



## About this report

**This report is the second from Gingerbread's *Paying the Price* project, which runs until June 2015. The project examines single parents' lives in an 'age of austerity' – the combined impact of a weak economy, public spending cuts and welfare reform on their families. This report focuses on employment, looking at single parents' experiences of work and finding work in a recovering economy.**

**Stay up to date with the project:  
[www.gingerbread.org.uk/payingtheprice](http://www.gingerbread.org.uk/payingtheprice)**

### Acknowledgements

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We are also grateful to the Office for National Statistics (ONS) Data Advice and Relations Team for producing the national labour market dataset used in this report.

Most importantly, Gingerbread would like to thank single parents for their continued participation in the research for the *Paying the Price* project. Without their generous input, it would not be possible to conduct this work.

### About Gingerbread

Gingerbread is the national charity for single parent families.

Since 1918 we've been providing families with expert advice, practical support and tailored services, as well as campaigning to make sure single parents' voices are heard.

We won't stop working until we achieve our vision – a society in which single parent families are treated equally and fairly.

# The long road to recovery

**After more than four years of economic recession and stagnation in the UK, the return to a sustained period of growth is clearly good news. At the same time, however, many single parent families are struggling to maintain an adequate household income. This research shows that the labour market is hindering, rather than helping, single parents to earn their way out of poverty. To put any nascent recovery into perspective, it is vital that we understand the financial reality facing single parents and the changes needed to ensure work genuinely pays in a growing economy.**

## Introduction

The UK's return to economic growth has yet to translate into improved household incomes. Instead, living standards have sharply fallen in recent years, with real disposable income falling more than in previous recessions.<sup>1</sup> From our first *Paying the Price* report, we know that single parents are particularly affected by the squeeze on incomes (Rabindrakumar, 2013). We also found that many single parents are caught in an income trap, where they are struggling both to earn more and to reduce living costs, in order to compensate for losses in income through cuts to wages, tax credits and benefits.

This report focuses on the struggle for single parents to earn an adequate income through work. The report uses a mixed method approach, drawing on:

- Analysis of secondary national data, with a particular focus on the Labour Force Survey and Annual Population Survey
- An online survey, held from 14 February to 14 March 2014, with 2,486 single parent respondents<sup>2</sup>
- In-depth qualitative interviews with 23 *Paying the Price* panel members.

<sup>1</sup> Plunkett, J., Hurrell, A. and Whittaker, M. (2014) *The state of living standards*. [Online]. Available: <http://www.resolutionfoundation.org/events/state-living-standards-2014/>.

<sup>2</sup> Missing data is excluded from the survey findings quoted in this report, so base numbers vary between questions. Base numbers for all survey data quoted can be found in the full report. All references to single parents surveyed refer to this poll, unless otherwise stated.

## No pay, no gain

Over the last 20 years, overall single parent employment has significantly increased. However, this long-term trend masks more complex patterns – in particular, single parent employment growth has slowed in recent years. Gains in single parent employment were steepest in the late 1990s and early 2000s, whereas the increase in the single parent employment rate was much less marked between 2007 and 2011.

Worse still, there are signs that the job market is not only stagnating, but also not providing a route out of poverty for single parent families. Relative child poverty in working single parent families has increased in the past couple of years: over one in five (22 per cent) children in families where single parents work full-time is now in poverty, and this rises to nearly one in three (30 per cent) where single parents work part-time.<sup>3</sup> 67 per cent of working single parents surveyed found it difficult, at best, to make ends meet.

One reason why many working single parents are still facing poverty is that they are too frequently stuck in low paid jobs. Median employment income for single parent households was £110 in 2011/12, compared with £390 for all UK households.<sup>4</sup> Almost four in ten (39 per cent) working single parents surveyed had a low paid job, according to the standard EU definition of low pay, compared with 21 per cent of workers nationally.<sup>5</sup>

Moreover, many single parents are also facing falling wages. 25 per cent of working single parents surveyed had experienced a reduction in wages by their employer in the last six months. For single parents already on low wages in particular, pressure on real earnings makes it even less likely that rising living costs can be met.

**“I am earning less per hour now than I was four years ago.”**

## Making up lost income

Single parents have tried to increase their working hours to make up for the losses incurred through stagnant wages and increasing pressure on their finances. 26 per cent of working single parents surveyed had increased their working hours in the last two years due to financial necessity; 12 per cent worked overtime in order to increase their income. Many are also working multiple jobs and long hours. Around one in six working single parents surveyed have more than one job, and a third of single parents surveyed worked 35 hours or more per week.

**“I have to work two jobs, day/night shift patterns [and] find appropriate childcare.”**

<sup>3</sup> DWP (2014) Households below average income (HBAI): 1994/95 to 2012/13. [Online]. Available: <https://www.gov.uk/government/publications/households-below-average-income-hbai-199495-to-201213>.

