

Parenting Alone



Work and welfare in
single parent households

Matthew Tinsley



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Contents

	Acknowledgements	4
	Executive Summary	5
1	Introduction	12
2	Backgrounds	18
3	In and Out of Work	25
4	Policy in Practice	33
5	Policy	45
6	Conclusion	52

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Executive Summary

Welfare reform is at the forefront of the current government's agenda as it looks to reduce spending and help more people to enter work. With more than a quarter of all households where there are dependent children being lone parent households, any successful reforms need to include this important group. This is particularly important because of the significant challenges facing lone parents who would like to work.

This raises a number of important concerns. Firstly, high worklessness in lone parent households represents a significant loss to the economy. The UK's lone parent employment rate is low relative to its European neighbours, and increasing employment rates to the EU average would amount to moving more than a quarter of a million extra lone parents into work. This would provide a significant economic boost, especially if the policies used to achieve such an end also expanded the skills of lone parents.

Secondly, this worklessness adds significant pressure on the welfare state, with the average lone parent household receiving more than double the benefit income of the average two parent household. Addressing these issues is an essential part of reducing the welfare budget.

Finally, the living standards of children growing up in lone parent households are on average lower than those in two parent households, with higher income poverty and material deprivation. In addition, childhood development issues are more common in lone parent households. However, a significant portion of the difference between lone parent and two parent families can be explained by their background and current employment situation, highlighting the importance of helping those families with the most concentrated issues, regardless of family type.

Backgrounds and situations

Understanding and addressing what is driving both the high proportion of lone parent households in the UK and the high levels of worklessness within this group should therefore be a key focus of government. This must begin by understanding the make-up and backgrounds of lone parent households.

As marriage rates have fallen, the proportion of lone parents who have never been married has increased, from below 40% in the mid-1990s to 54% in 2012. However, this reveals a limited amount about the different routes into lone parenthood given the rise of cohabiting families. Instead, by looking at the creation of lone parent households, it is clear that nearly 60% come from the breakdown of couple households. Only 28% of single parent households are where the parent has never married. Comparisons across European countries have echoed this pattern, showing that differences in divorce and separation rates account for 57% of the variation in lone parenthood.

Another consideration is the large number of lone parents who had their first child at a very young age. The most common age at which a lone mother (in this section we focus on mothers in order to ensure greater consistency of measurement) had their first child is 20, ten years earlier than mothers in couples. This is closely related to previous marital status, with single mothers that have previously been married having had children at similar ages to married mothers with children. Single mothers that have never been married are much more like unmarried mothers with children. Looking at this the other way around, mothers who had their first child as a teenager are more likely to be a single mother today.

These are also the households where we see the poorest educational outcomes. Only 6% of lone parents who had their first child aged 16–19 now have higher or degree level qualifications and 24% have no qualifications at all. However, among lone parents who had their first child between the ages of 24 and 29, 24% have higher education or degree level qualifications, increasing to 31% of lone mothers who had their first child in their early thirties.

Having children young therefore is a good predictor for future outcomes: mothers who have children particularly young are most likely to be lone parents in the future as well as having the lowest levels of qualifications.

This concentration of problems affecting women who had children at a particularly young age raises important questions about the UK's high teenage pregnancy rate and the large numbers of unwanted pregnancies among women in their late teens and early-20s. While progress has been made in reducing conception rates among young women, the number of abortions has risen, which indicates that unwanted pregnancies remain very high. Moreover, the UK's teenage pregnancy rate is significantly above the OECD average and that of neighbouring countries whose rates of lone parenthood and broad social situations are closer to our own.

A further consideration is the number of children that lone parent households have, with clear concerns about the role of the benefits system in encouraging people to have more children in order to increase the generosity of the benefits that they are eligible for. We find that lone parents tend to have fewer children, being only half as likely to have a second child. However, among lone parent households with young children, economically inactive ones are more likely to have another child than those who are in work. This could either mean that those individuals who are reliant on benefits continue to have additional children or it could indicate that those who plan to have more children simply do not return to work and tells us little about the role of the benefit system.

Employment

The most obvious disadvantage experienced by large numbers of lone parent households in the UK is clear, with an employment rate of lone parents below that of most countries in the OECD. Furthermore, it is below the proportion of two parent households with children where both parents are in work, which internationally speaking is quite rare. Whilst the number of people in work has risen and inactivity has fallen over recent years, the UK's lone parent employment rate remains low.

This is especially the case among those with weak educational backgrounds. After excluding those still in education, 91% of all lone parents with degrees

are economically active. However, this falls to 67% of those whose highest qualifications are GCSEs and to 39% of those with no formal qualifications.

This relationship means that among lone parents who had children at a young age, there are much higher levels of economic inactivity and a lower likelihood to be in work, with full-time employment rates particularly low. However, it is important to note that inactivity among lone mothers is relatively similar to mothers in couples who had children at the same age, highlighting the importance of background, as well as family type.

Employment rates for lone parents who started having children later in life or have stronger educational backgrounds are high. However, the large numbers of lone parents with low levels of qualifications and the way that lone parenthood seems to magnify educational issues leaves low employment rates among lone parent households as a whole.

A further concern is the time that it takes lone parents to return to work after they have their youngest child.

Unsurprisingly, economic inactivity is high among lone parents with young children and then falls significantly as children reach school age. However, whilst lone parents with higher or degree level qualifications get back into work quite quickly and inactivity rates when their children are established in school are very low, lone parents without any major qualifications take much longer to enter work. Providing focussed employment support for lone parents when their children reach school age and enforcing conditionality that ensures lone parents do all that they can to find work is important if this challenge is to be met.

“Whilst lone parents with higher or degree level qualifications get back into work quite quickly, lone parents without any major qualifications take much longer to enter work”

Unemployment and underemployment

It is also important to recognise that economic inactivity is not the only employment challenge faced by lone parents. In 2012, 16% of economically active lone parents were unemployed, double the national average.

In addition, many lone parents are in work but are unable to work the number of hours that they would like to. The way the ‘underemployment’ rate is measured replicates an existing methodology that estimates the number of hours a group of economically active individuals want to work on top of what they already work, as a proportion of the total hours that they want to work. This includes people who are unemployed but want to work, those who are in work who want more hours and those in work who want to work fewer hours.

Using this measure, the total lone parent underemployment rate is 22%, compared to 9.3% across the entire economically active population. Two thirds of these unworked hours are due to unemployment.

Underemployment among lone parents rose by 51%, from 2007 to 2012, showing the effect of the recession on lone parents. Again, around two thirds of this rise came about because of increased unemployment. Supporting lone parents to work the number of hours that they want is therefore very important; however, we must recognise that most excess economic capacity exists because of unemployment.

Box 1: Piloting the application of mandatory work related activity to lone parent claimants of Income Support with children aged 3 or 4

Despite the opportunity that support in the years before a lone parent's youngest child enters school presents, there are significant potential pitfalls. In particular there is a risk that support might be under-resourced, with no specific resources for training or to cover poor childcare availability. In order to address this concern, we believe there is a need to pilot the provision of extra funding to support lone parents with 3 or 4 year old children onto training programmes and to fund extra support from Jobcentre advisors, worth up to £1000 per lone parent.

This support would begin with an up-front interview outlining the opportunities available to lone parents and the commitment to engage with training (including local colleges, and preparation for job search). Following this, a concentrated engagement with training programmes should be expected of lone parents with children aged 3 or 4, with more Jobcentre advisor meetings replacing the existing WFIs where required and sanctions for failing to engage in line with the 20% Income Support withdrawal seen when WFIs are missed.

Jobcentre Plus offices should conduct these interviews and administer both the training support and the conditionality of ensuring that individuals engage with training. Whilst different funding models can be piloted, we believe that average funding of £1,000 per relevant claimant per year is justified. This should be sufficient to enforce the basic conditions of engaging with training, whilst also allowing funding for specific training support. How this is distributed between different claimants and the specific support offered should be determined according to both need and the most effective allocation of resources by Jobcentre offices.

Pilots should be held in different parts of the country, whilst allowing for different interventions and levels of Jobcentre autonomy. They should look to identify the employment outcomes and potential cost savings associated with this focussed intervention, concluding with recommendations over any possible national roll-out.

It is therefore clear that focusing on unemployment should be a key concern. The greatest problems are again seen among those with the lowest qualifications and, in particular, during the first few years that their children are at school. This highlights the importance of the transition into work when a lone parent's children reach school age.

Policy

A range of policy approaches have previously targeted support at lone parents and some of the particular issues highlighted in this report. This report seeks to understand how effective these solutions have been and recommends potential new policies.

Employment

Reducing unemployment among lone parents is not a new focus for UK public policy. The New Labour government of the late 1990s reacted to low employment rates and high poverty rates among lone parent households. This

initially involved increasing the generosity of benefits such as Income Support (IS) (and later Child Tax Credit, CTC), before offering direct employment support in the form of the New Deal for Lone Parents (NDLP) and improving work incentives through tax credits which contained a requirement to work a minimum of 16 hours per week (initially Working Families' Tax Credit, WFTC, and later Working Tax Credit, WTC).

Many of the policies designed to provide employment support have successfully increased lone parent employment rates; however, these increases fell short of the ambitious targets that were set by the then government.

Lone parents have seen major changes in welfare provision since the reforms of the late-1990s and early 2000s. One of the clearest shifts has been the criteria that determine eligibility for Income Support, one of the main benefits available for lone parents. Before 2008, all lone parents with children under the age of 16 were eligible for Income Support if they were out of work. This did not carry the requirement for them to search for work.

Countries such as France and the Netherlands were earlier in introducing the expectation that lone parents with children of school age should look for work. In the UK, job search conditionality was introduced for lone parents with children aged 12 in 2008. By 2012, these Lone Parent Obligations (LPOs) saw single parents that previously claimed lone parent Income Support moved on to Jobseeker's Allowance (JSA) when their youngest child reached 5 years of age. From this point, in return for their benefits, a lone parent claiming JSA was treated broadly similarly to other jobseekers with the exception of some discretion allowed around the hours that they must look for work as a result of childcare responsibilities.

In the later years of their IS eligibility, out of work lone parents are expected to attend mandatory Work Focussed Interviews (WFIs), which begin the process of thinking about work and recommending training and other support that might be available. However the direct employment benefits of this seem limited, with the benefits instead coming through their ability to link to other forms of employment support (in particular NDLP, before the scheme was phased out).

Analysis that accompanies this report shows that the earliest LPOs (accompanied by WFIs) increased employment levels for lone parents with children between the ages of 12 and 16 when they were expected to engage with job search. The effects were stronger among lone parents with higher levels of qualifications. However, these improvements decreased and there were no statistically significant employment effects for later reforms where groups of lone parents with younger children were expected to look for work or among lone parents with lower levels of qualifications. Despite this, non-statistically significant positive results, suggested that, with better data, more statistically significant increases in employment rates might have been seen.

The high cost of intensive employment support schemes and tax credits, and the failure to meet the targets set by New Labour mean that attempts to increase employment through higher job search conditionality are important. Policy Exchange therefore strongly supports the Lone Parent Obligations and the expectation that lone parents with children of school age who claim out of work benefits will look for work. However, alongside these conditionality changes,

more will need to be done to support lone parents so they can enter work when their children reach school age, with a particular focus on the skills and training of lone parents with weak educational backgrounds.

A further change to the welfare support received by lone parents was outlined for the 2015/16 spending round in the June 2012 Spending Review. In return for the childcare allowances, which now offer 15 hours per week of free childcare for children aged 3 or 4, this would require “lone parents who are not working to prepare for work once the youngest child turns three”. This is expected to affect up to 255,000 lone parents.

These recent policy changes present an opportunity to support lone parents into work using the expectation to look for work when their youngest child turns 5; this is preceded by increased training and engagement with jobcentres when universal childcare allowances begin at age 3. Successful preparation for work and job search at this point in time can help the lone parents who are furthest from the labour market to be self-sufficient and ease the burden of support placed on the state.

There are further opportunities to support people into work before their youngest child reaches 5. We recommend that, when the expectation to engage with training is introduced, the government also offers an alternative scheme similar to In Work Credit, which is currently being phased out. This would offer lone parents with a 3 or 4 year old child who have been out of work since their youngest child was born the opportunity to retain a portion of the reduction in benefit spending if they enter work for at least 16 hours per week. This would allow jobcentre advisors to offer an alternative to entering training, providing a financial incentive to work for 12 months, or until their child reaches 5. As the incentive would be paid out of the benefit savings that come with entering work it should be of no extra cost above the existing system.

It is also critical to look to support progression. As we highlighted in our report *Slow Progress: Improving Progression in the UK Labour Market*, the government should pilot offering individuals who are claiming in-work benefits and have not seen any progression in recent years, the opportunity to retain some of the reduced benefit reduction that would otherwise come with higher income as a lump sum at the end of one year.

Done on a targeted basis, both of these schemes have the benefits of encouraging lone parents to find work or increase their hours, with all of the cost of the programme coming out of the savings made by government from reduced benefit expenditure.

Having children young

There are clearly problems that stem from people having children when they are particularly young and the direct link between this and some of the significant problems faced by lone parents. Despite obvious successes, which will have the direct effect of reducing the number of children living in the poorest lone parent households, the UK still has a rate of teenage pregnancy significantly above the levels seen in other developed countries.

Reducing unplanned teenage pregnancies should therefore be retained as a key focus of government policy, as should reducing unwanted conceptions of other young women. Policy Exchange therefore recommends that reducing teenage pregnancy further should be highlighted as a focus of government policy, with a

strong link made between this, future employment rates and the living standards of future generations of children growing up in the UK. This should begin by improving measures of unplanned pregnancies, to allow policy makers to more easily identify the characteristics of different groups.

Benefits and having more children

As is the case when examining the motivation to have children in the first place, it would be hugely concerning if it could be shown that the benefit system encourages lone parents to have more children in order to remain on a less demanding conditionality regime. In this report, an economically inactive lone parent with one child under the age of 5 is significantly more likely to have another child than a similar lone parent in work. However, with this data, it is impossible to identify whether this occurs because of an attempt to remain on a less strict benefit regime or because parents who plan on having another child return afterwards.

Because of the uncertainty of the effects of the structure of the benefit system on the likelihood of individuals having more children and the continued changes that have been seen over recent years it is apparent that more research is required to understand the reasons why lone parents claiming out of work benefits go on to claim more and whether the fears that they are abusing the system reflect reality.

Conclusion

Being a lone parent in the UK magnifies the significant disadvantage that comes as a result of having children young or a weak educational background. Weaker opportunities mean that this leads to lower employment rates and lower living standards. Far more therefore needs to be done to support more lone parent households into work and to reduce reliance on welfare. It is crucial to focus on a period of preparation before a lone parent's youngest child reaches school age if they are to find work. This is especially the case for lone parents with low skills and educational attainment.

This approach targets support on those who need it most and reduces the demand for state support that comes from lone parents. In addition, it is important to recognise the wide range of routes into lone parenthood and the problems that they create. Reducing unplanned pregnancies, particularly among teenagers and women in their early twenties, is an important part of this, especially given the low levels of skills that this group of lone parents tend to have and the way that lone parenthood magnifies these issues.

