

How can parents escape from recurrent poverty?

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This report details the reasons behind the low-pay/no-pay cycle and recurrent poverty among disadvantaged parents.

This policy area is particularly important as unemployment rises. The report used qualitative interviews and focus groups with parents and practitioners, and survey analysis.

The report:

- Examines how the birth of a child or a relationship breakdown, combined with a decrease in household income, can lead many into poverty.
- Discusses how parents remain in the low-pay/no-pay cycle due to: low-pay and lack of job flexibility; lack of suitable childcare; the operation and levels of benefits and tax credits; debt, low confidence and obstacles to education.
- Analyses a large survey which found mothers were less likely to get work if they lacked qualifications; had been out of paid employment for longer; had more or younger children; were under 19 or over 45.
- Explores how escaping poverty and the low-pay/no-pay cycle requires better paid jobs, more suitable and affordable childcare, a more responsive benefit and tax credit system and effective holistic support.

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Background

The aim of this report is to increase understanding about the reasons for disadvantaged parents moving in and out of paid work. For some it involves a cycle of entering and escaping poverty (recurrent poverty), while for others it means entering and remaining in poverty in a 'low-pay/no-pay' cycle.

Moving in and out of low-paid work affects family's income, their well-being, and their psychological, health and social experiences. While this report's emphasis is on paid employment and income poverty, it recognises the multidimensionality of poverty and the importance of other related aspects such as non-material deprivation, inequality and social exclusion.

Methodology

First, the main part of the study consisted of qualitative interviews with 33 disadvantaged parents across Scotland in order to relate their stories and views about getting work and to understand and unpack relevant issues and processes.

Second, in order to identify some general patterns concerning factors associated with parents who had, or had not, successfully moved into paid employment, a quantitative analysis was carried out. This was based on a database of over 12,000 unemployed parents who had been supported by the Working for Families programme in Scotland.

Third, focus groups were held with 27 professionals from ten local authorities, and in-depth interviews were conducted with three managers, in order to identify broader policy implications.

Findings from the interviews and focus groups

Falling into poverty or worse poverty

It is difficult to pinpoint specific factors that lead people *into poverty*, or into worse poverty, as it often results from a complex mixture of factors that interact through time. With that in mind, two important series of events that seemed to help precipitate households with children into poverty were:

- the arrival of children, together with the parent not returning to work following maternity leave or reducing hours of employment as *well* as the participant's wage being the sole or significant source of income;
- relationship breakdown when a participant lost their main source of income (either their own salary or that of their ex-partner).

In terms of their experience of poverty, most participants in the study reported feeling poor, having trouble paying for things, not being able to afford things and having to make sacrifices. Limited finances in general affected parents' emotional well-being as well as the practical operation of the household and limited both parents' and children's social opportunities and experiences.

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

The majority of participants were trying to obtain paid employment. This was seen as a way to improve both their financial situation and the way they felt about themselves. As a result of childcare and work-life balance considerations, most of the parents were looking for part-time work.

Many participants had wider aspirations and took a long-term view to their realisation, seeking to enter education as a route out of the low-pay/no-pay poverty cycle. However, while qualifications are often linked to improved employability and

earnings, the supply of adequate jobs is also important.

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

The barriers that made work unviable, and in most cases led parents to leave paid employment, also prevented them from getting back into employment. These barriers were similar across our sample of parents:

In-work poverty: In-work poverty was a barrier for parents seeking to enter or remain in paid employment and escape the low-pay/no-pay cycle. Low-paid jobs did not seem a viable means of removing parents from poverty, even when in receipt of benefits and tax credits. When parents considered entry to paid employment, childcare and other costs were balanced against their wages and other sources of income, usually involving complicated financial calculations indicating that their overall incomes would not necessarily improve.

Childcare supply: The availability, cost and quality of childcare was a consistent issue for parents of children of all ages, but especially of babies, young children and those aged 12 and over. The cost regularly made low-paid work financially unviable. Advance payments and deposits required by childcare providers were a significant inhibitor for low-income parents. The lack of flexible childcare (during the evenings, at weekends, at short notice) and its availability during the school holidays were particular problems. Issues with the quality of childcare and difficulties in juggling childcare and other responsibilities were also important.

Types and conditions of jobs: The types and conditions of jobs were often at odds with household needs, such as working hours, childcare arrangements and the desire to achieve a satisfactory work–life balance. The lack of suitable jobs and employers’ lack of flexibility and perceived discrimination towards those with childcare responsibilities were also highlighted as problems.

Access to education: Participants’ financial difficulties were the most common barrier to education, followed by the lack and cost of childcare.

Benefits, tax credits and debts: Although the participants and professionals interviewed

supported the provision of both benefits and tax credits, they also mentioned that the approach, operation and monetary levels of benefits and tax credits seemed inadequate to break the low-pay/no-pay cycle. In a few cases the outcome seemed to push people further away from escaping poverty, mainly through the acquisition of debt. However acquired, debt (e.g. Council Tax or utilities arrears) made it more difficult to move into or remain in paid employment.

Other barriers: Barriers to entering or remaining in paid employment for some participants included: the lack and cost of public and private transport; housing rents; health issues (either their own or their families’); lack of qualifications; and a 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.

Escaping the low-pay/no-pay cycle

Of the eleven participants currently in paid employment, eight could be described as not being in income poverty. Nevertheless, the recent employment situation of many of these participants remained precarious due to: the lack and cost of childcare or the logistics of getting to work and childcare facilities; struggling to cope with work; having to repay debts; and lack of qualifications. Three participants in paid employment had ‘escaped’ the low-pay/no-pay cycle by obtaining full-time jobs paying above the minimum wage, solving or limiting childcare problems and appeared to be in a stable situation. Many barriers had to be overcome to reach that stage, however.

Findings from the quantitative study

In analysing the database of over 12,000 unemployed mothers, a variety of characteristics were found to be associated with those who had successfully moved into paid employment. These included: being 19 to 45 years old; having fewer children; not having a disabled child or being disabled themselves; and having fewer self-perceived barriers, such as lack of confidence or experience, etc.

Recommendations and policy implications

Improvements are needed to support parents on low incomes to: more effectively reconcile work and family life; reduce unintended consequences resulting from the benefits and tax credit systems; and help parents move towards higher-paid careers and jobs.

Education

The provision of education is an investment in the future of society and for parents it leads to positive effects, such as increasing their confidence and self-esteem, enabling them to be a good role model to their children, and in some cases accessing better jobs. The main barriers to education for parents in the present study related to finance and childcare. Maintaining the level of benefits that parents receive and providing travel, lunch and learning-material allowances would mitigate some financial obstacles. Increasing the childcare subsidy at all levels of education is also important. It is advisable for staff in colleges to be aware of the constraints that some of their students face in trying to balance the demands of attendance with those imposed by childcare arrangements.

Low-paid jobs

There needs to be improvements in making work pay for low-income parents so that they can escape the low-pay/no-pay cycle, both for lone- and two-parent households.

For those households where getting work is not economically viable under the current benefits and tax credit system, amending the level and range of benefits or increasing the minimum wage for those in in-work poverty are two options that could be considered. Each would require greater detailed study.

Childcare supply

Childcare availability, flexibility and affordability should be increased significantly for children of all ages.

Addressing childcare costs is particularly important if people are to escape the low-pay/no-pay cycle. A viable childcare supply that gives parents the option to pursue paid employment

or education, whatever the age of their child, and which covers a greater range of hours, could assist in reducing household poverty and in some cases reduce vulnerability to future poverty. Increasing the supply of affordable and suitable childcare would be particularly beneficial outside 'traditional' 9 to 5 working hours, during school holidays, for children over 12 years of age, as well as for children with disabilities. Additionally, there is a need to provide direct loans or help to low-income parents who are required to make childcare pre-payments and deposits.

Type and conditions of work

Participants indicated a need for greater flexibility by employers in terms of hours and conditions of employment for staff with caring responsibilities. Support for both employers and parents is needed to ensure flexibility when childcare emergencies occur, especially just after parents start a new job.

The benefits and Working and Child Tax Credit systems

There is scope to improve the way these systems operate, to make them more sensitive and responsive to people on very low-incomes.

Within the current benefits system (including Housing Benefit), there is potential, where appropriate, to aid movement into paid employment and increase sustainable paid employment for some parents by:

- allowing more than one benefits run-on per year;
- altering the system to make it easier and quicker for people to resume benefits if they lose their job;
- minimising systemic and individual errors (including overpayments), possibly by means of new procedures, and so reducing the movement of many vulnerable parents into debt; and
- preventing partnership status disadvantage for some claimants.

A suggestion was made in the study that time-limited incentives to work should be more carefully thought out in order to prevent work being falsely portrayed as being financially viable. For example, in some cases, additional support is only given in the first twelve months of starting employment and is then withdrawn before parents advance sufficiently along the pay scale to compensate for the ending of the incentive, resulting in lower income or debt.

It was suggested that the Working Tax Credit (WTC) should be reformed to avoid putting the onus on employees to make 'work pay'; this would reduce stigma and possibly individual errors. It is recommended that a more contemporaneous way of calculating the WTC (e.g. initially on a monthly or quarterly basis) is implemented such that it is not based on income from the previous year, as the current way appears to make work financially viable during the first year but not during following years, with the result that people are pushed into debt. Calculations of WTCs before commencement of paid employment would benefit parents.

Differentiation of the WTC and *childcare elements* of the WTC is recommended, so that parents can be clear about the amount of money they will receive for each element. Calculation of the childcare element of the WTC as an average of the childcare needed throughout the year often means that the money has been spent before the school summer holidays, when childcare costs are highest. Although advancing payments to parents increases their control of total income, payments direct to the childcare provider could help to reduce this problem.

The upper limit of the childcare element of WTC does not seem to reflect the childcare needs of parents with more than two children. In some cases, the upper limit of 80 per cent funding for childcare is not meeting the needs of parents of one child either. Providing the childcare element of WTC in advance to service providers could increase movement into employment in cases where childcare providers demand pre-payment.

Debt

Debt is a significant barrier to escaping the low-pay/no-pay cycle. Changing benefit and tax credit procedures and levels of payment could help alleviate some of the problems that lead people into

debt. Benefit errors and systematic overpayments have serious consequences for parents and any remedy should address the effects on parents. In cases of debt, manageable repayment schemes accompanied by support would enable parents to organise debt repayment and minimise the adverse effects of re-entering or continuing in employment.

Tailored support

Some people need considerable tailored support in order to move out of the low-pay/no-pay cycle. It appears that coordinated support delivered in a holistic way, targeted at a range of the individual's needs, works best. For example, employability factors such as work experience, qualifications and confidence need to be improved in association with more structural changes, such as childcare supply, benefits and tax credits. Dealing with only certain issues in isolation will have more limited effect. In receiving tailored support, the individual may perceive this as a tool towards independence and may not feel that they are being pushed or judged by support agencies. The prevalence of a 'target culture' or 'box-ticking culture' within government bodies and supporting agencies was seen by some interviewees as a barrier to providing appropriate support to those trying to escape the low-pay/no-pay cycle.

1 Background

Aim and objectives of the study

Aim

The aim of this study is to increase understanding about the reasons for disadvantaged parents moving in and out of paid work. For some it involves a cycle of entering and escaping poverty (recurrent poverty), while for others it means entering and remaining in poverty in a 'low-pay/no-pay' cycle.

Moving in and out of work affects parents' incomes, their psychological and physical well-being and their social and other experiences.

Objectives

The objectives of the study are:

- to identify the specific issues leading parents to move in and out of paid employment;
- to identify the role of benefits and other potential barriers to parents escaping the low-pay/no-pay cycle and/or recurrent poverty;
- to analyse the interactions between having children and movements in and out of paid employment.

The report builds on the Joseph Rowntree Foundation's systematic review of longitudinal research (Smith and Middleton, 2007) and on work conducted by the Employment Research Institute on the Working for Families Fund (WFF) initiative¹ in Scotland, for the Scottish Government (McQuaid *et al.*, 2006, 2009). The report's emphasis is on paid employment and therefore income poverty but this is not to underplay the multidimensionality of poverty (Tomlinson *et al.*, 2008) and the importance of its other related aspects such as non-material deprivation, inequality and social exclusion.

Parents and poverty – some literature

There are relatively few studies that give qualitative insights into the experiences of parents living on low incomes (whether in paid work or not) and hardly any research on recurrent poverty among parents. The limited qualitative research suggests that parents, especially women, are in low-income jobs that are mostly part time, offering limited education or training opportunities, and that any 'family friendly' practices are predominantly informally negotiated (Backett-Milburn *et al.*, 2001).

Work may present threats to parents as well as opportunities (e.g. in relation to loss of welfare benefits) (Dean and Shah, 2002). Parents face particular issues that influence moving in and out of work, with women 'finding local, good quality, affordable childcare; managing other family/domestic roles and responsibilities; the job opportunities available, their hours of work and locality; social pressures and pressures and support or discouragement from a partner and/or other family members' particular issues (Innes and Scott, 2003).²

The employability of a person is influenced by their individual characteristics, their personal and family circumstances and external factors (such as job availability and childcare facilities), all of them important in gaining, maintaining and progressing in a job (McQuaid and Lindsay, 2005). Labour market structures and discrimination by employers against hiring parents with young children may also reduce opportunities to escape from worklessness (McQuaid *et al.*, 2007).

Availability, quality and cost of childcare is a consistent issue for parents, of children of all ages, especially babies and young children but also teenagers. When a mother starts work her social relationships at home with her children and other household members, with work, childcare and school all change and are important to the sustainability of work (Millar and Ridge, 2009). Other factors particularly affecting parents include

transport issues (especially but not solely in rural areas) and factors such as poor pay, inflexible jobs, negative employer perceptions of mothers of young children, balancing work and family commitments, etc.

The policy context

Much of the policy debate about poverty among parents has been in the specific context of child poverty across the UK, although there are many other relevant policy areas, such as minimum wage legislation, work–life balance policies, some of the New Deal target group policies, other labour market policies, etc. The UK Government aims to eliminate child poverty by 2020, an objective shared by the Scottish Government through the Child Poverty Bill (July 2009) as a commitment in law. Although there has been some progress in tackling child poverty, more needs to be done if the Government's commitment is to be met. In 2006/07, 21 per cent of Scottish children (210,000 children) were living in income poverty (before housing costs) (Sinclair and McKendrick, 2009).

The key way advocated to tackle child poverty is through getting more parents into paid employment. Evidence, using Department for Work and Pensions data, shows that the proportion of children in poverty³ is much higher for households where all are workless, although many children who are in poverty are in households where one or more parents work (Palmer *et al.*, 2006, p 17). In the UK, six in ten poor households have someone in work, while over half of poor children live in a working household (Lawton, 2009).