<sup>4</sup> DWP (2013) Households Below Average Income, 1994/95-2011/12. 7th edition. Colchester, Essex: UK Data Archive. Available: <http://dx.doi.org/10.5255/UKDA-SN-5828-4>. Household income was estimated from total employment and self-employment income and equivalised using the household level OECD equivalence scale (before housing costs).

<sup>5</sup> Whittaker, M. and Hurrell, A. (2013) Low pay Britain 2013. [Online]. Available: [http://www.resolutionfoundation.org/media/media/downloads/Low\\_Pay\\_Britain\\_2013.pdf](http://www.resolutionfoundation.org/media/media/downloads/Low_Pay_Britain_2013.pdf).

Yet even with these efforts, there are marked signs of ongoing under-employment among single parents. 23 per cent of working single parents surveyed would still like to work more hours. Nationally, the proportion of single parents who would like to work longer hours rose from 13.5 per cent in 2007 to 18.5 per cent in 2012.<sup>6</sup> However, this option is increasingly not available for many single parents. The proportion of single parents who are involuntarily working part-time (ie they would like a full-time job) has doubled in just five years, going from 7.6 per cent in 2007 to 15.2 per cent in 2012.<sup>7</sup> Thus, single parents are struggling to find the working hours they want and need to make ends meet.

## Into work...but for how long?

Many single parents now also face increased job insecurity. 56 per cent of working single parents surveyed have become more concerned about job security in the past two years. This reflects the increasing lack of income reliability; 19 per cent of working single parents surveyed said they had lost income due to employers' cuts in wages or hours or through redundancy in the last six months. 30 per cent of working single parents surveyed had also experienced unpaid overtime in the past two years, for the first time – effectively losing out on pay for additional hours worked.

There has been an increase in the proportion of single parents whose job is not permanent (for example, due to temporary contracts or seasonal work) from 4.5 per cent to 5.3 per cent. While this change may seem small, it equates to a 27 per cent increase in the numbers of single parents in temporary work – over 11,200 single parents.<sup>8</sup>

**“They didn't keep any of the staff on at all that they took on for Christmas, so they let us all go on 11 January.”**

Our survey also suggests that many single parents are experiencing these less secure contracts for the first time: in the past two years, 12 per cent of working single parents surveyed said they had experienced a temporary or fixed term contract; 6 per cent said they had experienced a 'zero hours' contract for the first time in the same period.<sup>9</sup>

As a result, around a fifth of working single parents surveyed are not sure, or think it unlikely, that they will be able to stay in work for the next 12 months. These concerns were borne out by responses from non-working single parents surveyed – 26 per cent had left their last paid job due to job insecurity, either from redundancy, temporary jobs ending, or wage cuts (either through reduced wages or hours).

<sup>6</sup> ONS (2014c) *Male and female lone parent with dependent children compared to all family type analysis cross referencing various variables from LFS/APS datasets 2007 to 2012*. [Online]. Available: <http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/published-ad-hoc-data/labour/may-2014/male-and-female-lone-parent-with-dependent-children.zip>

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> With a lack of a consistent definition of 'zero hours' contracts, this was defined as a contract without specified minimum hours with no standby time paid.

## Self-employment – problem or solution?

Around a fifth of working single parents surveyed were self-employed, compared with 15 per cent of employees nationally (ONS, 2014b). A substantial proportion has made this move recently; about a third (32 per cent) of self-employed single parents surveyed said they had moved into self-employment for the first time in the past two years.

The high rates of self-employment signal a strong motivation to generate income, but this has come at a personal cost for many who are newly self-employed. Our survey indicates that self-employed single parents face a higher risk of being low paid than employee-only single parents surveyed (the rate of low pay was 53 per cent compared with 35 per cent, respectively). Worryingly, self-employed single parents made up over half of those who reported being paid below the minimum wage. Single parents interviewed echoed these findings and described the difficulties faced in setting up a new business in recent years.

## Finding a way back to work

We found the motivation to work was strong among those single parents who are out of work – whether to set an example for their children, to follow in their parents' footsteps, to provide for their family or to fulfil their own ambition. However, there is a strong feeling of frustration among single parents trying to find their way back to employment.

While there may be job growth nationally, our evidence suggests this growth hasn't necessarily been in jobs that work for single parents. Of non-working single parents surveyed, 56 per cent said that inflexible working hours stopped them from applying for jobs most or all of the time.

