

Research report

# Supporting lone parents' journey off benefits and into work: a qualitative evaluation of the role of In Work Credit

by Lorraine Sims, Jo Casebourne, Laurie Bell and Malen Davies

Department for Work and Pensions

Research Report No 712

# **Supporting lone parents' journey off benefits and into work: a qualitative evaluation of the role of In Work Credit**

Lorraine Sims, Jo Casebourne, Laurie Bell and Malen Davies

A report of research carried out by the Centre for Economic and Social Inclusion on behalf of the Department for Work and Pensions

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# Abbreviations

ADHD	Attention deficit hyperactivity disorder
BOC	Better Off Calculation
BWC	Better off in Work Credit
CTB	Council Tax Benefit
CTC	Child Tax Credit
DLA	Disability Living Allowance
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
EZ	Employment Zone
FACS	Families and Children Study
FND	Flexible New Deal
HB	Housing Benefit
IS	Income Support
IWAS	In Work Advisory Support
IWC	In Work Credit
IWEDF	In Work Emergency Discretion Fund
IWRP	In Work Retention Pilot
JSA	Jobseeker's Allowance
JSA(IB)	Income-based Jobseeker's Allowance
JSA(Cont)	Contribution-Based Jobseeker's Allowance
LPO	Lone Parent Obligations
LPP	Lone Parent Pilots
ND+fLP	New Deal Plus for Lone Parents
NDLP	New Deal for Lone Parents
NEET	Not in employment, education or training
OECD	Organisation for Economic Cooperation and Development

PSA	Public Service Agreement
RTWC	Return to Work Credit
WFI	Work Focused Interview
WTC	Working Tax Credit

# Glossary of terms

Anticipation effect	These include any effects a policy has on individuals' actions (in particular, likelihood to claim benefits) prior to the policy directly affecting them.
Balance of time	If a lone parent claiming In Work Credit (IWC) stops their claim before the maximum 52 weeks is claimed, the balance of time (i.e. the balance of the 52 weeks) may be available if they subsequently return to work and the job is suitable. For example, if the customer finds further work (or hours return to above 16 hours per week), the balance of weeks owed, up to the maximum 52 weeks, will be paid, as long as the job is suitable and is expected to last longer than five weeks.
Better off in Work Credit	This credit is for those who have been unemployed for six months or more to ensure that they will be at least £40 per week better off in work. It is hoped that the credit will be available nationally from January 2011.
Child (for Income Support eligibility)	A person aged under 16 for whom an adult claims Child Benefit.
Child (for Child Benefit payments)	A person aged up to 16, or up to 20 and in full-time non-advanced education or certain types of training, for whom Child Benefit can be claimed.
Child Benefit	A universal benefit available to all families with children under the age of 16 or up to 20 if in full-time non-advanced education or certain types of training. The level of payment depends only on the number of children in the family, with a higher payment for the eldest child. It is not income-based.
Child poverty	<p>There is no single, universally accepted definition of poverty. In the United Kingdom (UK), three measures of poverty are used:</p> <ul style="list-style-type: none"><li>• <b>Absolute low income:</b> this indicator measures whether the poorest families are seeing their income rise in real terms.</li><li>• <b>Relative low income:</b> this measures whether the poorest families are keeping pace with the growth of incomes in the economy as a whole. It measures the number of children living in households below 60 per cent of contemporary median equivalised household income.</li><li>• <b>Material deprivation and low income combined:</b> this indicator provides a wider measure of people's living standards. The government monitors child poverty against all three measures with a target attached to the relative low-income measure.</li></ul>

Child Tax Credit	A payment made by the government for bringing up children. Families with children will normally be eligible if their household income is no greater than £58,000.
Children's centre	Children's centres provide easy access to a range of services, including: <ul style="list-style-type: none"><li>• integrated early learning and childcare;</li><li>• family support;</li><li>• health services; and</li><li>• advice and information for parents, including signposting to employment and training opportunities.</li></ul>
Employees	Those who are in employment and paid a wage by an employer for the work they do.
Employment	The number of people with jobs: people aged 16 or over who do paid work (as employees or the self-employed), those who had a job they are temporarily away from, those on government-supported training and employment, and those doing unpaid family work (working in a family business).
Employment part-time – mini-job	A job of less than 16 hours of work per week.
Employment part-time	A job of 16 to 29 hours of work per week.
Employment full time	A job of 30 hours or more of work per week.
Employment and Support Allowance	From 27 October 2008, Employment and Support Allowance (ESA) replaced Incapacity Benefit (IB) and Income Support (IS) paid on incapacity grounds for new customers. ESA provides financial assistance as well as personalised support for people with an illness or disability to help them move into suitable work.
Employment Zones	Employment Zones (EZs) aimed to help people who have been out of work for a long time to find and stay in work. There were four EZs across the country, in areas that have the highest rate of long-term unemployment. In April 2009, EZs were replaced by the Flexible New Deal (FND) programme in phase 1 districts. FND will be replaced by the Work Programme in summer 2011.
Formal childcare	Ofsted-registered childcare, including: day nurseries, out-of-school clubs, pre-school play groups and child minders.
Flexible New Deal	FND is a compulsory programme for all those who are unemployed and eligible to receive Jobseeker's Allowance (JSA). Those who have been unemployed and on JSA for 12 months are required to join the FND. The FND programme has four stages. The first three stages relate to claiming JSA with Jobcentre Plus. The fourth stage is an employment programme delivered by a private or third-sector provider. The FND will be replaced by the Work Programme in summer 2011.