The UK Government aspires to achieve an overall employment rate of 80 per cent of the working-age population, with a further goal of getting 70 per cent of lone parents into employment, which it is estimated would lift around 300,000 children out of low-income poverty (DWP, 2006, 2008; HM Treasury, 2006).⁴ The UK employment rate of lone parents has risen by 11.3 percentage points since 1997 from 44.7 per cent to 57.2 per cent in 2007 (HM Treasury, 2008, p 37). The 2009 Child Poverty Bill (House of Commons, 2009), first published on 12 June 2009, aims to make the eradication of child poverty by 2020 a statutory requirement. Alongside this Bill, the UK

Government published the *Take Up the Challenge* report by the Take Up Taskforce (Child Poverty Unit, 2009b). This report outlined some examples of how local services can help poor families to access the benefits and tax credits to which they are entitled.

In Scotland, specific initiatives were also developed to support disadvantaged parents to stay in or move into or towards work. These were part of the Scottish Government's 'Closing the Opportunity Gap' approach to tackling poverty and disadvantage, by improving rates of employment and economic activity; and to its commitment to eradicate child poverty within a generation. The major initiative was the Working for Families Fund (WFF), which operated from 2004 to 2008 with a total budget of £50 million over the four-year period, reaching a total of 25,508 clients (with 42,214 children aged below 18). It invested in initiatives to remove the barriers faced by disadvantaged parents trying to move towards or into employment, education or training or continuing in employment, education or training.⁵ The Employment Research Institute was the national evaluator of the WFF.⁶ Funding for the WFF was rolled into the Fairer Scotland Fund, which was streamlined in April 2008. There remains great interest in child poverty, as indicated by the recent report from the Scottish Parliament into child poverty in Scotland (Local Government and Communities Committee, 2009).

Methodology of the study

The main data presented in this report originates from 33 in-depth face-to-face interviews with disadvantaged parents, together with three focus groups with practitioners and three interviews with professionals in managerial posts working in the same field. In addition, data on over 12,000 unemployed mothers on the WFF database concerning factors associated with them moving or not moving into work, education or substantial training was collated and analysed.

Interviews with parents

Of the 33 parents taking part in the study, 31 were former WFF participants recruited through WFF staff. The criteria for our sample were: the parent must be the main carer of at least one dependent child and must have been in and out of jobs more

than once in the recent past. WFF clients were disadvantaged parents in terms of falling into one of three categories: parents on a low income (maximum Child Credit and WTC); lone parents pre-New Deal; or parents with other stresses in the household leading to difficulties entering employment or training.⁷

Participants were drawn from 14 different local authorities⁸ in Scotland, covering a wide range of locations, from remote rural to major cities. The selection of participants illustrated particular issues such as: employment record, qualifications, household composition (e.g. lone parent, 'part-time' partner, intermittent partner), health, (past) substance misuse, ethnicity and number of children.

Most interviews were conducted in participants' homes by two researchers. An introductory statement explaining the reasons behind the study, confidentiality procedures and sensitivity processes preceded the topic guide. Interviews were recorded in nearly all instances and later transcribed and coded thematically. Individual summaries were written after the interviews.

Timeline data displays were used during the analysis in order to situate participants' current situation in a life-events perspective (with data about work, education and/or training and other life events history from leaving school up to the present being displayed for each participant). The displays helped to summarise the data, make it more manageable, identify recurrent patterns among participants and make the data more easily comparable, without losing the richness of individual experiences. The displays allowed the visualisation in a single observation of the life trajectory for each participant, highlighting some of the crucial events. The timeline in Appendix 2 shows the temporal context for a parent trying to move permanently out of the low-pay/no-pay cycle.

All names have been changed to preserve anonymity. In some cases, other details have been omitted or changed for the same reason.

Quantitative data

In order to identify some general patterns and issues concerning factors associated with parents who had or had not successfully moved into paid employment, a quantitative analysis was carried out. This was based on a database of over 12,248

unemployed mothers who had voluntarily taken part in the WFF programme. This analysis also helped in the unpacking of certain issues identified in the WFF evaluation itself.

See Appendix 3 for the findings, which are alluded to where relevant throughout the report. In summary, a variety of characteristics were found to be associated with people who successfully moved into a job. These included:

- being 19 to 45 years old;
- having fewer children;
- not having a disabled child or being disabled themselves; and
- having fewer self-perceived barriers, such as lack of confidence or experience.

Focus groups with professionals and interviews with policy makers

The three focus groups, in which a total of 27 practitioners participated, followed the same structure in terms of themes and questions, and each lasted an hour and a half and was tape-recorded. Comments from the focus groups are included in this report but details that could identify participants are omitted. The first focus group was conducted in the Highlands (Inverness) with eight WFF Highland Key Workers who work with disadvantaged parents, helping them to overcome barriers to enter or sustain work, education or training. The second focus group took place in Glasgow with eight former WFF Key Workers, now working for local development bodies. The third focus group was held in Edinburgh and consisted of seven WFF Key Workers, three WFF Co-ordinators and one WFF Lead Officer, from eight local authorities (Angus, North Lanarkshire, Edinburgh, Midlothian, Fife, Aberdeenshire, Dumfries and Galloway, and Dundee).

Three additional interviews with WFF professionals in managerial roles were conducted. Due to numbers and issues of confidentiality as well as preserving anonymity, quotes by professionals have not been attributed.

Recurrent poverty or low-pay/no-pay cycle?

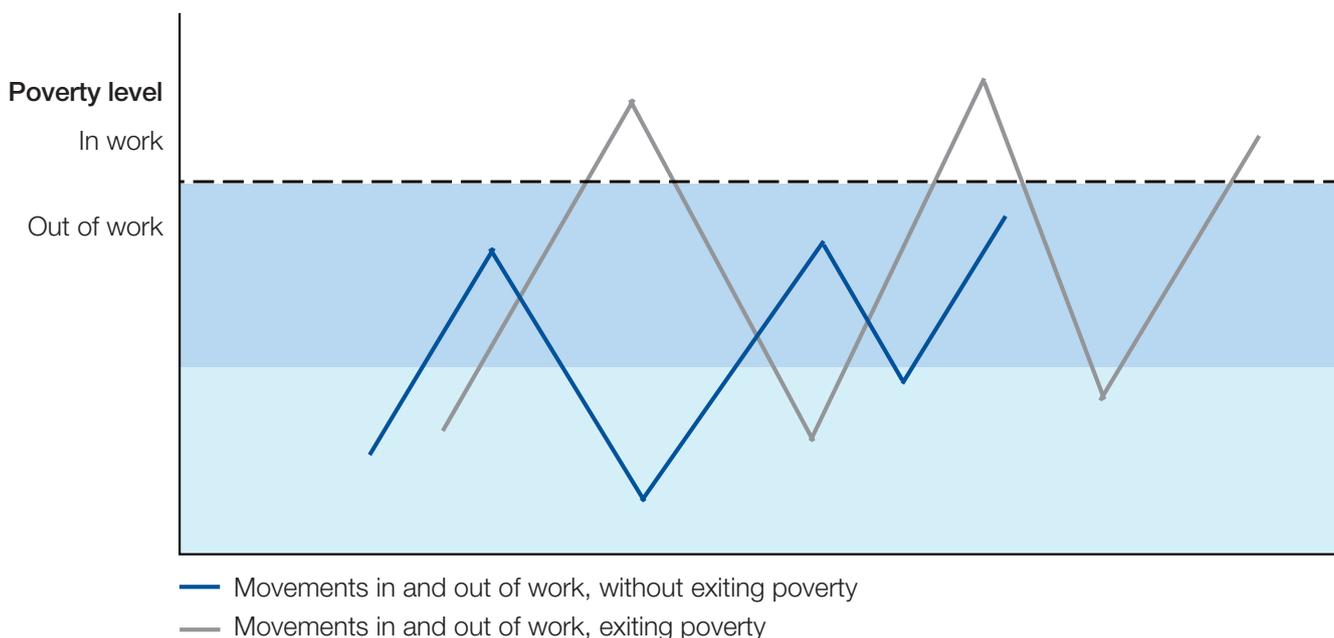
The research identified among many participants that paid employment did not raise the household out of poverty. Therefore, our sample consists mainly of parents in the low-pay/no-pay cycle. We expected to find a pattern similar to the grey line in Figure 1 (where movements in and out of work lead to rising above the poverty line or to a significantly better financial situation). Instead, a pattern similar to the blue line was more common (where movements in and out of work do not seem to pull the household above the poverty line or remove financial strain).

We should note that household experiences in our sample were more complex than Figure 1 represents. Households experienced a number of changes due to entering and exiting paid employment; in some cases – even when financially paid work did not seem to make much difference – these were positive but in others negative.

It is difficult to precisely measure past poverty in a study that is not longitudinal (where objective measures of poverty are collected). Participants were asked retrospective questions about their financial situation: benefits received when in and out of paid employment; and household experience of financial strain, material deprivation or general

disadvantage when in and out of paid employment. As such measures are subjective and based on memory rather than on their current position, we cannot fully compare participants in our study. However, the method does give an indication of the overall change in the household financial situation over time.

Figure 1: Low-pay/no-pay poverty cycle and recurrent poverty



2 Findings: falling into poverty or worse poverty

- The focus of this chapter is on the set of factors that triggered a household falling into poverty, or worse poverty, through parents losing paid employment or moving onto income-related benefits. Examples of the inter-relatedness and cumulative effects of factors are presented.
- Events such as the birth of a child, relationship breakdown, lack of work or domestic violence led to exiting paid employment or a decrease in income, and so households fell into poverty.
- The reasons for exiting paid employment when the household fell into poverty were in most cases similar to the barriers to escaping the low-pay/no-pay poverty cycle. These were: lack and cost of childcare, personal preferences in terms of work–life balance, depression and lack of suitable jobs.
- The majority of participants perceived their financial situation as being in poverty. Financial pressures affected the household in practical terms but also affected parents' and children's social opportunities, experiences and emotional well-being.

Inter-related factors

Rarely does a single factor lead someone to losing a job or moving onto Income Support. Among the participants, some events that did not seem to have a prime role in leading them into poverty appeared to have had a cumulative effect, making them more vulnerable to poverty in a specific

situation or building up to a 'breaking point'. Even when we pinpointed one event as the catalyst for poverty, it was necessary to be aware that people's experiences and characteristics (e.g. age or qualifications), household circumstances (partner's ill-health, debt problems, etc) and labour market situation (lack of suitable employment) would have had a crucial influence on how the specific event affected the household and what consequences resulted.

Most participants in the study were quite 'usual' in terms of having a number of similar factors that led them into poverty, or worsening poverty, and they faced similar barriers to overcoming it. Nevertheless, there were a few participants whose life experience was quite different, in terms of the number and severity of factors making them more vulnerable to poverty.

Losing paid employment

All our participants fell into poverty, or worse poverty, at some point in their lives. For almost half of the participants, this was due to leaving paid employment, with the main reasons being:

- depression or moving from an area following a relationship breakdown;
- personal preferences to be at home with the children or lack and cost of childcare;
- type of jobs not fitting with preferences or caring responsibilities;
- post natal depression;
- lack of continuous work;
- lack of public transport;
- lack of maternity leave policy; and/or

- the effects of domestic violence.

Some of the reasons behind exiting paid employment at the time of first falling into poverty were also reasons for leaving paid employment later on and were highlighted by parents as barriers to escaping the low-pay/no-pay cycle. These were lack and cost of childcare, personal preferences in terms of work–life balance, depression and lack of suitable jobs (see Chapter 4).

The arrival of children

The arrival of children brings new demands and costs into the household, but the effects of this event are not the same in every household. Not returning to paid employment or reducing hours of employment, when coupled with a participant's wage being the sole source of income (because of single parenthood or their partner's unemployment) or a significant source of income (due to their partner's low wages), led the household into poverty or worse poverty – this was the case for nine participants.

Relationship breakdown

Over half of the participants experienced relationship breakdown and this led into poverty, or worse poverty, for two out of three of them. Being unemployed at the time of the breakdown or exiting employment as a result (due to depression or moving house) led the household into poverty.

Other issues

Other reasons for falling into poverty or worsening poverty were domestic violence, redundancy, current patterns of short-term contracts, a partner's drug addiction, ill-health, traumatic experiences and housing situation changes.

Cumulative effects

Events that participants experienced often had a cumulative effect, making them more vulnerable to poverty in specific situations or building up to a breaking point, resulting in poverty. The following list illustrates some of the cumulative effects.

- Childbearing and childrearing have consequences such as: reduction of pay through reduction of working hours and/or

through exit of paid employment; financial pressures; career abandonment (not only by exiting the labour market but also by reducing hours of work or changing conditions); isolation; PND; low self-esteem; and a change of roles, relationships and identities. These consequences could also arguably lead to relationship breakdown, which, as shown before, seems to be a crucial event leading into poverty. These factors could put parents at a disadvantage, all these issues potentially having a cumulative effect resulting in or increasing vulnerability to poverty or worse poverty.

- Childcare barriers are an issue for parents even before a household falls into poverty. They can stop parents from socialising, keeping labour market attachment, maintaining career paths, obtaining qualifications, etc. These consequences could affect the way parents are able to deal with future events.
- Children's illnesses and lack of support can lead to the parent's exit from paid employment and also put a strain on marriage.
- Money problems and debt and can also play a part in increasing vulnerability to poverty, contributing to stress and low self-esteem. This can, together with other issues, lead to relationship breakdown. Financial problems can stop parents from pursuing education, socialising, etc. Debt (either institutional or private) can also lead to people exiting paid employment, as the requirement for repayment is a particular problem when people become economically active.
- Traumatic events or problems during childhood can have an impact on later life in a number of ways and can have a cumulative effect on people's ability to cope, potentially leading to poverty.
- Lack of qualifications (or qualifications not being recognised) and an inability to get qualifications due to financial strains, childcare responsibilities and institutional barriers, such as student funding arrangements and the interplay with

benefits, can increase vulnerability to poverty or make exiting poverty more difficult.

Perceptions of poverty

Most of our participants felt poor. Finances in general affected parents' emotional well-being. Financial strain affected households in practical terms, such as people not being able to afford certain items, but also affected parents' and children's social opportunities and experiences. It could be argued that living on a low income and not being able to participate in social and cultural activities increases isolation and depression, reduces social networks, puts a strain and stress on the household, makes people more vulnerable to poverty and decreases their likelihood of escaping poverty.

Poverty has multiple short- and long-term consequences for everyone in the household (Ridge, 2009) and for society in terms of health, educational outcomes, psychological and emotional impact, and family relationships (Griggs and Walker, 2008; Hirsch, 2008). Poverty and low income during childhood has been linked by some research (Child Poverty Unit, 2009a; Hayton, 2009) to an increased likelihood of intergenerational poverty and low income.