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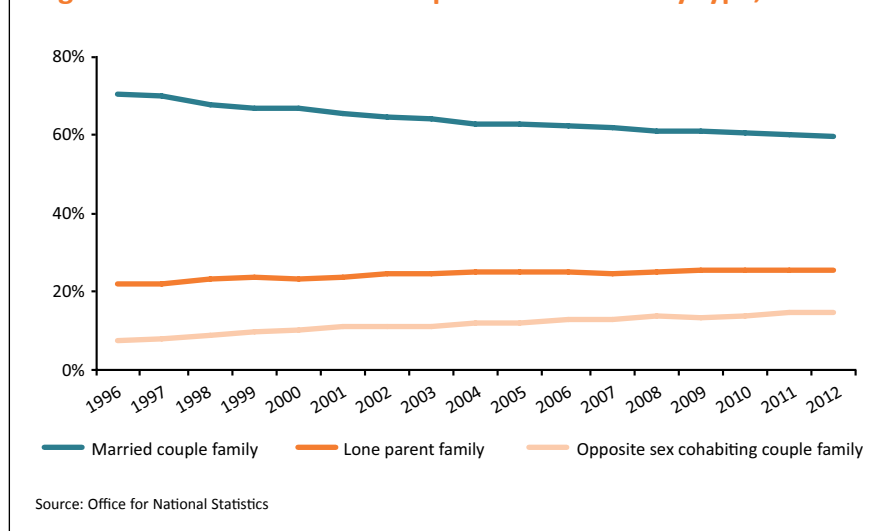
Introduction

During a period of time where welfare reforms are at the forefront of political discussions, in particular as the government looks to cut spending, lone parent households often attract particular attention. Frequently, this involves stigmatising lone parents, including claims that they have children in order to become eligible for benefits or to access council housing.¹

What is true is that lone parent households face some of the most significant issues and the focus on them is made more important by the significant rise in the number of children who are growing up in single parent households. In 1971, 8% of all households with dependent children in Britain had only one parent present.² This rose sharply during the late-1980s and 1990s and, as Figure 1.1 shows, grew to more than a quarter of all households with dependent children in 2012.³

With the increase in lone parenthood, the proportion of households with children who have two married parents has declined. Two thirds of the decline seen since the mid-1990s has come about because of an increase in cohabiting couples with children, rather than lone parenthood.

Figure 1.1: Households with dependent children by type, UK



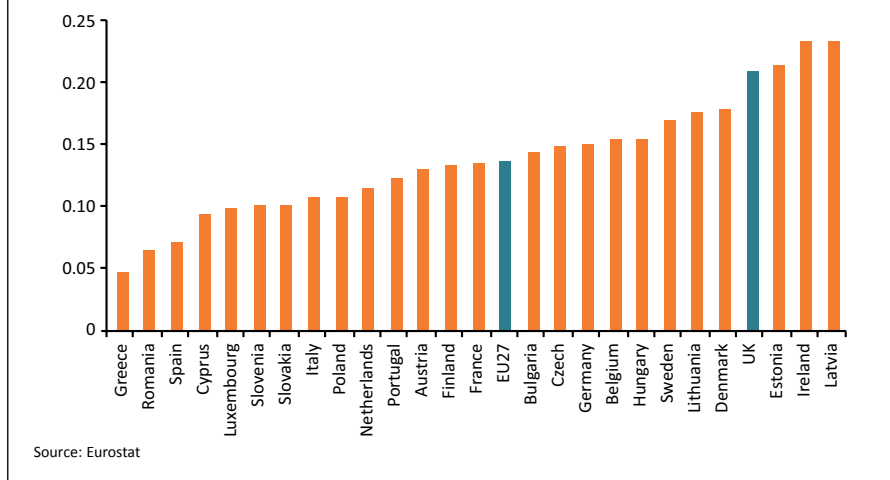
1 <http://www.dailymail.co.uk/debate/columnists/article-2427375/J-K-Rowling-believes-single-mothers-stigmatised-society-What-load-Hogwarts-says-Amanda-Platell.html>

2 General Lifestyle Survey, Office for National Statistics

3 The Labour Force Survey, Office for National Statistics. Used for all data 1996-onwards.

Still, as Figure 1.2 shows, this increase has not been consistent and leaves the UK with a rate of lone parenthood more than 50% higher than the EU average. Lone parenthood is therefore a much more significant feature of British society than it is for most other large European countries.

Figure 1.2: Proportion of households in European countries with children containing only one parent, 2008⁴



This large number of lone parent families makes understanding and supporting lone parents in the UK particularly important. We identify three clear reasons for this focus on lone parent households.

Economic output

As we have seen, single parent employment still lags significantly behind that seen in other European countries. One of the consequences of this is that 70% of UK households with dependent children where nobody works are lone parent households.⁵

The New Labour government set the target of increasing lone parent employment to 70% by 2010.⁶ However, despite increases, lone parent employment was still only at 55% in 2010. By 2012, this had risen to 57%, but this contrasts with the employment rate of partners in couples that stood at 71%.⁷

Relative to other countries in 2008⁸, employment among single parents in the UK was particularly low, a full 14 percentage points below the OECD average. If the UK had employment among single parents at the OECD average this would have represented an extra 260,000 single parents in work.⁹ Also noticeable from Figure 1.3 is that the UK is one of relatively few countries where the single parents employment rate is lower than the proportion of couple households with both parents in work.

Bringing employment rates among single parents in the UK closer to that of lone parents in other developed countries and the proportion of the UK's two parent households that have two earners could provide a significant boost to the capacity of the UK economy, especially if this was done in a way that expanded the lone parent skills base.

4 This number is lower than in Figure 1.1 given that it does not limit itself to dependent children and there are relatively few households with non-dependent children have one parent.

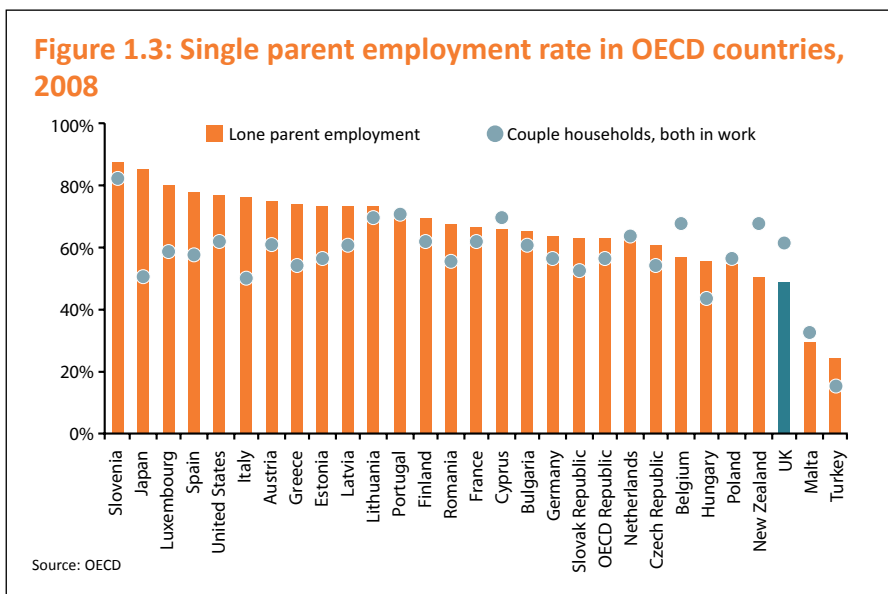
5 Office for National Statistics. Working and Workless Households, 2012.

6 Gregg, P. Harkness, S. and Smith, S. (2009) Welfare reform and lone parents in the UK. The Economic Journal, 119 (February).

7 Labour Force Survey, author's own calculations.

8 At the time of the latest OECD statistical release.

9 A 14 percentage point increase across a lone parent population of 1.87 million.



Reliance on the state

A clear consequence of high worklessness and dependence on a single earner is the greater reliance on financial support from the state. A clear consequence is the 510,000 lone parents who received Income Support and a further who 150,000 received Jobseeker’s Allowance at the end of 2012.¹⁰

However, this only accounts for one element of all benefit spending. Child Tax Credit (CTC) and Working Tax Credit (WTC) are paid to low income families who are in and out of work. Table 1.1 shows that, in 2011/12, three quarters of out of work families and nearly one third of in-work families claiming one of CTC and WTC were single parent families, as Table 1.1 shows. In total, 44% of all families claiming tax credits had only one parent.

Table 1.1: Families claiming CTC and/or WTC by family type (thousands), 2011/12

	Single parent	Couple families	Total
Out-of-work	1,073	372	1,445
In-work families	1,202	2,483	3,685
Total	2,275	2,855	5,130

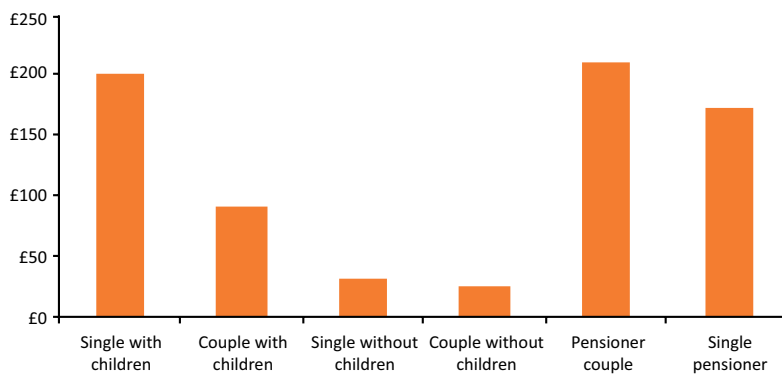
Source: HM Revenue and Customs. Child and Working Tax Credits Statistics. Finalised annual awards. 2011–12

Figure 1.4 shows the consequences this has with the average lone parent household receiving 130% higher weekly benefit income than the average couple with children. Spread across the nearly two million lone parent households in the UK, this high benefit spending has a clear fiscal cost.

In the current economic climate, when the government is attempting to reduce public expenditure, particularly welfare spending, efforts to increase employment among lone parents and support progression off tax credits should be a clear policy goal.

¹⁰ Department for Work and Pensions Quarterly Statistical Summary

Figure 1.4: Average weekly benefit income by household type, 2011/12



Source: Households Below Average Income dataset

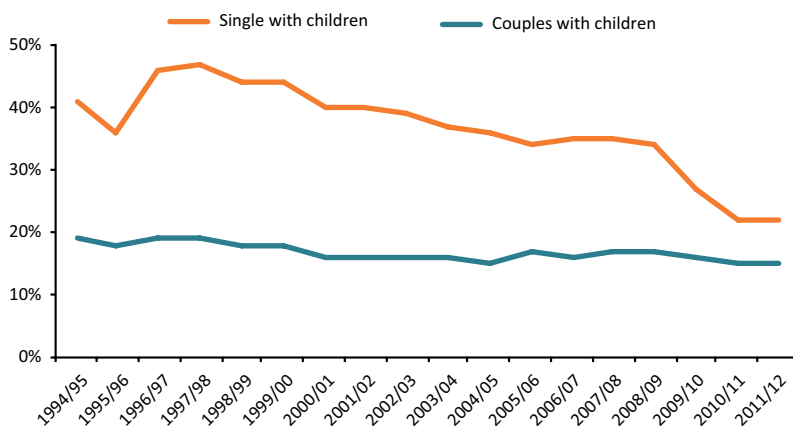
Living standards

Finally, we are interested in the issues facing children living in lone parent households and their standard of living. Indeed, one of the reasons for the increased focus on single parents by the New Labour government in the late 1990s was the high rate of relative income poverty that they were known to experience.¹¹

As Figure 1.5 shows, the interventions brought in during this period of time (which are discussed later in this report) seemed to have the desired effect of lowering the number of low households whose incomes were low relative to the median. The proportion of lone parent households in relative income poverty fell steadily from 1997 to 2008.

However the most significant reduction in poverty came in the recent recession as lone parent households, disproportionately reliant on benefit income, saw their incomes squeezed less than either couples with children or households at the middle of the income distribution.

Figure 1.5: Relative low income rate among individuals by household type in the UK



Source: Households Below Average Income, Department for Work and Pensions

¹¹ A point highlighted by Gregg, Harkness, and Smith (2009)

As Policy Exchange has argued in a previous report, when looking to understand the standard of living for lone parents, this measure of poverty is extremely limited.¹² However, what this does broadly show is that the income inequality between single parent households and the rest of the population has fallen in recent years.

Significant differences between lone parent and two parent households can be seen when looking at other measures of living standards. Material Deprivation for instance focuses on what essential items a parent can or cannot afford for their household and children. The average Material Deprivation score for single parent households in the UK is 23.9, but only 10.4 for two-parent households.¹³

A large part of this difference is accounted for by high levels of worklessness in lone parent households. Where somebody is employed full time, the difference in Material Deprivation score between lone parent and two parent households falls by more than one half, to 5.6 points. For households who are unemployed, inactive or reliant on part time work, two parent households see very similar and sometimes higher levels of material deprivation to lone parent households.

Table 1.2: Average Material Deprivation score by household type and main employment status, UK 2010/11

	All	Employed full time	Employed part time	Self employed	Unemployed	Inactive
Two parent	10.1	7.8	19.8	7.6	31.6	31.2
Lone parent	22.6	13.4	19.3	13.0	32.4	30.7

Source: Households Below Average Income dataset

A significant proportion of the difference in material deprivation between lone parent and two parent households can therefore be accounted for by their different employment rates. However, within full time work and self-employment, higher material deprivation remains. Addressing worklessness is therefore still important; however the nature of work itself is also very important.

Broader developmental issues during childhood, including learning delays and behavioural difficulties, have been shown to be more commonplace among children in lone parent households. However, after poverty, maternal depression and a collection of child, mother and household background factors were accounted for, the impact of family status decreased to the point where it was no longer statistically significant.¹⁴

Analysis of the UK by the OECD has shown that, once background factors are accounted for, there is no difference in reading performance of children in single parent households relative to other types of households, despite most other OECD countries finding a disadvantage for children in lone parent households.¹⁵

Children in lone parent households therefore see a lower average standard of living; however a significant proportion of this can be explained by parental background and employment position. It is therefore important to understand the employment-related problems for lone parents and the reasons that lone parents disproportionately seem to come from the most disadvantaged backgrounds.

12 Oakley, M. and Tinsley, M. (2013), *Outcomes, Not Just Incomes. Improving Britain's understanding and measurement of child poverty*, Policy Exchange, London.

13 Households Below Average Income dataset

14 Kiernan, K. and Mensah, F. (2009). Poverty, Maternal Depression, Family Status and Children's Cognitive and Behavioural Development in Early Childhood: A Longitudinal Study. *Journal of Social Policy*, Volume 38, Issue 04.

15 OECD (2011). How do students from single-parent families perform in reading? PISA 2009 at a Glance, OECD Publishing. <http://dx.doi.org/10.1787/9789264095250-22-en>

Conclusion

There are significant disadvantages affecting many lone parent households, with lower living standards, the economic cost of low employment and the fiscal burden of reliance on the state.

Employment lies at the heart of these issues and therefore makes up the backbone of this report. However, it is also vital to understand the way that lone parent households are formed and the range of characteristics that can exist within this potentially narrow definition of family situation.