<b>Income Support</b>	Income Support (IS) is a means-tested benefit for those who do not have to sign-on as unemployed. This includes some lone parents, i.e. those who are not subject to lone parent obligations or are exempt from them.
<b>Informal childcare</b>	Childcare not registered with Ofsted, including: parent and toddler groups and unregistered family members providing childcare.
<b>In work advisory support</b>	In work advisory support was rolled out nationally from April 2008 and was intended to assist lone parents with their transition into work and career progression once in work. Eligible lone parents are able to access adviser support and guidance of approximately one hour per month during their initial 26 weeks of employment.
<b>In work retention pilot</b>	The in work retention pilot was part of a series of policy interventions designed to encourage greater numbers of lone parents to take up paid work. It was a two-year pilot which tested the effectiveness of using wage supplementation plus adviser support as an aid to job retention and progression. A mix of weekly payments, quarterly lump sum bonuses and adviser support were offered to eligible lone parents entering work of at least 16 hours per week in pilot areas.
<b>Jobseeker's Allowance</b>	JSA is the main benefit for people of working age who are out of work, work less than 16 hours per week on average and are available for and actively seeking work.
<b>Job grant</b>	A job grant is a £100 tax-free payment (£250 if you have a child or children) for people entering full-time paid work (work of 16 or more hours per week). People whose partner moves into work of 24 or more hours per week can also get a job grant. It does not count as income or capital for means testing.
<b>Lone parent – generic definition</b>	Parent or guardian with a dependent child under 16 who is not in a co-habiting relationship.
<b>Lone Parent Obligations</b>	Changes to entitlement conditions for lone parents claiming IS, starting from 24 November 2008. Most lone parents with a youngest child aged 12 or over were no longer eligible for IS if they made a new claim for benefit only because they were a lone parent, subject to certain exemptions and conditions. Instead, those able to work could claim JSA and were expected to look for suitable work in return for personalised help and support. Lone parents with a health condition or a disability could claim ESA. The change has been introduced in three phases: A youngest child aged 12 or over from 24 November 2008; a youngest child aged ten or over from 26 October 2009; and a youngest child aged seven or over from 25 October 2010. Existing lone parent's entitlement to IS is also phased in line with the above timescales.

<b>New Deal for Lone Parents</b>	New Deal for Lone Parents (NDLPs) was launched nationally in October 1998. NDLPs is a voluntary programme that aims to help and encourage lone parents to improve their job readiness and employment opportunities, and gain independence through working. This is achieved through providing access to various elements of provision made available through a personal adviser. Eligibility for NDLPs includes all lone parents aged 16 or over whose youngest child is aged below 16, and those who are not working, or are working less than 16 hours per week.
<b>New Deal Plus for Lone Parents</b>	This has been delivered through a number of pilot areas since April 2005. The pilot tests the delivery of an 'enhanced' package of support for lone parents and couple parents (key elements of the pilots were extended to couple parents in April 2008) to increase the number of parents finding and remaining in work through increasing NDLPs/New Deal for Partners (NDPs) participation and outcome rates. Some elements tested in the earlier phase of the pilots have been rolled out nationally, including IWC and Childcare Assist. For lone parents, the in-work advisory support and in-work emergency discretion fund elements have also been rolled out, and these are available to coupled parents in the pilot areas. This adds an additional range of support to existing NDLPs provision. New Deal Plus for Lone Parents (ND+fLP) will be run as a pilot until March 2011 and is designed to assist lone parents in keeping their jobs.
<b>Options and choices event</b>	These are events organised for lone parents affected by lone parent obligations. The purpose of the events is to let lone parents know about changes to IS entitlement that affect them, as well as the support that will be available to help them with the changes and to develop skills and a better understanding of the labour market.
<b>Post Office card account</b>	These were introduced in April 2003 as an alternative for those who did not want to or could not open a basic current account when direct payment of benefits was introduced. A Post Office card account can only be used to receive benefits, state pensions and tax credit payments. No other payments, such as Housing Benefit, occupational pensions or wages, can be paid into it. Payments can only be collected over the counter at post offices and the account will not let the owner go overdrawn or incur any charges. Credit checks are not carried out when a Post Office card account is opened.

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<b>Return to Work Credit</b>	Return to Work Credit (RTWC) was introduced as part of the Pathways to Work scheme and, like IWC, is a payment of £40 per week payable for a maximum of 12 months. RTWC is for people who have been claiming benefits because of sickness or ill-health for at least 13 weeks prior to moving into work and cannot be claimed in conjunction with IWC.
<b>Self-employed</b>	Those who work on their own account, whether or not they have employees, in their main job.
<b>Self-employment credit</b>	Self-employment is a payment of £50 per week for up to 16 weeks. Those who have been unemployed and claiming JSA for six months or more, and move into self-employed work of at least 16 hours per week are eligible to claim self-employment credit. Those that make this claim can only receive the credit if they register with Her Majesty's Revenue & Customs as self-employed and they cannot claim any other in-work credits.
<b>Sustained employment</b>	Sustained employment is defined as a job that involves a minimum of 16 hours per week, where the customer is in employment for at least 26 weeks out of 30. Breaks in employment must total no more than four weeks and the job must start before completing the allotted time with the provider or within six weeks of completing the allotted time.
<b>Unemployed</b>	Unemployed people are: <ul style="list-style-type: none"><li>• those who are without a job, want a job and have actively sought work in the past four weeks, and are available to start work in the next two weeks;</li><li>• those out of work, have found a job and are waiting to start in the next two weeks.</li></ul>
<b>Work Focused Interview</b>	As a way of engaging with lone parents on benefits, it became a requirement from April 2001 to participate in lone parent Work Focused Interviews (WFIs) as part of making a claim for IS. The WFI involves a face-to-face interview with a Jobcentre Plus adviser. The aim is to encourage and assist customers to address barriers to work and move towards sustainable employment, through accessing a range of support options. Lone parents entitled to IS take part in mandatory lone parent WFIs every six months, until the year before their IS eligibility is due to end (based on the age of their youngest child) when they become quarterly (i.e. every three months).
<b>Working Tax Credit</b>	Working Tax Credit (WTC) provides financial support on top of earnings. This is payable on top of Child Benefit. Child support maintenance is wholly disregarded when calculating WTC.

# Summary

## Introduction

In Work Credit (IWC) is a non-taxable weekly payment of £40 (£60 in London districts). It is paid for a maximum of 52 weeks to lone parents moving into paid employment of 16 hours per week or more, who have had a period of 12 months or more on out-of-work benefits. The policy intent of IWC was to increase lone parent employment rates by encouraging more lone parents to look for work and move from benefits into work, as well as to contribute to the government's target of reducing child poverty. Since it was rolled out nationally in April 2008, 118,100 individuals have received IWC.<sup>1</sup>

*Inclusion* was commissioned by the Department for Work and Pensions (DWP) to evaluate the delivery of IWC since national roll-out, investigate the effect on retention after the end of IWC and examine differences between those who completed their claim and those who did not. In addition, the research examined the wider impact of being in work on lone parents and their children.