Feeling poor

Two out of three participants reported feeling poor when compared to other people in this country or when looking at just their own financial situation in which constant juggling and sacrifices had to be made. One participant expressed a common feeling:

"Yes, all the time. Then you see other people's situations on the telly and you think well I have lots, I have everything I think but yeah I kind of feel bottom of the pile."

(Rebecca, couple with two children, unemployed)

Managing financially

Three out of four participants said they were just getting by or struggling to manage financially. Some felt that their financial situation had worsened as a consequence of the economic recession:

"Worse than ever, things go up but our income is fixed."

(Susan, couple with eight children, education part-time)

Having to manage on a very tight budget put a constant strain and stress on people's daily life:

"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)

Two out of three participants had trouble paying for things, with heating bills (electricity, gas and coal) and food shopping mentioned the most. Three out of four participants could not afford things that they would like. Most mentioned were home improvements, paying the mortgage and holidays. The effects on the household, as one parent explained, were varied:

"We never had holidays before anyway. That's quite soul destroying, that's really demoralising every year when everybody else is going off again."

(Rachel, lone parent with two children, unemployed)

School trips and other 'voluntary' school expenses (such as pantomimes, fundraising events and children's crafts) were said to put real pressure on household finances, as parents did not want their children to miss out. Christmas and other social events such as birthday parties or children's clubs were sources of financial pressure. One parent said how she could not afford for her son to go to birthday parties:

"I would just have to say, 'I'm really sorry son, you can't go' ... and that's quite hard to say to a child, because at that age, that is the highlight of your world, isn't it, a party."

(Rachel, lone parent with two children, unemployed)

The great majority (28) of participants said that they had to make sacrifices. The most common

sacrifices were giving up social life, days out and holidays. In general, parents reported making sacrifices so that their children did not go without and had everything they needed. Nevertheless, even when parents made those statements, children could be affected in many different ways.

Participants reported feeling hopelessness, despair, being trapped and guilty, which other research (Hooper *et al.*, 2007) has also found:

"[I felt] just stuck in the rut, thinking I was destined to be stuck here and I am never going to have a decent job with a decent pay. I think it was too because I was a single mum and I was back on benefit, and it is about what folk think about you, there is always folk that call you a sponger and things like that."

(Amy, lone parent with two children, unemployed)

Things getting better or worse?

Three out of four participants said that there were periods in the past when they found it easier to manage financially. The most common reasons for this were: being in paid employment, having extra income coming into the household (e.g. two wages) and being a time before children had arrived. Nevertheless, a small number of parents said that things were easier, both financially and in terms of stress levels, when out of work:

"To be honest with you, when you are in Income Support you don't have to pay for your rent, or your Council Tax ... so it is easier that way, but then you don't get enough money to live on when you are in Income Support. So when you are working, you think 'Oh great I am getting this big wage in but you have to pay all out, at the end of the month you are left with the same amount that you'll be on IS [Income Support] anyway'. So there is not that much of a difference to be honest with you. Apart from the fact that you've got a bit more of your own independence and you are trying to get yourself back into the working kind of life."

(Irene, couple with two children, working full time)

Just under half said that there had been periods when it had been more difficult to manage: being on benefits was the most common reason for being financially worse off.

"I was in Income Support all that time. I didn't know how to get by day to day. Hard but I got by, it was really hard. It was hell, horrible, it was to keep the house or feed ourselves. I really struggled when I was a lone mother."

(Joan, couple with two children, unemployed)

Paid employment was said to help parents to feel better off both financially and emotionally. This seemed to tie in with the desire by most parents to enter paid employment (Chapter 3), although as we will see in Chapter 4, most parents experienced barriers when in or trying to get into paid employment.

3 Findings: trying to escape poverty and the low-pay/no-pay cycle

- After describing in Chapter 2 how households fell into poverty and the factors behind that, this chapter discusses how choices and opportunities have to be seen in the context of parents' aspirations and motivations (which reflect the objectives that people hope to achieve) and structural constraints.
- The chapter then goes on to describe the reasons behind parents' desire to enter paid employment and/or access education. Entering paid employment was seen as, among other things, a way to improve household finances and also the parent's emotional situation. Parents stressed that the job had to meet household and personal needs – often a hard work-life balance to achieve. The reasons for pursuing education were a way to escape the low-pay/no-pay cycle.
- Barriers to employment or education that perpetuated this low-pay no-pay cycle are described in Chapter 4.

Aspirations and motivations

Aspirations

Aspirations and motivations can reflect the objectives that people hope to achieve for the benefit of themselves and their families and the means by which they are prepared to work towards their achievement. Although these may not be realised in the individual's lifetime, a person may focus on a more immediate and attainable goal. Work-life balance is typically seen as a core aspiration, which in general terms in the

present context could be seen as the desire of parents to spend time with their children, allowing opportunities for their own fulfilment and the general well-being of their family.

There is a necessary balance between having enough money to avoid poverty and maintaining an acceptable work-life balance. Conflict arises when people are forced to choose between the two due to the limited options available. Parents' choices and opportunities have to be seen in context and the interrelation between choices and structural constraints cannot be overlooked.

As seen in Chapter 2, after the arrival of children, the employment decisions of the parents in the study were different, reflecting among other things their aspirations and motivations. Furthermore, the decisions in most cases were influenced by more than one factor.

Aspirations seemed to be influenced by individuals' structural circumstances, confidence and self-esteem. Some professionals mentioned the existence of an 'intergenerational worklessness culture'. However, in our sample, four people reported having parents who did not work at all. In all of these cases, participants held one or more jobs since falling into poverty or worse poverty and three of them were in paid employment at the time of the interview. More research is necessary in this field but, as some professionals mentioned, it seems that in some areas and households there could be a 'generational unemployment' pattern or, as we have seen, a 'low-paid short-term' work pattern. In these cases, it could be that the effects of poverty are passed through generations. It is commonly accepted that childhood poverty increases the chances of experiencing poverty during adulthood (Child Poverty Unit, 2009a; Hayton, 2009). Nevertheless, it is necessary to take into account the role of the labour market

and external structures in intergenerational unemployment.

Motivation

Motivation can involve the plans, activities, processes and compromises that people are willing to embrace to realise their aspirations. In the present study, people's motivations or strategies reflected their aspirations for themselves and their families. These were found to vary widely and reflect the diversity of human activity and ingenuity. Here it can be seen to reflect two aspects of people's aspirations – their work–life balance and progression or intended entry into the workforce.

Parents often tried to maintain a balance between individual advancement; their children's, household's and own well-being; and circumstances that they were living in (i.e. work or career development and quality of life for the individual and their family).

Below are some reasons why parents wanted to enter employment and what type of employment or education.

Reasons for wanting to enter paid employment

As mentioned in Chapter 2, some participants did not lose paid employment as a result of the key event that led them into poverty or worse poverty, although a few did exit paid employment at a later date. Three out of four participants had held one or two jobs since the event that led the household into poverty or worse poverty. Only one in six participants have held three or more jobs.

In the majority of cases, participants tried or were trying to access paid employment. Accessing paid employment was seen by parents as a way to improve their financial situation but also as a way to improve the way they felt about themselves. Feeling less isolated, building confidence, getting back their self-esteem and regaining part of their identities were mentioned as reasons for going into paid employment.

"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. It is helping a bit that I am getting out doing the voluntary work."

(Amy, lone parent with two children, unemployed)

Wanting to provide a work ethic and give their children quality time were also reasons cited. Some parents wanted to enter paid employment to use their acquired qualifications or to get on with life. In some cases, parents felt an immense pressure to get a job:

"I felt actually kind of pressure from society to work, to go and do something, people saying what are you going to do with yourself, what are you going to do, you know my confidence at this point had actually plummeted to where it was when I was younger and I was petrified, really, really scared about what I was going to do and I felt an immense pressure to get back to work..."

(Lisa, married with two children, working part time)

In some cases, employment compromises had the aim of providing children with security, reducing the strain on the marriage, offering stability as well as establishing and maintaining family unity and support for children of all ages. Some parents planned to develop professional or managerial careers when their children were older and they intended to go to college when the youngest child went to school.

Before re-entering the workplace, some parents wanted to seek opportunities for vocational training (preferably provided by an employer) or wanted to gain qualifications, update qualifications and skill sets or obtain as many qualifications as possible to put on the CV. Some parents opted to do voluntary work, very often to gain confidence, retain outside contact and gain experience.

Types of jobs desired

Of the 33 participants, 18 were unemployed (and not in education) at the time of the interview. Of those unemployed, 15 were looking for paid employment, two wanted to enter education and one was unsure.

Three out of four of those looking for work were looking for part-time employment. This pattern of parents looking for part-time work was also found by Simmonds and Bivand (2008). The reasons related to childcare availability and affordability, as well as work–life balance considerations.

Half of the participants explained that they wanted to spend time with their children and some pointed out that the hours of work were very important in their work decisions (e.g. working school hours so that they could be at home for their children, even if teenagers, when they finish school). Some parents stressed that the job had to be financially viable even if part time:

“I am looking for part-time hours but it needs to be a well-paid job for it to be worth my while to do it. Because of the Working Tax Credits, they will take it off [my husband], so it will be my wage and my partner’s wage only, so it will have to be worth my while to get it.”

(Joan, couple with two children, unemployed)

Two out of five participants said that they would not work outside their field of work. Some of the reasons cited included: their investment in acquiring qualifications; contentment with that field of work; economic reasons; having valuable skills in their field; and health factors that limited the option to change field.

Those who would work outside their field often stressed that the hours of work were more important than the type of job. Nevertheless, a few participants mentioned that they would be reluctant to take a job if they thought they would not enjoy it:

“I just get put off with the thought that if I take a job, if I am offered a job and I take it and I don’t enjoy it, I am going to be stuck, stuck doing a job I hate. I want something that I am going to enjoy doing so I am not going to get fed up with it ... looking for excuses not to go.”

(Amy, lone parent with two children, unemployed)

Reasons for wanting to enter education

Much research has linked the level of qualifications to employability and earnings, with educational intervention increasing employment rates and incomes (Simmonds and Bivand, 2008). Therefore, the aim of most participants in accessing education could be seen as a route out of the low-pay/no-pay poverty cycle. Nevertheless, five participants who are unemployed at present have qualifications at the level of SVQ3 and above.

Nearly three-fifths of participants pursued education after the household fell into poverty, one in five participants at the time of the interview were taking part in education⁹ and almost two-thirds of the participants wished to pursue some or more education.¹⁰ Almost half of the participants saw lack of qualifications as a barrier to paid employment, while almost a third mentioned lack of experience (the same as WFF clients) and only a few mentioned lack of skill as a barrier to paid employment. One third of the WFF sample mentioned lack of qualifications. One third also mentioned lack of experience as a barrier, while under one-third mentioned lack of skills.

“I have only my SVQ2 but then it is just experience that I got. Some jobs are asking for an HNC and I just haven’t got that.”

(Joan, couple with two children, unemployed)

The professionals interviewed said that having qualifications can make a difference but it was also recognised that education has to be coupled with the supply of jobs and there was sometimes a lack of suitable jobs. Lawton’s (2009) research illustrates the point by arguing that the supply of workforce skills has risen faster than demand in recent decades.

Professionals and parents said that taking up education was in some cases a desire to get a better job in terms of conditions or pay or because parents were at a point in their lives where they thought they could gain qualifications. One professional saw apprenticeships as a vital long-term road to acquiring skills and also as a great confidence booster: “We need those schemes,

genuine opportunities for people that lead to something”.

“I thought a degree would help me to get a better salary instead of just going part time and working in somebody’s house cleaning their house, their toilet for £3.50 an hour. I felt that having proper qualifications would get me access to a better-paid job.”

(Susan, couple with six children,
in part-time education)

In some cases, parents saw education as a way to build up confidence and to ‘better themselves’. Wanting to ‘do something’, avoiding depression and disappointment and ‘not being in the house all day’ were other reasons for going into education. A few parents also mentioned 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. My children think that everybody goes to college when they leave school because they’ve seen me studying on constantly. 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)

4 Findings: barriers to escaping the low-pay/no-pay cycle

- After describing the reasons for falling into poverty, or worse poverty, in Chapter 2 and how parents tried to escape poverty and the low-pay/no-pay cycle in Chapter 3, the focus of this chapter is on the barriers parents face in trying to escape the low-pay/no-pay cycle.
- Low-paid work and the lack and cost of childcare were the most cited barriers. Unsuitable hours of work meant that childcare arrangements or responsibilities did not fit in with employment. Benefits and tax credits seemed inadequate to lift participants out of in-work poverty and there was an inability to find and sustain viable work that met household needs and paid sufficiently for them to escape the low-pay/no-pay poverty cycle.
- These barriers, which made work unviable and in most cases precipitated an exit from paid employment, were also barriers to entering the labour market again.

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

As mentioned in Chapter 3, the majority of participants tried to access and sustain paid employment as a way of improving their situation. Nevertheless, even when the participants were able to enter the labour market they were not able to escape poverty: the level of qualifications, the type of jobs on offer, childcare costs, tax credit levels and other issues meant that the participants were trapped in the low-pay/no-pay cycle.

Parents exited paid employment for different reasons, such as the job being economically unviable; the hours of work being incompatible with childcare responsibilities; the lack and cost of childcare; the job being short term, etc. In some cases, the same reasons for exiting paid employment made re-entering the labour market difficult and in some instances the experience of the low-pay/no-pay cycle also created new barriers to participating in paid employment, such as debt, low confidence, etc.

These barriers experienced either independently or in a combined fashion were the factors that kept parents out of paid employment and in the low-pay/no-pay cycle. Each of the barriers that participants encountered (to enter or maintain paid employment that was viable and sustainable) is described below together with the opinion of professionals. The findings from the quantitative analysis of the WFF sample will also be mentioned.

Qualifications, skills and experience

As stated in Chapter 3, the level of qualifications has been linked to employability and earnings, therefore the aim of most participants to access education could be seen as a route out of the low-pay/no-pay poverty cycle. The quantitative analysis of the WFF sample showed that not having qualifications was associated with less likelihood of entering paid employment.

Participants and professionals mentioned a number of barriers to accessing education. For participants, financial difficulties were the most common barrier to education, followed by lack and cost of childcare:

“One thing I do find hard about being in a job is finding it very hard to go for training. It’s very hard arranging childcare and also ... I am no

longer what they would class as someone that they would need to help out financially ... so if you try and better yourself, you tend to lose out on a lot of stuff. I'm a member of the Scottish Child Minders' Association, so there's training all the time but it's always in the evening, so I can't go ... I find that very difficult – to try and progress in your job."

(Tessa, lone parent with one child, self employed)

In terms of financial barriers, professionals said that student loans disadvantage those preferring to take part in open learning. Professionals also mentioned problems when parents wanted to take their qualifications higher, as at that point benefits stop and they go through the Student Awards Agency for Scotland (SAAS). Its childcare budget allocated to parents was reported as 'ridiculous'. Additionally, further expense can be incurred if childcare spans two sessions, such as before and after lunch, with no financial provision for this eventuality or for parents' travelling and study time.

