

How can parents escape from recurrent poverty?

Findings
Informing change

February 2010

This study explores why disadvantaged parents move into poverty and identifies the specific barriers to them escaping the cycle of low pay/no pay or recurrent poverty. It draws on information from interviews with parents and focus groups with professionals, plus some analysis of an existing large survey.

Key points

- The main reasons for these households moving into poverty were the birth of a child or a relationship breakdown, combined with a decrease in household income, often due to job loss.
- Most parents sought to enter paid employment in order to improve their household finances and emotional well-being. However, in some cases neither improved after getting a job and in others it resulted in entering a low-pay/no-pay cycle.
- Parents remained in the low-pay/no-pay cycle due to:
 - job characteristics, including low pay and the types of work available;
 - lack of affordable and suitable childcare;
 - the operation and monetary levels of benefits and tax credits.
- These barriers often made work unviable, in many cases forcing parents to leave paid employment and preventing them from re-entering it. Other barriers to escaping the low-pay/no-pay cycle included debt, low confidence and obstacles to accessing education.
- Those who had escaped the low-pay/no-pay cycle had obtained full-time jobs paying above the minimum wage, which helped lessen childcare barriers.
- The quantitative analysis found that mothers less likely to get work included those who: had no qualifications; had been out of paid employment longer; had more and younger children; and/or were under 19 or over 45 years old.
- The researchers concluded that for parents to escape poverty and the low-pay/no-pay cycle, paid employment must improve their financial circumstances, increase their ability to fulfil care responsibilities and enhance parents' and children's well-being. This requires structural changes (e.g. increasing the supply of affordable childcare) and putting effective holistic support in place.

The research

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Background

This study explores the reasons behind the low-pay/no-pay cycle and recurrent poverty among parents, drawing mainly on qualitative interviews with disadvantaged parents across Scotland and focus groups with practitioners, plus secondary data analysis. It also presents some potential solutions to the problems identified.

Falling into poverty

As poverty often results from a complex mixture of factors interacting over time, it is difficult to pinpoint specific factors that lead people into poverty, or into worse poverty. The study revealed that common events contributing to moving a household into financial poverty were the arrival of children or a relationship breakdown, coupled with unemployment, or with some other reduction in household income.

Limited finances restricted parents' emotional well-being and the day-to-day running of the household, as well as their and their children's social opportunities and experiences.

You've always got to count up. When I am putting things in my basket I am always counting everything in my head so [as] to have enough and it is horrible having to do that. (Janet, lone parent with one child, unemployed)

Trying to escape poverty and the low-pay/no-pay cycle

A typical core aspiration of parents was to balance work with spending time with their children, to allow parents opportunities for personal fulfilment as well as enhancing the general well-being of the family as a whole. The majority of participants had held one or more jobs since the event that moved the household into poverty. A few participants suffered persistent non-working poverty.

Securing a job could mean: an exit from poverty; the start of a cycle of recurrent poverty (exiting poverty and later falling into it again); or a cycle of low pay/no pay (where employment does not pull the household out of poverty). Most participants moved into a low-pay/no-pay cycle.

The majority of currently unemployed participants were trying to find paid work as a way of improving both their financial situation and emotional well-being.

I think I was happier when I was working because I was getting out and meeting new folk and seeing different faces every day and when I am not working I am just stuck doing the same thing day out, day in. (Amy, lone parent with two children, unemployed)

A few parents also stated the importance of providing a good role model for children.

I think it's really important that both my children learn what is the right way to do things, that you work ... I want them to have those values that you work for a living and you earn money and you reach your potential, so I think it's important as a role model to them for them to see that. (Rachel, lone parent with two children, unemployed)

Most parents were looking for part-time work because of childcare and work-life balance considerations. Before re-entering the workplace, some parents wanted to gain or update qualifications so they could get a better job, in terms of conditions and/or pay, and in some cases to build up confidence or 'better themselves'. However, while qualifications were often linked to improved employability and earnings, factors such as the supply of adequate local jobs were also important.

