, USA.	Lødemel & Trickey, 2000
In-work benefits (EITC and WFTC)	UK, USA.	Brewer, 2000
Employment-based policies for lone parents: benefits, welfare to work requirements and programmes, childcare	Australia, France, the Netherlands, Norway, UK, USA.	Rowlingson & Millar, 2001
Welfare to work	UK, USA.	Theodore & Peck, 2001
Welfare to work	France, Germany, the Netherlands, UK, USA.	Evans, 2001

Millar (2001) looks at work requirements and labour market programmes for lone parents in various countries. As she points out, a number of countries have recently made changes in their rules about when lone parents should be subject to some sort of work requirements. These include Norway, the Netherlands, Australia, New Zealand, Canada, the USA and the UK. She suggests that there has been a convergence towards setting the dividing line between those with and without work requirements at around the age at which children start school or, in some countries, pre-school education. The USA, where many states start compulsory work for lone mothers when children are aged 3 months, is an extreme case (see further discussion below). The nature of these work requirements also varies substantially, from attendance at work-related interviews, to job search requirements, to compulsory training, to participation in a range of social and other activities to compulsory part-time or full-time work. The labour market programmes also differ in the way they define target groups, in the use of sanctions and in what is provided. For example, the Australian JET (Jobs, Education and Training) is a voluntary programme which offers information and advice to lone parents and the Norwegian OFO (follow-up arrangements for lone parents) uses lone parent volunteers as ‘mediators’ who set up social and other activities as well as providing information and advice. Millar suggests that the details of implementation are crucial to understanding these schemes, not least because they include quite significant levels of discretion to the ‘street level bureaucrats’ responsible for service delivery.

Kilkey and Bradshaw (2001) compare ‘make work pay’ policies for lone parents. They point out that these can include ‘push’ (lower out of work benefits, time limits, sanctions) and ‘pull’ (tax and benefit boost to wages) measures. The UK and the USA are, they argue, the two countries where there has been the most active policy focus on make work pay.<sup>59</sup> They point to the difficulty of trying to isolate the impact of such policies in the context of the general social and economic conditions and the other policies intended to increase employment. They also show that make work pay policies do not necessarily succeed in preventing poverty among employed lone parents.

## 9.6 Welfare reform in the USA

Welfare reform in the USA has included a range of measures, mainly targeted on lone mothers and in the context of a more de-centralised system which has no universal benefits for children (Waldfoegel *et al*, 2001). The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PROWRA) abolished the federal AFDC (Aid to Families with Dependent Children) system and replaced it with block grants to states to fund time-limited cash assistance through TANF (Temporary Assistance to Needy Families). There are mandatory work requirements and a maximum period of receipt of five years in total. States have considerable discretion in how they implement this – all must impose work requirements but they differ in the nature and types of sanctions they impose for non-compliance, in how they apply the time limits, in their use of earnings disregards and treatment of child support, and in the level of support for childcare offered. Figure 9.2 summarises key features of programmes in two states, Michigan and Wisconsin, in order to give an idea of what happens in practice. Both show the strong work focus of the programmes, with almost all lone mothers being required to participate in work or work-related activities as a condition of benefit receipt. Exemptions apply only to those with very young children<sup>60</sup> or, in some cases, health problems. One point to note is the use of ‘diversion’, whereby applicants are not considered to be part of the programme until they have started their work or work-related activities. This keeps inflow rates down.

As well as these state-level programmes, low-income working families may also be eligible for federal support through Food Stamps, the Earned Income Tax Credit and the Children’s Health Insurance Programme.

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<sup>59</sup> Or at least policies explicitly intended to support low-wage workers; generous levels of child benefits may also act as a boost to in-work income in many European countries but do not have this label attached to them.

<sup>60</sup> In general, as we saw in Chapter 5, mothers in the USA have high employment participation rates. This also applies to mothers of very young children. In 1998, 59 per cent of women with children aged under one year were economically active, 36 per cent worked full-time, 17 per cent worked part-time and 6 per cent were actively seeking employment. (Census Bureau press release, 2000, at: <http://www.census.gov/Press-Release/www/2000/cb00-175.html>).

There is a vast literature on the impact of these and earlier reforms (see Appendix E) and so we have tried to focus on material that is readily accessible, and on synthesis reports and overviews rather than evaluations of individual programmes and initiatives.