The findings from this evaluation are based on qualitative interviews with 126 lone parents in four case study areas<sup>2</sup> and three focus groups of Jobcentre Plus staff. Lone parent interviewees included those who had recently started an IWC claim, those nearing the end or who had recently completed 52 weeks of IWC, some who had not completed the 52 weeks of IWC and a smaller group who had made more than one IWC claim. This evaluation comprised an implementation study and a retention study, the latter of which had a second wave of research in order to follow up interviewees three to seven months after their IWC claim had ended. Qualitative research of this kind is useful to gain an understanding of how and why things happen. The findings are illustrative but not statistically representative.

## The role of In Work Credit in lone parents' decision to move into work

Interviewees' motivations for working were mixed and included: financial reward, improved social standing, gaining various personal benefits and setting a good example to their children (see Section 2.1). The timing of when a lone parent decided to go back to work was often related to an individual 'tipping point' in their life, for instance their children reaching a certain age. Interviewees had often become more disposed to working as their children grew older (see Section 2.2). However, some interviewees expressed reservations about working when children were early teenaged or secondary school age. This was because of concerns that without the stronger supervision and influence that would come from having a parent at home more, older children would (or might) be more vulnerable to negative peer influences such as drugs, gangs and crime. The main issues that lone parents interviewed for the study overcame before moving into work were: a lack of confidence and a lack of jobs available locally. However, the degree to which interviewees for this study felt they had been restrained from seeking and entering work was less acute than has been found in some other studies of lone parents (Casebourne *et al.*, forthcoming 2010 and Gloster *et al.*, 2010) (see Section 2.3).

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<sup>1</sup> Data based on period between April 2008 and the end of March 2010 (inclusive). Source: DWP.

<sup>2</sup> The fieldwork for this evaluation included IWC pilot areas but excluded New Deal Plus for Lone Parent (ND+fLP) areas and the In Work Retention Pilot areas.

IWC was generally found not to incentivise lone parents to work, although it did some (see Section 2.5). Other factors, such as being motivated to work, overcoming constraints such as a lack of confidence and personal milestones, were more important in the decision to look for work than IWC. However, there was a small but important group for whom IWC was an incentive. Lone parents who had been out of the labour market for a significant period found the safety net and added income that IWC provided to be key in their decision to look for and enter work. Findings indicate that the incentive effect tended to be weaker for people with more recent (and consistent) work histories, and stronger for those with more inconsistent work histories (as they are likely to be less motivated to find work without the additional financial incentive of IWC). 'Better off calculations' that included IWC led to lone parents feeling that they would be better off in work, which for some reinforced their decision to enter work (see Section 2.5.4). IWC also led some lone parents to expand the type of work they considered moving into, including temporary work, and lower-paid work (see Section 2.5.5).

### Delivery of In Work Credit and lone parents' experience of claiming it

Overall, both staff and customers indicated that the delivery of IWC following national roll-out in April 2008 has been successful. In particular, the claim process and providing evidence of employment at the mandatory reviews was seen by most lone parents as a relatively straightforward process (see Chapter 3). Moreover, staff were confident in their ability to deliver IWC successfully and the lone parents interviewed tended to report that they had not experienced problems claiming IWC or with the payment of it. This was partly attributed to the fact that IWC was considered a relatively straightforward credit to administer, as well as the fact it had remained largely the same in the 18 months following national roll-out.

Some staff were uncertain about what evidence should be provided to demonstrate self-employment, and some lone parents found it difficult to provide the evidence requested (see Section 3.2.1). Therefore, this is a potential area for improvement in the future delivery of in-work credits to self-employed customers. Another suggested area for improvement was in relation to the weekly letters confirming payment of IWC. These were often seen as 'pointless' by many customers and so could be made optional or removed altogether, in order to make an efficiency saving (see Section 3.4).

### The employment experience for lone parents

Finding part-time work which fitted around their childcare commitments and children's school hours was seen as being more important to lone parents than the type of job. Where lone parents specified the type of work they had been looking for, it often reflected the type of work that is available part-time, which was, in the main, low-paid, low-skilled work (see Section 4.2). Jobcentre Plus support (e.g. Work Focused Interviews (WFIs)) was the most common form of work search and support used (see Section 4.1).

In relation to hours worked, a sizable group was working exactly 16 hours per week and it was most common for interviewees to work between 16 and 29 hours per week. Fewer interviewees worked for 30 hours per week or more (see Section 4.2). These patterns of working hours reflect the benefit and tax credit system, which incentivises lone parents to work part-time more than full time. Lone parents in this evaluation had chosen part-time work that suited their caring responsibilities even when it did not reflect their skills.

Once in work, interviewees tended not to use formal childcare provision, either because they were using informal childcare or because they did not need childcare, e.g. because of the age of their children or because they worked during school hours (see Section 4.4). Responses from staff and

interviewees indicated that, generally, lone parents did not receive further support from Jobcentre Plus or other welfare to work providers after starting work, although it was common for interviewees to be aware that it was available (see Section 4.3).

Generally interviewees reported having a positive experience of working (see Section 4.7). This included: getting out of the house and meeting new people, enjoying learning things and being given responsibility, finding the work interesting, gaining job satisfaction and confidence, and feeling proud to be at work. There were a mixture of views on the impact lone parents felt their job was having on their children, both positive and negative, but the positives were generally considered to balance out, or often outweigh, the negatives. The key positive effects were: setting a good example for children, improved parent-child relationships and children's increased independence as a result of being in childcare (where applicable) (see Section 4.5). The positive attitudes towards work and the effect it was having on themselves and their children reflect the fact that lone parents felt that they had achieved a good balance between work and their family responsibilities by working part-time.

On the whole, lone parents interviewed for this evaluation felt they were better off in work compared with being on benefits, although for some this was only marginal (see Section 4.6). Those interviewees who felt they were not any better off in work (although not worse off) often explained that this was because of additional outgoings they were required to cover having moved into work that they had not paid when on benefits. These costs included: additional travel costs to and from work, children's school meals (as many lone parents were no longer eligible for free school meals once in work), Council Tax and childcare costs. Low levels of wages were also cited as a factor in not being better off in work, sometimes in relation to the pay-rate, as many lone parents were earning the minimum wage, but also in relation to working part-time hours. Some lone parents stated that they would be better off if they worked full-time hours, which some interviewees did take on and others hoped to in the future (see Section 5.2.2). Cost of housing was also given as a reason for not being better off in work by some, particularly those living in private rented accommodation, which typically had a higher rent level than social housing.