Understanding and addressing this range of issues is essential if we are to improve the living standards of children, removing the barriers that prevent higher lone parent employment and easing the pressure on the welfare state.

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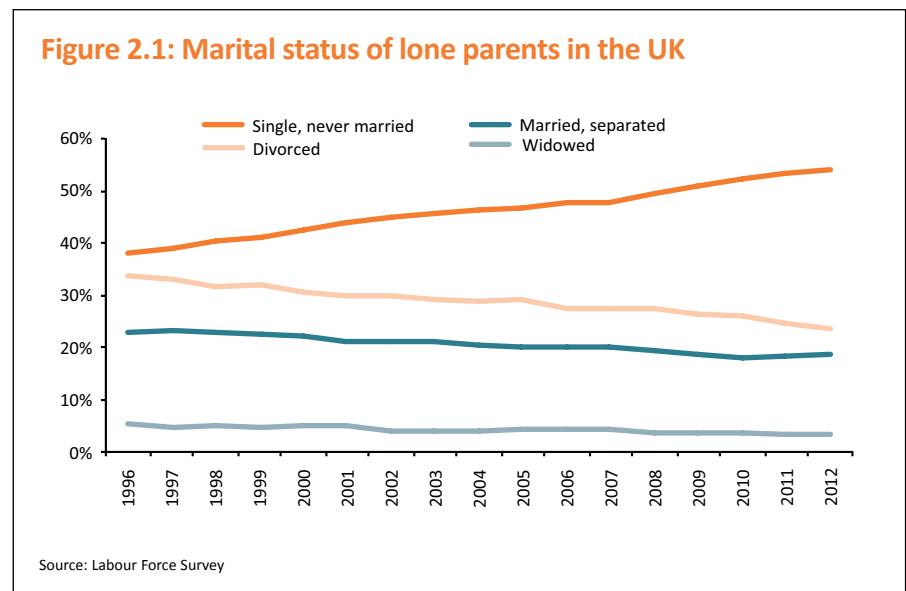
Backgrounds

There are clear reasons for focusing on lone parents and, in particular, lone parent employment. However, this only considers lone parents as a homogenous group, limiting our understanding of the range of disadvantages faced and the importance of somebody's background in determining their current situation.

Relationships and routes into lone parenthood

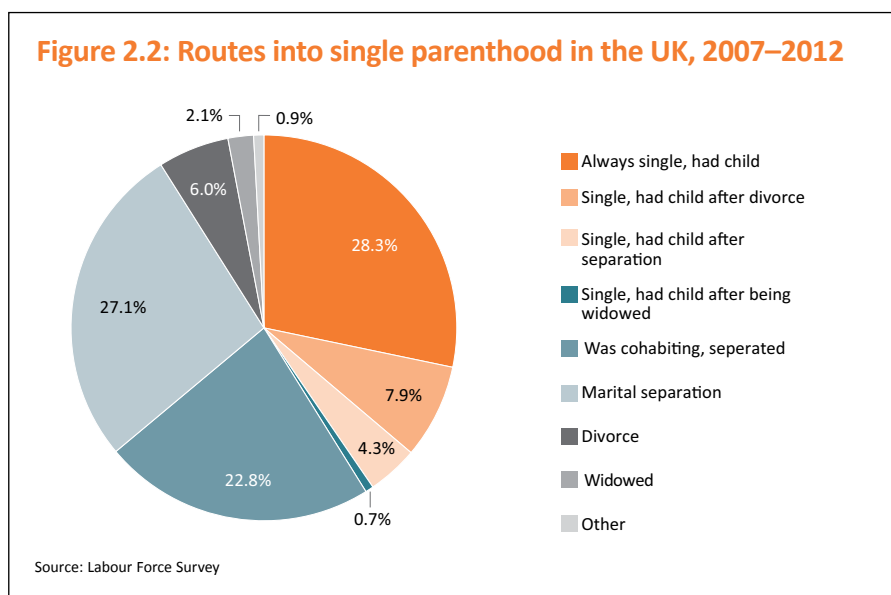
One of the clearest differences that exists between different lone parents is their relationship history and the way that they became a lone parent.

In 2012, more than half of lone parents in the UK had never been married, having risen from below two fifths in the late 1990s (Figure 2.1). Meanwhile, the proportion of lone parents who are divorced or separated from their partner had declined.



However, this only provides a limited amount of information about how individuals become lone parents. We therefore use the Labour Force Survey to identify the different routes into lone parenthood. Figure 2.2 shows the changes that saw somebody become a lone parent, having been either childless or in a two parent household 12 months earlier.

This graph shows that 41% of lone parent households were formed as a result of single women having children, most of whom (28 percentage points) had never been married. However, this means that nearly three fifths of lone parent households created during this period of time were due to couples separating, with 27% being because of marital separations in the last 12 months, a further 6% who had now divorced and 2% because they were widowed.



The final large route into lone parenthood comes from the breakdown of unmarried couples (23% of all movements into lone parenthood). Whilst they make up a small proportion of households, unmarried couples with children make up a significant proportion of separations because of a higher likelihood of separation.¹⁶

The significant impact of partners separating is also apparent in analysis of the variation rate of lone parenthood across Europe. Here, the incidence of divorced or separated mothers accounted for 57% of the variation in the rate of lone parenthood, with never married mothers accounting for the remaining 43% of the difference.¹⁷

However, over recent years, and since this analysis was conducted, there has been a further rise in the number of families with cohabiting parents in the UK. Alongside this, longitudinal analysis from the Office for National Statistics found a significantly greater stability of married couples relative to cohabiting couples.¹⁸ The average probability of a cohabiting household with children becoming a lone parent household over a 12 month period was around 3.9% during this period of time, compared to 0.5% of married households with children.¹⁹ This raises the possibility that there are more families at risk of becoming separated, though since the early-2000s, the divorce rate of married couples has fallen, reducing one of the most significant routes into lone parenthood, and hinting at a change in the nature of marriage.

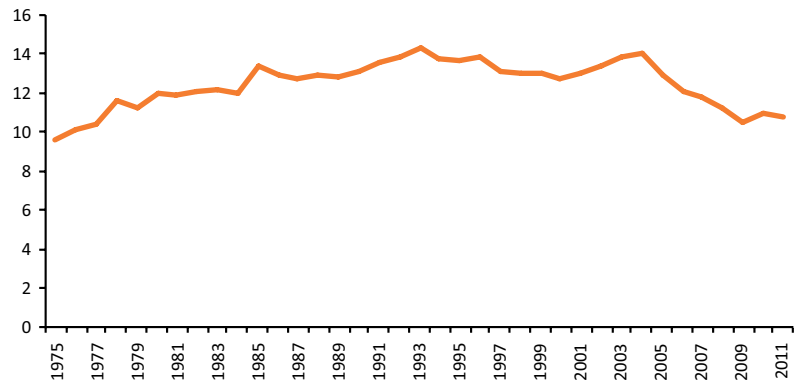
16 Unmarried couples represent 20% of couples with dependent children, but 39% of transitions into lone parenthood.

17 Gonzalez, L. (2005). The Determinants of the Prevalence of Single Mothers: A Cross-Country Analysis.

18 Wilson, B. and Stuchbury, R. (2010). Do partnerships last? Comparing marriage and cohabitation using longitudinal census data. Office for National Statistics.

19 Labour Force Survey, author's own calculations.

Figure 2.3: Divorces rate per 1,000, England and Wales



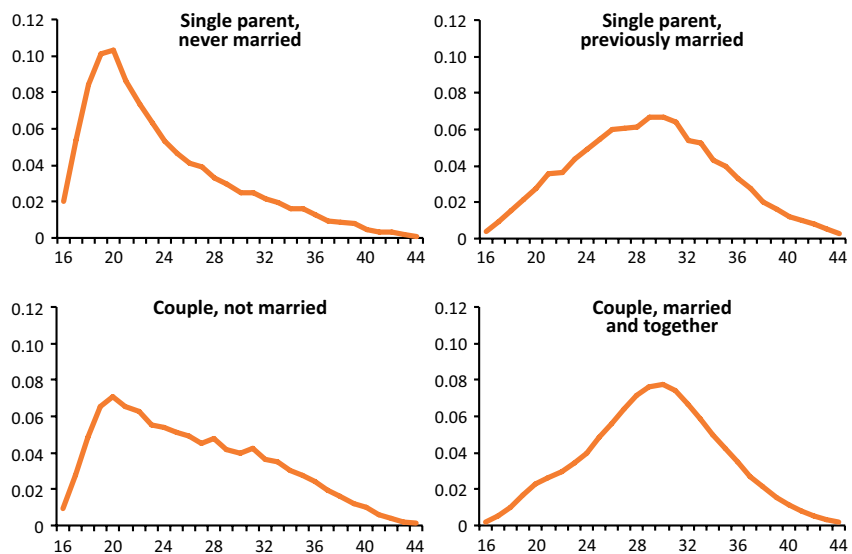
Source: Office for National Statistics

Age at time of first child

Marital backgrounds and the nature of transitions into single parenthood help to explain the different situations of lone parent households. A factor that is closely related to these is the age at which a mother had their first child.

Figure 2.4 shows that lone parents tend to have had their children significantly younger. The most common age at which somebody who is a single mother today had their first child is 20, compared to 30 for mothers in couples. However, this hides a significant split within different types of single parent households. For those who have previously been married, the age range at which they had their first child is older and very similar to that of parents who are currently married. Never married single parents and unmarried couples with children are much more likely to have had their first child younger.

Figure 2.4: Age of mothers had their first child by mother status today, 2012



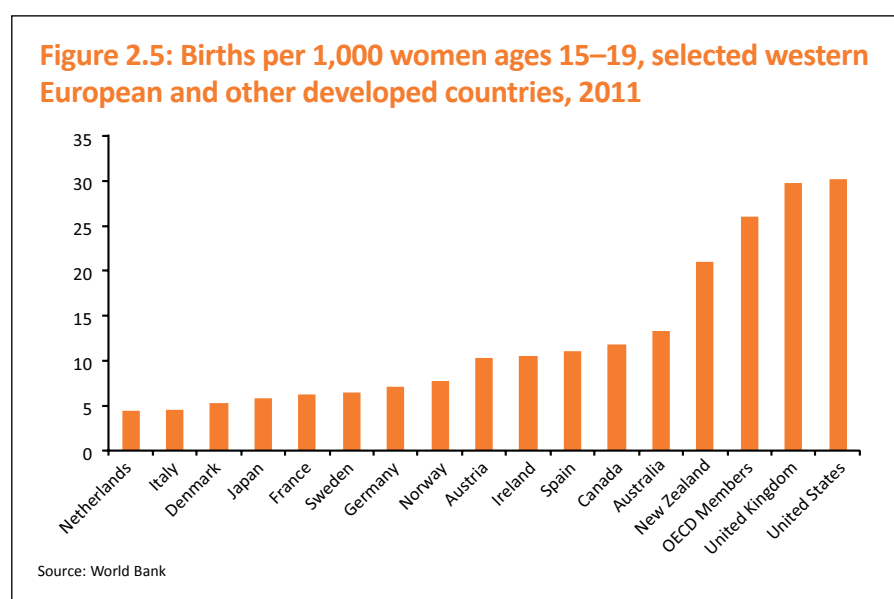
Source: Labour Force Survey

Looking at this the other way around, mothers who had their first child as a teenager are more likely to be a single mother than be in a couple today. Only 14% of single mothers who had their first child before the age of 20 were married before or have married since. 70% of lone mothers who had their first child in their early thirties have been married at some point in their lives and are now either separated, divorced or widowed.

Having children young

The strong relationship between having children young and the likelihood of future lone parenthood raises important questions about the number of women who had children at a very young age. As Figure 2.5 shows, the proportion of 15 to 19 year old women giving birth to children in the UK is high relative to other developed countries. In 2011 this adolescent fertility rate in the UK was more than four times that of Germany and nearly five times that of France.

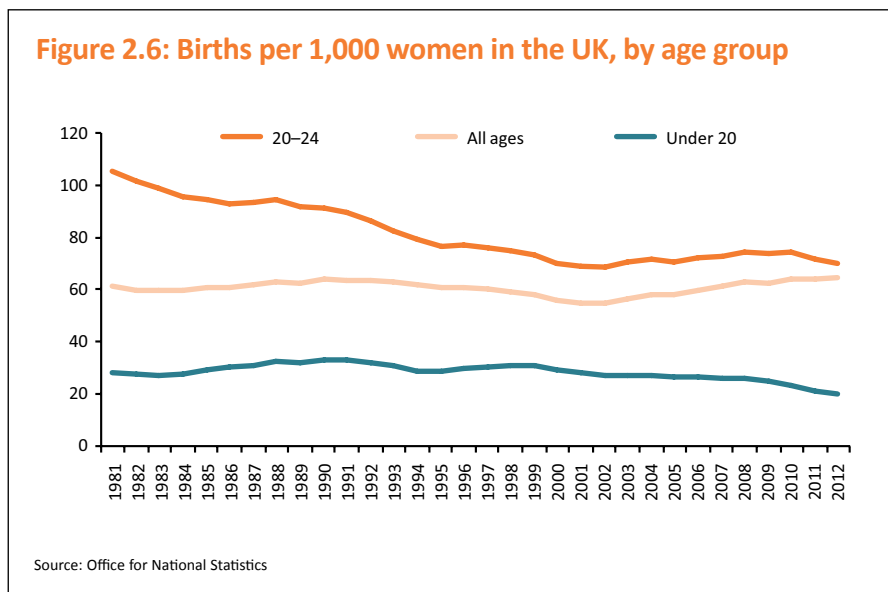
Ireland, which has a higher rate of lone parenthood than the UK, has slightly over a third of the adolescent fertility rate that the UK has. Similarly, Sweden and Denmark, where the rates of lone parent households are relatively close to that of the UK, experience some of the lowest rates of births among women aged 15 to 19.



However, despite these high levels, Office for National Statistics estimates show the birth rate for women under the age of 20 has fallen by two fifths since its peak in 1990. The number of women giving birth between the ages of 20 and 24 has also fallen by close to 40% since 1981.

Similarly, the conception rate among 15 to 17 year olds, which was the measure outlined in the 2000 to 2010 Teenage Pregnancy Strategy, also saw significant improvements, falling by more than one third between 1998 and 2011. An increase in the proportion of conceptions leading to an abortion means that the maternity rate for 15 to 17 year olds fell by more than 40%.²⁰

²⁰ Office for National Statistics. *Conception Statistics, England and Wales, 2011*. Table 6.



There therefore seem to have been significant falls in the pregnancy rate of adolescents and women in their early twenties at the same time as the fertility rate across the whole population has risen. However the UK’s adolescent fertility rate remains significantly above that of many other developed countries and abortion rates are high (49% of teenage pregnancies), pointing to a high number of unplanned pregnancies.²¹ It is essential that we understand the source of the recent successes that the UK has seen and the future direction of policy required to make further improvements and bring UK teenage pregnancy rates into line with other countries.

