

Lone mothers and their children: work and welfare

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Lone mothers are a key group to consider in any analysis of the impact of welfare reform and restructuring on people’s lives. In recent years, many countries have reviewed the support available to lone parents, and introduced policies intended to support, or to compel, lone parents to participate in paid work, or to undertake other work-related activities, such as training. The US has adopted an approach which includes time-limited benefits and compulsory work requirements on the one hand; expansions in childcare provision and the earned income tax credit on the other. In the UK the government has set a target that 70 per cent of lone parents should be employed by 2010 (the current employment rate is about 54 per cent). A range of measures have been introduced, both to encourage non-working lone parents into employment and to offer additional support those who do have jobs. This paper summarises the key features of the UK approach and the impact on lone mothers and their children. It also briefly discusses policy approaches in other countries to raising the employment rates of lone parents.

Lone parents in the UK

Some background:

- There are just under two million lone-parent families in the UK, about a quarter of all families with children.

- Most – 90 per cent – are lone mothers.
- One in five children lives in lone-parent families.
- Lone mothers have a low employment rate (about 54 per cent) compared with partnered mothers (71 per cent).
- The difference is mainly in lower levels of part-time working.
- Over half of lone parents live in low-income poverty.
- Lone-mother families are one of the groups most likely to experience persistent poverty.
- Most lone parents receive some financial support through the tax or benefit system.

There are (May 2004) about 810,000 lone mothers in receipt of Income Support (the national social assistance scheme in the UK). Most of these are not employed although a few are working under 16 hours per week (16 hours is the cut-off point - those who work 16 hours or more are not eligible for income support). Lone mothers are eligible to receive income support without requirements to seek work as long as they have a youngest child aged under 16 (i.e. under minimum school-leaving age). They do have to fulfil some other requirements, including attending annual ‘work-focused’ interviews and pursuing child support claims against their former partners, but otherwise their engagement with work or training is entirely voluntary. Most employed lone parents also receive some financial assistance from state transfers, including the new tax credits which were introduced in 2003 (replacing the previous system). In April 2004 there were about 1.25 million lone parents receiving these in-work tax credits. Most (about 830,000) working lone parents are receiving both the child tax credit and the working tax credit. About 190,000 receive just the child tax credit¹.

Table 1 shows the income levels of a lone-parent family with two children at various different hours per week. This shows that a lone parent with one child, living in social housing, and working for 16 hours per week at the national minimum wage would be about £41 better off in work than on income support. About one-third of her income would come from wages and the rest from tax credits (48 per cent) and benefits (18 per

¹ Figures from DWP (2004) for income support and Inland Revenue (2004) for tax credits.

cent). However, if she worked for 35 hours, still at minimum wage, she would gain just another £21 per week for more than twice the hours. These estimates take no account of work costs (childcare, travel) and assume that all tax credits and benefits are received. The actual returns from work will vary with these, and other circumstances (such as receipt of child support).

Table 1 Income in and out of work: lone parent with 1 child under 11, Local Authority tenant

Income out of work

Income support: £178 per week

Income in work at national minimum wage (£4.85 per hour)

- 16 hours per week: £219 (wages 35%, working tax credit: 27%, child tax credit 19%, housing benefit 9%, child benefit 8%, council tax benefit 2%)
- 35 hours per week: £240 (wages 62%, working tax credit: 14%, child tax credit 17%, child benefit 7%)

Targeting lone-parent employment and child poverty

In 2001, the government set a specific target for lone-parent employment - that 70 per cent of lone parents should be employed by 2010. This is about 15 percentage points higher than the current rate and, if reached, would be the highest ever employment rate for British lone parents. The reason for a target of 70 per cent has never been made very clear – but it is similar to the employment rate for married mothers, it is similar to employment rates among lone parents in other countries, and it is close to the proportion that would be employed if all those lone parents who say they want to work were able to do so.

Alongside the target that 70 per cent of lone parent should be in employment by 2010, there is another target that child poverty should be halved by 2010 and eliminated by 2020. These two targets are seen as closely linked – employment as the means to better incomes and less poverty – and mean that the policy focus is not simply about getting lone parents into work but also about ensuring that they escape poverty, whether employed or not.

Policy measures

Table 2 summarises the key policy measures for non-employed lone mothers, which are aimed at increasing employment. This shows a range of provisions, some already implemented nationally and some still at pilot stage. Some of these are specific to lone parents but most are also available to other families with children. For example, the New Deal for Lone Parents is one of several labour market programmes targeted on different groups (young unemployed, long-term unemployed, over 50s unemployed, disabled people, partners of unemployed people, musicians), each of which has different requirements and content (Millar, 1998).