It was rare for people to consider themselves to be worse off in work. However, some lone parents who had re-partnered or lived in private rented accommodation did report that they felt financially worse off in work compared with on benefits. While not a common problem for interviewees in this evaluation, it was a significant issue for those who experienced it. Some of those who did not feel better off in work had questioned the point of staying in employment, although it was rare for interviewees to have left employment for this reason (see Section 5.4).

## Role of In Work Credit in supporting lone parents and their retention and advancement

IWC was very effective in supporting lone parents through the initial transition from benefits into work as well as throughout the first year of employment. It did this by providing a reliable weekly income while lone parents adjusted to a new way of budgeting on a monthly wage and by providing additional income (see Section 5.1). Interviewees were very aware that IWC would end after 52 weeks (see Section 5.2). Once IWC ended interviewees, on the whole, missed the additional money but dealt with it, often taking steps to reduce their spending. IWC ending did not lead to lone parents leaving employment.

Lone parents were asked what difference, if any, it would have made if IWC were payable for only six months or for more than one year. Those who had not found IWC to be much of an incentive to work, viewed it as a bonus or used it for savings were more likely to say that it would have made no

difference if IWC had only been paid for six months. However, those who had felt that it was more of an incentive, were more reliant on it to settle into work or to make part-time work more financially viable were more likely to feel that a year was necessary. Those with significant debt felt that a year was not long enough (see Section 5.2.3).

Most of the interviewees who completed the 52 weeks of IWC were still in work three to seven months later, most commonly in the same job for which they had received IWC. The reasons for staying in work were varied, personal and often interrelated. Attitudes towards benefits and work, views on the extent to which they were financially better off in work and having had a positive experience of work were the main reasons given for staying in work. The influence these reasons had and how they combined tended to differ from one individual to the next. These factors were generally felt to be more important than IWC in keeping lone parents in work (see Section 5.3.3).

Where lone parents were no longer able to balance their work and family responsibilities, for instance if their hours were increased or their childcare arrangements fell through, they left their jobs (see Section 5.4). Lone parents also had to leave their jobs when their hours were reduced below 16, when insecure or temporary employment ended or when they were made redundant. Those whose employment had ended were usually keen to get back to work and were taking steps to do so.

There was little evidence of lone parents advancing in their jobs, in terms of progression, promotion and pay rises. Where job advancement did occur it tended to be in relation to having undergone job-related training and taking on additional responsibility, rather than formal promotions or pay rises (see Section 5.5).

### Implications for the design of future wage supplements

The key implication of this evaluation on designing future wage supplements was that IWC has demonstrated the positive role a wage supplement can play in supporting lone parents in work. IWC did this as part of a package of support that made work pay more and provided an important reliable weekly payment. This additional income and reliable weekly payments acted as a safety net while lone parents adjusted to budgeting on a monthly salary and any additional work-related costs. If the objective of a wage supplement is to improve quality of life and to reduce child poverty through raising in-work incomes for lone parents, then a wage supplement such as IWC is a way of doing this.

IWC was generally found not to incentivise lone parents to work, although it did for some. Other factors, such as being motivated to work, overcoming constraints and personal milestones, were more important in the decision to look for work than IWC. These factors were also more important than IWC in keeping people in work. Many lone parents in this evaluation had remained in work after IWC ended. Reasons given for this included the fact that they enjoyed working, remained very motivated to work or felt financially better off in work.

Should the Department wish to restrict a future wage supplement to a smaller group of recipients, then IWC could perhaps be more effectively targeted at those who have had quite long periods on benefits and/or patchy work histories. These lone parents tended to be in the small group of interviewees for whom IWC provided an incentive to work.

If a future wage supplement was based on the current IWC eligibility then it could potentially be paid for only six months. Many lone parents felt that if IWC had only been paid for six months it would have 'made no difference' to their likelihood of moving into work or staying in work. However, if a future wage supplement was to be targeted at those who have had quite long periods on

benefits and/or patchy work histories, then it would probably need to be payable for one year. This is because six months would not be sufficient to overcome concerns about financial stability and being better off in work financially. In relation to how much a future wage supplement should be, this evaluation found that for lone parents outside London, £40 per week worked well and was sufficient.

A future wage supplement could be delivered by Jobcentre Plus in a similar way to IWC. The delivery of IWC was very effective in relation to the claim and payment processes. However, more could perhaps be done to increase levels of awareness of IWC among eligible lone parents.

# 1 Introduction

This report presents the key messages from a comprehensive qualitative study, involving interviews with lone parents who were claiming or had claimed In Work Credit (IWC) and focus groups with Jobcentre Plus staff. Throughout, these findings are set within the context of previous and forthcoming findings on IWC, and the wider evidence on lone parents and employment. The remainder of this chapter sets out:

- the background and policy context for this research, including details of IWC;
- a summary of previous research findings on IWC;
- the research aims;
- a summary of the research methodology;
- characteristics of the lone parents interviewed compared with the wider lone parent population.

## 1.1 Background and policy context

### 1.1.1 Lone parent policy initiatives

Since 1997, there has been a rise in the employment rate of lone parents of about 12 per cent, and the current employment rate among lone parents is 57 per cent.<sup>3</sup> In comparison with other Organisation for Economic Cooperation and Development (OECD) countries, the United Kingdom's (UK's) lone parent employment rate is relatively low. Figures for 2005<sup>4</sup> show lone parent employment rates were at their highest, at over 80 per cent, in Denmark, Greece, Luxembourg, Iceland, Japan, Spain, Sweden and Switzerland. Employment rates were lowest in Australia, Ireland, the Netherlands, New Zealand and the UK (Finn and Gloster, 2010).

The new UK coalition government has outlined its plans to extend the scope of conditionality for lone parents on benefits in an attempt to increase their employment rates. Under measures announced in the 2010 emergency budget, from January 2012 lone parents who are not in work and on benefits will be moved from Income Support (IS) onto Jobseeker's Allowance (JSA) if they are capable of working, or onto Employment and Support Allowance (ESA) if they are not when their youngest child turns five. The government estimates that this could move up to an additional 15,000 lone parents into employment, and argues that such labour market activation policies, alongside in-work financial support, will help reduce child poverty.

The budget measures represent a further increase to the Lone Parent Obligations (LPO) that were introduced by the previous administration. These had involved a change to IS eligibility which meant that from October 2010, once their youngest child is seven years old, lone parents will no longer be able to claim IS purely on the grounds of being a lone parent and will have to claim a different benefit.