Number of children

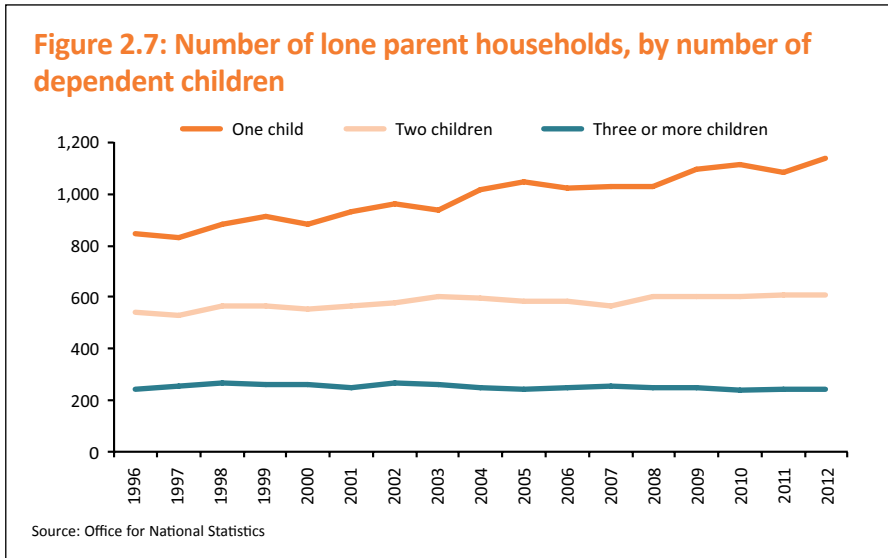
Within the political and media narrative around welfare, one recurring theme has been the argument that claimants have children in order to become eligible for more benefits or to retain the less strict conditionality regime that comes with having younger children. It is therefore relatively surprising that single parents tend to have fewer children than couples with children.

In 2012, 57% of single parent households only had one child, compared to 41% of married couples with dependent children. Whilst families of all kinds have tended to be getting smaller, the increase in the number of single parent households with only one child has been particularly pronounced, with 83% of the 355,000 extra lone parent households between 1996 and 2012 accounted for by the increase in those who only had one child. What is striking is that the number of single parent households with three or more children has fallen slightly since the late 1990s and the number with two children has remained at 2003 levels.

This difference between single-parent and two-parent families exists because single mothers with one child are nearly half as likely to have a second child in a given year when compared to married mothers (3.9% per year, compared to 7.6% per year).²² In contrast, among lone parents with children under the age of 5, those who are economically inactive are more than twice as likely to have a second child as those in work (14.1% compared to 6.3%).

²¹ Ibid

²² Source: Labour Force Survey, author’s own calculations.

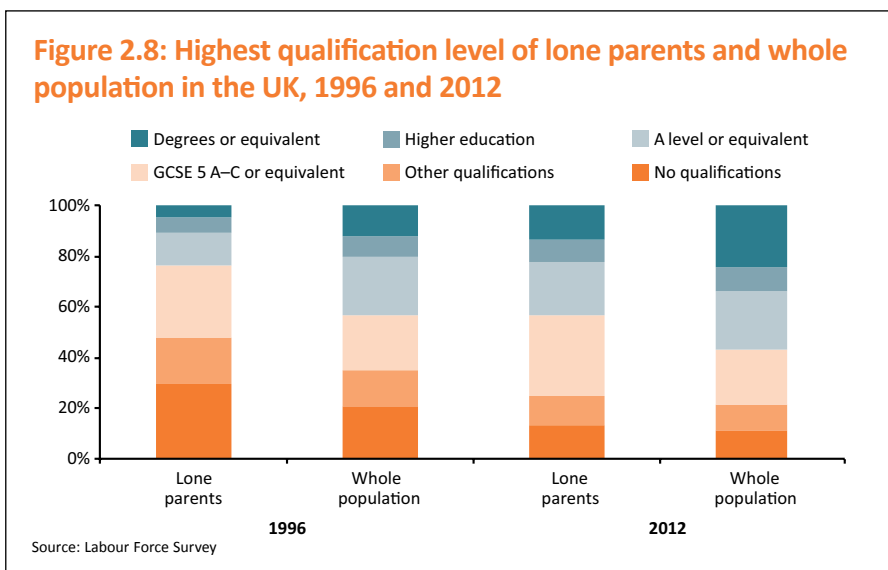


Despite this, there are groups of lone parents who are more likely to have more children. Among lone parents with children under the age of 5, those who are economically inactive are twice as likely to have a second child as those in work. It is unclear what motivates this group, whether it is an attempt to retain eligibility for lower levels of benefit conditionality or because those who plan to have more children wait before they look to enter work, without using benefits in the meantime.

As well as inactive lone parents with younger children, lone parents who began to have children younger also go on to have more children. Only 58% of lone parents who had their first child as a teenager have more than one child today, compared to only 40% of those who had their first child in their early thirties. Although similar parents in couples still tend to have more children, 76% who had their first child as a teenager have more than one child today.

Education

Perhaps the single most powerful determinant of somebody’s future opportunities in work is education.



In 2012, far fewer lone parents held degrees than across the population as a whole (14%, compared to a population average of 25%) and they were 13 percentage points more likely to have no qualifications above GCSE level. This difference in the number with degrees has increased over time, although there has been a greater reduction in the number of single parents with no qualifications and the number with at least A-Levels has increased at a faster rate than for the rest of the population.

These lower levels of qualifications are most concentrated among lone mothers who had children particularly young. As Table 2.1 shows, among the 16% of lone mothers who had their first child before the age of 20, only 2.1% hold a degree or equivalent level qualification. Nearly a quarter have no qualifications. In comparison, 19% of women who are single parents today and had their first child in their early thirties have been educated to degree level; only 11% have no qualifications, which is lower than the national average for all individuals over the age of 16.

Table 2.1: Qualifications distribution of lone mothers by estimated age that they had their first child, 2008–2012

	Estimated age lone mother had first child					All
	16–19	20–23	24–29	30–34	35+	
Degrees or equivalent	2.1%	5.6%	13.1%	19.1%	22.2%	11.7%
Higher education	3.9%	6.7%	10.6%	12.2%	11.0%	8.9%
A-level or equivalent	14.8%	22.7%	20.8%	17.5%	15.2%	19.0%
GCSE 5 A–C or equivalent	40.8%	37.1%	31.5%	27.7%	23.1%	32.6%
Other qualifications	14.5%	12.7%	11.9%	12.1%	12.1%	12.6%
No qualifications	24.0%	15.2%	12.2%	11.4%	16.3%	15.2%

Source: Labour Force Survey

Understanding how these educational issues map onto employment and what interventions can be utilised to prevent problems becoming more entrenched is essential, especially given the high number of lone parents with weak educational backgrounds.

Conclusion

A range of different factors determine the situations facing lone parent households.

Solving the problems facing different types of lone parents means understanding the correlations between the age at which somebody had their youngest child, their past relationship status and their current family situation.

On average, mothers who are lone parents today had their first child 10 years earlier than mothers in couples. Moreover, unmarried couples tend to have their first child at a more similar age to single mothers who have never married than married couples. In this respect, couples who have children later in life are more likely to have been married when they had children and they are broadly more settled; this feeds through into a lower likelihood of forming a single parent household.

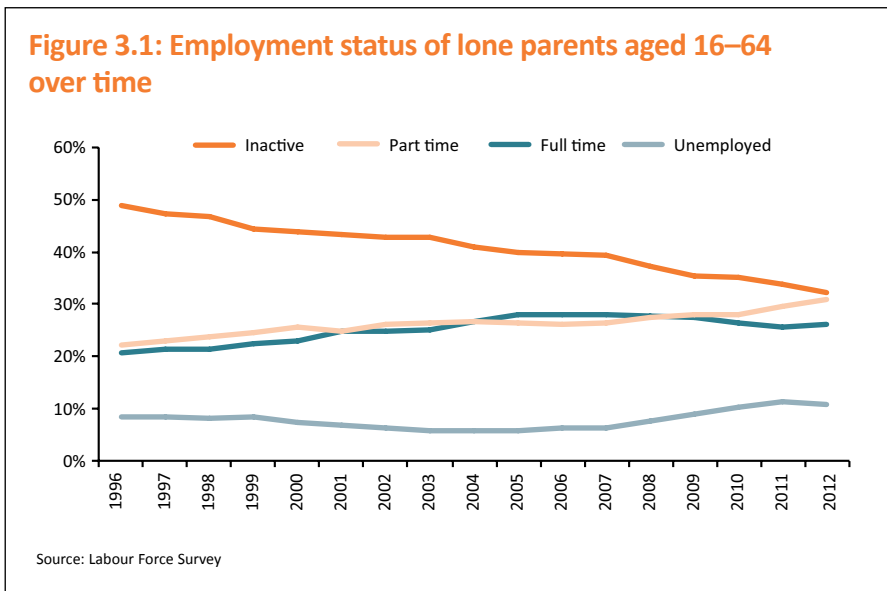
The age that a lone mother had their first child also predicts educational outcomes well, with the most significant issues again seen among those who had children young.

3

In and Out of Work

There are a range of challenges facing lone parent households though the most serious are the educational issues within lone parent households particularly for those who had children at a young age. This chapter will explore the range of challenges that this can create within work.

First, it is important to recognise that, despite employment rates of single parents still being low relative to other developed countries, employment has risen among lone parent households in the UK over recent years. The proportion of lone parents who are employed has risen gradually since the mid-1990s, with a consequent fall in the number who are inactive. Despite the recession, in recent years, economic inactivity has continued to decrease among single parents, from 39% of the working age population in 2007 to 32% in 2012. It seems likely that this is a direct result of the increasing requirement for lone parents to look for and be available for work, a policy change that is discussed later in this report.



However, some of this recent decrease is a rise in part-time work, rather than a greater proportion of single parents working full-time, which peaked in 2005 and fell slightly in 2010 and 2011.

This provides an insight into the changing nature of the labour market for lone parents; however, treating lone parents as a homogenous group in this way limits our understanding of the range of problems that people face.

Age at birth of youngest child

As this report has already noted, the age at which a mother had her first child is a strong predictor of the type of family that they end up having. It also tells us a significant amount about the wider family circumstances. This is most apparent when considering employment rates. Table 3.1 shows that less than 31% of single mothers who had their first child before the age of 20 are in work and more than 70% of those who are in work only work part-time.

Table 3.1: Employment rates of UK single mothers by the estimated age that they had their first child, 2008–2012

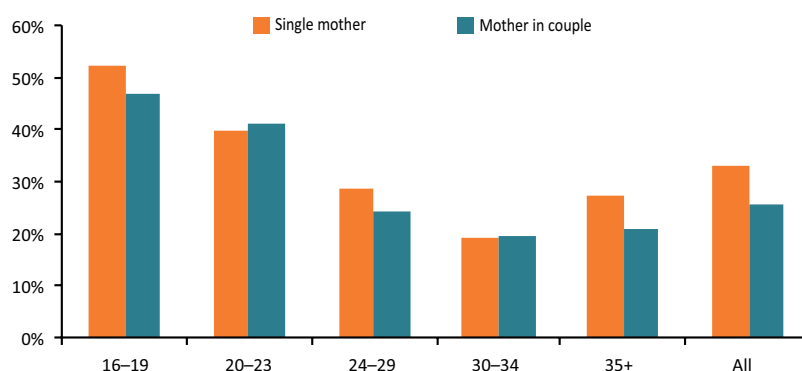
	Estimated age lone mother had first child					All
	16–19	20–23	24–29	30–34	35+	
Full time	8.9%	15.3%	27.4%	36.2%	30.9%	23.7%
Part time	21.7%	31.8%	34.9%	36.8%	34.5%	32.4%
Unemployed	17.1%	13.2%	8.9%	7.7%	7.4%	10.8%
Inactive	52.3%	39.7%	28.8%	19.3%	27.3%	33.1%

Source: Labour Force Survey

However, improvements can be observed among single mothers who had children slightly later: nearly half of single mothers who had their first child in their early-20s are in work and three fifths are economically active. For single mothers who had their first child over the age of 25, both full-time work and part-time work are more common than economic inactivity. 73% of lone mothers who had their first child in their early thirties are in work and unemployment is less than half of what it is for single mothers who had their first child as a teenager.

There are significant differences for lone mothers depending on when they had their first child. Especially in terms of economic inactivity, lone mothers are much more similar to mothers in couples who had children at the same age, largely mirroring the similarity in the age that previously married single parents and currently married mothers in couples had their first child.

Figure 3.2: Economic inactivity of single mothers and mothers in couples by age in the UK, 2012



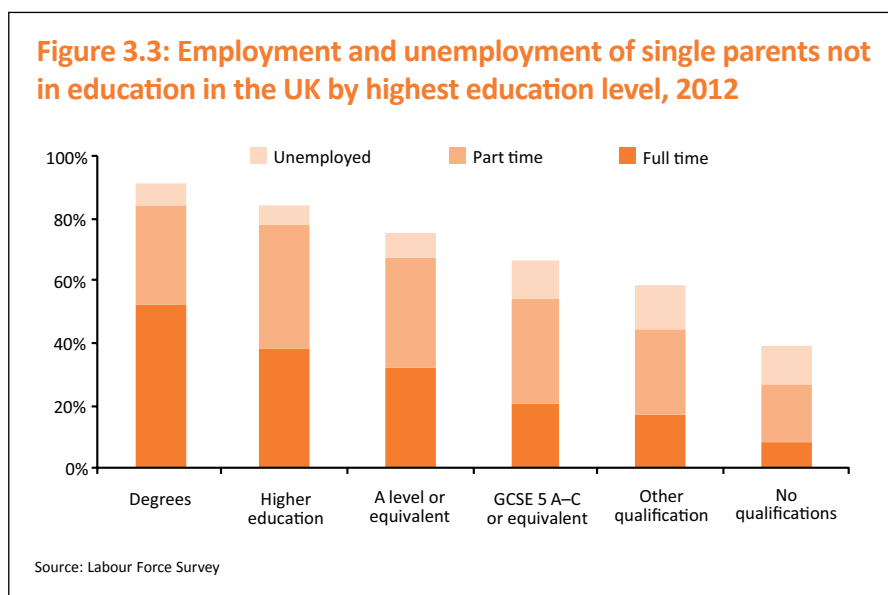
Source: Labour Force Survey

Figure 3.2 shows that, after accounting for the age at which they had their first child, the difference in economic inactivity between single mothers and mothers in couples falls by 60%. However inactivity rates are significantly higher among groups of individuals who had children younger, leaving lone parents disproportionately disadvantaged. What is also apparent though is that single parents can find themselves in a wide range of situations and that there is a significant proportion of lone parents whose employment situation and prospects are much stronger; understanding this distinction is critical to diagnosing policy solutions.

Education

The levels of qualification achieved by lone parents are an even more important indicator of their likely employment status.

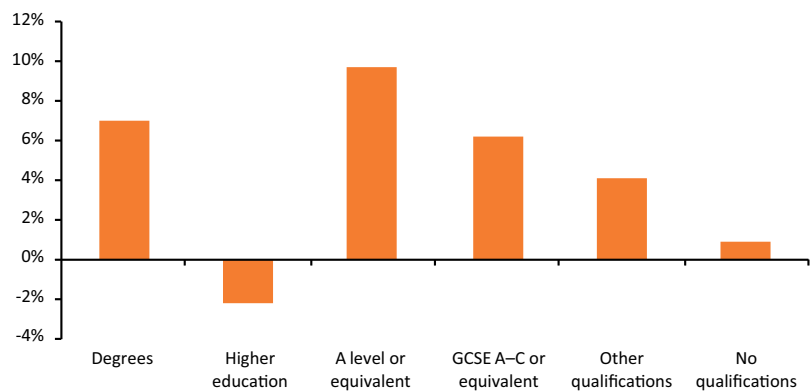
Excluding the 10% of single parents who were still in full-time education, in 2012, single parents with degrees were far more likely to be in work (83%) compared with those with no qualifications (28%). This difference is primarily driven by the small number of people with lower level qualifications who work full-time, which increases from 8% to 52% from single parents with no qualifications to those with degrees.