### **Figure 9.2 Claiming TANF in Michigan and Wisconsin: the process**

#### **Michigan Family Independence Programme (MFIP)**

The lone parent must claim in person at a local office, using a combined claim form (for food stamps, medical assistance, child care and cash benefits). She must have documentation on income, employment, citizenship, birth certificates, children's school registration and comply with Child Support requirements. Within two weeks, she must attend a Work First orientation session and develop a 'personal responsibility plan' that will be initiated within two months. She will receive quarterly or monthly home visits. She is not officially a claimant until she had started her Work First activities, which are compulsory, unless she is already working for at least 20 hours per week. Exemptions include having a disabling health problem, caring for a family member with a health problem, having a child of less than 3 months, being a teenage parent attending school, or being aged over 65. Work First programmes are delivered locally and differ in the mix of job search services and support offered. Non-compliance means a benefit cut of 25 per cent, after four months benefits are lost entirely.

Source: Waldfogel *et al* (2001)

#### **Wisconsin Works (W2)**

Claim made at local offices. Everyone in the programme must be engaged in work or work-related activities as a condition of benefit receipt. The programme is built around the concept of a 'self sufficiency' ladder. The most work ready are in the highest tier, in which they must work for 40 hours per week, they receive basic services (case management and no-cash support) and their wages plus EITC (if claimed). At the next tier (Trial Jobs), also 40 hours, there are temporary jobs with subsidies for employers, recipients receive market wages plus (again if claimed) EITC. In the next tier (Community Service Jobs) participants work for 30 hours per week and spend 10 hours in education/training. They work in public sector or not-for-profit organisations, where they receive benefits (rather than wages) and are not eligible for EITC. In the lowest tier (W-2 Transitions) the work assignment is made by a caseworker and may include sheltered working and participation in alcohol or drug treatment. This requires 28 hours in work or training and 12 hours in education or training. There may be exemptions for those with health/disability problems and mothers of young infants (under 13 weeks) are also exempt. Benefits do not vary by family size, but recipients do get to keep all child support payments received. The programme is administered by private agencies. Non-compliance can lead to loss of all benefit.

Source: Meyer (2001)

One of the main sources of information about outcomes of welfare to work programmes comes from the National Evaluation of Welfare to Work Strategies (NEWWS), which is being carried out by the Manpower Demonstration Research Corporation (MDRC). This has been following people, mainly lone parents, randomly assigned to participation or control groups in welfare-to-work programmes starting between 1991 and 1994 under the federal JOBS legislation (Job Opportunities and Basic Skills Training). These therefore pre-date TANF and include a range of different types of programmes. Some key findings include<sup>61</sup>:

- Those most likely to move into work are those who are more ‘job-ready’ with fewer barriers to work and who are in labour markets with good labour demand.
- ‘Work first’ produces larger immediate gains, and larger gains for disadvantaged people in the medium term, and costs less. But over the longer term these differences narrowed.
- The most effective programmes used a mix of services — including some education and training — with a strong emphasis on work and with individualised assessment at the start.
- Most people who went to work obtained low-wage or part-time jobs, and some left welfare without finding work. The only programmes that both increased work and made families financially better off were those that provided earnings supplements to low-waged workers.
- Those who never found work in four years tended to be older, with low education and basic skills, limited work experience, and high personal barriers to work. Those in the steadiest work tended to have started working relatively early in the follow-up period, had higher education and skills, more recent work experience and fewer personal barriers to work. They were also most likely to have had transitional help for Medicaid and childcare.
- The impacts on children seem to have been relatively minor, and included both positive and negative outcomes (see further discussion below).
- Portland, Oregon was one of the most successful programmes, *‘probably due to a combination of factors. While its employment message was strong, the program offered high-quality education and training services as well as job search, enforced a participation mandate, and had strong job development and placement services. In addition, contextual factors may have contributed to the program’s success. In particular, it worked with a less disadvantaged welfare caseload (relative to the other studied programs) and operated within a good labor market with a relatively high state minimum wage.’*

(Freedman *et al*, 2000, p ES17)

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<sup>61</sup> See Appendix E for more detailed summaries of the synthesis reports.

Arguably, however, these ‘contextual factors’ – strong labour demand and not so disadvantaged participants – are the most important aspects and, to some extent, the most difficult to emulate, at least in the context of supply-side programmes.