Barriers to escaping the low-pay/no-pay cycle

Many parents who wanted to enter paid employment encountered a number of barriers that often made work unviable. In most cases, this led to them leaving and then not being able to get back into work. The following barriers to escaping the low-pay/no-pay cycle were similar across the group of participating parents.

Low-paid jobs did not seem a viable means of removing people from poverty, even with benefits and tax credits. When parents considered moving into employment, childcare and other costs were balanced against their wages and other income, usually involving complicated financial calculations. In some cases, participants reported being financially better off out of work than in paid employment. Parents and professionals highlighted some of the problems arising from low-paid jobs, such as family stress and demoralisation.

I felt really, really stressed out because ... that is where my wages were going, on my rent and my Council Tax and then I didn't have anything left even for travel. So I was ... better off out of work than when I was working. (Emily, lone parent with two children, unemployed)

The availability, cost and quality of childcare was a consistent issue for parents of children of all ages, especially for those under five as well as those over 12 years and for children with health problems. The lack of flexible childcare (during the evenings, at weekends, at short notice etc.) and availability during school holidays were particular problems. The cost of childcare regularly made low-paid work financially unviable, even for those parents receiving the childcare element of the Working Tax Credit (WTC). Advance payments and deposits required by childcare providers were also a significant inhibitor to the use of childcare for low-income parents. More children in the family also had a significant impact on accessing childcare. Issues concerning the quality and logistics of childcare (such as taking and collecting children) were also important.

It is not being able to say to the employer when I can start, what hours I can do, until you have childcare in place ... but you can't get childcare until you are working. (Jane, lone parent with four children, unemployed)

Access to informal childcare seemed crucial for sustaining low-paid jobs, but this could be unreliable in the long term.

The types and conditions of jobs available (such as working hours) were often at odds with household needs, childcare arrangements and the desire to achieve a satisfactory work-life balance. The lack of suitable jobs and some employers' lack of flexibility towards people with childcare responsibilities were highlighted as problems.

I would have kept [my last job] but then again to find childcare at the weekends, you are not going to get it unless it's family. (Phyllis, lone parent with one child, working relief hours)

Many participants saw education as a route out of the low-pay/no-pay cycle. Nevertheless, parents experienced a number of **barriers to education**, the most common being financial difficulties, especially when doing open-learning courses or pursuing higher qualifications. Parents and professionals reported that Student Awards Agency for Scotland funding for childcare was inadequate.

Ever since I started college everything has been up and down, like a rollercoaster money-wise ... I was better off when I wasn't at college because everything stayed the same. (Mary, lone parent with three children, in part-time education)

Although participants and professionals supported the provision of benefits and tax credits, they also pointed out that the **approach, operation and monetary levels**

of benefits and tax credits were insufficient to break the low-pay/no-pay cycle. In some cases, benefits and tax credits seemed to make it more difficult for people to escape poverty, partly because of acquiring debt:

- The lack of follow-up benefits after starting work and the slow re-establishment of benefits when people leave paid employment were seen as strong disincentives to move from benefits into work, especially for those in low-paid work.
- The main concerns regarding Working Tax Credit (WTC) were the difficulty in obtaining an estimate of entitlement prior to entering work and how WTC was calculated. For people who have recently been unemployed this could make work seem financially viable during the first year, as WTC is based on the previous year's unemployed income. However, in subsequent years WTC falls (as it is by then based on employed income) and work becomes unviable. Some people were prevented from entering full-time and/or better-paid employment because they feared losing certain benefit entitlements when their income rose above the WTC threshold. The financial disadvantages for married parents were also considered to be significant.
- In terms of the childcare element of WTC, the main concerns were that it is received four weeks after starting work, even when parents have to pay childcare in advance, and that it creates confusion because it is not clearly differentiated from the WTC payment. Additionally, having to fund 20 per cent of childcare costs created a strain on some households; in some cases, the maximum entitlement did not meet the needs of parents with more than two children. As the childcare element is averaged over 52 weeks, it is difficult for parents on low incomes to plan and manage. For instance, when childcare costs are greatest, such as during the summer holidays, much of this money has already been spent, resulting in financial problems and debt. It should be noted that childcare costs are often relatively high for most parents.