"The childcare and the financial issue of the childcare is a barrier, because with the SAAS you only get a certain amount of funding and it does not cover it. Maybe just now I am considering applying to the hardship through the university for the rest of my childcare."

(Pat, 31, lone parent with one child, in full-time education)

Professionals also said that education does not provide consistent childcare due to: childcare subsidies stopping during holidays, which means that childcare places are given up; and timetables changing from one year to the next, which in some cases makes it difficult to sustain the same childcare provision.

There was also an issue when a parent's income reached around £15,000, as at that point they have to start paying back the student loan as well as getting less support from WTC and other benefits.

Although accessing education in most cases seemed to have positive effects beyond achieving qualifications, such as confidence building and setting role models within the household, education

could sometimes create stress and damage confidence. Professionals said that some parents need support when accessing education. In some cases, certain educational environments would not be suitable.

"Ever since I started college everything has been up and down, up and down, like a rollercoaster money-wise. You know, I was feeling I was better off when I wasn't at college because everything stayed the same, I didn't have problems whatsoever."

(Mary, lone parent with three children, in part-time education)

Some professionals said that parents with children aged 12 or over would be moved from Income Support (IS) to Jobseeker's Allowance (JSA) and this could be an issue with parents having to be ready to work even if they are doing part-time courses.

Not being able to take up education due to these barriers could have consequences for in-work progression and therefore salary and also long-term sustainability of current jobs. It could also jeopardise the possibility of obtaining and sustaining jobs that meet participants' and household needs, prolonging current experience of in-work poverty or increasing vulnerability to poverty in the long term.

Low pay and in-work poverty

In-work poverty was a barrier for parents seeking to enter or sustain paid employment and to escape the low-pay/no-pay cycle. Entering work did not mean that households moved out of poverty – a feature also found in other research (Hayton, 2009; Lawton, 2009). One third of the participants and 10 per cent of the WFF sample said that the lack of jobs that were well-enough paid was a barrier to going into paid employment.

Low-paid jobs did not seem sufficient to pull people out of poverty even when benefits and tax credits were in place. As other research has established, in some cases, parents were not much better off when in work (Simmonds and Bivand, 2008) and some seemed to be worse off (Hooper *et al.*, 2007). Professionals said that, in some cases, low-paid work seemed to be pushing people further

into a “spiral of poverty in which they are going down and down” as they acquire debt.

When parents entered paid employment, childcare costs and other costs had to be balanced against their wage. A common feeling for some participants was that when working, everything seemed more expensive and more stressful as everything had to be paid for. In some cases, leaving employment or not entering employment was a better option financially, even when parents would rather be working:

“I felt really, really stressed out because I had to pay my rent. I could not fall back with the rent and it was just so much pressure on me to get the money together and 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 it was actually ... I was better off out of work than when I was working, because everything was paid, you know.”

(Emily, lone parent with two children, unemployed)

In many cases, financial calculations (better-off calculations) had to be made to ascertain whether a job would be financially viable or what number of hours would maximise finances. It seemed that some people were being pushed into jobs that were perhaps not the best option for them and their families, or were pushed out of jobs that were not economically sustainable:

“Generally, if I can get a job which is giving me 16 hours and getting the WTC, I would feel better off, which was proven in that six months I did at the crèche that I was better off. Not much but I was better than what I am.”

(Phyllis, lone parent with one child, working relief hours)

Professionals and parents highlighted a number of other problems that arose as a result of low-paid jobs, such as family stress, demoralisation, depression and despair. It was said that having to leave jobs due to financial pressures could have the effect of stopping people from trying to enter low-paid employment again:

“I put all my hard work into getting the job and when I had to leave the job ... I felt like there was no way out, that is as good as you are going to get, a housewife and then I went back to work-focus meetings and they said that if I worked 16 hours I would have been a lot better off ... I think that people that are working should be far better off than the people on benefits and basically the impression you are given is that you are better off sitting in your house doing nothing. I am a single parent and I would rather be working than sitting doing nothing.”

(Jane, lone parent with four children, unemployed)

It was stressed by one professional that, against what is commonly thought, low-paid and minimum-wage jobs do not act as a stepping-stone for better jobs: “Those types of jobs don’t offer any training; they do not offer a progression route. And people with no experience and no qualifications are most vulnerable”.

Childcare provision

Availability, cost and quality of childcare is a consistent issue for parents, of children of all ages, especially babies and young children but also teenagers (Ridge and Millar, 2008), when trying to enter or sustain paid employment. For the WFF sample, childcare was the most frequently cited barrier to paid employment. For two-thirds of our participants, childcare was mentioned as a barrier and for one in three participants, childcare problems led them to losing or having to give up their jobs.

The cost of childcare can make low-paid work financially unviable. This was a big issue for half of the participants, even for those parents receiving the childcare element of the WTC. For the WFF sample, cost was a larger barrier than the lack of childcare services. Among other things that parents mentioned as particularly difficult were having to pay for childcare even when it was not used in order to keep a place and having to pay for more childcare during the holidays. Some professionals attributed the high cost of childcare to it being supplied mainly by private providers.

The lack of flexible childcare (during the evenings, at weekends, at short notice), together

with the lack of childcare during the school holidays, was highlighted by parents and professionals as a particular problem, with professionals saying that this issue forced people, including those in well-paid professional occupations, to leave their jobs.

"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. There is no way around, that is why I wanted to come in and make a difference [being a childminder]."

(Phyllis, lone parent with one child, working relief hours)

School closures due to in-service days or other circumstances leave parents in paid employment with no alternative but to take time off or leave their children unattended. Professionals said that in some cases parents did not take days off when they were ill in contingency for when their children became ill or for childcare emergencies.

The lack of childcare provision for children aged 12 or over also seemed a barrier. This could explain, at least in part, the findings from the quantitative analysis of the WFF sample where WFF clients with a youngest child aged 12 or over were less likely than those with younger children to enter paid employment. Some professionals said that in the absence of suitable childcare, some children were left unsupervised while their parents worked. Professionals believed that the phenomena of 'latch-door' children will increase even more as a result of the benefit system reform, which would require parents with children aged 12 or over to take up paid employment, while the necessary childcare provision is not in place.

Finding affordable childcare for parents with babies and children with health issues or disabilities was also reported as difficult by parents and professionals. The findings from the quantitative analysis of the WFF sample showed that having children with disabilities was associated with being less likely to enter paid employment.

Another issue raised was the difficulty of getting childcare again once parents had exited paid employment. It was said that stopping childcare provision created a barrier for parents when looking to re-enter the labour market and also created inconsistency for children. As one parent said, the

need for childcare to access paid employment was a 'Catch-22' situation:

"Basically 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, so you just go round in circles."

(Jane, lone parent with four children, unemployed)

Difficulties in juggling childcare and other responsibilities were also stressed, with the number of children having an impact on the ability to cope with things. This was also found to be the case in the WFF sample in which the likelihood of entering employment decreased as the number of children increased.

Almost one-third of participants mentioned children's dependency, anxiety, not feeling safe, not being properly established in the new situation and trust issues as barriers to using childcare, although in those specific instances, domestic violence, marriage breakdown or sexual abuse of children had occurred.

Finally, issues with the quality of childcare were mentioned by a number of parents. Some mentioned children's dislike of and parents' unhappiness with the childcare on offer:

"When I go to pick her up and she is sitting there ... because the place where she is in the kids are a lot of younger and you go in and she is bored and they have bingo on the telly ... and, you know, it's horrible. I never used to feel it, but now I feel quite guilty. Not that I should feel guilty for working, not that I am going to give it up, but I would feel a lot happier if I knew she was happy and I am not quite sure that she is ... I know that childcare is not an extension of school, but [there] should be some happy medium there, because I hate going in and seeing her sitting in front of the video game or in front of the telly ... surely there must be other things they can do."

(Jenny, lone parent with one child, working full time)

The role of informal childcare

Friends and family seemed to be an important source of informal childcare,¹¹ and some parents were able to rely on it to enter and/or sustain employment. It seemed a very important factor in the ability to sustain low-paid jobs, or in other words it allowed jobs to be financially viable, as childcare costs were avoided. Nevertheless, informal childcare is sensitive to unforeseen circumstances and can, in some cases, be unreliable in the long term. In the past, the discontinuation of informal childcare arrangements led some parents to exit paid employment.

“For childcare has always been family, my granny particularly who has helped me and without her it would not have been possible. The kids had nursery places but I was not able to take them there and work at the same time, so I needed her to do that and it would not have been affordable for me to pay for nursery.”

(Lisa, couple with two children,
working part time)

Partners were the main source of informal childcare, followed by parents and siblings. The use of informal childcare by our participants seemed to be lower currently than it had been in the past. This could be a result of household changes such as relationship breakdown, parents’ ability to look after grandchildren, etc. Lone parents seemed to have a greater lack of informal support with childcare, as only a few lone parents said that their ex-partners offered regular support.

A few parents would like to use similar informal childcare that they had themselves when growing up. One parent said that informal childcare should be recognised as a job.

“I don’t have that because their [my children’s] grandparents work so it has changed a lot. It is not the old way anymore. The old-fashioned way would have been a lot better, when your grandparents, your parents look after your children, got them from school and kept them until you finished working.”

(Linda, lone parent with two children,
unemployed)

Lack of jobs

The lack of jobs, together with the high number of people chasing those jobs, was mentioned as an important barrier to entering the labour market by participants and professionals and by 12 per cent of the WFF sample. One professional said that the lack of jobs was the “elephant in the room no one wants to talk about and this disadvantages unemployed people, puts the emphasis on them as if they were the problem rather than the lack of jobs being the problem”.

One third of our participants reported a lack of adequate jobs as a barrier to paid employment. Jobs had to meet household needs, in particular childcare arrangements, but parents also wanted jobs that provide a work–life balance. Work–life balance meant different things to different parents: having enough time to be able to look after the house; making sure that evening meals were eaten together; or not bringing work responsibilities or stress back home. Working hours that were incompatible with childcare arrangements and/or responsibilities were a barrier mentioned by three out of five participants and was also stressed by professionals.

“It was difficult, sometimes. I had to pick the kids up from the nursery. Although my Mum and Dad had them, they were working full time so we’d kind of juggle them between us. It really wasn’t working out, you know, collecting them ... it was not viable, the starting times and finishing times was not fitting with the kids.”

(Lisa, married with two children,
working part time)

Professionals also mentioned that the jobs available were mostly seasonal, short term, low skilled and/or low paid, making it difficult to escape the low-pay/no-pay cycle.

The client group that the professionals work with was seen as disadvantaged when trying to access available jobs due to the barriers and responsibilities they have. Some professionals said that in some cases: “it is not what you know that is important when applying for a job but who you know that matters”.

Employers' inflexibility and discrimination

Employers' inflexibility and perceived discrimination towards people with responsibilities was also mentioned by professionals and by one in five participants as barriers to entering and sustaining paid employment. Only 4 per cent of the WFF sample mentioned discrimination by employers as a barrier. Perceived discrimination was due to childcare responsibilities, lack of experience or appearance.

"I never told her [my boss] I had a baby, because I've noticed some employers, when they know you have a young baby, they wouldn't employ you. So she did not know I had a baby but I still wouldn't [have worked full time] because the teenagers still need me."

(Marina, lone parent with two children, unemployed)

Professionals said that parents agree to unrealistic commitments during job interviews because they do not want to be seen as inflexible. Some professionals said that their clients leave their jobs because they are unable to perform certain tasks and do not think of approaching their employers to discuss the matter, who in some cases have responded sympathetically when approached. However, it was recognised that not everyone has the confidence to approach their employer. Professionals suggested that intervention/support in such circumstances would be helpful.

It was said that employers do not seem to understand the constraints that parents have to contend with and they expect employees to be flexible. Professionals believed that employers do not have the policies in place to make employment a sustainable transition for their client group.

Tax credits

In general, parents and professionals were grateful for tax credits. Nevertheless, professionals heavily criticised some aspects of the WTC and the childcare element of the WTC, one individual saying that "the WTC is the greatest single cause of poverty".

There was agreement about the main perceived problems that were seen as a barrier for parents entering or remaining in economically viable

employment and trying to escape the low-pay/no-pay cycle.

Main problems of the WTC

- Usually, WTC is calculated using the previous tax year income (CAB, 2009). This means that people who were financially solvent during the first year of employment due to the WTC entitlement, became financially insolvent during the second year due to the reduction of the WTC.
- When overpayment occurs, WTC may be terminated and repayment is demanded. Overpayments may result from individual mistakes (failure to update the employment situation) or from institutional errors (WTC does not stop immediately at the end of paid employment). Regardless of the cause, institutionally generated debt makes staying in and re-entering employment more difficult. Staying in or entering employment in most cases becomes unviable due to the reduced income as a result of debt repayment.
- A further disincentive to enter paid employment is being able to obtain an estimate of the WTC entitlement following commencement of work.
- Once people rise above the WTC threshold they lose their benefit entitlements, often putting them at risk of poverty. In some cases, people reported being worse off after obtaining a better-paid job.

"We used to get the WTC, which allowed us to get free prescriptions and then [my partner] got a bit of a wage rise so they got that off from him. So there was a point when we moved here, where it didn't matter if I was working or not because they took off the WTC anyway. It was not much more that he was earning but it made a difference when you have to pay a £300 dental bill you know..."

(Lisa, couple with two children, working part time)

Main problems of the childcare element of WTC

- The childcare element of WTC is included in the WTC without any itemisation to differentiate its components. Both are paid directly to parents but in some cases people do not know that the childcare element of WTC is included and they spend the money, leaving them without the means to afford childcare in the future.
- The childcare element of WTC is averaged over 52 weeks per year. This means that payment for extra childcare needed during the school holidays is included in the monthly payments. If the money is spent, as is often the case, parents do not have enough money to pay for extra childcare during the school holidays.
- Due to the childcare element of WTC being averaged over 52 weeks, another problem is overpayment, which occurs when parents leave paid employment just before the holidays.
- The childcare element of WTC does not come in until four weeks after commencement of a job but people have to pay childcare services upfront.
- The fact that the childcare element of WTC is paid directly to parents was reported as a big issue, as some parents will use the money to pay for basic items, with the result that they get into arrears with the childcare provider.
- The maximum entitlement of the childcare element of WTC¹² does not seem to meet the needs of some parents with more than two children.
- In some cases, having to fund 20 per cent of childcare (the upper limit of funded childcare through the childcare element of WTC is 80 per cent) puts a strain on parents.