### 9.6.2 Overall outcomes post 1996

Lone mothers’ employment rates in the USA have risen sharply and are now higher than those of married mothers (68.4 per cent in 1999 compared with 67.1 per cent for married mothers). The number of welfare recipients fell by half between 1994 and 1999. Child poverty has been falling since 1993 (Haskins and Primus, 2001). There is general agreement that the TANF reforms are part of the explanation for this but not the full story (Danziger, 1999; US Congress Ways and Means Committee, 2000; Meyer and Duncan, 2000; Greenberg, 2001; Blank and Haskins, 2001). Greenberg (2001a, p1) sums up the impact of TANF and welfare reform succinctly:

*‘Since 1996 employment among low-income parents has risen, family and child poverty have fallen, and states have expanded many services for low-income families. But welfare caseloads have fallen far more rapidly than child poverty, many families have lost benefits without finding work, and many who have found work have had little or no increase in economic well-being.’*

Waldfogel *et al* (2001, p59) reach the same conclusions:

*‘Bolstered by a strong economy and a surge of federal funding to the states, welfare reform has contributed to large declines in welfare rolls and increased work among lone mothers and has been moderately successful in raising incomes for those who work... However many lone mothers, who have not been able to find and keep jobs, are worse off financially because of the reforms. Many others are no better off financially – they have simply moved from the ranks of the welfare poor to the working poor. In many states, a single mother with a pre-school child is expected to work at least 30 hours per week, at a minimum wage job with only a modest amount of child care subsidy and EITC and health insurance only for her children.’*

### 9.6.3 Childcare and the impact of welfare reform on children

There has been an expansion in funding for childcare from both federal sources (a 25 per cent increase in the period 1997 to 2002) and state sources (of almost the same order), and states have considerable discretion in how they allocate spending and in what they provide to whom. Waldfogel *et al* (2001) note that policy developments have included the provision of childcare subsidies, measures to promote an expansion of supply, and the integration of welfare and non-welfare subsidies, so that families do not lose subsidies if they leave welfare. Subsidies are usually provided on the basis of a means test but are not entitlements, so access may depend on the availability of funds. Blank and Poersch (2000) provide an overview of state provision of childcare. Waldfogel *et al* (op cit) note that there is evidence that the quality of care in many childcare settings is ‘poor or mediocre’ and also that little is known about the quality of care

being received by children of ex-welfare recipients, although it is known that they are more likely to use informal than formal care.

Duncan and Chase-Lonsdale (2001) look at the impacts of welfare reform on children's well-being and development (see also Hamilton *et al*, 2000; Morris *et al*, 2001; Sherman, 2001). Their main findings were that:

- The impacts on children are different for children of different ages.
- The evidence is very limited in respect of outcomes for infants.
- For pre-school and elementary school children the outcomes are broadly positive in respect of measures such as school achievement, problem behaviour, health (the latter two mostly as rated by parents). Outcomes are more likely to be positive in programmes that combine the work mandates with other supports such as childcare subsidies and in-work benefits (i.e. where income in work is higher). Children in long-term welfare recipient families often showed the most positive outcomes.
- For adolescents the outcomes were more negative in respect of school problems and risky behaviour (drinking, smoking).
- There is some evidence to suggest that the positive outcomes come about through the participation in childcare and after-school programmes.
- Overall, however, 'even though reforms may help reduce problems of poverty, mental health, domestic violence and children's health and development, these problems remain alarmingly common, even among families offered a generous package of work supports' (p 392).

Sherman (2001) also reviews findings from 16 welfare-to-work programmes (among those evaluated by MDRRC) and concludes that the income effects were particularly important - programmes which 'substantially lifted income had mostly good effects on children' while those 'that lowered income had mostly bad effects on children' (p5-6). Those with little impact on income had mixed effects on children. Raising income was therefore important to achieve good outcomes for children. The 'fragile families and welfare reform' study, which is following a birth cohort of almost 5000 children in 20 cities, provides information on the incomes and employment of unwed mothers and fathers, examining child support as well as welfare reform issues (Garfinkel *et al*, 2001).