Many also expressed frustration at the lack of responsiveness from employers after submitting applications; around a third (34 per cent) of unemployed single parents said they had never been asked for an interview after making a job application. Most felt this was linked to competition in the current job market. Concern over job competition reflects the perception that there is an inherent labour market disadvantage to being a single parent. A number of single parents out of work thought they would readily be passed over for jobs by employers if competing with people without childcare responsibilities or with another partner to share childcare. This was particularly true of single parents who had been out of the workforce for a longer period of time – often those who had taken time out of the workplace while still partnered to raise children.

**“I know damn well they'd rather employ a 24 year-old who has an administrative background but isn't a single parent.”**

## Any job will do?

Compounding this frustration is pressure from the welfare system to find jobs that are too often not available or out of reach – a repeated theme from interviews was single parents feeling ‘stuck’. ‘Claimant commitments’ with Jobcentre Plus to apply for a particular number of jobs per week or per month have created perverse incentives for some single parents to apply for any job even if there is no realistic chance of actually being able to undertake the job (eg due to a lack of flexibility, or distance from home). The Universal Jobmatch system was also particularly criticised by some for impairing single parents’ job search – either due to failings in its functionality, or because the system overstated the actual number of jobs available due to jobs being posted multiple times.

**“I found myself just applying for jobs in Tesco, jobs that I’d already been rejected for, just to meet the quota that they had set me.”**

## Where next – our recommendations

Reliant on only one income, single parents are already at a disadvantage in terms of their ability to secure a decent household income for their families. Single parents also face particular challenges around securing and sustaining jobs that fit around school hours and childcare, on top of difficulties in finding and paying for childcare itself. In an increasingly precarious and competitive labour market, this report has identified the additional challenges currently facing single parents who are trying their utmost to earn their way out of poverty: endemic low pay; under-employment; job insecurity; and a relentless pressure to find and apply for any job, however unsuitable or unsustainable.

Against a prevailing policy narrative that work is the best route out of poverty, these findings show that this is just not the case for many single parents. This poses a difficult question for welfare reform affecting single parents, which has for some time been predicated on this narrative. 75 per cent of single parents surveyed had been affected by at least one welfare reform; conversely, a job in itself is often not for single parents to earn their way out of poverty and beyond precarious household finances.

Single parents face a long road to recovery. Without action, there is a risk that the labour market which has emerged in the UK will exacerbate the poor employment prospects facing many single parents, further increasing inequality between single parents and other household types. As the economy improves, now is the time for a re-balancing of the UK labour market to ensure that, as more jobs are created, single parents can play a full part in the return to economic growth. Our priorities for action are:

***An overhaul of support into work:***

- The ‘work-first’ approach taken by Jobcentre Plus does not promote sustainable employment outcomes; we want to see a move away from the undue focus on inappropriate job search targets and sanctions which, in many cases, actively hamper single parents’ ability to find suitable work.
- We would like to see investment in skills and training for single parents out of work, which would yield returns both for single parents and for the state, as well as the re-introduction of specialist lone parent advisers in Jobcentres who can better understand and support single parents’ specific needs.

***Delivering a level playing field:***

- We welcome the commitment to increase support for childcare costs to 85 per cent under universal credit. However, single parents need this help now. We recommend the urgent introduction of 85 per cent childcare support under tax credits in the interim until universal credit is fully rolled out.
- Far more needs to be done with employers to create a job market that works for single parents juggling work and childcare responsibilities. We would like to see the government play a much more active role in the development of flexible working opportunities across a greater range and level of jobs, starting with jobs across the public sector and contracted-out spheres.

***Tackling insecurity and low pay:***

- In addition to the investment in skills and training recommended above, it is imperative that the government plays a more active role in working with employers to incentivise job security – rather than a growing reliance on temporary and zero-hours contracts – and to develop clear pathways to progression for those entering work on low hours and/or wages.

***Providing genuine incentives to work through the benefits system:***

- Analysis to date of universal credit shows that it will not deliver incentives to work for many single parents as they progress up the hours and earnings scale. With a phased and gradual implementation plan for universal credit now in place, there is still time to pilot further adaptations of its current formula to maximise work incentives for single parents; these should include trialling a lower taper rate and a higher income disregard for single parents.

***Ensuring that self-employment is part of the labour market solution:***

- It appears that some single parents are being inappropriately advised or encouraged into self-employment, and are risking very low incomes as a result. Looking ahead, there is a very real concern that the 'minimum income floor' assumed in order to calculate universal credit payments will make it harder, not easier, for those on low incomes to sustain a new business after 12 months. We recommend that the government undertakes a rapid review into self-employment for those on low incomes.
- We would also like the government to review Jobcentre Plus self-employment support – including the consistency of New Enterprise Allowance provision – and implement a clear and focused action plan to provide adequate and expert support through Jobcentre Plus for those wishing to follow this route.