Furthermore, there is a significant increase in unemployment among individuals without qualifications at GCSE level or above (15% of all single parents) compared to those achieving higher or degree level qualifications (7%). The lower employment rates mean that the unemployment rate was over 30% among economically active single parents with no qualifications in 2012.

It is also concerning that there has been a lack of improvement for certain groups of lone parents over recent years. Figure 3.4 shows that, while lone parents with degrees, A-levels or GCSEs have seen strong employment growth, it has been slower among those reliant on qualifications seen as below GCSE level or with no qualifications at all. Employment among lone parents with a form of higher education as their highest qualification has fallen, however it began at a particularly high level.

Figure 3.4: Percentage point change in UK lone parent employment rate by highest education level, 1996–2012



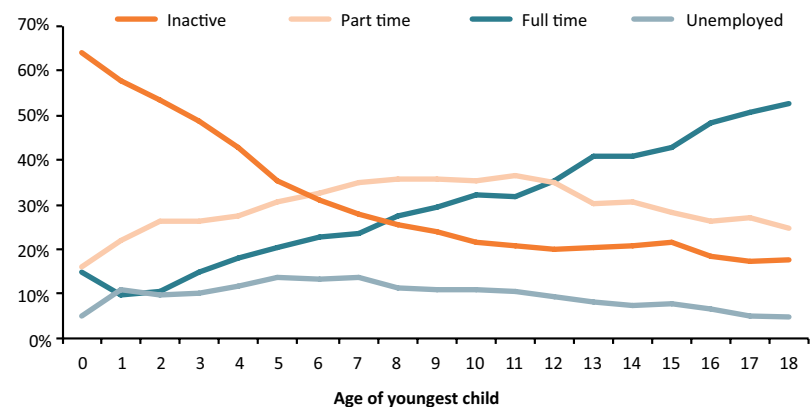
Source: Labour Force Survey

Together, this shows that individuals with poor educational achievements have seen their low levels of employment relative to other lone parents increasing and that the most disadvantaged lone parents have not benefitted as much from rising employment rates over recent years.

Age of youngest child

Childcare responsibilities put enormous pressure on parents, especially when there is only one adult in the household. These pressures clearly vary according to the age of the youngest child, decreasing as their youngest child enters full-time education, and then becoming more established in school or with the expansion of childcare allowances. The support offered through the benefits system reflects this, with Income Support available for lone parents with children under the age of 5, before they are moved onto Jobseeker’s Allowance (JSA), making them subject to a range of job search requirements.²³

Figure 3.5: Economic activity of single parents and age of youngest child in the UK, 2008–2012



Source: Labour Force Survey

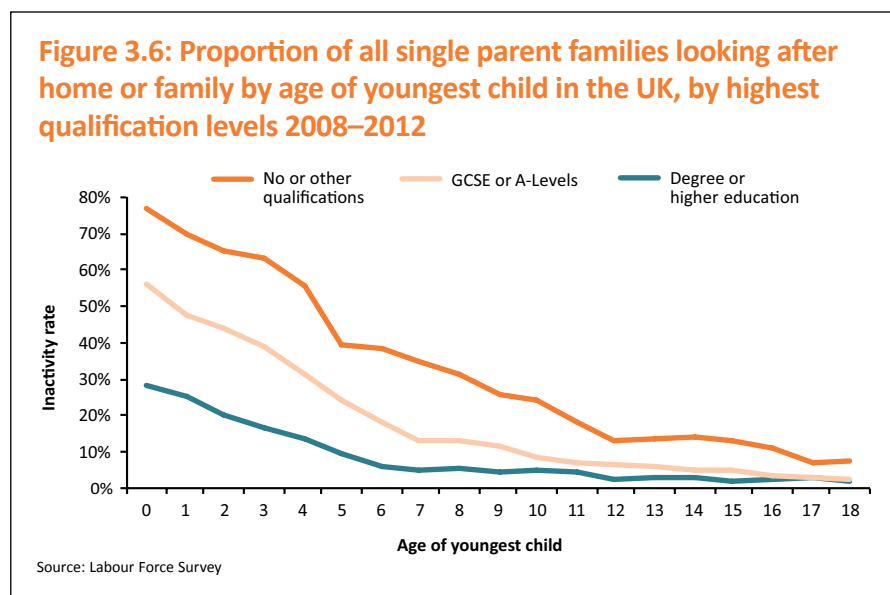
23 <https://www.gov.uk/income-support/eligibility>

Figure 3.5 shows full-time employment levels growing consistently after a lone parent's youngest child is aged 1, with part-time work dominant until their youngest child pass the age of 10, when it is full-time work driving the more limited reductions in economic inactivity.

The most significant movement into work among single parents happens in the first ten years of a child's life, when the total economic inactivity falls from 64% to 22%. More than half (51%) of inactivity among lone parents is among those who were looking after their home or family whilst their youngest child was less than 5 years of age.²⁴

The highest inactivity rates are concentrated among lone parents who have no formal qualifications or other qualifications below GCSE level. This group is also the most likely to be economically inactive because they are looking after their home or family. By the time their youngest child is 5, 40% of this group of single parents are still inactive and looking after their family, compared to 24% of those with GCSEs or A-levels and only 9% of those with degrees or higher level qualifications. Figure 3.6 shows how much of this difference remains even when their youngest child is a teenager.

“The highest inactivity rates are concentrated among lone parents who have no formal qualifications or other qualifications below GCSE level”



Unemployment and underemployment

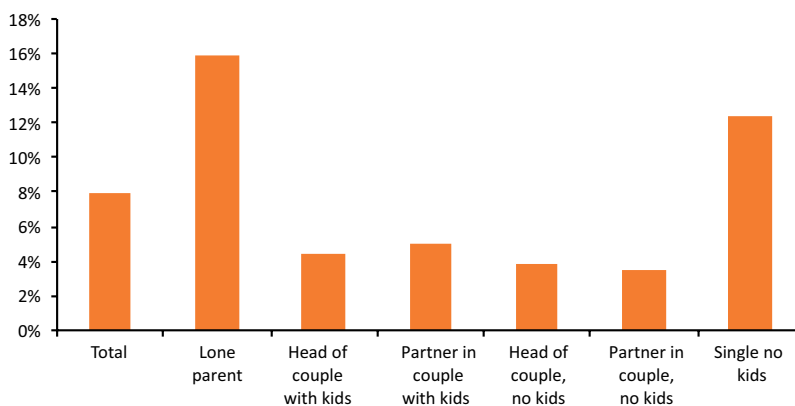
The high rate of economic inactivity among certain groups of lone parents is a clear issue. The impact is both economic in terms of the loss to the UK economy and the increased costs of benefits, as well as personal in terms of the impact that prolonged periods of unemployment can have on self-esteem and mental health.²⁵

Lone parents are disproportionately likely to be unemployed. As Figure 3.7 shows, the average UK unemployment rate in 2012 was just below 8% of the economically active population; the unemployment rate for lone parents is double, at just below 16%.

²⁴ Labour Force Survey, author's own calculations.

²⁵ Harkness and Skipp (2013) found a strong link between paid work and mental health outcomes, with some of this link coming through a greater balance between work and childcare.

Figure 3.7: Unemployment rate by type of family in the UK, 2012



Source: Labour Force Survey

However, this again masks significant differences between groups of lone parents: for instance, among the 13% of lone parents with no qualifications, unemployment is 30%. Conversely, only 7.3% of economically active lone parents with A-Levels or higher qualifications were unemployed in 2012, a figure actually below the national average.²⁶

Unemployment is also significantly lower for those who had children later in life, below the national average for those who had their children aged 30 or more but as high as 17% for those who had children in their teenage years. On top of this, Figure 3.5 shows that lone parents are most likely to be unemployed when their children are five, six or seven years old, highlighting the importance of the time when children enter school.

Underemployment

The demand for more work is not limited to people who find themselves out of work. Many employed people report wanting to work more hours, a feature of the economy that has increased over recent years.

Bell and Blanchflower (2013) estimated an underemployment index that adds together the total number of hours more or less individuals want to work and the hours lost due to unemployment, assuming that unemployed people wanted to work the average number of hours of people in employment.²⁷ Looking to replicate this underemployment index, in 2012 our estimates indicate that a total of 9.3% of the UK economy’s labour market supply is unused.²⁸

Table 3.2 shows that underemployment is a significantly bigger problem for single parents, with an underemployment ratio of 21.8%, meaning that, for every hour that single parents in the UK want to work, more than 13 minutes is not worked. This has risen over the course of the recession by more than for any other group; however, underemployment was also a particular issue for lone parents before the economic downturn, highlighting the fundamental barriers to lone parents working as much as they want to and the loss to the UK economy that this represents.

²⁶ Labour Force Survey, author’s own calculations.

²⁷ Bell, D. and Blanchflower, D. (2013), *Underemployment in the UK Revisited*. National Institute Economic Review No. 224 May 2013.

²⁸ Our model differs slightly, assuming that unemployed people want to work the average number of hours worked by individuals in their family type, rather than the whole labour market average.

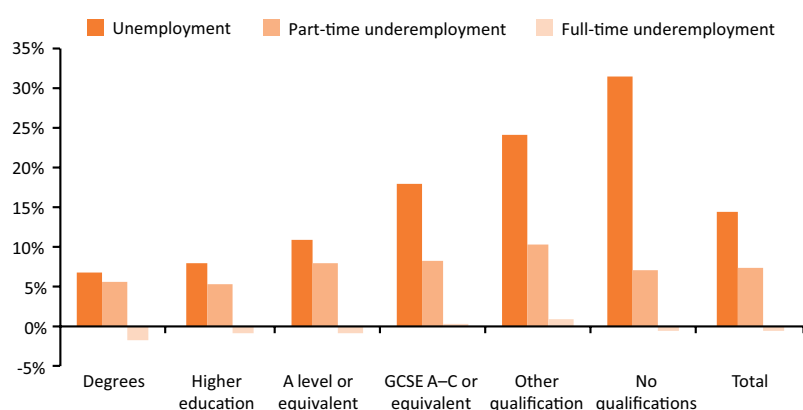
Table 3.2: Underemployment Index by family type

	2007	2008	2009	2010	2011	2012
All	4.9%	5.7%	8.5%	8.8%	9.2%	9.3%
Single parents	14.4%	15.8%	18.1%	20.2%	22.3%	21.8%
Heads of couples, with kids	2.3%	3.4%	6.2%	5.8%	5.8%	5.5%
Partners in couples, with kids	2.8%	3.3%	5.1%	4.6%	6.1%	6.4%
Heads of couples, no kids	-0.1%	0.7%	3.1%	2.9%	2.9%	2.8%
Partners in couples, no kids	-0.5%	-0.2%	1.3%	1.5%	1.8%	1.9%
Single, no kids	9.7%	10.4%	14.3%	15.5%	15.7%	15.7%

Source: Labour Force Survey

Around two thirds of underemployment comes from unemployment itself, with the other third mostly a result of people working part time wanting to extend their hours. This element could be driven by the growth in part-time employment and the small fall in full-time employment among single parents over the course of the recession, leaving some people in jobs that work too few hours.

Figure 3.8 shows that, contrary to the case of unemployment, somebody's qualification level has relatively little explanatory power over how many extra or fewer hours they want to work. This element of underemployment index is larger among single parents with good GCSEs or A-Levels than those with no qualifications

Figure 3.8: Underemployment rate of single parents by highest qualification, broken down by type of underemployment, 2012

Source: Labour Force Survey

Where people work is not a strong predictor of whether single parents want to work extra or fewer hours. For example, Health, Education and Wholesale, Retail and Motor Trade contributed the greatest total hours of underemployment of lone parents in 2012, worth more than two million hours per week each.²⁹ However

²⁹ Labour Force Survey, author's own calculations.

this was largely driven by the large number of lone parents that are employed in these sectors rather than any significant propensity towards underemployment than other sectors.

Conclusion

Employment among single parents in the UK is lower than in many other developed countries in the OECD and it is significantly below the employment rate of second earners in couples. The impact that employment has on living standards of children in lone parent households, the broad economic cost of not utilising the available labour supply and the reliance on the state that it creates makes increasing employment of single parents an essential focus for public policy.

Some of the problems that have a significant impact on the employment of lone parents are clear. The concentration of low qualifications among single parents for example demonstrates the wide range of situations. Furthermore, the strong relationship between education, lone parents who had children young and those who had not previously been married appears to be creating specific groups of lone parents with the worst attachment to the labour market.

The consequences of this can be seen in two key areas. First, there are the high economic inactivity rates for large numbers of lone parents looking after their home or family, even after their children are of school age. Secondly, there are the high rates of underemployment, meaning that 22% of the hours that single parents wanted to work in 2012 were not fulfilled; this is predominantly because of unemployment.

Inactivity and unemployment are seen to some degree over all different groups. However, there are clear concentrations of issues facing those with the weakest qualifications; the greatest room for improvement lies around the years when a lone parent's youngest child enters school. There are therefore a number of specific areas where public policy can focus on increasing lone parent employment.

4

Policy in Practice

It is apparent that the low employment rates, high welfare costs and low living standards seen in the average lone parent household are driven by a range of issues. Many of these areas have previously been targeted by public policy. This section analyses some of the key policies that have previously been put in place, as well as some of the most informative international comparisons.

Employment and welfare

The primary focus for policy affecting single parents has been to increase employment levels though there have also been a number of initiatives designed to reduce the number of lone parent households on low income.

Tax Credits

Some of the earliest reforms in the New Labour era changed the structure of the benefits system significantly. This initially increased the generosity of both in-work and out-of-work benefits, with relatively little conditionality introduced, and highlighted a clear goal of raising incomes for single parent households both in and out of work.³⁰

Following this, significant changes were made to the tax credit system. Working Families Tax Credit (WFTC) replaced Family Credit in 1999, before being replaced by a combination of Child Tax Credit (CTC) and Working Tax Credit (WTC) in 2003.

WFTC was paid to a single parent household if they worked at least 16 hours and had net family income, savings and capital below certain thresholds. Compared to Family Credit, WFTC was more generous in terms of the maximum that could be claimed, a higher threshold before benefits would be withdrawn and a slower rate of withdrawal.³¹

Analysis of the impact of these reforms is complicated by the introduction of employment support schemes such as the New Deal for Lone Parents over the same period of time. Taking the reforms between 1998 and 2003 together, one analysis estimated that single parent employment rose by between four and five percentage points and the number working more than 16 hours rose by around seven percentage points. This was largely attributed to the increasing proportion of mothers remaining in work during the transition into lone parenthood.³²

One report argued that the increase in the generosity of out-of-work benefits reduced the impact of the tax credit changes. They estimated an increase in lone mother employment of 75,000 as a result of WFTC but a net effect of 55,000 after accounting for all other reforms.³³

30 Gregg, P. Harkness, S. and Smith, S. (2009), *Welfare reform and lone parents in the UK*. The Economic Journal, 119 (February).