#### 9.6.4 *In-work benefits, work and marriage*

As noted above, many lone-parent families leaving welfare for work move into low-paid jobs and are only likely to be better off financially if they receive some form of in-work subsidy. The main federal programmes are the Food Stamp programme, the Earned Income Tax Credit (EITC) and the Children's Health Insurance Program (CHIP). States may also have their own schemes of earnings disregards (these have become increasingly used), Medicaid, children's health insurance and childcare subsidies, as well as local tax credit schemes. From the UK perspective there is particular interest in the EITC and Brewer (2000) provides a comparison of the UK and USA systems of in-work benefits for low-

waged families (WFTC and EITC) focusing on work incentive issues (see also Eissa and Leibman, 1996; get JRF reference). Overall he concludes (p3) that there is a 'similar picture in both countries: good financial incentives to do some minimum-wage work but poor financial incentives to increase earnings'. He also notes that low take-up may be an issue in the USA (see discussion of welfare 'leavers' above) and also discusses the impact of the different time periods and responsiveness (EITC has annual assessments and payments). Smeeding *et al* (2000) look at how families use their annual EITC payments and found some evidence that some families were using these lump-sum payments for 'investment' (improving economic social mobility) rather than 'consumption' (making ends meet). But most families planned both sorts of use and half said they could not meet their 'priority use' without EITC. Porter *et al* (2001) found that poverty rates among working lone mothers stayed fairly static between 1995 and 1999 and the average poverty gap increased. They argue that in-work benefits, particularly the Earned Income Tax Credit, contracted over this period, failed to provide an adequate safety net for poor working families.

Ellwood (1999) reviews the impact of EITC on employment and marriage. He concludes that there is a 'strong positive' effect on the employment of lone mothers but a 'modest negative' effect on the employment of married mothers. He also finds 'no discernible effect' on marriage in either direction. These findings of no effect on marriage rates is particularly interesting in the context of current US debates about the welfare system and marriage. The goals of the TANF legislation included the promotion of marriage and the reduction of out-of-wedlock pregnancies. This aspect of the legislation has received less attention in both policy and research than the work-related goals but is now increasingly coming to the fore. Greenberg (2001a) notes that there are several problematic issues in respect of these sorts of policy goals: it is not clear what policy measures and instruments could be used to achieve these goals; there is no research base comparable to the extensive information on 'what works' in respect of employment policies; there are disagreements over the appropriate role for government in this area; and there is no strong public consensus about these goals (as there has been over the work-related goals). Nevertheless, there are calls for the next stage of welfare reform to take stronger steps to actively promote marriage.<sup>62</sup>

#### 9.6.5 Learning lessons?

Waldfogel *et al* (2001, p59) conclude that 'countries that are willing to end the entitlement to cash assistance, and accept some increases in hardship, can look to the USA as a model for increasing the employment

<sup>62</sup> The House of Representatives Subcommittee on Human Resources held hearings on 'welfare and marriage' in May 2001. Copies of the testimonies can be found at <http://waysandmeans.house.gov/humres/107cong/hr-5wit.htm>. See also the Hudson Institute's site (<http://www.hudson.org>) and the Institute for Women's Policy Research (<http://www.iwpr.org/marriagepovertylit.html>).

of lone mothers'. But, as they go on to point out 'if the policy goals are to increase employment and reduce poverty (as they are in the UK), then the USA may not be such a helpful example'. Both Evans (2001) and Theodore and Peck (2001) raise some points of caution in the relevance of USA experience to the UK. Evans (op cit, p51) points out that 'the most consistent answer to what works in welfare to work is an underlying healthy growing economy with job growth' and points to the rising rates of poverty and higher poverty gaps in the USA and to the very marginal gains made by many who move into employment. He also argues that the US research evidence tends to focus more on the 'gain' than the 'pain' and that the UK policy agenda requires more disaggregated data on winners and losers.<sup>63</sup>

Theodore and Peck (2001) compare work-first and human capital approaches, their objectives and advantages and disadvantages. They suggest that one particular aspect of the work first programmes is that their success is 'highly contingent on the state of local labour markets' (p87) and that they fail to address wider aspects of social exclusion/inclusion. They are also critical of the USA evaluation methodology for a narrow focus on 'caseload reduction, employment levels and cost savings – outcomes that are best suited to the goals that the [work first] models seek to achieve' (p 90) and suggest that this has had a negative impact on policy, leading to a reduction in the use of human capital programmes in favour of work first approaches. They suggest that in the UK, where there is substantial variation in labour demand, supply-side policies such as these cannot by themselves have a significant impact on worklessness. Finally, it should be noted again that the main target group for welfare reform in the USA is lone parents, and there is almost no information about low-income couples with children.