These problems are seen as an obstacle for parents wishing to enter or re-enter work because of the difficulties previously encountered or due to debt that parents have acquired. This leads to an increased awareness among others and

discourages them from attempting to enter employment. Professionals said that people feel that they are being punished for making an effort. One professional said: “The system, as much as it is there for them, it definitely works against them”.

It was also said that in most cases the WTC does not encourage full-time work because the WTC would be stopped when working over a certain number of hours (obviously depending on the income). Therefore, in that sense, part-time jobs do not act as stepping-stones for full-time and/or higher-earnings jobs.

Professionals said that people do not want to claim WTC and they would rather be paid a ‘decent wage’: “People don’t want to feel that they are on benefits and the WTC is the benefit when working”.

Benefits

For our participants, welfare benefits seem unable to lift them out of poverty. Although Child Benefit (CB) and Child Tax Credits (CTC) have increased over the last decade, it could be that, as Kenway (2009) states, adult benefit levels are a source of child poverty. It appears that, in some cases, the way benefits operate and the monetary level of benefits are keeping people in poverty and in a few cases they are pushing people further away from being able to escape it.

Research has pointed out the inflexibility of the benefit system (Hooper *et al.*, 2007). Our participants see benefit application procedures as complicated and slow and therefore, among other effects, seem to discourage movements into paid employment. Benefits were a barrier for 19 per cent of the WFF sample, although the reasons were not specified.

Some participants said that the month from starting work and having benefits stopped to receiving the first pay-check would have been a very difficult period had they not been assisted by WFF. According to professionals, this four-week period and the slow re-establishment of benefits when people exit paid employment are strong disincentives to moving from benefits into work. In some cases, people have got into debt as a result of both or either of these problems. As one professional explained: “Even when they get their wages, the wages have to do for the next four

weeks and also pay for the money they borrowed to manage the previous four weeks”.

In some cases, problems with benefits such as overpayments, which one in five of our participants experienced, or in two cases benefits being stopped for no apparent reason, have led some parents into debt or arrears and in other instances to leave paid employment.

“When my benefits stopped ... that just really, really knocks you ... they didn't realise that this one mistake just kind of ruined me in a way and you think it is £40 and they think it is not hardship.”

(Mary, lone parent with three children,
in part-time education)

Benefits and debt issues affected the household in practical terms but also had less tangible effects, such as creating stress and instability in the household. One in four participants reported feeling stigmatised for being on benefits or feeling guilty, with less self-esteem and confidence and in some cases depression. These emotional consequences could affect parents' ability to gain paid employment.

“It made me feel quite down, it made me feel a bit guilty as well because I could not give [my son] the best of everything that I wanted to give him. Sometimes I had to give him the cheaper options, in nappies and that.”

(Irene, couple with two children,
working full time)

Professionals and a number of parents mentioned that benefit entitlements acted as a disincentive to live as a couple. In some cases, benefit entitlements also acted as a disincentive for those in coupled households to enter employment if one of the couple was already in paid employment. This seems to relate to the WFF sample in which those other than lone parents and whose partner was in paid employment, training or education were less likely to enter employment. Of our participants, slightly more lone parents were in paid employment compared to those in coupled households.

Debt

Debt was mentioned as a major barrier for parents trying to escape poverty and the low-pay/no-pay cycle. Fourteen participants reported having debt and money problems and almost one third of all participants said that debt and money problems were a barrier to entering and/or sustaining paid employment. This was mentioned by 16 per cent of WFF clients.

Professionals stressed that debt is often acquired in different ways:

- When on benefits, debt can be acquired in order to “survive” because “benefits give a non-subsistence level of income”. Difficulty managing financially when on benefits was also stressed by parents.
- As mentioned above, benefit and/or tax credit errors, overpayments and sometimes procedures can create debt.
- Debt can be acquired as a result of the low-pay/no-pay cycle: in order to afford movements in and out of employment; in order to afford sustaining employment; or due to the WTC and childcare element of WTC.
- It was also mentioned by professionals that debt often gets worse after gaining employment as parents' expenditure often rises and the availability of credit increases.

Going into debt – whether it is due to individual or welfare system errors, to the low-pay/no-pay cycle or to paying for daily living expenses – makes it more difficult for people to enter or remain in paid employment, as repayment requirements for certain forms of debt (e.g. Housing or Council Tax, water charges) can be reactivated when a person re-enters work.

“Everything just hits you when you start working. They come chasing you, that is the most horrible thing about it, because it puts you off, just makes you want to go back on benefits and

just pay £2 a week. I am going to be honest, that is how it feels like but I am trying to deal with it."

(Lucia, lone parent with two children, working full time)

The high interest rates that moneylenders and others charge people are also part of the problem.

Location and transport

Professionals and some parents in rural areas said that there was a scarcity of jobs in remote areas. Lack of jobs was exacerbated by the lack and cost of public and private transport:

"With me not driving, well there is not much around here ... but getting him to childcare and then me going to work, it was not realistic, there is no public transport."

(Marina, lone parent with two children, unemployed)

Transport seems to be an important issue for parents when trying to enter or remain in work. The lack of public transport was a barrier for 8 per cent of WFF clients, and for one out of four of our participants. Although transport seemed more of an issue in rural areas, it was also a problem for some parents when trying to coordinate work and childcare responsibilities:

"It takes a long time. There are no buses directly from [here] to college and the connections take a lot of time. Sometimes I have to wait 15 minutes or 20 minutes or more for a bus so when the kids are coming from the nursery ... it is not suitable."

(Sue, couple with two children, unemployed)

The financial viability of low-paid jobs can be jeopardised by high transport costs and low-paid jobs in most cases do not seem to allow parents to access private transport. Two out of five participants (and 14 per cent of the WFF sample) also cited the cost of public transport as a deterrent when thinking about paid employment.

Half of the participants felt that their lack of a driving licence or their lack of private transport was a barrier to paid employment, reflected by 33 per cent of the WFF sample. Some parents felt that

private transport would make it easier when dealing with unexpected situations:

"I feel if they needed me, I could jump in the car and get them. I wouldn't need to sit and wait for buses."

(Nessa, lone parent with two children, unemployed)

Job location was very important for almost a third of participants, because distant jobs would often not fit in with childcare arrangements or because parents did not want to be very far away from their children (this was the case even for those with private transport). In some cases, financial reasons were cited. In these instances, the opportunities for work would depend on the local supply:

"I am quite flexible because I have a car, [but it cannot be] very far away because I will need to have my kids dropped off and be able to get to the area."

(Joan, couple with two children, unemployed)

Housing

Owning a house and living in a private let were highlighted by participants and professionals as factors that increased the difficulty of managing financially in low-paid jobs, increasing the occurrence of low-pay/no-pay cycles and increasing the reluctance to lose Housing Benefit. The analysis of the WFF sample showed that living in a private let was associated with a lesser likelihood of entering employment.

"What I would get for working part time in an office and what I would be paying out in childcare really wouldn't have been able to keep me and pay the mortgage. A part-time salary wasn't going to cover much as a main source of income."

(Tessa, lone parent with one child, self-employed)

Six participants cited housing as a barrier to paid employment; while this was the case for 8 per cent of the WFF sample (the reasons were not specified).

Four participants currently unemployed mentioned that the prospect of entering paid

employment and having to pay the rent was the issue. The reasons given for renting privately were the lack of council houses and/or the lack of suitable (in terms of area and/or size) council accommodation.

Two participants reported living in overcrowded conditions but rehousing through the council was not an option and private rents were too expensive.

Health

Parents' health, either physical or mental (such as depression), led to one out of four participants leaving paid employment or not being able to consider it. For 6 per cent of the WFF sample, physical health was a barrier, while mental health was a barrier for 10 per cent of this sample.

One third of our participants experienced depression at some point in their lives. For some participants, it seemed to be the result of a relationship breakdown, while for others it was the result of PND. Other reasons were domestic abuse, negative experiences at work or feeling stigmatised and 'stuck' while on benefits.

Children's health was also a barrier to entering or sustaining paid employment, as necessary childcare was not available. One professional said that children with disabilities need childcare with the right support structure. Nevertheless, it was pointed out that for parents of children with long-term chronic illnesses, such as cystic fibrosis, where there are periods of good and bad health, it is not about the structure of support within childcare but the flexibility for the parent to take time off at work or to arrange work according to childcare needs.

Professionals said that health issues often adversely affect transitions into employment. The first few weeks of a job were mentioned as the more challenging as this is the period when more problems occur due to the new environment and new routine for both parents and children. This period is when most flexibility would be required from employers.

For a few participants, their relatives' health was also an issue; in those cases, the participant became the main or one of the carers.

Confidence and low self-esteem

Professionals reported a high incidence of low confidence, low self-esteem and mental health issues such as depression among their client group. Confidence was seen as an important barrier to employment by both parents and professionals. One-third of the WFF sample mentioned lack of confidence as a barrier and over one-third of our participants saw their lack of confidence as a barrier to paid employment, as it led to reluctance in engaging in the labour market. Professionals stated that depression affects employability: "Acquiring confidence is a change between feeling unemployable to feeling they are employable and it is a huge journey".

People's confidence was affected by having been out of the labour market, lack of work experience and bad experiences at work. Multiple job applications, rejections with no acknowledgement or feedback and multiple short-term jobs could also have the effect of reducing confidence, according to professionals.

It was said that childbirth affected parents' confidence as a result of feeling vulnerable, feeling isolated and feeling that they had lost their identity:

"Because I'd been out of work for such a long time and I think it's a natural thing, when you are at home with young children, especially on your own, you really quickly lose confidence, you're not getting any intellectual stimulation, you're feeling quite insecure about being a new parent and not really convinced that you're doing it right all the time, it's completely normal. It doesn't matter how much of a high flyer you were before, if you find yourself outside that loop, it really quickly goes away."

(Rachel, lone parent with two children, unemployed)

Professionals said that for highly motivated people who want to enter paid employment, the lack of childcare and other barriers causes them to suffer from depression and/or low confidence. In other cases, stressful lives, legal and financial problems, lack of education and/or numeracy and literacy issues result in lack of confidence. Illnesses are also a source of depression and/or low confidence.

Professionals said that younger people especially often lack the support, direction and guidance that a parent would give and this impacts on their confidence and self-esteem.

Target/box-ticking culture

Professionals reported the prevalence of a ‘target culture’ or ‘box-ticking culture’. They said that there should be targets but the key to any policy should be its aim. One professional said that sometimes the aim at the start is good but as it becomes operational it becomes about numbers and about measuring things rather than the original aim.

Professionals said that the culture of some organisations does not seem to have the interest of people at the core. It was stressed that this is a serious problem, as people are sent to a job knowing that they will not last. This has serious consequences as this cycle of unsustainable and therefore short-term jobs (the low-pay/no-pay cycle), lowers people’s confidence and self-esteem. Some professionals said that, in some cases, organisations that want to meet targets encourage people to think they would be better off in paid employment than they would be in reality. Giving people time-limited incentives (such as the £40 a month work incentive given during the first year in paid employment), and pushing people into boxes to meet agencies’ targets, can put people in a vicious circle. This ‘revolving door’ effect should be avoided. One professional said: “We need to find them the right job and/or the right type of education or training”.

Some professionals said that, in some cases, organisations that want to meet targets encourage people to think they are better off in work when they are not.

Other issues

Although important for those who experienced them, the issues in this subsection were a barrier for fewer participants.

Some professionals said that domestic abuse was common within their client group. One professional was very critical about the law, which moves the victim out of the house rather than the perpetrator.¹³ Domestic violence stopped three participants from looking for paid employment.

In two cases of domestic violence, partners had alcohol problems.

Some professionals reported that misuse of drugs and alcohol together with prescribed Valium was a common problem. One participant’s drug addiction was a barrier to paid employment for a period of time. In another case, a partner’s drug problem stopped the participant from looking for paid employment as she felt she needed to be at home for the children. Two per cent of the WFF sample reported drug and alcohol misuse as a barrier.

Relationship breakdown kept two participants in poverty due to the consequences of depression and lack of informal childcare. Traumatic experiences¹⁴ were a barrier for three participants; issues surrounding children (child being bullied at school and in the neighbourhood and difficult behaviour), on one occasion, led to a participant having to leave education. One participant felt that having a police record was a barrier to paid employment, while two per cent of the WFF sample also said this was a barrier.

Not in the low-pay/no-pay cycle

Participants not in poverty

Two participants were never really in the low-pay/no-pay cycle. Although both of them were unemployed at the time of the interview, their previous income took them above the poverty line. Both cases could be classified as recurrent poverty, one case more clearly than the other. For one of the parents, the reasons for short spells of unemployment were short-term contracts. Nevertheless, their partner’s part-time employment could have mitigated financial strain due to unemployment. The other participant was a lone parent and the spells of unemployment lasted for longer: childcare responsibilities restricted her job options and her health (depression as a result of relationship breakdown) could be a factor in the cycle of employment and unemployment.

Long-term unemployed

Four participants had not been in paid employment since the moment the household fell into poverty or worse poverty.

One participant was not in poverty due to benefits received (due to her health problems and those of one of her children), which took the household above the income poverty line from the time of her relationship breakdown until the time of the interview.

For another participant, the number of children and her husband's low wages and recent unemployment had been the contributing factors to poverty. The participant had undertaken education and voluntary work and was currently in higher education. Lack of jobs had been one of the barriers that had recently kept her out of paid employment.

For another participant, domestic abuse and lack of confidence kept her out of paid employment. At the time of the interview she was undertaking education.

For the fourth participant, childcare responsibilities were mentioned as the barrier to paid employment. At the time of the interview she still had childcare responsibilities as she had custody of her granddaughter.

5 Findings: is paid work a route out of the low-pay/no-pay cycle?

- This chapter considers whether paid work is a route out of poverty and looks at parents who are currently in paid employment. It considers what factors make their employment stable; what factors make it unstable; and how some parents managed to escape the low-pay/no-pay cycle.
- The main barriers that could jeopardise participants' paid employment were: the lack and cost of childcare; struggling to cope with work; having to repay debts; and lack of qualifications.
- By obtaining full-time jobs that paid above the national minimum wage and which solved or limited childcare barriers (such as the lack, cost and logistics of childcare), three of the eleven participants in paid employment had been able to escape the low-pay/no-pay poverty cycle for a relatively long period of time.
- The type of support received seems very important in order to effectively overcome barriers and empower people to achieve their aspirations. WFF holistic support targeted to individual needs was praised by participants.

Parents, as mentioned earlier, usually tried to escape poverty by accessing paid employment and so increasing the household income. This chapter outlines the findings of how they overcame some of the barriers to getting a job. It considers: childcare, benefits and debt, obtaining qualifications and voluntary work.

Work as a route out of poverty?