31 Brewer, M. Francesconi, M. Gregg, P. and Grogger, J. (2009). In-work benefit reform in a cross-national perspective – Introduction. The Economic Journal, 119 (February).

32 These estimates are from Gregg, Harkness and Smith (2009), however Brewer and Browne (2006) summarise a broadly consistent literature.

33 Brewer, M., Duncan, A., Shephard, A. and Suarez, M. (2006). Did Working Families Tax Credit work? The impact of in-work support on labour supply in Great Britain. *Labour Economics*, vol. 13(6).

The introduction of WTC and CTC in 2003 consolidated the support that could be received into a work-dependent element (WTC) and one available to all low income households with children (CTC). However, in the years since this was adopted the value of CTC has increased significantly more quickly than WTC between 2003/4 and 2012/13 (nominal increases of 63% and 28% respectively).

Whilst there are few analyses of the impact of the transition to CTC and WTC, it is clear that, over the lifetime of the programmes, the support offered (regardless of employment status) has increased significantly more quickly than the portion that is conditional on employment, threatening the work incentives that tax credits historically looked to create.

Income Support

One of the key forms of support available to single parents in England, Scotland and Wales who are out of work or earn less than 16 hours per week, and have savings of less than £16,000, is Income Support (IS).³⁴

The most significant change to the structure of this came in November 2008, when Lone Parent Obligations (LPOs) were introduced. This meant that, when a single parent's child reached a certain age, they would no longer be eligible for IS, but instead could claim Jobseeker's Allowance (JSA) with the expectation that they were available for and actively seeking work.³⁵ Initially, LPO saw lone parents with a youngest child aged 12 or over no longer eligible for lone parent IS. This threshold continued to fall until the coalition government extended the obligations to all lone parents with children aged 5 or over in the 2010 emergency budget. This means that most lone parents are supported until their youngest child is of school age, at which point they are expected to look for work in order to receive Jobseeker's Allowance (JSA).

Box 4.1: Employment impacts of lone parent obligations

The number of lone parents who have had to engage with job search in return for out of work benefits has increased as Lone Parent Obligations have been introduced for parents with younger children. The gradual nature of this change allows us to analyse the immediate impact that job search requirements have on employment.

A piece of analysis that accompanies this report estimates that, for the lone mothers who were affected by the initial requirement for lone parents with children aged 12 or over to look for work, there was a statically significant increase in employment of 3.4 percentage points. For the changes to other age groups, there are no statistically significant effects.

It is possible to measure greater effects among individuals with higher levels of qualifications. Here, the initial application of LPOs to those with children over 12 led to an increase in employment of 5.0 points. There are, though, no statistically significant increases in employment among individuals with lower skills.

This provides the first evidence that there were some increases in employment as a result of LPOs; however, an important caveat is that this methodology will only ever identify immediate effects. It remains unclear whether the increased strictness of the system as a whole has had more of a long-run effect or anticipation effects, where people look to get back to work ahead of the movement onto JSA, encouraged people to enter work before their job search requirements were introduced.

34 <https://www.gov.uk/income-support/eligibility>

35 Casebourne, J. Davies, M. Foster, S. Lane, P. Purvis, A. and Whitehurst, D. (2010). Lone Parent Obligations: Destinations of lone parents after Income Support eligibility ends. Department for Work and Pensions Research Report No 710.

Analysis of a cohort of single parents affected by the introduction of LPO showed that, whilst some remained on IS, presumably as a result of being eligible for a reason such as disability, 83% left IS. 16% of those who left IS went straight into work at least 16 hours per week whilst most (56%) moved onto JSA.³⁶

The increased conditionality put on lone parents has therefore boosted employment rates for some groups. However the lack of significant improvements when the conditions were put on lone parents with younger children or lower levels of qualifications, suggesting that more needs to be done to support them into work.

Universal Credit

The UK's large tax credit system has been in place for longer than many others in Europe and is now set to undergo its most significant change. The introduction of Universal Credit will put the majority of means tested working age benefits (including IS, JSA, WTC and CTC) into a single system, being rolled out across the UK between late 2013 and 2017.³⁷

One of the most important intentions of this is to ensure that benefits are withdrawn together; making sure that the withdrawal rate is constant and predictable and that a higher income will always pay more. This should improve incentives for lone parents to enter work and increase the number of hours that they work.

This should not represent a fundamental change to lone parent's benefit eligibility for different benefits, with the most significant differences being in the way that benefits are claimed, incomes are measured and that payments are made monthly. Managing this transition is likely to be the most significant challenge.

The New Deal for Lone Parents

Along with financial incentives to work and financial support based on the needs of children, the New Labour Government also introduced the New Deal for Lone Parents (NDLP) which was offered to single parents who were out of work or working less than 16 hours per week, providing a range of services including advice and assistance, training programmes, and childcare support.

Analysis of NDLP, comparing a treated group of Income Support (IS) recipients with a group who did not enter the programme, found that after 48 months employment was 11 percentage points higher among those that took part in NDLP and increased benefit off-flow of 20 percentage points. A lower off-flow from benefits was seen among single parents with younger children; however, a subsequent report identified flow of benefits 14% higher as a result of NDLP.^{38,39} LPOs did not exist for most individuals affected by NDLP and the scheme was voluntary; as a result any scheme introduced today might target a different group of claimants and therefore might see quite different results.

Furthermore, one analysis of the range of measures introduced in the late 1990s found that little of the increased employment came from higher flows into work, suggesting that the increase in single parent employment in the late 1990s and early 2000s was not because of supporting single parents into work more effectively.⁴⁰

Employment support today

Since the New Deal programmes, the structure of employment support has changed significantly. The majority of support is still provided by Jobcentre Plus (JCP), who are in charge of administration and conditionality of JSA claimants.

36 Ibid

37 <https://www.gov.uk/universal-credit/overview>

38 Knight, G. Speckesser, S. Smith, J. Dolton, P. and Azevedo, J. (2006). Lone parents Work Focused Interviews/New Deal for Lone Parents: combined evaluation and further net impacts. Department for Work and Pensions Research Report No 368.

39 Dolton, P., Azevedo, J., and Smith, J. (2006). The econometric evaluation of the New Deal for Lone Parents. Department for Work and Pensions Research Report No. 356.

40 Gregg, P. Harkness, S. and Smith, S. (2009) Welfare reform and lone parents in the UK. The Economic Journal, 119 (February).

The only significant difference in the treatment of lone parents is that Jobcentre Plus advisors have some discretion over “how much account is taken of the needs of their children in their job preparation and job search”.⁴¹

Individuals who have been claiming JSA for more than either 9 months (in the case of under-25s) or 12 months (for those aged 25 or over) are transferred onto the Work Programme. This gives private and third sector providers financial incentives to support people into work under a payment by results mechanism where providers are paid on the basis of getting people into work and that work being sustained for a period of time.⁴²

Some groups of individuals, such as those claiming disability benefits, can be fast-tracked onto the scheme. However, because support is based on individual needs rather than family circumstances, Lone parents are only transferred to the Work Programme after a period of time claiming JSA, in the same way as other claimants.

Work focussed interviews

A clear issue identified in this report is the process of supporting single parents back to work after their youngest child approaches and reaches school age. This is especially the case for single parents with lower levels of qualifications.

With the introduction of Lone Parent Obligations in the transition from IS to JSA when their child reaches a certain age, there is also the requirement to attend Lone Parent Work Focussed Interviews (WFI), originally introduced in 2001 to assess their employment prospects and identify education or training needs they might have. They must attend twice a year when their child is aged between 1 and 3 and quarterly when their child is aged 4.⁴³ Failure to attend can lead to a reduction in IS payment of 20% until they fulfil this commitment. Official statistics show that 56,200 lone parent Income Support claims were sanctioned in 2011/12.⁴⁴

One of the primary intentions of WFIs was to encourage uptake of NDLP. Here the policy was estimated to lead to an increase in the proportion of new claimants of IS entering NDLP of around 15 percentage points. This was mainly put down to lone parents having their entitlements made clear, the specific opportunities available to them in NDLP outlined and the interview being presented as the start of a longer process of support.

On top of this, parents often wanted to wait until their youngest child was in full-time education before they thought about returning to work, making this an important trigger point. LPWFI has therefore been seen to have a significant impact at this point, acting as a bridge into wider support.⁴⁵

In addition, WFIs have also been shown to improve attitudes about Jobcentre Plus and encourage use of its resources. However, they have also been described as “a less effective vehicle for challenging or changing deep rooted attitudes about work”.⁴⁶

WFIs have also seen success in improving attitudes towards Jobcentre plus, but were shown to be less successful at “challenging or changing deep rooted attitudes about work”. Furthermore, less success has been seen among individuals traditionally more difficult to help:

“As a ‘work first’ initiative [WFI] and NDLP responds effectively to those who are already committed to work, but makes little headway with the unwilling.”⁴⁷

41 <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/writev/jcp/m22.htm>

42 <https://www.gov.uk/moving-from-benefits-to-work/job-search-programmes>

43 <http://www.dwp.gov.uk/docs/dmgch05.pdf>

44 Department for Work and Pensions. Income Support Lone Parent Regime: Official Statistics May 2013.

45 Thomas, A. (2007). Lone Parent Work Focused Interviews: Synthesis of findings. Department for Work and Pensions Research Report No 443

46 Thomas, A. (2007). Lone Parent Work Focused Interviews: Synthesis of findings. Department for Work and Pensions Research Report No 443

47 Thomas, A. (2007). Lone Parent Work Focused Interviews: Synthesis of findings. Department for Work and Pensions Research Report No 443

Together this evidence suggests that, rather than directly pushing single parents in work, the Work Focussed Interviews are more effective at channelling individuals towards more direct employment support services.

Childcare

As well as the structure of the benefits system, direct employment support and conditions put on welfare receipt, there have also been significant developments in the childcare provision available to parents. Currently, the system is more generous than it has ever been, especially for parents in work.

The largest single part of childcare provision pays for 15 hours per week of free childcare for three and four year olds for 38 weeks of the year, with parents eligible for it whether they are in work or not. This element was estimated to cost £1.9billion in 2011/12 including both lone parent and two parent households.⁴⁸ This 15 hours allowance was extended to cover the poorest 20% of two year olds in 2013, increasing to the 40% poorest in 2014.

For families in work, the childcare element of Working Tax Credit covers 70% of childcare costs, up to a value of £175 per week for 1 child and £300 per week for 2 or more children. To be eligible, lone parents need to work at least 16 hours per week, with couples with young children needing to work at least 16 hours per week each (unless one parent is eligible for a range of disability benefits or carers allowance, or is in hospital or prison).⁴⁹ This allowance is then withdrawn along with Working Tax Credits as incomes rise.

A clear goal of this main scheme has always been to support people into work if that is what they want. This is especially the case with the childcare element of Working Tax Credit, with a direct requirement to be working a certain number of hours. The significant eligibility made to parents who are out of work also raises important questions over whether job search activity should be expected in return for relatively generous support.

In Work Credit

Another benefit that was designed to promote employment among lone parents is In Work Credit (IWC), which began being rolled out in 2004. This offered lone parents a weekly benefit worth £40 outside of London and £60 in London for lone parents who moved into more than 16 hours of paid work per week following at least one year on out of work benefits.⁵⁰ Eligibility for IWC lasted for up to 12 months if they remained in work. The scheme is in the process of being phased out, individuals entering work after 1st October 2013 will not be eligible.

This differs from more conventional tax credits in that it is deliberately time limited, focusing on encouraging transitions into work, rather than supporting incomes indefinitely. It also targets lone parents who have been in receipt of certain benefits, helping to ensure that it goes to lone parents households transitioning into work.

Analysis has estimated that IWC increased the proportion of eligible lone parents in work by 1 percentage point, to 14.3%. The number not receiving benefits increased 1.6 percentage points to 18.2%. The policy was therefore effective at incentivising people to enter work given the low original uptake; however, it was not particularly effective at discouraging IWC claimants from

48 *Delivering the free entitlement to education to three and four year olds*, National Audit Office, 2012.

49 <https://www.gov.uk/childcare-tax-credits>

50 <http://www.dwp.gov.uk/docs/in-work-credit-faqs.pdf>

re-entering benefits. After two years, the increased likelihood of being off benefits was estimated as 2 percentage points.⁵¹

As the authors of this analysis highlight, the decrease in the proportion of eligible lone parents claiming benefits is of a similar scale to that seen among lone parents eligible for WFI and NDLP; however, it does so with a cohort typically less likely to leave benefits so the proportional increase is greater.⁵²

These effects were measured before the introduction of Lone Parent Obligations in 2008; since this point, fewer lone parents are out of work and those who are tend to have younger children. There must therefore be a question mark over whether these flows off benefits and into work can be replicated for groups of claimants who might have a greater difficulty finding work. LPOs also significantly change the conditions placed on lone parents with children aged 5 or over, targeting these individuals might be possible, however they are likely to be treated as a separate groups of jobseekers than those eligible for Income Support.

The introduction of Universal Credit should reduce a number of the barriers that come from concerns people have over benefit withdrawal as people enter work. However, targeted programmes such as this might also be able to play a role in encouraging people to enter work, if they are not deemed to add unnecessary complexity.

Current policy environment

In June 2013's spending review, the Chancellor George Osborne announced that conditionality and support would demand more of lone parents in the last two years of their eligibility by:

“requiring lone parents who are not working to prepare for work once their youngest child turns three. With free nursery education now available for all three- and four-year olds, lone parents will be required to prepare for work once their youngest child is three. This will involve regularly attending their Jobcentre, gaining qualifications and taking other steps to improve their readiness to work. However, there will be no requirement to return to work until their youngest child is five”.⁵³

There is a clear recognition that free childcare eligibility has been extended, with a primary goal of supporting people to work. To lone parents not required to work for the financial support they receive, this childcare allowance should bring with it an expectation to prepare for work, even if there is no requirement to look for work.

However, as has been previously highlighted, the nature of support is important. Conditionality on its own is likely to have some impact on employment outcomes; however the significant issues that many lone parents face mean that schemes of support which take the most disadvantaged lone parents closer to the labour market are essential.

Care to learn

On top of the range of childcare support that looks to support single parents in work, Care to Learn, which was introduced in 2004, offers childcare support to parents with children who want to enrol on an educational course in a school, 6th form or college, on the condition that they begin the course before the age of 20.⁵⁴

51 Brewer, M. Browne, J. Chowdry, H. and Claire Crawford, C. (2011), *The impact of a time-limited, targeted in-work benefit in the medium-term: an evaluation of In Work Credit*, IFS Working Paper W11/14.

52 Cebulla, A. and Flore, G. with Greenberg, D. (2008). *The New Deal for Lone Parents, Lone Parent Work Focused Interviews and Working Families' Tax Credit: a review of impacts*, Department for Work and Pensions.

53 HM Treasury, Spending Round 2013.

54 Dench, S. (2006). *Impact of Care to Learn: Tracking the Destinations of Young Parents Funded in 2004/05*. Institute for Employment Studies.