### 9.7 The Canadian Self-Sufficiency Project

Before leaving North America, we should look at one programme in Canada that has achieved some impressive results – the Canadian Self-Sufficiency Project, which has been running for over three years, and was evaluated by the Social Research and Demonstration Corporation<sup>64</sup> (Berlin, 2000; Michalopoulos *et al*, 2000a). This provided an in-work cash benefit to lone parents who had been receiving Income Assistance for at least one year and who left Income Assistance for full-time work of at least 30 hours per week within 12 months of entering the Self-Sufficiency project. The supplement lasts for three years, as long as the lone parent stays in work and does not claim Income Assistance. There was a random allocation evaluation and the samples have now been followed for three years. The level of the in-work benefit was relatively generous, paying

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<sup>63</sup> Another criticism in the US is the lack of attention paid to the issue of race in the research, Cherry and Rodgers, 2000; Soss *et al*, 2001.

<sup>64</sup> The Social Research and Demonstration Corporation website can be found at <http://www.srdc.org>

half the difference between wages and a 'benchmark' figure of around C\$30,000 to 37,000, with a 50 per cent taper operating above a certain level.

The evaluation found that the programme led to increases in both full-time employment and earnings. Full-time work was of course a condition of eligibility, but employment effects continued throughout the three years, much of the employment was stable and wages grew over time. There was reduced receipt of social assistance but more receipt of in-work benefits. The increased earnings *and* increased cash transfer payments led to an overall increase in income and reduction in poverty. Much of the extra income was spent on food, clothing, and rent, or used to increase savings. Wages grew over time. The impact on marriage rates was mixed. The authors conclude:

*'When structured properly, programs with financial incentives can be triple winners, encouraging full-time work, increasing income, and reducing poverty. At the end of the three year follow-up period, SSP increased full-time employment by nine percentage points, reduced poverty by nine percentage points, and increased after-tax income by more than \$100 per month. In comparison, programs that encourage welfare recipients to look for work or to build skills without providing financial incentives typically increase employment but do not increase income and do not reduce poverty. Programs that supplement the earnings of welfare recipients who work part time also can encourage work and increase income, but by themselves such incentives typically have smaller effects than SSP on earnings and income ...'*

(Michalopoulos *et al*, 2000a, pES12)

As noted above, this programme requires participants to engage in full-time work of at least 30 hours per week. This requirement meant that not everyone was able to take advantage of the in-work benefit. In fact two-thirds of the programme group did not receive any payments at all, and while 'most' were interested in participating they either could not find suitable full-time work or were unable to overcome other barriers to work within the time period. The authors therefore also conclude that such programmes *'might be even more effective when combined with other policies to help welfare recipients find work or to help them overcome barriers such as child care and transportation problems'*. (p E-12)

**9.8 Summary** Only one of the New Deal programmes - the New Deal for Lone Parents - is specifically targeted upon families with children. Evidence from the evaluation of the NDLP prototype programme and from the early stages of the national programme, showed some success in helping lone mothers into work, but take-up has been low and, while most are very satisfied with their participation, some would have welcomed more guidance. The better-off calculations are an important element in the help offered. Extensive evaluation of the national programme is under way. We know little specifically about how couples with children fare in the other New Deal programmes.

Lone parents generally had higher take-up rates of Family Credit than couples, they were also more knowledgeable about it and other in-work benefits, and they felt less stigma about claiming. Lone parents tend to receive Family Credit when children are older and they can work full time, or they combine it with part-time work when children are younger. Many who leave go back onto Income Support. Couples tend to receive Family Credit when they have young children and one partner is providing full-time care; when one worker in a two-earner family loses their job; and when the family falls into financial difficulties for other reasons. Family Credit did boost income in work, although some recipients still experienced hardship. The actual incentive effects of Family Credit are not straightforward to identify nor to isolate from other factors, but it seems that labour market (rather than benefit) issues are most important for many families. Simulations suggest that the Working Families' Tax Credit will lead to increased employment among lone parents but reduced employment among second earners in couples. This needs further research to understand what is actually happening in practice. There has been some recent interest in the factors that make it possible for families to sustain employment, but this is another area where further research is needed.