Professionals, when asked if they saw work as a route out of poverty, often did not see 'any job' as a route out of poverty and stressed the need for sustainable jobs, in terms of both household and financial needs. One professional summed up the general feeling: "[I] don't agree with this 'in-work out of poverty' and 'out-of-work in poverty'. It is rubbish. You are worse off in low-paid work than you are on benefits".

It was stressed that if the job was well paid it could be a route out of poverty but professionals reported that their client group often went into low-paid, low-skilled, menial work. Although it was stressed that employment could be a route out of poverty for many people, this would not be the case for everyone. As one professional said: "We need to have a system that allows people to make choices".

Professionals highlighted that the costs associated with working are not taken into consideration when the solution of employment is put forward. It is the extra costs that result from working that can make work financially unviable. One professional said that as well as financial needs, the needs of children should be taken into account.

There was agreement among professionals that low-paid work could create a great deal of stress in the family and affect everyone in the household. One professional said: "[With low-paid work] the children lose because they are not better off financially and they don't have their mum".

Lone-parent families were seen as being most disadvantaged as parents are expected to be both sole carers and breadwinners: "They have to be the model parents and also not be on benefits and the lower the income the greater the pressure. Lone parents in particular are caught in these expectations; they are in no-win situations".

Working their way out

At the time of the interview, one-third of the participants were in paid employment (the majority had had one or more jobs since falling into poverty or worse poverty). Just over half were working full time and the rest part time and not all of them were out of poverty or had escaped the low-pay/no-pay cycle.

In paid employment and out of poverty

Eight of our participants were out of poverty at the time of the interview (they were above the 60 per cent poverty line) and in paid employment (estimated using an equivalised method of measurement – see <http://research.dwp.gov.uk/asd/hbai/hbaiconsult.pdf>).

At risk of becoming unemployed

Four of those who had recently entered paid employment (three in full-time work, one in part-time work), although above the income poverty line, were at risk of being unable to stay in their jobs and therefore falling back into poverty. Childcare costs and lack of childcare were a potential problem for three of these four parents. All three worked full time and relied on informal childcare. In one case, the source of informal childcare was soon to terminate and a more formal solution was sought. In each of the cases where informal childcare was used, were the source to become unavailable, participants would face significant difficulty accessing more formal childcare services. As stated in Chapter 4, the loss or lack of informal childcare is a common reason for exiting low-paid employment or not being able to enter paid employment. Two of these participants were struggling with paid employment: one participant stated that working full time was too much, while another recognised that she had not really been ready to start paid employment but because of the financial demands of living in private rental accommodation, had felt pressured into taking up part-time employment:

“When we moved here I had to take up work. Although I was looking to get back into work, I had to. I was forced because it’s a private let. We had to find something very quickly, to help

us to live here. The circumstances pushed me back into work maybe a bit sooner.”

(Lisa, married with two children, working part time)

For one of these four parents, moving into paid employment meant that she had to start repaying debts, placing a financial burden on her wages, which could potentially make her full-time job economically unviable. For some of those in paid employment, the issues mentioned above could exacerbate their lack of confidence. We saw earlier how confidence levels could be a barrier to paid employment and losing or having to give up a job can reduce confidence even further and have a detrimental effect on future consideration of whether or not to take up paid employment.

Stable in employment and out of the low-pay/no-pay cycle

One participant, in a relatively low-paid job and working part time, was above the poverty line and seemed to be in a relatively stable position in work: working part-time hours, which complemented childcare arrangements. Her work history and current situation suggested that she ran only a low risk of losing her job.

By obtaining full-time jobs paying above the national minimum wage and solving or limiting childcare barriers (such as lack of childcare, cost and the logistics of taking children to and collecting them from childcare), three of the eleven participants in paid employment had been able to escape the low-pay/no-pay poverty cycle for a relatively long period of time. Many barriers had been overcome to reach that stage, with at least two of the parents receiving substantial support from WFF and other agencies.

For those in what would appear to be suitable, stable and economically viable paid employment (three cases), qualifications were only one factor. It is worthwhile noting that in all three cases, childcare barriers were overcome: in two cases, by the mothers becoming self-employed childminders and solving their childcare requirements; in the other case by gaining a professional, temporary contract, with working hours that facilitated her ability to look after her 9 year-old child (as her work hours were during school hours and she

could work from home if she wanted to). These participants had childcare responsibilities for only one child. Nevertheless, in one case, a year spent on IS following education resulted in the participant getting into arrears, which, although she was able to repay, put her under additional financial pressure. The two participants who obtained childminding qualifications received support and financial help from WFF to commence self-employment.

In paid employment and in poverty

Three of the eleven participants who were working when interviewed (two part time and one working relief hours) were in poverty. They had experienced the low-pay/no-pay cycle during the course of their lives.

Although in all cases, parents had been in work most of the time (with spells of unemployment), their current situations could be precarious: one had four children and was pregnant. The number of children could be an obstacle to maintaining low-paid employment. Another parent had recently separated from her husband and was still dependent on him for informal childcare. In the event of informal childcare ceasing, another form would have to be sought, which could result in the loss of low-paid employment. In the third case, the participant's lack of qualifications (required by her employer) could jeopardise her employment. If her application to become a childminder were refused it could result in the loss of paid employment.

Support received

The majority of participants had had some contact with support agencies and most of them had received support in the past. Satisfaction with these services was varied. While in some cases the support was welcome, there were instances of parents being critical of the type of support received or of the agencies providing it. The most common complaints were of feeling judged, experiencing disregard for their needs and situation and not receiving the help needed.

"I think a lot of people don't know ... that they are there to help and I think for some of the agencies ... [it] is all about

getting the person in, getting the person out, for their own stats and things."

(Lisa, married with two children, working part time)

Thirty-one participants had received or were receiving WFF support, which they had accessed in the recent past (most within the previous three years). Most clients described WFF support as very helpful. Looking at the way WFF intervened, it would appear that the response was targeted at participants' individual needs. WFF provided general support (such as advice, developing a personal plan, etc) and practical support, such as dealing with:

- qualifications and skills (helping parents to access education and training, such as childminding and vocational courses, etc);
- confidence and self-esteem issues (by running confidence courses);
- solving childcare barriers (giving information and arranging childcare).

Financial help provided by WFF was also crucial for some parents: in order to bridge the four-week gap after entering employment, to pay childcare providers in advance, to start self-employment as a childminder, to buy course or employment equipment, etc. WFF offered continuity for parents through Key Workers, something that some research has found to be very valuable (Hooper *et al.*, 2007).

Participants also reported not feeling pressurised to get a job, saying that their experience was of being supported at their own pace along the way.

In general, WFF provided holistic support targeted to individual needs:

"When I went to WFF they asked me: 'What do you actually need? We know that you want to get back to work but what do you actually need from us? Why are you here? What is stopping you from getting back to work?'"

(Andrea, lone parent with three children, unemployed)

In the case of the two participants who became childminders and escaped the low-pay/no-pay cycle, WFF helped them with confidence and support as well as finance to set up their own businesses.

6 What is needed to end the low-pay/no-pay poverty cycle?

- This chapter explores some of the factors that are needed in order to escape the low-pay/no-pay poverty cycle.
- It focuses on the barriers to escaping the low-pay/no-pay poverty cycle and offers recommendations on the way forward.

This chapter explores what it will take, according to professionals and the findings from previous chapters, to pull and keep parents out of the low-pay/no-pay poverty cycle. This is perhaps even timelier given the current economic recession where, arguably, movements in and out of employment could become more common and the experience of low income and poverty more widespread.

Paid employment could be a route out of poverty if the barriers that parents face in getting a viable and sustainable job are removed. Removing barriers to employment, so that jobs are suitable and economically viable for parents and households, should thus be a priority. While these barriers are being removed, it would seem advisable to pull households out of poverty whatever parents' employment status is, as the experience of poverty damages households in different ways, in some cases hindering their chances of escape from poverty in the future.

Education

Financial and childcare constraints have to be removed in order to make education more accessible for disadvantaged parents. Much research has linked the level of qualifications to employability and earnings. Therefore, it could be

said that gaining qualifications may be a way to escape the low-pay/no-pay poverty cycle.

While qualifications may increase people's chances of obtaining a better-paid job with better conditions and more flexibility, it is also necessary to take into account factors that limit the benefits of obtaining qualifications, such as the lack of jobs requiring these qualifications, lack of childcare and lack of jobs in general. Furthermore, in some cases, gaining qualifications and going into paid employment is not automatically linked. Nevertheless, education can be seen as an investment for the future and gaining qualifications can have a positive impact not just in terms of the possibility of paid employment, but also, for example, in terms of increasing confidence, self-esteem and creating role models.

If access to education is going to be improved for disadvantaged parents, personal and financial barriers need to be addressed. There is also a need to inform people of the possible options available.

The costs associated with taking up education (such as transport, childcare, study materials, lunches, etc) have to be taken into account within the benefits and student loans given to parents undertaking education. Also, benefits received by those in education above the HNC level should be reviewed as the student loan given by SAAS was reported as unviable. The childcare costs that parents incur while in education have to be taken into account and the lack of consistency as a result of childcare funding should be addressed.

Consideration should be given to spreading the levels at which support is reduced or withdrawn or student loans need repaying.

It is advisable for staff in colleges to be informed of the constraints some of their students face in trying to balance the demands of attendance with those imposed by childcare arrangements and to be sensitive to parents' situations. Most students in

these circumstances would benefit from timetabling that would enable them to make efficient use of childcare facilities, reduce travel time and spend more time with their children.

Making work pay

As described in previous chapters, some participants were unable to sustain or enter paid employment as they felt that they were or would have been worse off. Low-paid work was said in some cases to be pushing people further away from being able to escape poverty (due to its financial and emotional effects) as well as increasing stress in the household.

Professionals argued that the national minimum wage should be increased in order to move people out of in-work poverty. If small employers could not afford the increase, it was suggested that the government could provide financial assistance. Making jobs financially viable seems vital in order to break the low-pay/no-pay poverty cycle. Whether this is done via the benefit and/or tax system or via legislation in terms of increasing wage levels, is an issue for further debate. Nevertheless, as it will be mentioned below (and as mentioned in Chapter 2) the benefit and tax credit system, in its current form, is in some cases hindering parents who are trying to escape the low-pay/no-pay poverty cycle. Therefore, if pulling people out of in-work poverty is going to be achieved through the benefit and/or tax credit system, it seems advisable to address its shortcomings first.

Better-off calculations were welcomed by participants but it seemed that people had to make choices in terms of the number of hours of work in order to maximise benefits and tax credits. In some cases, these forced choices went against parents' preferences and/or reduced the number of potential jobs.

Making work pay is not per se the only requirement to escaping the low-pay/no-pay poverty cycle. Childcare availability, affordability and sustainability are very important for parents' ability to enter and/or sustain paid employment. The types and conditions of work are also very significant, as parents' preferences for work-life balance are important. Debt, household changes

and confidence are also crucial issues in the low-pay/no-pay poverty cycle.

The childcare supply

Increasing the supply of affordable childcare seems to be crucial to help parents break the low-pay/no-pay poverty cycle and to enter and sustain employment, as childcare costs can make work financially unviable.

The cost of childcare was reported by participants to be an issue, even when parents were entitled to the childcare element of the WTC. Providing affordable childcare would potentially help many parents to access and/or remain in paid employment or education:

- Reductions in the cost of childcare were highlighted as necessary, especially for private nurseries (one professional suggesting that the council should step in and give some funding to private nurseries). Parents were taking advantage of the free pre-school education for 3 and 4 year-olds. However, for some parents, although welcome and helpful, it did not seem enough to facilitate transition into employment or in some instances education.
- The advance payments that most childcare providers requested were a barrier when thinking of entering paid employment.
- Also, having to pay for a childcare place, even if not used, was problematic for parents.

There were also general gaps in the childcare supply:

- More nursery provision was seen as necessary.
- Especially important, there seemed to be a lack of provision of affordable and good-quality childcare outside the 'traditional' 9 to 5 working hours. In an economic system where the patterns of work have changed, it is necessary that the patterns of childcare supply change as well, if childcare is not going to be an obstacle to paid employment.

- The lack of childcare during the school holidays was seen as an important barrier to sustaining or entering paid employment. The increased cost of childcare during the school holidays was also a barrier for some parents.

Increasing the supply of affordable and good-quality childcare for children over 12 years old and for children with disabilities also seems necessary. If, as a result of the recent welfare reform, parents with their youngest child aged 12 or over have to be actively seeking paid employment, the lack and quality of childcare supply for children of that age has to be addressed, otherwise children will be left unattended or parents will be penalised.

Childcare barriers while out of poverty

As mentioned in Chapter 2, even when the household was not in poverty or worse poverty, childcare barriers after childbirth prevented parents from pursuing education, paid employment and other activities they may have chosen. This can have long-term consequences for the household: one being the increased vulnerability to poverty as a result, among others, of reduced household income, the length of time parents stay out of the labour market, qualifications and skills becoming obsolete, isolation and diminishing confidence.

Labour market and types of employment

An issue raised by parents and professionals was the perceived lack of jobs. This seems to be supported by the Trades Union Congress (TUC) analysis of the unemployment statistics for January 2009, which shows an average of ten JSA claimants for every Jobcentre vacancy across the UK, with the number of claimants per vacancy having more than doubled in the last twelve months (TUC, 2009). The lack of jobs is a difficult issue to tackle; nevertheless, ways to deal with the consequences should be devised.

The type of jobs that appeared to be available was also an issue of concern. Short-term, seasonal and shift work, in most cases low-paid work, is not a viable option for some parents. In terms of the prevalence of seasonal jobs, especially in rural areas, professionals suggested that employers

give permanent contracts or pay retainers, with some work and training during the winter. It could be argued that if those jobs were economically viable, if childcare was in place and if by accepting them, parents would not encounter benefit and tax credit problems, either when starting or resuming work, it could become easier for parents to take these types of jobs. This would increase parents' experience and decrease long-term unemployment.

The prevalence of low-skilled jobs in our economy and the fact that they do not appear to be stepping-stones to better jobs, seems to be an issue (Lindsay and McQuaid, 2004) in respect to the low-pay/no-pay cycle. The fact that low-skilled jobs do not act as stepping-stones could be due to the lack of in-work training and/or the lack of progression routes within these types of jobs. Nevertheless, this could be looked at in a different way: if low-skilled jobs could provide a viable income for households, if employers offered flexibility, and if childcare, benefits and other barriers were not insurmountable, then such jobs could also provide viable and independent household incomes.

Employers' flexibility and support

Professionals suggested that more focus on employers is needed to provide flexible terms and conditions. If small employers cannot meet such requirements, it was suggested that the government should help them. Once in employment, participants would benefit from support as required. It was said that it is during the first few weeks in employment that most problems tend to occur and when flexibility from employers is most required.

Being able to access and afford flexible childcare during emergencies, when the regular childcare supply closes or in the event of children's illness, could help parents to sustain employment. Instead or at the same time, work flexibility offered by employers could help to overcome this barrier.