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<sup>3</sup> For the three months up to June 2010 the lone parent employment rate was 57.2 per cent. Source: <http://www.statistics.gov.uk/pdfdir/work0910.pdf> accessed 9 September 2010.

<sup>4</sup> Figures were based on 2005 or the latest available at the time of publication in 2010 (Finn and Gloster, 2010, p20).

As well as the LPO changes, the previous government introduced a number of initiatives aimed at increasing the lone parent employment rate to both support its aim to maximise employment opportunity for all and contribute towards the reduction in child poverty. These included significant changes to the benefits system for lone parents, with an increasing focus on work preparation and requirements to look for work, for example through the use of Work Focused Interviews.

A series of support measures and programmes were also introduced to aid the transition to employment. These included tax credits and employment credits, including IWC, which is the subject of this evaluation, as well as programmes such as the New Deal for Lone Parents (NDLP). NDLP was a voluntary programme available to all non-working lone parents, with a strong focus on providing lone parents with work-focused information and advice. From summer 2011, existing welfare to work provision, including Flexible New Deal (FND) and NDLP, will be replaced by a single integrated Work Programme. The Work Programme will assume the task of supporting workless lone parents, alongside other workless people, into employment, using an outcome-based, staged entry point model.

### 1.1.2 IWC

IWC is a non-taxable<sup>5</sup> weekly payment of £40 (non-London districts) and £60 (London districts only). It is paid for a maximum of 52 weeks under the Employment and Training Act 1973. IWC is not a benefit payment and is not treated as income when customers are applying for Carer's Allowance, Working Tax Credit (WTC), Housing Benefit (HB) – including Local Housing Allowance – and Council Tax Benefit (CTB). Weekly payments are paid by Jobcentre Plus into the customer's account or by cheque.

Outside New Deal Plus for Lone Parents (ND+fLP) pilot areas, IWC is available to lone parents only.<sup>6</sup> Re-partnering at a later date does not affect IWC claims, as eligibility is based on the customer being a lone parent at the start of the claim. To be eligible for IWC, lone parents have to have been on out of work benefits for at least 52 weeks previously and be moving into employment of at least 16 hours per week and expected to last for at least five weeks.

IWC was rolled-out nationally in April 2008, having been piloted in a number of areas since April 2004. A total of 118,100 individuals received IWC between April 2008 and the end of March 2010. There were no major differences between the national programme of IWC and IWC available in the preceding pilot programmes.<sup>7</sup>

Building on the government's view that work is the best and most sustainable route out of poverty, the overarching objectives of IWC are:

- to encourage lone parents to look for work and move from benefit into work of 16 hours or more per week;
- to provide financial help to support lone parents making the transition from benefits to work, and for the first 12 months in work; and

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<sup>5</sup> In addition to being non taxable, IWC payments are also exempt from liability for class 1 national insurance contributions. <http://www.hmrc.gov.uk/manuals/nimmanual/nim02401.htm>

<sup>6</sup> IWC was available to both lone and couple parents in New Deal Plus pilot areas. See Griffiths, R. (forthcoming) for further information about the eligibility and delivery of IWC in the New Deal Plus pilot areas.

<sup>7</sup> There were some minor changes to the delivery of IWC that were introduced after the national roll-out – see Chapter 3.

- to address the following Public Service Agreement (PSA) targets:
  - PSA delivery agreement 8: Maximise employment opportunities for all;<sup>8</sup>
  - PSA delivery agreement 9: Halve the number of children in poverty by 2010/11, on the way to eradicating child poverty by 2020.<sup>9</sup>

For further information on IWC eligibility, roll-out and policy aims, see Appendix B.

### 1.1.3 Other in-work support available to lone parents

The July 2008 green paper *No one written off: reforming welfare to reward responsibility* reiterated the intention of IWC, as part of a package of pre-work and in-work measures, including: In Work Emergency Discretion Fund (IWEDF) and In Work Advisory Support (IWAS), to ‘help lone parents move into paid work, make work pay, and help sustainability and progression in work’. IWAS was also rolled out nationally from April 2008, alongside IWC, and was intended to assist lone parents with their transition into work and career progression once in work. Eligible lone parents are able to access adviser support and guidance of approximately one hour per month during their initial six months of employment.

Other in-work support available to lone parents at the time of this evaluation included the IWEDF, which helped lone parents overcome unexpected financial barriers once in work, and job grants. A job grant was a single payment of £250 for lone parent customers or customers with children<sup>10</sup> entering paid employment. Lone parents entering low paid work were also eligible for WTC.

The national programme of IWC differs in the ND+fLP pilot areas and the In Work Retention Pilot (IWRP) areas. The IWRP was launched at the same time as the national roll-out of IWC in April 2008. The two-year pilot tested a different approach to delivering IWC, where for the last quarter of the 52-week claim period, IWC is paid in lump sum ‘milestone’ payments, tied to adviser support, as an aid to job retention and progression. The Policy Studies Institute was commissioned by the Department for Work and Pensions (DWP) to evaluate this pilot, and research findings are expected later in 2010.

Other in-work credits intended to encourage and support people moving back into work that were available at the time of this evaluation included: Return to Work Credit (RTWC) for people who had been claiming benefits because of sickness or ill-health, Better off in Work Credit (BWC) and self-employment credit. Some lone parents in receipt of IWC may have been eligible for BWC which was intended to guarantee that people who had been out of work for six months or more were at least £40 better off in work (see Dorsett *et al.*, 2010 for further information about this pilot).

<sup>8</sup> [http://www.hm-treasury.gov.uk/d/pbr\\_csr07\\_psa8.pdf](http://www.hm-treasury.gov.uk/d/pbr_csr07_psa8.pdf)

<sup>9</sup> [http://www.hm-treasury.gov.uk/d/pbr\\_csr07\\_psa9.pdf](http://www.hm-treasury.gov.uk/d/pbr_csr07_psa9.pdf)

<sup>10</sup> Job grants are a single payment of £100 for single customers or a couple with no children.

### 1.2 Previous research on In Work Credit

The key previous research on IWC is contained in the impact assessments and qualitative evaluation of the Lone Parent Pilots (LPPs) and the qualitative evaluation of ND+fLP (Brewer *et al.*, 2009; Ray *et al.*, 2007; and Hosain and Breen, 2007).<sup>11</sup> In both pilots, IWC formed a part of the package of support being evaluated. Findings from this current evaluation of IWC supplement and complement findings from these previous evaluations on topics including characteristics of IWC claimants, use of IWC, and the incentive and retention effects of IWC. The findings from previous research are summarised below.