Table 2 Encouraging lone-parent employment in the UK: key policy measures for lone parents not in work (or working less than 16 hours per week)

New requirements for Income Support claimants	Mandatory 'work-focussed interviews' for new claimants to income support and then annual.
Labour market programme	The New Deal for Lone Parents: voluntary programme, offers information and advice, and some access to training programmes.
Support for job search	Pilot scheme: £20 per week 'worksearch premium', £40 payment per week for first year in work.
Support for part-time work	Increased support for part-time work for lone parents receiving Income Support - £20 per week earnings disregard, and help with childcare costs for first year in part-time employment (less than 16 hours per week).
Making the transition into work	Out-of-work benefits continuing for 2 to 4 weeks in work, Jobgrant of £250, other discretionary help with one-off costs of moving into work.

Table 3 summaries the key measures for employed lone parents. These are not only for lone parents but apply to other groups as well. Most of these provisions are new in the UK – there has been no national minimum wage before this was introduced in 1999. Nor have previous British governments included childcare as something for policy intervention, but have instead left this to families themselves.

Table 4 Encouraging lone-parent employment in the UK: key policy measures for lone parents in work of 16 hours per week plus

Making work pay	National Minimum Wage. Working Tax Credit – means-tested wage supplement. Child Tax Credit – means-tested paid to both working and non-working parents.
Child-care services	Childcare element in tax credits, meets up to 70 per cent of the costs of registered care. Expansion of childcare provision, including additional support for childcare places in deprived areas.
Reconciling work and care	Improvements in maternity pay and leave, two-weeks paid paternity leave, unpaid parental leave, the right to request flexible working for parents of children under six and children with disabilities.

The New Deal for Lone Parents

The New Deal for Lone Parents (NDLP) has been running as a national programme since 1998. The aim of the programme is 'to encourage lone parents to improve their prospects and living standards by taking up and increasing paid work, and to improve their job readiness to increase their employment opportunities' (Evans *et al*, 2003). Initially the programme was aimed just at lone parents with school-age children, but it now includes all non-employed lone parents.

The evaluation of the New Deal for Lone Parents² (Lessof *et al*, 2003) showed that lone parents receiving income support are:

- Mostly women, aged 25 to 39, white, with 1 or 2 children, about half have children under school age, two-thirds live in social rented housing
- About half have neither academic nor technical qualifications
- Four in ten have a driving licence.
- Two-thirds have been receiving IS for two or more years.
- Eight in ten have some work experience
- Four in ten engaged in some work-related activity – 23 per cent looking for work, 13 per cent studying, 5 per cent voluntary work

² Discussed further below

- 33 per cent want to work within the next year, 28 per cent within next three years
- About half interested in training or studying
- Just 7 per cent say they face no barriers to work, 28 per cent one or two, 30 per cent three or four, and 36 per cent five to ten
- Those who do identify barriers point to - not wanting to leave children with others, lack of childcare, lack of skills, concerns about being worse off financially, lack of confidence, employer attitudes, and lack of jobs.

Lone parents can come into the NDLP in various ways - by responding to an invitation to attend, by self-referral, by referral from other agencies, and via the mandatory work-focused interviews. Participation is entirely voluntary. Those who do choose to take part are allocated to a Personal Adviser, who they would typically see once or twice, for meetings of about 30 to 60 minutes in length, and telephone contact. The Personal Advisers offer support, information and advice, including help with claiming in-work benefits, help with job search, help with finding childcare, and help with access to training. Almost all participants receive a 'better-off' calculation, which compares their current out-of-work income with what they could receive in work, including the various in-work benefits and tax credits that they could claim. Personal Advisers can also provide ongoing in-work support when a lone parent enters work. The intervention is thus fairly modest, with the main element being the opportunity to talk to an individual caseworker about work-related issues, and the focus is clearly 'work-first', encouraging lone parents into work.

Since 1998 about half a million lone parents have taken part in the programme, which represents a relatively low take-up rate, with about 13-14 per cent of eligible lone parents taking part at any one time. The national programme was evaluated by comparing outcomes from matched samples of participants and non-participants over a period of about nine months (Lessof *et al*, 2003). This showed that participation about doubled the chances of leaving Income Support and going into work. For example, about 49 per cent of NDLP participants found jobs compared with about 25 per cent of the matched non-participants.

This is a relatively large outcome, especially from a voluntary programme, but the overall impact is limited because, as noted above, the number of lone parents who take part in the programme is quite small. The compulsory interviews were intended to bring more people onto the programmes. They have done so, but those who enter the NDLP in this way tend to have lower employment outcomes, perhaps because they are less work-ready or less committed to work (Evans *et al*, 2003).