In 2008/9, 80% of the young parents using Care to Learn were lone parents and 77% of all participants reported that they would not have been able to remain in education without the scheme. Three quarters of participants gained a qualification from the course that Care to Learn supported and one report argued that completion rates of further education courses among Care to Learn participants were similar to the national average of all participants. Furthermore, only 27% of the 2008/9 cohort were NEET in 2010, despite 69% having been NEET in the past.⁵⁵

Benefits and partnership decisions

A clear concern when looking at the way that the tax and benefits systems focus support on lone parents is that it provides a specific incentive or disincentive to be in a relationship. The existence of such a “couple penalty” would clearly reflect a significant issue. As this report notes, there are costs to single parenthood, especially for individuals with low levels of qualifications. The effect of the benefit system on partnership decisions therefore matters.

Furthermore, one analysis of the impact of reforms to the benefit system on the number of lone parents entering relationships showed that a £100 per week partnership penalty “reduces the probability that a woman has a partner by about seven percentage points”.⁵⁶ It is therefore important to understand the different benefit eligibilities for lone parents and couples with children.

In the current system CTC offers direct financial support to households mostly dependent on the number of children and whether they have any disabilities, with childcare allowances working in a similar fashion. WTC can be seen as the element of the support which seeks to make work pay, providing a top-up once individuals are working enough hours. Neither WTC nor CTC provide a different payment to families depending on the number of adults in the household. However WTC has a requirement for couples to work 24 hours per week, rather than the 16 that is expected of single parents.⁵⁷ The partnership incentives in these schemes will not change significantly as they are brought into Universal Credit.

The main argument for a large couple penalty, put forward by some think tanks and charities, is in the benefit withdrawal coming as a result of introducing a working partner.^{58,59} This will be the case with all means tested benefits as the introduction of a second earner will reduce benefit income; however benefit income would fall by less than work income rose, meaning household income would always rise significantly.⁶⁰ A single parent therefore always has a strong financial incentive to introduce a partner in order to improve their household income and their children’s living standard.

In order for a genuine penalty to exist as a result of this a couple would need to be accessing an earner’s income whilst living apart and claiming benefits. However, this would represent a failure to report an income, which should be considered fraud.

The only genuine couple penalty within the tax credit system comes about when two lone parent households claiming Child Tax Credit combine, given that the yearly per-household element of £545 would then only be paid once. If both parents had one child each, the maximum amount of CTC they would be eligible to claim would fall by 8% if they became a couple.⁶¹ There is therefore

55 Riley, T. Lane, P. Davies, M. Vaid, L. Bell, L. Sims, L. (2010), *The impact of Care to Learn: tracking the destinations of young parents funded in 2008/09, 2007/08 and 2006/07*, Young People’s Learning Agency.

56 Anderberg, D. (2007). *Tax Credits, Income Support and Partnership Decisions*. Cesifo Working Paper No. 2147.

57 <https://www.gov.uk/working-tax-credit/eligibility>

58 Niemietz, K. (2012). *Redefining the Poverty Debate: Why a War on Markets is No Substitute for a War on Poverty*. Institute for Economic Affairs.

59 Draper, D. (2009), *Couple penalty 2008/9*. CARE.

60 This will be even clearer under Universal Credit, with the withdrawal rate of benefits including IS, JSA, WTC, CTC and Housing Benefit will be fixed at 65%.

a reduction in one benefit if two lone parents out of work or on low incomes became a couple; however, this might reflect a lower cost of living as a result of living together.

Teenage pregnancy

As this report has demonstrated, many lone parents had their first child at a particularly young age, with mothers who had their first child young less likely to be married today. Furthermore, some of the most significant issues that we associate with lone parenthood, in particular low educational attainment and weak attachment to the labour market are clearest among individuals who had children when they were particularly young.

The Teenage Pregnancy Strategy aimed to halve the English 1998 under-18 conception rate of 46.6 per 1,000 and establish a downward trend in under-16 conceptions by 2010. This was combined with the goal to increase participation of teenage parents in education, employment and training to 60%. By 2010, the English under-18 pregnancy rate had fallen by nearly one quarter to 35.4 per 1,000 in 15 to 17 year old women. This fall was relatively even across the regions in England and was larger in Wales.⁶² Combined with a rise in the abortion rate

from 42% to 50%, the maternity rate for 15 to 17 year olds in England had fallen by 43% by 2011.

One report associated the decline, both in the UK and internationally, with sex and relationships education, with comprehensive programmes shown to lead to behavioural improvements and increased use of contraception.⁶³

The report outlines a number of areas, including guidance and training standards around teaching of contraception and sexual health, improving access to contraception and targeting those at with the greatest risk of unwanted pregnancies. They also focus on the need to improve outcomes for teenage parents and their children, focussing on the Family Nurse Partnership programme and supported housing for teenage mothers.

As well as this, the Teen Pregnancy Independent Advisory Group advised the national government to state the case for teenage pregnancy as a priority and show how investment is cost effective, ensure that it is integrated into other national policies and demonstrate how existing family interventions recognise the importance of teenage pregnancy.⁶⁴

International comparisons

A number of insights can be drawn from the different policies that have focused on lone parents in the UK and the way that these apply to the range of challenges that are still faced today.

Internationally, there are significant variations in the number of lone parent households and their likelihood of being in work. In some countries, significant cultural differences seem to be influential in creating particularly low rates of lone parenthood. In other places, especially in Western Europe, lone parenthood is common and policies have been focused on supporting employment and incomes.

“Some of the most significant issues that we associate with lone parenthood are clearest among individuals who had children when they were particularly young”

61 From April 2013 there would be a loss of £545 from a total eligibility of £6530. <http://www.hmrc.gov.uk/rates/taxcredits.htm>

62 Office for National Statistics. *Conception Statistics, England and Wales, 2011. Table 6.*

63 Department of Health, (2010), *Teenage pregnancy strategy: beyond 2010.*

64 Teenage Pregnancy Independent Advisory Group (2010), *Teenage pregnancy: Past successes – future challenges.*

Across these different countries we see a wide range of policy responses, reacting to a range of perceived problems and political pressures.

Use of conditionality

One of the most significant recent changes in the welfare provision made available to lone parents is the introduction of greater conditionality, meaning that more is expected of lone parents in exchange for benefit support. Most obviously, the UK has seen a transition of lone parents with children aged 5 or over from Income Support to Jobseeker's Allowance, as well as Work Focussed Interviews and increases in requirements announced in the 2013 Spending Review.

Similar increases in conditionality have been shown to have led to lower welfare caseloads and higher employment across different countries, including New Zealand, Australia, Canada and the US:

Much of the evidence particularly that from the US, shows that increased work-related requirements also increased employment rates. In the US, evidence has estimated that tax credits were responsible for about one-third of the change in lone parent employment rates and the economy and welfare reform each responsible for another 25 per cent.⁶⁵

However the voluntary or mandatory nature of support has been shown to be important, with earlier voluntary programmes seeing lower participation. This raises the concern that the individuals who are furthest from the labour market will only become involved when interventions are compulsory.

Mandatory schemes might benefit from an ability to reach a greater range of claimants and especially target the large number of individuals who remain economically inactive. However, as Work Focussed Interviews found in the UK, they might also reach the individuals who are less motivated and are therefore harder to influence.

The Netherlands

The Netherlands has both a lower proportion of households with children having only one parent and a higher rate of lone parent employment than the UK. However, some of the challenges that lone parents face and the goals of the relevant aspects of public policy are very similar.

One shared issue is the worse than average educational background of lone parents, with one report highlighting that *"Lone mothers' problems in getting out of poverty result from their reliance on part-time work and from the low educational level of most of them: they can only earn low wages in the highly segregated lowest segments of the labour market"*.⁶⁶

This also highlights a shared focus on poverty in lone parent households and the trade-off that can exist between policies to increase employment and reducing poverty. In comparison to some other European countries, the focus on increasing employment came relatively early in the Netherlands, with one report summarising that *"The government has argued that lone mothers should be treated as ordinary citizens, that motherhood is not any longer an argument for not participating in the labour market"*.⁶⁷ This initially involved lone parents who had children above the age of 5 expected to try and take up paid work from 1996, with this extended to all lone parents in 2004. 20% of lone parents moved off Social Assistance between 1999 and 2002. However, 70% of entrants to work still required some level of Social Assistance.

65 Finn, D. and Gloster, R. (2010). Lone Parent Obligations A review of recent evidence on the work-related requirements within the benefit systems of different countries. Department for Work and Pensions.

66 Knijn, T., Martin, C. and Millar, J. (2007) Activation as a framework for social policies towards lone parents: is there a continental specificity? Social Policy & Administration.

67 Ibid

This was followed by devolution of the responsibility to municipalities to reduce the dependence of single parents on welfare; the Work and Welfare Act in 2004 “shifted the budgets for Social Assistance to the municipalities in order to force them to get more people out of welfare”. Finally, lone parents who were in work but earned less than a certain amount received childcare reimbursements.

A range of schemes have therefore been introduced in the Netherlands. Compared to the UK a significant number of these reforms were introduced earlier; this was especially the case with the increased expectation for lone parents to be looking for work while the UK initially prioritised a greater focus on poverty reduction and employment support, with conditionality for benefits coming later.

France

France again has a significantly smaller proportion of households with children having a single parent and higher employment rates among lone parent households than in the UK. However, there are still early examples of policies designed to support lone parent households. One of the clearest was to provide a guaranteed minimum income in the form of a lone-parent allowance (allocation de parent isolé, or API), paid for a maximum of one year (usually after a separation or divorce) or until their youngest child reached three years of age, introduced as a part of reforms in the mid-1970s. This was conducted during a period of time when minimum incomes were the primary focus, rather than increasing employment; the justification for this approach is that it offers “a ‘free choice’ between work and life at home”.⁶⁸

However, these forms of support came in for some criticism, especially when weak economic conditions saw employment of single mothers fall from 70.3% in 1993 to 63.7% in 1999. This was met with significant changes in the structure of support. Until 1999, any income that lone parents earned was accompanied by a 100% reduction in API payment, a 100% withdrawal rate. This was changed, with a lone parent on API being able to keep the full benefit payment on top of earnings, before they were taxed at a rate of 50% up to the API threshold for the following 6 months.⁶⁹ One analysis concluded that lone mothers affected by the reforms were between 3 and 5 percentage points more likely to be in work when compared to married mothers with young children.⁷⁰

Further reforms were introduced by centre-right governments in the mid-2000s, concentrating more on programmes to support people into work in an attempt to reduce unemployment and reliance on receipt of minimum incomes.⁷¹ This saw an increase in the use of subsidies to employers to incentivise them to take on more workers and, to a lesser extent, subsidising employees in a similar way to the “making work pay” agenda seen in the UK. During this period of time, further reforms to the conditions required to claim API were increased and, in principle, an expectation to work was attached.

Japan

Understanding the position of lone parent households in Japan is interesting given its very high employment rate, “The single mothers’ work rate in Japan has been above 80% for the entire postwar period”.^{72, 73} A disproportionate number of single parents in Japan do not receive welfare; in 2005, whilst 80% receive dependent children’s

68 Knijn, T., Martin, C. and Millar, J. (2007) Activation as a framework for social policies towards lone parents: is there a continental specificity? Social Policy & Administration.

69 Gonzalez, L. (2005). Single Mothers and Incentives to Work: The French Experience.

70 Ibid

71 Knijn, T., Martin, C. and Millar, J. (2007) Activation as a framework for social policies towards lone parents: is there a continental specificity? Social Policy & Administration.

72 Source: OECD

73 Aya Ezawa, E (2006). How Japanese Single Mothers Work.

allowance, this is treated as supplementary to their income, and only 14% rely on specific public assistance that ensures a basic standard of living.⁷⁴ The primary focus of policy is not purely employment but helping people to earn more so that they can rise above the threshold for the dependent children allowance and therefore become independent of this support.

The broad economic position of lone parents in Japan is therefore very different to that of many in the UK. For a start, a far smaller proportion of households with dependent children have only one parent than in the UK. As one report highlighted, “in comparison with the US and the UK, single motherhood in Japan is a marginal social phenomenon”.⁷⁵ Another significant difference lies in the different backgrounds of lone parents. Japan sees relatively few births out of wedlock, meaning that, in 2005, 80% of single mothers were divorcees, 12% were widows and less than 6% had never been married.

Part of the reason for this is a cultural difference, with traditional family structures supported. Married mothers are relatively unlikely to work; as Figure 1.3 shows, the proportion of two-parent households in Japan with both parents in work is more than ten percentage points below that of the UK. This low employment rate is especially the case when they have young children. This gender divide is enhanced by policy:

“A key difference between single and married mothers is that whereas social policies have provided particularly middle class mothers with incentives to stay at home, single mother have very few alternatives to work”.

Lone parenthood in Japan therefore seems to be affected by strong norms towards traditional family structures, with many lone parents left little alternative than to work.

Conclusion

Across different countries, it is possible to observe the range of different policies that have been adopted to address the different challenges facing lone parents, as well as the different political pressures and priorities. One of the main differences is a desire to focus on improving either employment or incomes, with activation policies often being delivered in a different way to financial support. These two approaches have tended to come with different conditions and with broadly different objectives.

However, perhaps because it has had both a high proportion of lone parent households and low lone parent employment rates, the UK has tended to focus on both issues. Reforms to Income Support and Tax Credits, and the introduction of NDLP in the late 1990s, left the UK with a combination of activation programmes, improved work incentives and more generous benefits system.

One area where the UK has lagged behind some of its European neighbours is in the job search requirements placed on lone parents with older children. French financial support gave little special dispensation to lone parents after their child was aged 3 or if they had claimed for more than a set period of time. Similarly, the Netherlands began to give lone parents similar expectations to find work as the rest of the population in 2004. In the UK, Jobseeker’s Allowance job search conditions applied to lone parents with children over the age of 12 from 2008,

74 Ibid

75 Fujiwara Chisa, *Single Mothers and Welfare Restructuring in Japan: Gender and Class Dimensions of Income and Employment*. Japan Focus, 2008.

a threshold that has since fallen to include all lone parents whose youngest child is aged 5 or over.

These changes have come at a time when working age benefits, including tax credits, are being rolled into Universal Credit, incentive schemes including Route to Work are being phased out, employment support is being delivered by the Work Programme and childcare allowances have been expanded. Much of this change has seen an increase in the responsibilities of lone parents when their child reaches school age, though there is currently relatively little connecting these important programmes.

A further issue that we have identified is the concentration of employment and educational issues among lone parents who had their first child at a particularly young age. Whilst there have been significant improvements over recent years, teenage pregnancy is very high in the UK relative to other countries, making a focus on further reducing the number of unwanted pregnancies an important part of reducing the number of children living in the most disadvantaged environments and disproportionately in lone parent households.

5

Policy

As this report has demonstrated, on average, lone parent households face significantly greater challenges in a number of areas. Helping more lone parents to enter work, increase their earning and reduce their dependence on the state could boost living standards and life chances for children in those households. It would also represent a significant boost to the workforce and UK economy. While a number of different policies have been used to address these issues, a range of challenges remain and demand a renewed policy focus.