#### 1.2.1 Findings on the incentive and retention effects of IWC

Broadly, findings from the LPP impact studies and qualitative evaluation, and the ND+fLP qualitative evaluation suggest, as this evaluation does, that for many claimants IWC does not act as an incentive to enter work, although it does for some. The LPP impact assessments found that the main impact of the LPPs had been to encourage more lone parents to leave benefit and start work than would otherwise have done so (Brewer *et al.*, 2009). Deadweight (i.e. the proportion of IWC recipients who would have entered work anyway without the IWC) was estimated at around 80 per cent, implying that the LPPs led to 20 per cent of IWC recipients being off benefit as a result (Brewer *et al.*, 2009, p15). The effect of the LPPs on reducing the benefit re-entry rate of IWC recipients (i.e. the retention effect of IWC) was found to be much smaller. IWC recipients in that study did have quite high levels of job retention, but very little of this was found to be attributable to IWC (Brewer *et al.*, 2009, p16).

Findings on the incentive effect of IWC in the qualitative evaluations of the LPPs (Ray *et al.*, 2007) and ND+fLP (Hosain and Breen, 2007) are more equivocal. They do, however, suggest a pattern around characteristics of lone parents and the degree to which they are incentivised to work by IWC, which also appeared in this evaluation and which we explore in Chapter 2. Both studies reported that staff respondents largely considered IWC to have a strong incentive effect, particularly for lone parents who were '*undecided about work*' (Ray *et al.*, 2007, p4), for whom the additional incentive of IWC would frequently '*tip the decision in favour of work*' (Hosain and Breen, 2007, pp.60–61). However, this was not necessarily supported by customers' experiences. The LPP qualitative evaluation found that many interviewees did not know about IWC before securing work or before starting their job search. Moreover, lone parent respondents felt IWC alone had little impact on work-related decisions and none considered that IWC alone acted as an incentive for them to enter work. Both evaluations suggest that any incentive effect is felt when IWC is presented as part of a wider package (the ND+fLP report highlights IWC's contribution to the better off in work calculation). Related issues of whether lone parents were better off in work and the importance of financial reward to their attitudes to work are explored in Chapters 2 and 4 of this study, while the impact of IWC on finances is discussed in Chapter 5.

The qualitative evaluation of the LPPs supported the impact assessment finding that IWC did not have a big retention effect in that no clear, direct retention effect was determined: '*participants rarely felt that IWC was the primary factor keeping them in work*' (Ray *et al.*, 2007, p6). However,

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<sup>11</sup> The interim and final impact assessments of the LPPs – a range of pilots designed to help lone parents into work, including IWC at its pilot stage before national rollout – were published in 2007 and 2009 (Brewer *et al.*, 2009). The pilots operated in four sets of Jobcentre Plus districts, starting in April 2004, October 2004, April 2005 and October 2005. The qualitative evaluation of the LPPs involved interviews with 70 LPP customers and interviews with Jobcentre Plus staff (Ray *et al.*, 2007). The qualitative evaluation of ND+fLP is based on in-depth interviews with stakeholders and lone parents, focus groups with provider staff, plus observation and shadowing of advisers and an online survey of staff (Hosain and Breen, 2007).

there was evidence that IWC had helped establish working patterns and expectation of income, and had made work more manageable in the first year, all of which was considered to have reinforced individual's commitment to work – their '*work motivation and work identity*'. (Ray *et al.*, 2007, p6–7). Some staff respondents in the LPP qualitative study considered that IWC had a retention effect: examples were cited by staff of lone parents who left one job being motivated to find another in order to continue receiving IWC payments. Attitudes and motivations to work and the extent and nature of the influence of IWC on incentivising lone parents to work are explored in Chapter 2 of this report. The effect of IWC on employment retention is explored in Chapter 5.

### 1.2.2 Evidence on IWC claimants and claims

The LPP impact assessment also has some pertinent findings on IWC take-up, characteristics, claim duration and destinations of lone parents after end of claim (Brewer *et al.*, 2009). Findings on characteristics supported previous ones that IWC recipients tend to have characteristics associated with greater likelihood of moving into work than those present in the wider IWC eligible population. IWC recipients in the LPPs were found to be more likely to have been on NDLP, less likely to have been recently disabled, less likely to have a child under the age of three and more likely to have fewer children than other potentially eligible lone parents in pilot districts who left IS but did not claim IWC (Brewer, *et al.*, 2009, p124). There was no substantial difference between IWC claimants and the wider IWC eligible population in relation to recent employment experience. The relative work readiness of lone parents interviewed in the evaluation reported here, as reflected in the acuteness of constraints to entering work faced by lone parents, is explored in Chapter 2.

DWP data on the duration of IWC claims from April 2008 up to the end of March 2010 show that 70 per cent of IWC claimants received IWC for between nine and 12 months inclusive. Twenty-one per cent of claims lasted less than six months.<sup>12</sup> There has been an increase in the proportion claiming for less than six months since IWC was piloted, but the proportion claiming for the full 52 weeks remains similar: the LPP impact assessment found that just under 70 per cent of IWC recipients claimed for the full 52 weeks, with 16 per cent of claims lasting less than six months (Brewer, *et al.*, 2009, p124). These findings were then related to destinations of IWC recipients post claim, showing high levels of job retention for those able to maintain their IWC claim for a full year. There was a marked contrast in destinations and extent of job retention for IWC 'completers' and 'non-completers'. More than 60 per cent of lone parents who received IWC for at least 11 months were still in work one year after their IWC claim stopped. Only 26 per cent of those who received IWC for less than six months were in work one year after their IWC claim ended, with an equivalent figure of 35 per cent for recipients who claimed for over six but less than 11 months (Brewer, *et al.*, 2009, p125). The LPP qualitative study indicates that this was '*primarily because of difficulties reconciling employment with childcare responsibilities or problems relating to the work itself (i.e. redundancy)*' (Ray *et al.*, 2007, p5) rather than financial difficulties. Chapter 5 explores the reasons why lone parents interviewed for this evaluation ended their IWC claim before the full 52 weeks, as well as why interviewees left work, whether before or after their IWC claim ended.