Tax credits

The WTC, although praised by many, has also been criticised for its shortcomings (see Chapter 4)

and changes to improve it were suggested by professionals:

- A way of calculating the WTC that is not based on the previous year's contribution was recommended as the current system seems to make work financially viable during the first year but not during the following years.
- Being able to provide an estimate of the amount of WTC to be received could also help movement into employment.
- More emphasis on proportional taxation rather than the benefit threshold could solve problems of being worst off in a better paid job that takes people just over the tax credit and benefit entitlement threshold.

The childcare element of WTC could also be reformed to address some of the problems that parents and professionals highlighted:

- It was suggested that the childcare element of WTC is paid directly to the childcare provider. It was also recommended that WTC and the childcare element of WTC are clearly split so that parents are clear about the amount of money they receive for each.
- The way the childcare element of WTC is calculated, as an average of the childcare needed throughout the year, does not seem to be helping parents and in some cases seems to be creating debt.
- The upper limit of the childcare element of WTC (£300 for two or more children) does not reflect the childcare needs of parents with more than two children.
- In some cases, the upper limit of 80 per cent funding for childcare is not sufficient, as some parents struggled to finance their 20 per cent contribution.

Incentives to work (with limited shelf-life) have to be thought out carefully to make sure that they do not

portray work as financially viable when it would not be without the incentive.

Benefits

Parents and professionals saw the benefit system as slow and cumbersome. Addressing the benefit barriers mentioned in Chapter 4, especially improving the way benefits operate, was seen as a way of helping movement into paid employment. Arguably, making it easier for parents to enter employment could increase labour market attachment, parents' experience and confidence and increase the possibility of escape from the low-pay/no-pay cycle in the long term. Obviously, other barriers such as financial viability and childcare supply need to be dealt with in order to make these movements into employment sustainable.

Support is needed to overcome the four-week gap from the time benefits are stopped until the first pay-check is received. One solution could be to give benefit run-ons (when benefits are not stopped until the first wage comes in) more than once a year, finding suitable safeguards against fraud and/or devising a way to monitor it.

Benefit and tax credit errors, whether due to systemic or individual faults, seem to be making it hard for parents to sustain employment. In some cases, parents are pushed further away from being able to escape the low-pay/no-pay poverty cycle in the future. A system would have to be devised that minimises the errors that seem to be occurring.

Debt

As we have seen, debt is a barrier to escaping poverty. Whether debt is acquired in order to afford items while on benefits, to service debt while in paid employment, a result of the low-pay/no-pay cycle or due to benefit and/or tax credit overpayment or errors, it is necessary to devise a way to deal with it or to prevent it occurring in the first place.

If, as parents and professionals have said, parents get into debt to pay day-to-day living expenses while they are on benefits, increasing household incomes seems to be necessary. The specifics of how to increase household income are a matter for further debate.

Changing benefit and tax credit procedures could address some of the problems that lead people into debt. For those who find themselves in debt, there needs to be advice and support that is tailored to their circumstances. It is desirable that the chosen way of dealing with the debt does not push people further into poverty.

Dealing with debt acquired by more readily available credit when people are in paid employment seems more difficult, as it may require better regulation of financial services and improved financial capabilities (financial knowledge, abilities and motivations) of disadvantaged parents. Nevertheless, support to organise manageable repayment schemes could minimise the adverse effects of those re-entering employment and having to repay their debts.

Finally, a big issue is the level of interest that some moneylenders and/or lending agencies/companies appear to charge. More regulation on the issue could address this.

Transport

Other research has suggested increasing access to cheap or free public transport for low-income families (Hooper *et al.*, 2007). Our study would also suggest that lack and cost of public transport are barriers to education and employment for parents. In some places, where the supply of public transport is scarce, schemes to provide parents with free driving lessons and affordable private transport could be a solution. Nevertheless, taking into account the environmental situation in which we find ourselves, public transport should be the first option when trying to overcome transport barriers.

“For rural communities, I think public transport needs to improve for people to be able to go to a wee rural area, to somewhere where they can get work, because obviously there are not lots of jobs here. So, definitely, better public transport.”

(Nessa, lone parent with two children, unemployed)

Housing

For those living in private rented accommodation, the cost of the rent can make low-paid jobs unviable and can prevent movement into work. Changes to Housing Benefit entitlements could assist parents on benefits or on low incomes living in private rented accommodation to enter paid employment or education and escape the low-pay/no-pay cycle.

As some parents have to live in private rented accommodation due to a lack of appropriate council housing, assessing household needs and increasing the supply of affordable housing could solve this problem.

Volunteering

Voluntary work can in some but not all cases help people to gain work experience and gain access to better jobs and/or build confidence (Davis Smith *et al.*, 2004; Scottish Executive, 2004). Some participants said that voluntary work helped them to try different things or to get ready for paid employment.

“My confidence is nowhere near what it used to be but is certainly better than it was and I think the volunteering really helped enormously because it is getting me back into work. It is work all the same whether it is paid or not but there is not that responsibility that would be in paid work.”

(Lisa, couple with two children, working part time)

Two participants who took part in voluntary work found paid employment shortly afterwards. They were still in paid employment at the time of interview although both felt that they were under too much pressure at work. Six participants were taking part in voluntary work (three of them were unemployed, two were in paid employment and one was in full-time education).

Types of support

As seen throughout this report, the barriers that parents face when trying to enter or remain in paid

employment are often structural. Issues such as low confidence, low self-esteem and stress do have an impact on participants' employability but in the majority of cases these issues result from parents' circumstances (in terms of financial stress, isolation, lack of childcare, etc). Therefore, a first step to addressing these barriers would be to lift financial pressures from households and increase parents' access to services such as childcare, education and so on.

Parents reported how their experience of being on benefits made them feel judged and stigmatised and how they felt immense pressure to work. If being out of paid employment were to be seen as a circumstance that disadvantaged parents had not chosen, it would be easy to lift the blame from them. Some parents felt they were in a no-win situation:

"It seems that all the problems that kids have is because they don't have moral guideline. They don't have parents who look after them and bring them up properly but on the same level they say, 'we will cut your benefits if you are not going back to work' ... [they] are not providing the childcare, they are not providing enough money and support for us to go out and get a job and then when we actually go out and get a job, they are saying that our kids are running amok in society because there is nobody at home giving them the ground rules and that."

(Nina, lone parent with three children,
in part-time education)

It was seen as essential that the right people are given the right information. The aim of agencies should be to get people into *sustainable* paid employment. As we have seen, some short-term employment experiences can have a detrimental effect, both financially and emotionally, on households and parents.

It seems that holistic support targeted at individual needs works best. This type of support seems to meet people's expectations as a step towards independence, and they don't feel pushed or judged by support agencies.

Changing the target/box-ticking culture

Professionals stressed that support needs to be focused on long-term changes for the benefit of individuals rather than on achieving targets. It was said that the government seems to have a 'target culture' that is passed to employment agencies. Some agencies offer people the jobs available that "are low-wage no-future jobs", rather than establishing what people's aspirations are and finding ways of working towards them. As a result, it seems that people are being forced into employment before they are ready. It was stressed that "to make real changes you don't have to have incentives and set targets; you have to remove the barriers". Professionals said that the approach should be about sustainable employment.

It was said by a few professionals that gentle respectful challenge could be beneficial: "If you always do what you've always done, you'll always get what you've always got". Professionals also said that support given should aim to empower people and allow them to achieve their aspirations.

Joined-up policies

The need for 'joined-up policies' among different departments was also mentioned, so that the actions of one department do not damage the actions of others (e.g. the impact of the implementation of the tax credits system on the Department for Work and Pensions (DWP); the DWP is gathering evidence on what works but it does not have the power to change the system).

There also needs to be joined-up policy on sustaining people in employment in the first place rather than providing support once they have left employment and entered into the cycle of poverty. In-work support should not be dependent on the length of time people are in employment and should provide support at times of transition and crisis.

Welfare reform

Allowing parents to choose between paid employment, childcare and other activities is vital, even more so when parents face barriers to paid employment.

Professionals referred to welfare reform as impractical. In one case it was said that this is now more the case, at a time of recession. It was stated that the change in the system, for example of making lone parents look for work when their youngest child reaches 11 (or less), seems to suggest that people could become 'job ready' from one day to the next although it is not the reality. Some professionals said that having another baby had been voiced by a number of clients as a response or solution to the reform.

One professional said that the government keeps saying that people have a negative attitude about the poor but that the government continually projects this image: "emphasising that jobs are there if you want them, is singularly the most unhelpful aspect of government policy, from both the Westminster government and the Scottish administration". The professional stressed that it is this negative attitude to the poor that has allowed the welfare reform to be passed: "It is a watershed and reflects the society we live in ... it is the coup that politicians have done on us".

7 Recommendations and policy implications

Background

In this study we found that many movements into paid employment did not lead households to escape income poverty. Most households experienced a low-pay/no-pay poverty cycle; therefore fully escaping poverty would mean escaping low-paid work.

While income poverty subjectively defined by participants is the main focus of this report, this is not to underplay other related and crucial aspects of poverty, such as non-material deprivation, inequality or social exclusion.

Poverty is the result of a complex mixture of factors that interact through time, some mutually reinforcing. Different factors affect people in different ways and people's ability to cope varies over time and according to circumstances. Events that do not seem to have a primary role in leading people into poverty in some cases, could in others appear to have a cumulative effect, making some people more vulnerable to poverty in specific situations or building up to a breaking point, which results in poverty.

Recommendations

Improvements are needed to support parents on low incomes to:

- more effectively reconcile work and family life;
- reduce unintended consequences resulting from the benefits and tax credit systems;
- help parents move towards higher-paid careers and jobs.

Education

Education can be seen as a future investment in creating positive effects (over and above the possible employment benefits), such as increasing

confidence and self-esteem and providing role models to children and others. The main barriers to parents in this study were finance and childcare. Maintaining the same level of benefits and providing travel, lunch and learning-material allowances would mitigate some financial obstacles. Increasing childcare subsidy at all levels of education is also important. It is advisable for staff in colleges to be aware of the constraints some of their students face in trying to balance the demands of attendance with those imposed by childcare arrangements.

Low-paid jobs

There need to be improvements in making work pay for low-income parents so that they can escape the low-pay/no-pay cycle, both for lone- and two-parent households.

For those households where getting work is not economically viable under the current benefits and tax credit system, amending the level and range of benefits or increasing the minimum wage for those in in-work poverty are two potential options that could be considered. Each would require greater detailed study.

Childcare

Childcare availability, flexibility and affordability should be increased significantly for all children, including those over 12 years of age. Addressing childcare costs is particularly important for people to escape the low-pay/no-pay cycle. A viable childcare supply, that gives parents the option to pursue paid employment or education, whatever the age of their child, and for a greater range of hours, could assist in reducing household poverty and in some cases reduce vulnerability to future poverty.

Increasing the supply of affordable and suitable childcare would be particularly beneficial: outside 'traditional' 9 to 5 working hours; during school holidays; for children over 12 years of age; as well as for children with disabilities. Additionally, there is

a need to provide direct loans or help to low-income parents required to make childcare pre-payments and deposits.

Type and conditions of work

Participants indicated a need for greater flexibility by employers in terms of hours and conditions of employment for staff with caring responsibilities. Support for both employers and parents is needed to ensure flexibility when childcare emergencies occur, especially just after parents enter a new job.

The benefits and WTC and CTC systems

There is scope to improve the way these systems operate, to make them more sensitive and responsive to people on very low-incomes.

Within the current benefits system (including Housing Benefit), there is potential, where appropriate, to aid movement into paid employment and increase sustainable paid employment for some parents by:

- allowing more than one benefits run-on per year;
- altering the system to make it easier and quicker for people to resume benefits if they lose their job;
- minimising systemic and individual errors (including overpayments), possibly by means of new procedures, and so reducing the movement of many vulnerable parents into debt;
- preventing partnership status disadvantage to some claimants.

A suggestion was made in the study that time-limited incentives to work should be more carefully thought out in order to prevent work being falsely portrayed as being financially viable. For example, in some cases, additional support is only given in the first 12 months of employment but is then withdrawn before parents advance sufficiently along the pay scale to compensate for the ending of the incentive, resulting in lower income or debt.

It was suggested that WTC should be reformed to avoid putting the onus on employees to ‘make

work pay’; this would reduce stigma and possibly individual errors. A more contemporaneous way of calculating WTC (e.g. initially on a monthly or quarterly basis) so it is not based on income from the previous year is recommended, as the current way appears to make work financially viable during the first year but not during the following years, with the result that people are pushed into debt. Calculations of WTCs before commencement of paid employment would benefit parents.

Differentiation of WTC and childcare element of WTC is recommended, so that parents can be clear about the amount of money they will receive for each element. Calculation of the childcare element of WTC as an average of the childcare needed throughout the year often means that the money has been spent before the school summer holidays, when childcare costs are highest. Although advancing payments to parents increases their control of total income, greater advice or payments direct to the childcare provider could help reduce this problem. The upper limit of the childcare element of WTC does not seem to reflect childcare needs of parents with more than two children. In some cases, the upper limit of 80 per cent funding for childcare is not meeting the needs of parents of one child either. Providing the childcare element of WTC in advance to service providers could increase movement into employment in some cases where childcare providers demand pre-payment.

Debt

Debt is a significant barrier to escaping the low-pay/no-pay cycle. Changing benefit and tax credit procedures and levels of payment could help alleviate some of the problems leading people into debt. Benefit errors and systematic overpayments have serious consequences for parents and any remedy should address the effects on parents. In cases of debt, manageable repayment schemes accompanied by support would enable parents to organise debt repayment, and minimise the adverse effects of re-entering or continuing in employment.

Tailored support

Some participants need considerable tailored support in order to move out of the low-pay/no-pay cycle. It appears that holistic support targeted at

a range of an individual's needs works best. This can also meet people's expectations of receiving support as a tool towards independence and avert the feeling that they are being pushed or judged by support agencies. Employability factors, such as work experience, qualifications and confidence need to be improved in association with more structural changes, such as childcare supply, benefit and tax credits, as dealing with only some in isolation will have more limited effect. Coordinated support delivered in a holistic way is needed to help many disadvantaged parents tackle these issues.

Agencies could aim at helping people into sustainable paid employment that will meet the needs of parents and their children and households. The prevalence of a 'target culture' or 'box-ticking culture' within government bodies and supporting agencies was seen by some interviewees as a barrier to providing appropriate support to those trying to escape the low-pay/no-pay poverty cycle.

Allowing parents to choose between paid employment, childcare and other activities is vital, even more so when parents face barriers to paid employment. Parents' choices and opportunities have to be seen in context and the interrelation between choices and structural constraints cannot be overlooked. It is important that support appropriately takes account of the range of inter-related factors that influence the well-being of parents and their families.

