

WHAT EXPLAINS THE RISE IN 'NEVER-WORKED' HOUSEHOLDS?

“The number of homes where no one has ever worked has doubled in little more than a decade.” Government ministers and the press have often cited this statistic as evidence of a growing problem of welfare dependency in the 2000s. This research investigates what drove the substantial increase in ‘never-worked’ households between 1996 and 2005.

Key points

- Most never-worked households comprise lone parents and younger single people; this has not changed significantly since 1996. The phenomenon largely reflects life stages rather than being a persistent state.
- The increase in never-worked households did not appear to be driven primarily by changes in family structure, but by a greater proportion of these two key groups having never worked.
- The increase in the proportion of never-worked households in metropolitan areas – above all in Inner London, but also in some other big cities – was particularly notable.
- A substantial majority of never-worked households were white, UK-born and Christian/no religion. Never-worked households were highly concentrated in London and disproportionately likely to be of (non-EU) immigrant origin, non-white and/or Muslim. These were all highly correlated factors.
- More recent falls in never-worked households may have been partly driven by a drop in the number of single-person households comprising people who have never worked. This could reflect in part slower rates of formation of single-person households, combined with greater labour market participation among single parents.
- Explanations of the growth (or more recent falls) in the number of never-worked households which refer to a ‘culture of worklessness’ or ‘intergenerational worklessness’ are not consistent with the data.

The research

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BACKGROUND

“The number of homes where no one has ever worked has doubled in little more than a decade.” [Daily Mail] Figure 1 illustrates this statistic, often repeated in the press, which is based on Labour Force Survey (LFS) data.

Figure 1: Never-worked households 1996 to 2012



Source: LFS household datasets, Office for National Statistics (ONS).

Statistical trends

Ministers have cited this statistic as evidence of growing ‘welfare dependency’, but if that were so, other indicators would show negative trends. In fact, the number of people receiving out-of-work benefits fell by 1.6 million between 1996 and 2007. Over the same period, the number of working-age households with no adult in work at a given point in time fell and remained fairly stable prior to the recession in 2008/09. So the rise in never-worked households is a puzzle. Four key points are that:

- households where no one had ever worked accounted for less than 10 per cent of total household worklessness;
- never-worked households (excluding student-only households) overwhelmingly contained only one adult;
- full-time students made up over half of individuals who had never worked, while rates of post-16 participation in education have been rising;
- households are not permanent or unchanging entities – new households form and existing ones dissolve all the time.

The rarity of never-worked households means that the statistics have, proportionally, quite large margins of error, and should be treated with caution.

Table 1 provides figures for working, never-worked and student households 1996–2012. The number of never-worked households (excluding student-only households) increased steadily from 1996 to 2005, but since 2007 it appears to have stabilised.

Table 1: Working, never-worked and student households, totals and shares

	1. All other households	2. All other households - excluding students	3. Never-worked households	4. Excluding student households	5. Student households	6. Share of total households	7. Share of total households, excluding student households	8. Share of total student households
1996	17,723,649	17,594,687	156,317	114,091	42,227	0.9%	0.6%	24.7%
1997	18,553,832	18,441,978	183,593	136,753	46,840	1.0%	0.7%	29.5%
1998	18,726,212	18,587,942	187,064	142,552	44,512	1.0%	0.8%	24.4%
1999	18,803,263	18,676,295	215,616	164,193	51,423	1.1%	0.9%	28.8%

2000	18,967,187	18,808,928	215,461	166,836	48,625	1.1%	0.9%	23.5%
2001	19,076,656	18,941,945	222,634	180,717	41,917	1.2%	0.9%	23.7%
2002	19,270,675	19,116,091	226,601	190,510	36,091	1.2%	1.0%	18.9%
2003	19,329,892	19,164,099	255,505	206,339	49,166	1.3%	1.1%	22.9%
2004	19,324,826	19,156,072	267,549	218,548	49,001	1.4%	1.1%	22.5%
2005	19,492,245	19,327,164	317,021	260,002	57,019	1.6%	1.3%	25.7%
2006	19,616,379	19,480,040	264,128	227,276	36,852	1.3%	1.2%	21.3%
2007	19,720,398	19,564,987	310,861	247,946	62,915	1.6%	1.3%	28.8%
2008	19,878,529	19,730,186	333,570	275,410	58,160	1.7%	1.4%	28.2%
2009	20,016,520	19,840,068	328,562	254,112	74,450	1.6%	1.3%	29.7%
2010	20,087,727	19,921,609	350,906	269,075	81,831	1.7%	1.3%	33.0%
2011	20,118,387	19,967,434	361,589	290,632	70,957	1.8%	1.4%	32.0%
2012	20,196,233	20,047,630	339,575	264,519	75,056	1.7%	1.3%	33.6%

Characteristics of never-worked households

The research examined trends in never-worked households across the following characteristics.