Against the backdrop of economic recovery, it is worth emphasising that the gains from single parents entering employment are not just for the individual. With the prospect of a welfare cap on annual managed expenditure, there is a pressing need to ensure single parent employment is secure and provides adequate incomes. In fact, previous Gingerbread research suggests that if just 5 per cent more single parents moved into work, the government would generate £436 million savings (Brewer and DeAgostini, 2013). The imperative to meet the single parent employment challenge is therefore not just about single parents' incomes, but also about delivering government value for money and benefits to the wider economy.

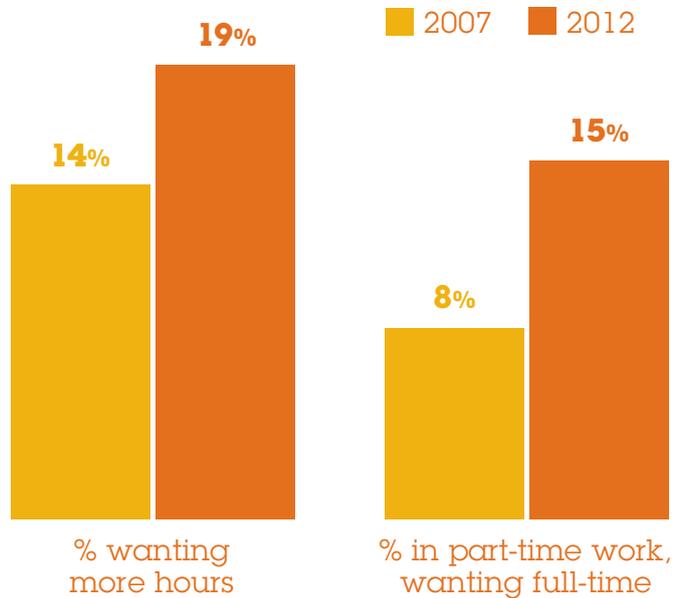
# The single parent labour market in figures

## Stuck in low pay...

Proportion who are in low paid jobs



## ...and increasingly under-employed



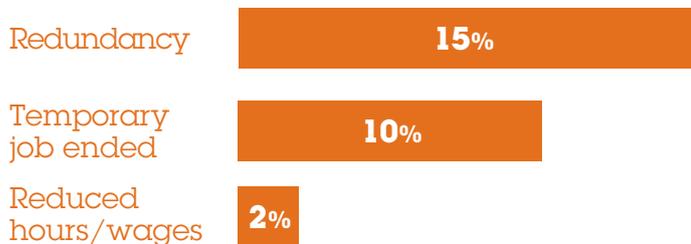
## At risk in self-employment...



% of those with a self-employed job    % of those who are employee-only

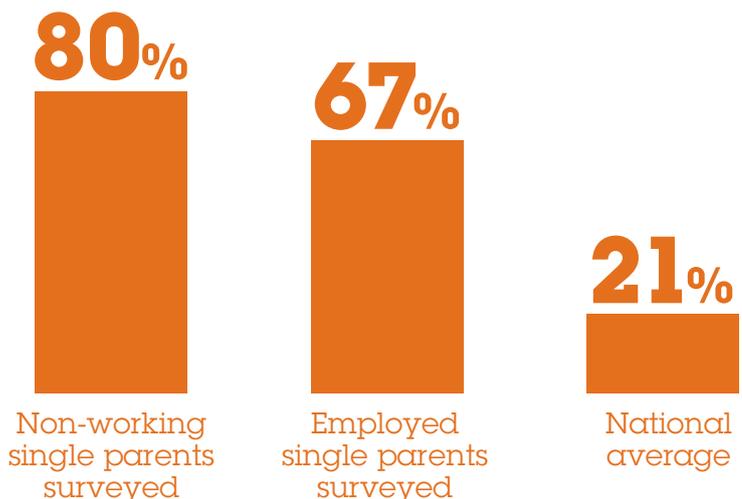
## ...and insecure jobs

% of non-working single parents who left last job due to...



## ...and struggling to make ends meet

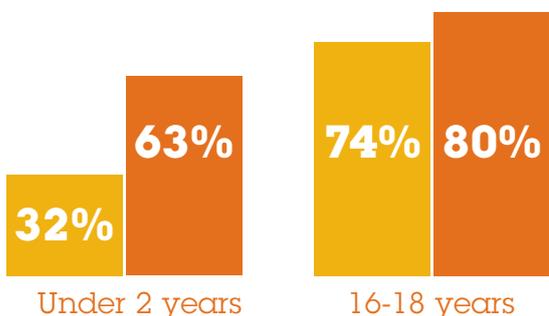
Proportion who say managing finances is always difficult at best



## Fighting the childcare trap...

Employment rate by age of youngest child, 2012

■ Single mothers    ■ Non-single mothers





# **Gingerbread**

Single parents, equal families

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**0808 802 0925**

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