Notes

- 1 The Working for Families Fund (WFF) was a Scottish Government initiative to help disadvantaged parents into work, training or education. The Employment Research Institute, at Edinburgh Napier University, was contracted by the Scottish Government to carry out the evaluation of the WFF from 2004 to 2008 (see final evaluation report: McQuaid *et al.*, 2009). WFF contributed to the Scottish Government's 'Closing the Opportunity Gap' approach to tackling poverty and disadvantage, by improving rates of employment and economic activity; and to its commitment to eradicating child poverty within a generation.
- 2 Millar and Gardiner (2004) identified the importance of living with someone who is working in increasing the chances of being in work.
- 3 Children in households where income is below 60 per cent of the median income.
- 4 According to HM Treasury, the overall UK employment rate in August 2006 was 71.6 per cent of the working-age population (using the Eurostat definition, which includes females aged 15–64 years), which is above the Lisbon target of 70 per cent, but below the UK Government's aspiration.
- 5 The WFF was a voluntary scheme on the part of clients. The programme was administered by 20 local authorities (which covered 79 per cent of Scotland's population), operating through around 226 locally based public, private and third-sector projects.
- 6 See note 1 above.
- 7 It could be argued that the sample was positively selected first by WFF staff and then by the sample itself (self-selection). However, this is an issue that is difficult to avoid other than in the case of compulsory participation. The study is qualitative and the aim – to understand parents' experiences of recurrent poverty – does not seem to be affected by the sample selection.
- 8 Different local authorities were chosen so as to identify local effects. Although transport barriers and the lack of local jobs were more an issue for parents living in rural communities, barriers seemed to be similar for parents across local authorities.
- 9 Two would obtain a degree and the other two a qualification equivalent to SVQ2.
- 10 Seven would like to do a degree, six would like to do an HNC, one would like to do an SVQ2 and eight would like to pursue education in general or specific short courses.
- 11 Childcare provided by paid or unpaid unqualified personnel.
- 12 The maximum weekly eligible cost for two or more children is £300, of which parents could receive up to 80 per cent (CAB, 2009).
- 13 In some cases, movements out of the family home meant giving up jobs and social networks.
- 14 Traumatic experiences included participants' children being sexually abused or a partner's suicide.

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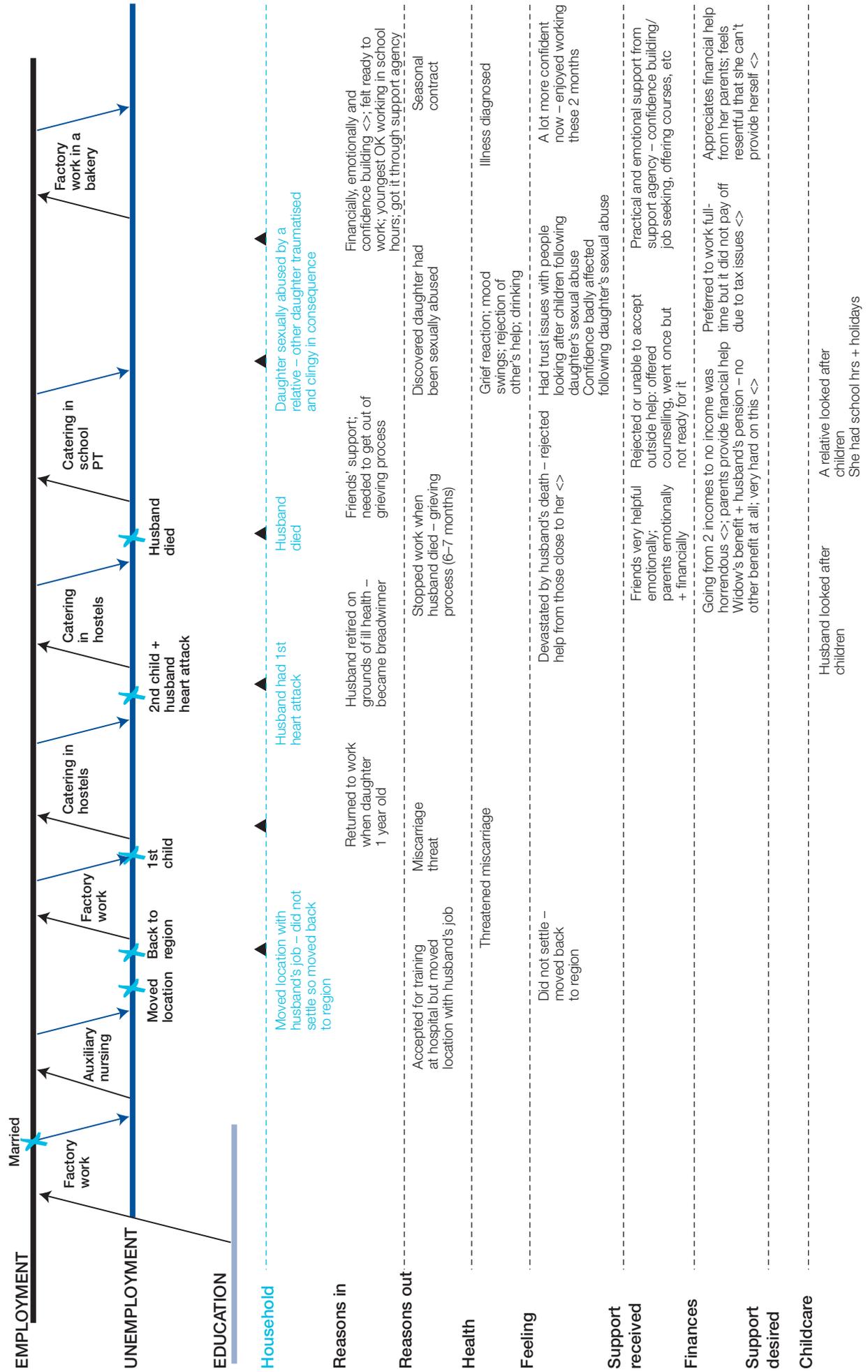
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Appendix 1

Glossary of abbreviations and acronyms

CB	Child Benefit
CTC	Child Tax Credit
DWP	Department for Work and Pensions
IS	Income Support
JSA	Jobseeker's Allowance
PND	Post Natal Depression
SAAS	Student Awards Agency for Scotland
TUC	Trades Union Congress
WFF	Working for Families Fund
WTC	Working Tax Credit

Appendix 2: Timeline data display



Appendix 3

Quantitative analysis of parents

In order to provide some general insights into the barriers to getting into paid work faced by disadvantaged parents (disadvantaged in terms of income, lone parenthood, location and/or disability/health), the dataset of Working for Families Fund (WFF) clients was analysed.

Our sample of 12,248 WFF clients was selected to include all those who were unemployed at the time of registration, female and registered with WFF before 1 October 2007 (six months before the end of WFF). Over one-third of them (4,431 parents) had entered employment by the end of WFF (31 March 2008). The results showed that a number of people's individual characteristics and personal circumstances affected how likely or unlikely they were to enter paid employment.

Note on the analysis

When identifying whether there were any differences between people moving into a job (e.g. in terms of their characteristics or the barriers they faced), we used the Chi-square statistical test. This tells us that we are 99 per cent sure that there is a real difference between the groups and that the differences are not just due to chance. All the results show a significance at the 99 per cent level. For some variables there is missing data. Many of the variables considerably influence each other (e.g. qualification levels may be linked to the length of time a person is out of paid work) but modelling this is beyond the scope of the current research.

Characteristics associated with being less likely to enter paid employment

A range of characteristics or circumstances was associated with the sample moving into paid work etc within six months of being on the WFF programme. Conversely, those without these characteristics were less likely to move into a job. Each of these factors was explored, to some degree, in the interviews that formed the main part of this report. The following factors are associated with a person being less likely to get a job.

- Those who are under 19 or over 45 years old.
 - People under 19 will lack qualifications and work experience and are therefore more likely to obtain low-skilled, low-paid, unrewarding jobs, very often with long, unsocial hours without prospects for advancement.
 - People over 45 are likely to have been out of the workplace for a long time and therefore lack relevant or up-to-date knowledge, qualifications, skills and confidence. Their age may mitigate against them with some employers.
 - “I felt actually kind of pressure from society to work, to go and do something, people saying what are you going to do with yourself, what are you going to do, you know my confidence at this point had actually plummeted to where it was when I was younger and I was petrified, really really scared about what I was going to do and I felt an immense pressure to get back to work...” (Lisa, married with two children, working part time)

- Those who defined themselves other than 'White British'.
- Those who were not classified as lone parents but as having a partner who was in paid employment, training or education.
 - Those in partnerships could find themselves at a financial disadvantage in respect of the benefits system, compared to lone parents who on occasions had more benefit entitlements.
 - "I am looking for part-time hours but it needs to be a well-paid job for it to be worth my while to do it. Because of the Working Tax Credits, they will take it off [my husband], so it will be my wage and my partner's wage only, so it will have to be worth my while to get it." (Joan, couple with two children, unemployed)
- Those who have more children.
 - One respondent and her husband who had ten children (eight still at home) were financially worse off when her husband was able to work (availability of jobs permitting) than they would otherwise have been on benefits. Her husband wanted to work even to financial disadvantage in order to provide the right example for their children.
 - One respondent and her husband, with a large family, had been forced to move from what they described as a middle-class area to an area of deprivation to obtain the only suitable (council) accommodation available for the size of their family. This had resulted in significant problems, with the impact on one of their sons and resulting conflict between the family and the local police force.
- Those who have a child with a disability, chronic health problem or a 'record of needs' from a social work department.
 - One respondent's 20-year-old son had endured serious health problems since he was a baby, resulting in her having to devote time to his care when she might otherwise have been working, together with the additional strain on her marriage, which had ended in divorce.
- Those without qualifications.
 - Those without qualifications were only able to obtain low-skilled, low-paid, unrewarding jobs, very often with long, unsocial hours without prospects for advancement.
 - "I just get put off with the thought that if I take a job, if I am offered a job and I take it and I don't enjoy it, I am going to be stuck, stuck doing a job I hate. I want something that I am going to enjoy doing so I am not going to get fed up with it ... looking for excuses not to go." (Amy, lone parent with two children, unemployed)
- Those who considered themselves to be disabled.
- Those with a youngest child aged 3 to 4 or 12 and over.
 - Generally, mothers with young children wanted either to be at home or to work with part-time hours in order to accommodate family needs until nursery or primary school.
 - Parents of children over 12 years of age were less able to obtain suitable childcare during the school holidays, in some cases making it difficult to remain in work during that period.
- Those who cared for any non-child dependants.
- Those who rented from councils and private landlords.
 - Some respondents had opted to rent in the private sector to avoid the dangers for their children associated with available

council accommodation in 'rougner' areas, preferring to pay the financial penalty, which in some cases, with the associated lack of Housing Benefit entitlement, made work for the low paid unaffordable.

- “When we moved here I had to take up work. Although I was looking to get back into work, I had to, I was forced because it's a private let. We had to find something very quickly, to help us to live here. The circumstances pushed me back into work maybe a bit sooner.” (Lisa, married with two children, working part-time)
- Those who have been out of paid employment for a length of time.
 - The longer a person is out of work the less likely they are to have confidence, up-to-date knowledge, skills and experience that will be attractive to an employer.

people?’ (with 10 being where you find it easy to talk to new people) those who later entered self-employment were the most confident (average/mean 7.56), followed by those who later entered full-employment (7.05), part-time work (16+ hours) (6.77); part-time work (under 16 hours) (6.42) and finally those not entering employment (5.98). The question: ‘How confident are you in starting or maintaining paid work?’ resulted in similar findings.

Barriers faced by people

As seen in Table 1 (p 53), the barriers faced by those entering or not entering employment varied. Parents were asked about self-perceived barriers to getting work, education or significant training when they registered with WFF. In summary, the most significant barriers for all these parents were responsibility for caring for children and the cost of childcare services. Skills and related barriers (qualifications, experience and confidence) were the next highest but these were much more important for those who had not entered employment, compared to those moving into work. Transport barriers were generally relatively small (under a fifth of people cited them), except for those unable to drive (important when juggling work and childcare in different locations), around a quarter of all groups citing transport as a barrier. Benefit issues, and debt and money problems, were an issue for 19 and 16 per cent respectively. Physical health, alcohol/substance abuse and learning difficulties were self-reported by very few in any group.

Parents were also asked to rank various issues on a scale of 1 to 10. For the question: ‘How confident are you when meeting new

Table 1: Percentage of parents achieving different outcomes who cite various barriers to them getting work or education/significant training (parents may cite more than one barrier)

Outcomes	Entered full-time employment (%)	Entered part-time employment (between 16–29 hrs/week) (%)	Entered part-time employment (fewer than 16 hrs/week) (%)	Entered self-employment (%)	No outcome (%)	Entered/ completed education or training (%)	Voluntary work (of at least 16 hrs/wk) (%)	% Total	Total
Lack of the sort of jobs that I am looking for	13	13	18	12	12	9	13	12	1,501
Lack of adequately paid jobs	10	10	13	10	10	8	7	10	1,176
Discrimination by employers	4	3	5	2	5	4	9	4	527
Lack of qualifications	22	25	29	19	39	45	49	34	4,193
Lack of skills	19	21	24	14	34	36	20	29	3,580
Lack of experience	25	26	29	10	39	40	56	34	4,178
Lack of confidence	20	24	29	11	39	35	53	33	4,015
Responsibility for caring for child(ren)	51	55	65	44	63	65	56	60	7,349
Responsibility for caring for adult(s)	2	1	3	1	3	2	0	2	261
Lack of childcare services	26	25	38	19	28	34	40	28	3,458
Cost of childcare services	40	40	47	25	42	48	51	42	5,132
Lack of private transport	11	12	11	5	15	12	16	13	1,624
Lack of public transport	6	7	10	4	9	8	11	8	980
Cost of public transport	10	12	12	6	16	14	13	14	1,736
Inability to drive	19	21	25	12	27	23	24	24	2,917
Benefit issues	15	15	18	12	21	19	9	19	2,300
Debt and/or money problems	15	15	15	17	17	16	18	16	1,982
Housing problems	6	6	6	2	10	7	7	8	994
Learning disabilities	1	0	1	0	2	1	7	1	169
Literacy difficulties	2	2	5	3	5	3	18	4	474
Numeracy difficulties	1	1	3	0	4	3	2	3	384
Alcohol/substance abuse	1	1	2	0	3	3	2	2	296
Criminal/police record	2	1	2	1	3	2	4	2	303
Physical disability	0	1	2	1	2	1	2	2	202
Physical health	2	2	3	1	5	3	4	4	430
Mental health	5	6	10	2	13	10	16	10	1,246

Source: WFF database.

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