Turning to the cross-national comparison, a number of countries have introduced new work requirements and labour market programmes for lone parents. Lone parents are often required to participate in some activities when children reach school-age but there is a large degree of variation in what is required and how this is enforced. In the USA employment rates for lone mothers have risen sharply and welfare receipt has fallen. This is partly a consequence of a strong economy but welfare reform has also played a part. The USA evidence shows that those most likely to move into work are those who are more 'job-ready', with fewer barriers to work and who are in labour markets with good labour demand. Work first programmes produce earlier results at lower costs, but human capital approaches tend to catch up over time. The most effective programmes use a mixture of both, with individual assessments. High compulsion does not necessarily lead to more employment outcomes. The only programmes that both increased work and made families financially better off were those that provided earnings supplements to low-waged workers. Many non-employed lone mothers are much worse off financially because of the reforms and even those who work full-time do not necessarily escape poverty. There has been a significant expansion of childcare services (although much of the provision is still of poor quality), and of in-work benefits such the Earned Income Tax Credit. The impacts of welfare reform on children relate to the age of the child, with mixed evidence for young children, generally positive for primary school children but more often negative for teenagers. Current policy attention is increasingly focused on issues of marriage and family formation. The Canadian Self-Sufficiency Project, which pays generous supplements

to those in full-time work, has had some success at increasing employment and reducing poverty but many people were unable to find full-time jobs that would give them access to this support.

Overall, the cross-national comparisons show that there are many ways to pursue work-related policy goals, that isolating 'what works' is very difficult, but that the most effective programmes include a flexible mix of measures of in-work financial support, childcare support and individual assessment for help with job search and training.

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# Families, Poverty, Work and Care

**Part Three - Conclusions**



## 10 FUTURE RESEARCH

It is clear from this review that, even just over the past ten years, there has been a substantial body of research into the situations and circumstances of families, and especially of lone-parent families. The combination of quantitative and qualitative research, the increased availability and use of dynamic panel data, and the extensive evaluation programme for the New Deal and other new policy measures has provided an increasingly rich and complex picture. In this final chapter we point to some of the places where further research could help to fill some of the gaps in our knowledge, particularly in the context of the current policy agenda.

**10.1 Health matters** Issues of ill-health and disability are a recurrent theme for lone parents and for poor couples with children. These affect both adults and children. Poor health is a clear work barrier, either because of caring responsibilities or because of own ill health. Ill health is often associated with very long durations of benefit receipt. It would be useful to know more about the needs and circumstances of families with poor health and/or disability.

**10.2 Hardship, poverty and sustainability** An updated analysis of the adequacy of benefit levels is long overdue. Hardship is very much part of the lives of most lone parents and of poor couples with children. Longitudinal research has shown the extent to which families move into and out of poverty and which types of families are most at risk of becoming and staying poor. It would be useful to know more about poverty gaps, about which families experience the greatest intensity of poverty and the extent to which current policy measures are reaching these poorest families.

A focus on the poorest families would also make more visible the nature and extent of the disadvantages faced by some ethnic minority groups, especially Bangladeshi and Pakistani families with children. We know very little about the circumstances of these families, their patterns of employment and benefit receipt and their access to the New Deal and other in-work support.

The concept of ‘sustainable livelihoods’, which draws attention to the range of resources – financial, human and social capital, environmental – that poor individuals and families may (or may not) be able to call upon, could provide a useful frame for future work on poverty and hardship. Such an approach would seek to locate and understand individual actions and decisions within wider structural constraints.

**10.3 Family structure** We know a lot about lone parents’ circumstances, employment and benefit receipt, but much less about low-income couples with children and about other ‘new’ family types (cohabiting couples, stepfamilies, same sex

families, adopting and foster families). However the most useful way to approach this may not be to focus on these as particular family types but to seek to place these within a dynamic and lifecourse perspective. There is much diversity within these family types and it may be useful to focus, for example, on the needs and circumstances of all families caring for very young children, or all one-earner families, rather than on the number/marital status of parents. A dynamic approach would also help to make more visible the nature of the contributions of separated parents to children in lone-parent and stepfamilies, and the nature and impact of different routes into lone parenthood.

**10.4 Children** Policy and research have both become increasingly child-centred in recent years. But there is still something of a gap in respect of taking the child's perspective, and there is a need for more quantitative and qualitative research directly with children themselves. We know that children brought up in poverty do less well at school and on a range of other indicators, but little about the actual processes that lead to these outcomes. Given the employment focus of current policy it would also be useful to know more about how children experience parental employment and in particular how children cope with, and adjust to, parents making the move from full-time care to paid work. Much of the research into childcare has focussed on childcare as facilitating parental employment; we know less about how children experience such care.