However, policy debates in this area focus too often around how to reduce the numbers of lone parents and the extent to which the tax and benefit system does, or does not, encourage partnership. Indeed, as this report has highlighted, a common concern is that the tax and benefit system currently penalises couples as compared to lone parents. However, this view is often misplaced as it is premised on a comparison of what a couple could claim in benefits if they lived separately, not as a couple. There are good reasons for this difference in benefit levels, not least that the total outgoings of a couple living together are likely to be significantly lower than if they lived apart. The evidence suggests a significant number of people are claiming separately while in fact being a couple; however, this should be treated as fraudulent behaviour and should be tackled with more effective use of private sector and government data.⁷⁶

The 2010 HMRC and DWP fraud and error strategy outlined the need to improve the performance of departmental systems, employing private sector firms to improve fraud detection techniques and employing private sector firms in a 'payments by results' mechanism.⁷⁷ The report also focused on the need for tougher punishments for those found guilty of fraud. Together, these changes are positive, however they must go further with efforts to detect fraud as technological advances allow for greater use of open data and the private sector information, and the government introduces Real Time Information to identify household incomes.

Increasing employment

One of the clearest issues that we see among lone parent households in the UK is high worklessness, both compared to other groups of individuals (for example second earners) and lone parents in other countries. This report also identifies a number of different areas where individuals face significant problems which policy is not currently addressing sufficiently.

Two key determinants of whether a lone parent is in work or not are the age of their youngest child and the qualifications they have. Economic inactivity rates are highest when lone parents have very young children and fall rapidly up until their youngest

⁷⁶ In 2006 the IFS estimated 200,000 more lone parents were claiming tax credit or out of work benefits than the Family Resources Survey suggested should be. This was put down to the government paying benefits to adults who "the government thinks are lone parents but who are living as couples in the eyes of government statisticians".

⁷⁷ HMRC & DWP (2010), *Tackling fraud and error in the benefit and tax credits systems*.

child is aged eight. This fall varies significantly depending on education levels, with lone parents with no major qualifications four times as likely to still be looking after the home or family when their youngest child is aged four as lone parents with higher qualifications or degrees (56% compared to 14%). Unemployment is highest in the years after a lone parent's child reaches school age, indicating that many lone parents are expected to find work but are experiencing difficulties doing so.

As already outlined, as government policy has looked to help more lone parents into work, these differences have become starker. Those lone parents closest to the labour market (with older children and higher levels of qualifications) have moved more quickly into work and been affected by changes to lone parent obligations more. This presents a significant challenge to the government's progress in this area. In short, it is likely to get more difficult to continue to increase employment rates of lone parents.

However, while challenging, the potential gains are significant for both the families involved and the wider economy. This justifies the government's continued reforms in this area. As has been already outlined, recent reforms will soon introduce a more flexible and intensive programme of mandatory Work Focussed Interviews that ask lone parent claimants of Income Support to think about work, training and support schemes before their youngest child is aged five. To complement this and alongside the expansion of 15 hours of free childcare to all children aged three or four, the government has also announced that some parents with children of that age and who are not working will be expected to prepare for work through mandatory work related activity.^{78, 79}

The intention of mandatory work related activity should be to ensure that individuals have the skills, preparation and confidence to find work once their youngest child starts school. However, in some cases, it is likely that there will be resistance and a lack of awareness about the nature of the benefit system for lone parents. Outlining the expectations of those receiving benefits should be a priority in these situations.

As well as this it is important that failure to engage with these mandatory activities leads to sanctions, which we recommend are in line with those currently given to individuals who miss Work Focussed Interviews, worth 20% of Income Support.

In principle this is a sensible approach. Attempting to tackle the barriers to work faced by lone parents, before they are subject to full jobseekers conditionality when their youngest child reaches five, could ease that transition and make it more likely for them to return to work more quickly. However, there are a number of concerns as to how this might be implemented in practice:

- Because it is a devolved responsibility, there should be concerns around the availability and cost of childcare that might lead to a lack of suitable high quality childcare for lone parents expected to undertake work related activity.⁸⁰
- It is unclear what sorts of work related activity lone parents might be expected to undertake and how this would be appropriately targeted and personalised to ensure that it is effective.
- It appears that there will be no extra financial resources available for Jobcentre Plus to deliver these new policies, meaning that increases in WFIs and support for work related activity will have to be delivered within existing budgets.

78 HM Treasury, Spending Round 2013.

79 DWP, (2013). 'Explanatory Memorandum for the Social Security Advisory Committee'. *The Draft Income Support (Work-Related Activity) and Miscellaneous Amendments Regulations 2013*. <http://ssac.independent.gov.uk/pdf/explanatory-memorandum.pdf>

80 DWP, (2013). Equality Analysis for introducing flexibility to mandatory Income Support (IS) Work Focused Interviews (WFIs) and introducing mandatory Work-Related Activity (WRA) for lone parents.

Together, these three factors present a significant delivery challenge, which we believe could undermine the proposals. On top of this conditionality there is therefore a clear need to investigate extra support, allowing job centre advisors to tailor support to the specific needs of lone parents with young children. Box 5.1 outlines pilots for practical support that might be made available and mandated through work related activity requirements, providing targeted up-front investment with the intention of helping the lone parents who are furthest from the labour market to become self-sufficient as soon as possible and reducing the burden placed on the welfare state.

Box 5.1: Piloting provision of extra support for lone parents claiming Income Support, with youngest child aged three and four

This report recommends that the government pilots schemes where more money is made available to jobcentres to deliver support which goes hand in hand with the extra conditions that are being applied.⁸¹ Funding of £1000 per claimant per year can be effective at supporting the most vulnerable children and boosting the economy.

How this money is spent in supporting lone parents with youngest child aged one to three should be determined by local jobcentre advisors. As part of this, where they have been phased out, jobcentres should be encouraged to re-instate specialist lone parent advisors to ensure resources are allocated as efficiently as possible.

This should include, but not be limited to:

- Providing connections to courses run by mainstream education providers, including colleges and universities.
- Sanctioning use of private training providers, ensuring they are targeted and shown to be cost effective.
- Encouraging free courses and qualifications already available to younger lone parents.
- Registering claimants for work preparation courses inside and outside of the Jobcentre; including CV writing, job search skills and research to establish suitable types of positions.

These programmes should ensure that, by the time their child reaches the age of five, claimants have engaged with as many relevant support programmes as possible given their time constraints, and that the task of increasing employability and preparing for job search has been advanced significantly ahead of entering full job search conditionality.

Proper assessment of these pilots is essential. Interventions should be trialled across different Jobcentres, with analysis considering the cost savings that come through increased employment and reduced benefit claims.

81 Estimates including all lone parents or registered responsible carers from *The Draft Income Support (Work-Related Activity) and Miscellaneous Amendments Regulations 2013, Explanatory Memorandum for the Social Security Advisory Committee, Department for Work and Pensions*, page 25

Childcare

As well as concerns around limitations of current training support available to lone parents, there are also potential issues surrounding the availability of quality childcare.

At the macro level, some of these concerns are misplaced. Take-up of the universal free childcare offer is already high amongst lone parents, with some 81% of lone parents receiving free hours of childcare.⁸² As we have already argued, it is not unreasonable to ask lone parents taking advantage of this offer to engage with support that could help them to return to work more quickly once their youngest child reaches school age.

However, there would obviously be concerns if a lone parent did find themselves unable to undertake work related activity if, for instance:

- Childcare was not available locally.
- They were already engaged in other work related activity in the hours of free provision (for example, volunteering).
- Work related activity lasted longer than the 15 hours of free childcare on some occasions.
- Travelling between work related activity and the location of the child's childcare was prohibitively expensive for the lone parent.

For this reason, this report recommends that the funding made available as part of the application of mandatory work activity is used to fund extra costs associated with childcare provision where it is deemed appropriate by Jobcentre Plus advisors. This should be in addition to the already available flexible support fund and ring-fenced for supporting lone parents undertaking mandatory work related activity.

Work experience and childcare

A significant barrier to employment for some lone parents is likely to be a lack of recent labour market experience. Data from the Labour Force Survey shows that 69% of unemployed or inactive working age lone parents left their last job more than two years previously or had never worked. This is significantly higher than the 51% seen across the whole working age population, and is as high as 78% among lone parents with a youngest child who is five or six years of age.

With such a long period out of the labour market, one of the most effective forms of support for some lone parents could be to gain work experience before their youngest child reaches age five. To facilitate this, we recommend two areas where work experience could be implemented:

- **Lone parents with youngest child aged three or four should be eligible to volunteer for the work experience that is currently available as part of the government's Youth Contract.** As outlined above, childcare costs on top of the 15 hours of free entitlement should be covered by Jobcentre Plus.
- **A new scheme should also be piloted, allowing some lone parents to engage with light-touch work experience as part of their mandatory work activity, at the same time as placing their child in childcare.** To facilitate this, Jobcentre Plus should engage with local childcare providers to ring fence a number of places for children of lone parents with children aged three or four. The lone parent would then volunteer at the childcare provider to build experience and keep in touch with the labour market, whilst also helping to improve the important links between jobcentres and childcare providers.

82 DfE (2010), *Towards universal early years provision: analysis of take-up by disadvantaged families from recent annual childcare surveys*. Research Report DFE-RR066.

Incentivising employment and earnings, reducing dependency

As well as the direct employment support programmes and changing work search commitments related to IS, there have already been some successes in increasing earnings for lone parents. In fact, lone parents are one of the few groups who are relatively responsive to changes in financial incentives, with evidence showing that reforms such as Working Families Tax Credit and In Work Credit increased lone parent employment.

For these reasons **this report recommends that time-limited financial incentives to re-enter work should be made available to lone parent when their children are aged 3 or 4, on the condition that they have been out of work since their youngest child was born** (in order to minimise the dead weight of supporting parents already close to the labour market). In a similar fashion to In Work Credit, this would offer a tax free bonus to a parent who re-enters work for at least 16 hours per week, for either 12 months or until their youngest child turns 5, whichever comes first. As they would enter work, this would remove the requirement to engage with training, offering parents of the youngest children a clear choice.

This should be worth a fixed proportion of the benefit withdrawal that their higher income would have caused over that period of time. This will ensure that the benefits that lone parent see withdrawn as their income rises do not discourage a potentially intimidating transition into work. It will also help to reduce government benefit spending more quickly than waiting until their children turns five for them to start looking for work.

Progression

Despite the importance of tackling unemployment and benefit dependency, reducing reliance on welfare is not just a matter of finding lone parents work. Around one third of all lone parent underemployment is accounted for those working part time wanting more hours. On top of this, one third of in-work tax credit receipts are from lone parent households. There are therefore a significant number of lone parents who are in work but want to progress within their current position.

Again, there is some positive evidence here, with the UK Employment, Retention and Advancement (ERA) pilots leading to a small decrease in benefit spending on eligible lone parent households after 5 years and higher employment seen after 2 years.⁸³ The United States ERA programmes also showed improvements among lone parent households; however, the most significant improvements were seen among lone parents who had higher earnings and a stronger labour market attachment.⁸⁴

Building on this evidence from the UK and USA, a time-limited financial incentive should also be piloted to encourage lone parents to increase their hours of work or to move into higher paid jobs.

Policy Exchange's previous report, *Slow Progress: Improving Progression in the UK Labour Market*, recommended that the government pilots a scheme where in-work benefit claimants can retain a portion of the benefit savings that come as a result of increasing their income for up to 12 months. The high underemployment among in-work lone parents means that they are important groups to focus these progression incentives on.

83 Hendra R, Riccio J et al, *Breaking the low-pay, no-pay cycle: Final evidence from the UK Employment Retention and Advancement (ERA) demonstration*, DWP (2011)

84 Miller C., Deitch V. et al, (2011), *Can Low-Income Single Parents Move Up in the Labor Market?*, MDRC

This report therefore recommends that, for lone parents claiming means tested who have not seen earnings progression in recent years, **the government should pilot allowing lone parents to enter a scheme where they can receive a portion of the net benefit savings as a lump sum at the end of one year.** This should enhance the incentives to progress, whilst focusing on those who have not seen progression should reduce the risk of dead weight from those who would progress otherwise. At the same time, if targeting is strong, there will be no cost for the scheme, but rather the benefit saving would represent a saving for government.

Having children young

Women who had their first child young are the most likely to become lone parents and disproportionately see the poorest educational and employment outcomes. Furthermore, many of these pregnancies are unplanned, meaning that reducing conceptions when people are particularly young should be seen as a legitimate priority.

In this area some successes have been seen. The teenage conception rate fell significantly, as did the number of births to women in their early-20s. However, teenage pregnancy rates in the UK are still significantly above the OECD average. It is therefore clear that, whilst the progress that has been made has been important, there is significant room for further improvements.

Reducing unwanted pregnancies among young women should be seen as an important priority for government, both because of the consequences for work and welfare dependency (especially through its link to lone parenthood), and as part of an effort to reduce the number of children growing up in poor households.

An important aspect of this is an understanding of the number of unwanted pregnancies, which in itself should be a focus of research across government. Part of this must be identifying which factors lead to somebody having a child, whether it is sexual education, poor employment prospects, family influences or broader social norms.

As well as this, so that changes to conception and abortion rates can be better understood, **this report recommends that the government establish a measure of unplanned pregnancies,** in addition to the existing measures of conceptions, abortion rates and maternity rates. This can be used to better understand the causes of changes in conception rates, as well as allowing us to go further and identify whether young people might be intentionally having children for reasons such as benefit eligibility.

Benefits and having more children

A final concern is that the benefits system encourages people to have more children so that they can avoid stricter job search conditionality in return for their benefits when their child reaches a certain age. Evidence for this is unclear given that, whilst inactive lone parents with one young child is more likely to have a second than one who is in work, it is not apparent if this reflects an intention to have more children rather than return to work, rather than an effect of the structure of the benefits system.

Given this uncertainty, further research is required to identify the extent to which individuals are having more children to become eligible for lower levels of

conditionality in return for the support they receive. This is particularly important to address given the potential for public perceptions that the benefits system can be manipulated; tackling issues that create these perceptions is important if we are to increase public support for the interventions that can increase employment and improve living standards.

6

Conclusion

The UK's combination of high rates of lone parenthood and low lone parent employment rates demonstrates why it is important to develop new ways to reduce the impact of these issues.

The evidence clearly shows a number of significant challenges faced by lone parent households across the country. Low levels of qualifications are a particular issue and one that maps clearly onto employment outcomes; these factors are then disproportionately concentrated among those households who had their first child at a young age.

The most significant consequences of this are seen in unemployment and economic inactivity, especially around the time when children reach school age. The changes to the benefit system also increase the importance of this period of time as lone parents have found themselves expected to engage with work related activity. Enhancing the support that is offered over this period of time, in particular training and preparation for employment, is essential if employment among lone parents in the UK is to increase. Other more targeted offers of support, including procession bonuses and time limited bonuses for lone mothers with young children entering work should also be piloted.

These approaches focus on the genuine challenges faced by households through their attempts to support lone parent into work, raise living standards and reduce dependence on welfare. However other issues are also important, including the high rate of unplanned pregnancies among young women that can often lead to some of the most significant issues seen within lone parent households. A greater recognition of the impact of this on the creation of lone parent households should encourage steps to be taken as a part of any strategy to reduce the number of children growing up in the most deprived environments.



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