### 1.2.3 Evidence on financial impact and use of IWC

The qualitative evaluations of LPPs and ND+fLP also contain some related indications around IWC ending which support and supplement the impact assessment findings. Both found that interviewees generally continued to work after IWC ended, though it was relatively rare to have progressed in work during the IWC claim period. The types of work entered by lone parents claiming IWC in this evaluation are discussed in Chapter 4; progression opportunities in these jobs are explored in Chapter 5.

<sup>12</sup> Source: DWP. These IWC claim durations are in line with earlier findings from the LPP.

Both the qualitative LPP and ND+fLP studies discuss the use of IWC. The ND+fLP study found that IWC was reported by advisers to be used by recipients for a range of purposes, such as paying Council Tax or rent, managing debts or saving (and putting towards holidays for example). The LPP report found that lone parents spent IWC payments primarily on day-to-day living expenses (though a few were found to save).

The qualitative LPP evaluation also found that some interviewees had made plans for improving their earnings after IWC ended. The LPPs study found that IWC ending could often mean interviewees had to ‘juggle’ their finances more carefully but rarely led to leaving work. In both studies, however, there were interviewees who had returned to benefits (either during or after the IWC claim). The ND+fLP study reports that the one-year period was felt by advisers to be long enough to allow recipients to find their feet. Findings from this research on how IWC is used, its impact on finances, and how lone parents respond to IWC ending are discussed in Chapter 5.

### 1.3 Aims of this research

Given what is already known about IWC from previous evaluations of the pilot areas, the aims of the research reported here were focused on further understanding the retention effect of IWC on lone parents’ employment and examining how the national roll-out of IWC had been delivered. The evaluation comprised two studies with the objectives stated below.

#### 1.3.1 Implementation study

The principal objectives of the qualitative evaluation of the national roll-out of IWC were:

- to examine the characteristics and backgrounds of lone parents who participate in IWC through national roll-out;
- to explore the effects of IWC on attitudes, motivations and actions of lone parents who participate through national roll-out;
- to explore the delivery, participation and outcomes in national IWC areas in order to examine the effect of a wider package of support.

#### 1.3.2 Retention study

The principal objectives of the qualitative evaluation of the retention effect of IWC were:

- to investigate the effect on retention after the end of IWC (full 52-week claim) – both immediately and in the longer term;
- to explore the actions and circumstances of interviewees who fail to complete the full 52-week period of IWC (‘non-completers’);
- to look beyond the policy and explore the wider impact for lone parents and their children of being in work, leaving work, moving back on to benefit, re-entering work, etc. This includes the effects on family income and debt, skills, confidence, social interactions within and outside the household, etc. The focus will be on the longer-term effects for lone parents.

#### 1.3.3 Other research being conducted in this field

The DWP has commissioned several pieces of research under its lone parent research programme as part of a consortium approach to the evaluation of current welfare to work policy for parents. The aim of the consortium is to have consistency in reporting and analysis across evaluations and to facilitate a strategic approach to research outputs. The consortium is managed by the Centre for Economic & Social Inclusion (*Inclusion*) on behalf of the DWP.

In addition to this qualitative IWC evaluation, the lone parent research programme includes evaluations of LPO (Gloster *et al.*, 2010 and Casebourne *et al.*, forthcoming 2010), and the qualitative evaluation of ND+fLP extension (Griffiths, forthcoming 2011). Further to this there is also an evaluation of the IWRP (Ray, forthcoming 2010). This recent and forthcoming work adds to the existing evidence base on IWC provided by previous quantitative and qualitative research on IWC when it was in its pilot phase.

## 1.4 Methodology

The findings in this evaluation are based on qualitative fieldwork, which included interviews with 126 lone parents in four case study areas<sup>13</sup> and three focus groups of Jobcentre Plus staff. Lone parent interviews included those who had recently started an IWC claim, those nearing the end or who had recently completed 52 weeks of IWC, some who had not completed the 52 weeks of IWC, and a smaller group who had made more than one IWC claim. This evaluation only included lone parents who had made a claim for IWC having been out of work for a year or more and only a few interviewees were affected directly by LPO.

- **Implementation study** – examining the delivery of IWC after the national roll-out. The fieldwork for this study covered a range of national IWC areas; excluding the ND+fLP pilot areas which were covered by the ND+fLP evaluation.
- **Retention study** – investigating the effect of IWC on retention, examining differences between those who completed their claim and those who did not, and exploring the wider impact of being in work for lone parents and their children. The fieldwork for this strand covered national and pilot IWC areas, excluding ND+fLP pilot areas. A second wave of research was carried out in order to investigate the longer-term effect on retention after the end of IWC.

A qualitative methodology was considered the most appropriate methodology in order to meet the research objectives and provide an in-depth exploration of the key issues. It is important to note that qualitative research of this kind is useful to gain an understanding of how and why things happen, but is not statistically representative and the findings are illustrative and should not be generalised.

### 1.4.1 Characteristics and backgrounds of interviewees

Previous research has shown that lone parents claiming IWC were somewhat more ‘work-ready’ than the lone parent population on benefits as a whole in that they had fewer children, were less likely to have very young children and were less likely to have been recently disabled (Brewer *et al.*, 2009, p124). The following sections describe the characteristics of the lone parents who were interviewed over the course of this evaluation. It is important to note that all lone parents interviewed for this evaluation had entered work and claimed IWC and therefore, were not typical of all lone parents. However, because this research was qualitative it is not necessarily representative of all IWC claimants.

### 1.4.2 Personal, household and family characteristics of interviewees

Overall the personal characteristics of lone parents interviewed as part of this research were broadly in line with that which is already known about lone parents. For example, interviewees were generally female and white British, broadly reflecting the gender and ethnicity profile of the UK lone parent population (Philo *et al.*, 2009). The age range of interviewees varied but was broadly in line with the wider lone parent population, which is concentrated in the 35-plus age groups.

<sup>13</sup> The fieldwork for this evaluation included IWC pilot areas but excluded ND+fLP areas and the in work retention pilot areas.

Many lone parents interviewed tended to have just one or two children, of varying ages (reflecting the diversity of ages among interviewees). Only a small number had more than three children. This supports other research which has shown that IWC customers were less likely to have children under the age of three and had fewer children on average compared with other potentially eligible lone parents who did not take up IWC (Brewer *et al.*, 2009), as movement into entry level employment is less financially viable when someone has three or more children.

Being a lone parent is often a transition stage (Marsh and Vegeris, 2004). Some IWC interviewees had re-partnered after starting their IWC claim and were no longer lone parents. The length of time the interviewees had been lone parents varied significantly.