**10.5 Educational and training needs** Educational qualifications are clearly important in helping both lone and partnered mothers to work, and to better jobs. We need to know more about needs for education and training and barriers to the uptake of these. We also need more information on the access to in-work training for low-paid workers, and the extent to which such training enhances employment retention and progression.

**10.6 Family labour supply** Recent research has started to look to the family and not just the individual but there are still both conceptual and empirical gaps. Does a family labour supply mean that families are making decisions as a unit, or that the family provides a context for individual decisions? We need to understand more about how expectations about gender roles are involved in family labour supply. Much of the research has focused on the transition from having none to having one earner; we need to know more about what helps or hinders families in making the transition from one to two earners and vice versa. We also need to know much more about the needs and circumstances of one-earner families and of workless two-parent families, including those from ethnic minorities.

**10.7 Managing paid work and care work** Our knowledge of childcare use and attitudes to care has improved but we still know little about how families actually cope with the demands of combining paid work and care work on a day-to-day basis. This is particularly important in order to understand issues of employment sustainability and progression. More on childcare supply and how this

links with demand would be useful, perhaps through an evaluation of the National Childcare Strategy.

#### 10.8 Stepping stones into work and employment progression

The evidence we have suggests that, for some people, participation in part-time work and/or voluntary work can act as a stepping stone into more full-time employment. Current policy is encouraging lone parents to follow this route, with higher earnings disregards for those receiving Income Support and other measures. We need to look more closely at this issue, both for lone parents and for couples, and at what helps families to stay in work.

#### 10.9 The New Deal programmes

The evaluations of the New Deal for Lone Parents have provided a great deal of information about lone parents but we know very little about the impact of the New Deal on couples with children. The New Deal evaluations have also examined the role of those responsible for delivery and these clearly show the central importance of the New Deal Advisers. There is a need for continuing evaluation of what makes for effective services and improves access to these.

#### 10.10 Employers - labour demand, recruitment and retention

Employers are, to some extent, playing a more active role in respect of policies such as the New Deal. They are involved in the delivery of some cash benefits/tax credits and have various obligations in respect of 'family-friendly' employment. The New Deal evaluations have started to include employers as part of the research. Much more could be done on this front, and to examine issues of recruitment and retention. More precise and accurate ways of measuring labour demand would also help us to understand better the relative importance of labour demand and labour supply in the variations in regional and local unemployment and worklessness.

#### 10.11 Managing money - delivering benefits

There have already been changes in the assessment and delivery of in-work benefits in the shift from Family Credit to Working Families' Tax Credit and will be more when the Integrated Child Credit and the Employment Tax Credit are introduced. We need to know more about how these fit with families' budgeting practices, both short term (day to day money management) and over the longer term (savings and other assets building).

#### 10.12 Equity issues

Recent policy changes have affected different types of family in different ways and there is a need for research which critically assesses these in respect of equity between different types of family and within families - one-earner and two-earner families; men and women; first and subsequent children; small and large families; lone, cohabiting and married parents.

#### 10.13 Learning lessons

The cross-national comparisons show that there are many interesting examples of policy and practice in other countries, and examining these can both highlight new ways of thinking about particular issues and provide examples of policy successes and failures. Evidence about welfare reform

from the USA has been very influential but there is also a need for research to focus upon more targeted examples of specific policy areas from a wider range of countries. Examples include the operation of ‘daddy leaves’ in Scandinavian countries; the development of care benefits and policies to promote the reconciliation of work and family life in European countries; the partial individualisation of benefits and the introduction of ‘parenting’ benefits for both lone and married families in Australia; the use of different time periods for the assessment and payment of cash benefits in the USA, Canada and elsewhere.

#### 10.14 Polarisation and social divisions

Finally, much of the research has characterised these family and employment trends in terms of polarisation – between two – earner and no-earner couples, between the well-educated and the unqualified, between women with uninterrupted full-time work histories and those with gaps and part-time working; between teenage mothers and women who postpone having children. These are real divisions but they are not necessarily well captured by the rather rigid and dichotomous concept of polarisation, which can obscure the range of social divisions – of social class, race and gender – and how these operate and interact across the lifecourse.