Those who do take part are generally very positive about the programme. The New Deal Personal Advisers are described as friendly, helpful, and supportive. The information about the financial aspects of working is highly valued and many participants report that their confidence improved and that they have been encouraged to start looking for work. However some are disappointed with the lack of support for training and the rather limited help that is available, and others are disappointed if the 'better-off' calculation shows little or no financial return from work. Overall, it seems that the NDLP is not very effective in engaging with those lone parents who need or who would value more intensive support to help them move closer to the labour market. At the other extreme, those lone parents who are looking for higher-level jobs, that may require some specialist training, are also poorly served.

The NDLP evaluations have mainly focused on the extent to which the programme has helped lone parents move in to employment. There has been much less policy attention on the quality of jobs, pay and conditions. Most lone parents enter relatively low paying jobs, in the service sector, typically working about 20 or so hours per week. Many would be living below the poverty line if they were not receiving tax credits and other support to boost their wages (Millar and Gardiner, 2004). Evans *et al* (2004) have shown that lone parents are twice as likely to exit from jobs as other groups, which implies that much more attention needs to be paid to the issue of employment retention, ensuring that lone mothers do not just get jobs but also that they are able to stay in those jobs.

There has been very little research on the actual experience of employment and the impact of this on lone mothers and their children. In ongoing research at the University of Bath, we have been interviewing lone mothers who have recently returned to work about how

they managed the transition to work, and the impact of their lives and those of their children. We have also talked directly to the children (aged 8 to 14) themselves. We are still at an early stage of the analysis but a number of points are emerging:

Risks and uncertainties

By the time we interviewed the women – about 8 weeks after they had moved into work – about a quarter had either lost/left their jobs or changed jobs. Often jobs turned out to be different from what the women had expected and this made it difficult to manage, for example, in relation to childcare arrangements. Another major issue facing these women was that moving into work was rife with financial uncertainty. The women were unsure about how much they would receive in wages and in benefits, nor did they know when they would receive payments. Current policy has (as noted above) introduced various measures intended to support people financially through the transition to work. These ‘benefit run-ons’ and ‘back to work bonuses’ were often large amounts of money, as were tax credits. Many received lump sum tax credit payments. But few understood how their entitlements had been calculated, nor did they know what would happen to payments in the future.

Personal Advisers

The New Deal Personal Advisers have been a very successful part of the New Deal and lone parents in particular have generally welcomed their help and support. They have encouraged lone parents by offering positive and relevant help. But those lone parents who do not, for whatever reason, have any support from a Personal Adviser, seemed to find it very difficult to access the support they are entitled to receive. Creating a system that people find very difficult to negotiate without professional support risks leaving substantial numbers of people behind.

The perspective of the children

The interviews with the children indicate that many of them are more buoyant and content with their lives in comparison with children living in families receiving income support (Ridge, 2002). This was apparent in a number of areas including financial satisfaction, school engagement and overall perceptions of well-being. For those children whose

mothers had moved into what seemed to be relatively secure employment the increase in income was significant and appreciated. However, despite the initial increase in income (which our findings show often leads to extra spending and treats for children in the early stages), they are still living in families that are relatively poor. Children whose mothers had not secured stable employment, or who were unable to manage the transition satisfactorily, were not buoyant. They shared many of the characteristics of concern expressed in Ridge's previous study, including uncertainty, insecurity and fears about social exclusion and difference.

We plan to return to these families about one year after the initial interviews, and focus on issues of employment retention and the longer-term experience of employment or, in some cases, job loss and return to benefits.

Overall, the UK policy measures do seem to have had some success: employment has risen (from about 37 per cent in 1998 to about 54 per cent in 2003), receipt of income support has fallen (from just over one million in early 1997 to about 810,000 in May 2004), and poverty rates have fallen (from about 62 per cent in 1997 to about 54 per cent in 2002). Gregg and Harkness (2003) estimate that policy measures between 1998 and 2002 lead to a rise in lone-mother employment of about five percentage points. Hills and Waldfogel (2004) have recently compared the US and UK outcomes for lone mothers. They conclude that the UK has been *less successful* than the US at reducing welfare caseloads, but *as successful* at increasing employment, and *more successful* at reducing poverty. This reflects the policy concerns in each country – the US being more focused on reducing caseload as a goal and the UK explicitly seeking to reduce child poverty.

Employment-based policies for lone mothers

Cross-national comparisons (Millar and Rowlingson, 2001; Millar and Evans, 2003) show that the US and the UK are not alone in seeking to increase employment among lone mothers. Australia, New Zealand, Canada, and in various European countries including the Netherlands, Norway and Ireland have all introduced measures intended to increase employment. These are a mixture of push (tighter work requirements) and pull (increased support for childcare and in-work supplements) policies. More generally also many

countries have increased their spending on family policy in recent years (OECD, 2001). Bradshaw and Finch (2002) find that 14 out of the 22 countries that they studied had made some 'significant' changes to leave entitlements, especially in respect of parental leave, since the mid 1990s. They also show that childcare has been expanded in many countries, with 12 countries reporting changes and they conclude that childcare has generally become 'more comprehensive and generous' and that 'childcare policy has mirrored the converging expectation of governments that mothers should work' (Bradshaw and Finch, 2002, p78/79).