Benefit or tax credit errors and overpayments were often cited as a problem in escaping the low-pay/no-pay poverty cycle. Participants and professionals reported that **debt**, however acquired (whether through individual or systematic welfare errors, as a result of the low-pay/no-pay cycle, or due to paying for daily living expenses especially when on benefits) made it more difficult to move into or remain in paid work.

Other barriers to parents entering or remaining in paid employment included: the lack and cost of public and private transport; rent levels, especially in the private sector; health issues (their own or their family's); low qualifications; and lack of confidence or self-esteem. Issues such as domestic violence, traumatic

experiences and their own or their partner's drug addiction were significant for a few participants.

Some practitioners saw the prevalence of a 'target culture' within government bodies and supporting agencies as a barrier to providing appropriate support to those trying to escape the low-pay/no-pay cycle, because of the focus on 'box-ticking' rather than on clients' needs.

Those who had escaped the low-pay/no-pay cycle

A few participants in paid employment had escaped the low-pay/no-pay poverty cycle for a relatively long period of time. They were in a stable situation after obtaining full-time jobs paying above the minimum wage, which lessened or removed barriers to childcare. They had had to overcome many obstacles before reaching that stage. Some parents had also received substantial 'holistic' support from integrated, client-centred policies such as Working for Families, or from other initiatives and agencies.

Quantitative data

Analysis was also undertaken of unemployed mothers who had participated in the Working for Families Fund. This found that mothers less likely to get paid work included those who: had no qualifications; had been out of paid employment for longer; had more children; had a youngest child aged 3–4 or 12 and over; were under 19 or over 45 years old; were caring for any non-child dependents; defined themselves as other than 'White British'; were not being classified as lone parents; or who were renting from councils and private landlords. These findings were supported by the qualitative analysis.

Conclusion

The researchers conclude that considerable improvements are needed to support parents on low incomes who wish to work:

- make work pay;
- enable access to affordable, good quality childcare;
- make it possible to reconcile work and family life more effectively by increasing job and employer flexibility, perhaps by greater public support to small employers;
- reduce unintended consequences of the benefits and tax credit systems, making them more sensitive and responsive to people on very low incomes in order to help them move into paid employment and to increase its sustainability;
- alleviate debt issues by reducing the incidence and adverse effects of debt;
- improve employability skills and confidence; and
- help moves towards higher-paid jobs and careers by reducing barriers to education.

As well as structural changes, the study found that some participants required tailored support in order to move out of the low-pay/no-pay cycle. It appears that integrated support targeted at a range of individuals' needs is most effective. This also meets people's expectations of receiving support towards independence rather than being pushed into a job or being judged by support agencies.

About the project

The study was carried out between December 2008 and June 2009. The main data originated from 33 in-depth face-to-face interviews with disadvantaged parents across Scotland (31 had been Working for Families Fund clients; 32 were mothers), together with three focus groups involving 27 professionals from ten local authorities and three one-to-one interviews with managerial professionals working in the same field. Data from 12,248 unemployed mothers, on the Scottish Government's Working for Families Fund, were also analysed to identify the factors associated with their moving or not moving into paid employment.

For further information

The full report, **How can parents escape from recurrent poverty?** by Ronald McQuaid, Vanesa Fuertes and Alec Richard, is published by the Joseph Rowntree Foundation. It is available as a free download from www.jrf.org.uk

Published by the Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO30 6WP. This project is part of the JRF's research and development programme. These findings, however, are those of the authors and not necessarily those of the Foundation. ISSN 0958-3084

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