- Household type:** lone-parent and single-person households accounted for the majority of never-worked households. While the number of such households increased significantly overall, this growth did not account for a comparable share of the growth in never-worked households. The incidence of never-worked status increased significantly for both household types, as well as for other household types.
- Age and gender:** since half of never-worked households comprised lone parents, they were much more likely to be headed by a woman. They were also much younger (even excluding student households). Someone aged under 24 headed about one in four never-worked households, compared with only slightly over 3 per cent of all households. However, although the share of female-headed households increased over the period, the proportion of never-worked households headed by a woman has fallen slightly in recent years.
- Life stages:** the above analysis suggests that the 'never-worked' phenomenon relates to life stages rather than being a permanent or persistent state. In general, people find themselves in a never-worked household as a consequence of leaving home or college and not having a job; or because they are a lone parent who has never had a job.
- Disability status:** disabled people were substantially more likely to be in never-worked households. The proportion of such households with those who were both disabled as defined under the Equality Act (2010) and with a work-limiting disability has increased noticeably, but did not appear to account for a similar proportion of the overall increase.
- Ethnicity and religion:** A substantial majority of never-worked households were white, UK-born and Christian/no religion. Heads of never-worked households were disproportionately likely to be non-white. This over-representation increased slightly over the period, though the sample sizes for some ethnic subgroups were too small for much interpretation. Similar patterns emerged regarding religion. Muslims, in particular, were over-represented among never-worked households. These households were more likely to comprise couples with children, and less likely to be single-person households (but again, the sample sizes were small).
- Country of birth:** immigrant status may also be relevant. Non-EU immigrants were more likely to have never worked, with some suggestion of an upward trend over the period. There was little evidence of any significant impact from EU immigrants.
- Regional distribution:** Inner and Outer London both had disproportionate numbers of never-worked households, with up to three times the national average. The same applied to a lesser extent in other metropolitan areas (West Midlands, Greater Manchester, Merseyside). In 2005, almost 40 per cent of all never-worked households lived in London, particularly Inner London. Trends since 1997 appear to have been driven at least in part by developments in Inner London; both the increase in never-worked households and at least part of the fall since 2007/08 appear to be attributable to developments in Inner London. This is possibly the most robust result from the analysis.

Conclusion

What can be concluded about the increase in never-worked households between 1996 and 2005 and the more recent slight reduction?

- Most never-worked households are lone parents and younger single people; this did not change significantly over the period. The increase in never-worked households did not seem driven primarily by changes in family structure, but by a greater proportion of these two key groups having never worked.
- The more recent fall in never-worked households may have been partly driven by a drop in the number of single-person households who have never worked. This could reflect slower household formation: since the recession it has been harder for single jobless people to leave the family home.
- The increase in the proportion of never-worked households in metropolitan areas – above all Inner London, but also other big cities – is particularly noticeable. This might explain a significant proportion of the increase up to 2007/08 and is probably the most reliable result from the analysis.
- A substantial majority of never-worked households were white, UK-born and Christian/no religion. Never-worked households are highly concentrated in London and disproportionately likely to be of non-EU immigrant origin, non-white and/or Muslim – all highly correlated factors. Moreover, the numbers in each of these groups grew sharply in the study period.

Explanations of the growth of never-worked households which refer to a ‘culture of worklessness’ or ‘intergenerational worklessness’ are not consistent with this analysis. Previous research has shown that ‘intergenerational worklessness’ is extremely rare.

The phenomenon of never-worked households largely reflects life stages (younger single-person households and lone parents) rather than being a persistent state. The growth in numbers in the early 2000s, rather than reflecting a widespread problem of persistent welfare dependency or intergenerational worklessness, may have been largely driven by external trends specific to Inner London and some other cities. The problem would be best addressed with specific policies (e.g. to integrate certain groups into the UK labour market). The more recent slight fall in numbers may reflect slower rates of household formation by single people, combined with greater labour market participation among single parents.

About the project

Using LFS data, the research investigated what drove the substantial increase in never-worked households in the decade or so from 1996, and the subsequent stabilisation in the reported numbers. Given data availability and quality, the study did not attempt multivariate analysis of the determinants of never-worked household status; nor is there appropriate longitudinal data.

FOR FURTHER INFORMATION

This summary is part of JRF’s research and development programme. The views are those of the authors and not necessarily those of JRF.

The full report, **What explains the rise in ‘never-worked’ households?** by Anna Rosso, Declan Gaffney and Jonathan Portes, is available as a free download at www.jrf.org.uk www.jrf.org.uk

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