This focus on employment raises a number of concerns. Jane Lewis (2001), for example, has argued that policies based on an 'adult-worker model' (i.e. on the assumption that all adults are/should be in employment) not only runs ahead of reality (in most countries policy does not adequately support employment for those with caring responsibilities) but also means that the legitimacy of state support for the unpaid work of caring is called into question. If governments are no longer willing to support some people, including mothers of dependent children, as full-time carers this devalues such care work and – since the caring work must still be done – is likely to mean that more women will carry the double burden of paid work and care work. Ann Orloff (2001, 2002) has argued that in the US the 'maternalist' approach – supporting women as full-time carers - is indeed dead: 'strategies to support full-time caregiving for some or all women cannot provide a viable political direction in the US' (Orloff, 2001, p 36). She contrasts the US with the UK where 'mother's full-time caregiving, at least until children are in school, remains legitimate and politically defensible in Britain, in a context where mothers generally are more likely to stay at home full time or work part-time than in the US' (Orloff, 2002, p106).

However, as Ruth Lister (2003, p191/2) has pointed out, although British lone mothers retain a 'choice' about working, this choice also carries costs:

'On the face of it ... lone mothers might appear to enjoy a relatively privileged position in the UK, at least insofar as their right to care for their children full-time is underpinned by ... social assistance. Relative privilege however is not the picture that emerges from cross-national comparisons of policy rates among lone parents. These show the UK as

having one of the highest lone-parent poverty rates in the western world...'

Esping-Andersen (2002, p39) argues that the poor situation of lone parents in many countries highlights the need for 'a double strategy of supporting mothers' employment plus effective income assurance'. But it may be that this double strategy is most likely to be politically feasible where employment expectations are clearly defined and delineated. One way that some countries have done this is by exempting lone mothers with young children from work requirements but imposing more requirements on those with older children. Drawing sharp lines between those lone mothers who are expected to work (those with older children) and those who are not (those with younger children, those with children with additional care needs, in some countries also those who have recently become lone parents) is one way to legitimise higher benefits for non-working lone mothers. This sort of trade-off - between a reduction in choice for some lone parents against higher levels of support for others - is the direction in which Norway has moved. In Norway, since 1998, the lone-parent benefit has been restricted to lone mothers with children aged under eight (reduced from ten) and activity requirements have been introduced for those with children aged over three (undertaking education, in part-time employment, or actively seeking work). At the same time benefits for lone mothers with children under three have been increased. As Skevik (2003, p 69) notes this approach

‘fits well with the general approach to family policy in Norway. It can be seen as a sort of compromise between the wish to facilitate women’s employment on the one hand and the general discourse about the need for more time with children for working parents on the other. In the first year of a child’s life all working parents are given parental leave – either 52 weeks with 80 per cent of earnings replaced or 42 weeks with 100 per cent of earnings. After this period, a cash-for-care benefit .. is offered to all parents who have children in the 1-3 age group and who do not use state –provided child-care services.

A similar approach is found in France where lone mothers with young children can receive adequate levels of support without work requirements, but those with older children must seek work. Both these countries have relatively low poverty rates for lone mothers, compared with other countries (Rowlingson and Millar, 2002). This is a rather

different model from that of the UK, where the government has been seeking to increase employment rates of lone mothers across the board, not focused on any particular group. But if the 70 per cent employment target looks unlikely to be met, the government may consider moving in this sort of direction.

An employment-based model for lone parents also requires much more attention to be paid to the level and type of support offered to employed parents (and those with other caring responsibilities) and to the nature and conditions of paid work. As noted above family policy is an area of policy growth, but the level of support available is, in many countries, still relatively low and this remains a minor part of most welfare states. As regards employment, Gallie (2003) has argued that the 'employment as social inclusion' agenda requires a shift in policy emphasis from remedial measures to deal with labour market failure to more preventative measures and policies concerned with the improvements in the quality of working life. This includes consideration of the types of jobs (the conditions of employment, the regulation and protection offered to workers, the possibilities of employment progression, the obligations and responsibilities of employers), and the financial returns from work (pay levels, the role of wage supplements). Promoting 'work as welfare' thus requires much closer policy attention to the nature and quality of paid work. There are clear gender issues here, with women tending to be at a disadvantage in the labour market compared with men, mothers at more of a disadvantage than other women, and lone mothers at more of a disadvantage than partnered mothers.

Policy to support lone parents has to address several different issues - offering positive support for work, supporting incomes in work, providing opportunities for better jobs, and offering adequate support for non-workers. Whether and how systems can be flexible enough to recognise the different needs of different lone parents at different times in their lives is a crucial question for the well-being of these families.

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