A group of interviewees had health problems or disabilities themselves and/or had children with health problems or disabilities (see Appendix C). The type of health problems that interviewees had included depression, asthma and arthritis. The type of health problems and disabilities that their children had included, but were not limited to, attention-deficit hyperactivity disorder (ADHD), autism and asthma. Some interviewees were receiving Disability Living Allowance (DLA) for their or their children's disabilities. Previous research showed that disabled children were more likely than others to be living as part of a lone parent family. Around one-third of disabled children lived with a lone parent (overwhelmingly, a lone mother) compared with around one-quarter of other children (Clarke and McKay, 2008).

Lone parent families are much more likely than couple families to live in social housing (and also more likely to live in private rented accommodation) and much less likely to be home owners (Philo *et al.*, 2009). Lone parents interviewed in this research tended to live in rented accommodation, belonging to the local authority or local housing association. Some rented privately or owned their own home. Most lone parents interviewed lived in urban areas, with a group of interviewees in more rural parts of the Swindon, Wiltshire and Gloucestershire case study area.

### 1.4.3 Benefit history

Not surprisingly given the eligibility criteria, and as found in other research (Brewer *et al.*, 2009), customers tended to claim IS and some claimed JSA before moving into work and claiming IWC. Alongside this main source of income, interviewees were also receiving Child Benefit, Child Tax Credit (CTC), HB, and CTB. Overall most interviewees had been claiming these benefits since they had their first child. Many were working before they made a claim for IS; very few were receiving JSA before they had children.

Some lone parents interviewed were aware of recent benefit changes for lone parents; some of whom reported that their IS claim had changed and they had been moved onto JSA because their youngest child was over 12. Most lone parents were in work at the time of the interview, in-part as a result of the way they were sampled for this research. Those lone parents in work were claiming WTC, CTC and Child Benefit. Lone parents that were no longer working when interviewed had commonly made new claims for IS or JSA and in some cases ESA pending a Work Capability Assessment, as well as claiming HB and CTB. They were often looking for work while claiming benefits.

### 1.4.4 Education and work history

Lone parents interviewed tended to be either qualified to Level 2, had left school with a small number of GCSE/Standard Grades or had no qualifications. Taking part in some form of post-school education or training, possibly at work, was a common experience. This was often in English or maths but IT, business administration, social care, childcare, beauty or hairdressing were also common.

Generally, interviewees had previously worked before the jobs for which they were currently claiming IWC. For those interviewees who had reported working for long periods of time, the common experience was of full-time jobs for just one or two employers before beginning their most recent claim of IS or JSA. For the second group who had little work experience, the work they had tended to have undertaken was on a part-time basis, lasting for only a period of weeks or months. The third group of respondents who had been back and forth from benefits to work had worked in various part-time and full-time positions for only small periods of time. Lone parents have been found to be prone to this ‘cycling’ between work and benefits (see Evans *et al.*, 2004).

In line with other lone parent research (Philo *et al.*, 2009; Bradshaw and Millar, 1991), lone parents interviewed in this research tended to have worked previously in low-skilled, often low-paid jobs. Some of the most common sectors reported were retail, catering and cleaning. The reasons that interviewees had left their previous employment varied and included redundancy, lack of childcare, or pregnancy. The Families and Children Study 2007 reported the main reason for lone parent survey respondents leaving their last job. The results in this evaluation were similar: pregnancy and redundancy were both common reasons, although breakdown of childcare was less of an issue for the lone parent population as a whole, albeit still more of an issue for lone parents than for couples (Philo *et al.*, 2009). Reasons for lone parents leaving their employment are explored further in Chapter 5.

## 1.5 Report structure

The order of this report follows the lone parent customer journey off benefits and into work. Starting with attitudes towards work, and the role that IWC plays in making decisions about work, through the process of making a claim, lone parents’ experiences of employment, to a final discussion of the role that IWC plays in supporting lone parents to sustain employment. The remainder of this report is as follows:

- Chapter 2 examines the role of IWC in lone parents’ decisions to move into employment. It discusses lone parents’ attitudes to work and family, whether they were aware of IWC before they found a job and whether IWC acted as an incentive to move into work.
- Chapter 3 examines the delivery of IWC and interviewees’ experiences of making an IWC claim once they had found a job. This covers the delivery of IWC after national roll-out, the claims process, and the experience of those with repeat claims to IWC.
- Chapter 4 explores the employment experience for lone parents. It investigates the support they received to find work, the type of work entered, use of childcare, in-work support, lone parents’ attitudes to their jobs and its impact on their children, and whether they were financially better off in work.
- Chapter 5 examines the role of IWC in supporting lone parents in work and the effect of IWC ending on lone parents. It then examines experiences of job retention, non-retention and advancement, and the role that IWC plays in retention.
- Finally, Chapter 6 draws out the conclusions from the evaluation and suggestions for the design of future wage supplements.

## 2 The role of In Work Credit in lone parents' decisions to move into employment

This chapter examines ways and the extent to which In Work Credit (IWC) influenced lone parents' decisions to look for and enter employment. Findings from both the implementation study and both waves of the retention study are included. It covers:

- attitudes to work;
- attitudes to balancing work and family;
- dealing with constraints;
- awareness of IWC;
- the incentive effect of IWC;
- why lone parents decided to move into work when they did.

### 2.1 Attitudes to work

Interviewees were asked what made them decide to look for work. Responses tended to fall into four categories: financial reward; social standing; personal benefits; and being a good role model. For some interviewees one of these types of motivation dominated, while for others, motivation was broader based and came from more than one category. This is similar to findings in other research on lone parents' attitudes to work (Gloster *et al.*, 2010; Casebourne and Britton, 2004).

The financial benefit of working was expressed in both 'positive' and 'negative' terms: as an aspiration to provide more to the children and household, and as a means to escape the financial struggle on benefits. It was common for interviewees to express the desire to provide things for their children that they had not had when growing up and to demonstrate the financial benefits of working. These findings chime with other research, which has found that financial reward is a key reason for which lone parents enter employment (see, for example, Ridge and Millar, 2008).

Another set of motivations to emerge was connected to social standing or status, and concerned issues such as social integration, stigma and self-respect. This was often expressed in relation to the experience of being on benefits, demonstrating that the motivation to leave benefits is not necessarily financial. Pride or dignity felt from being in employment was contrasted by some interviewees with a sense of shame and/or lack of respect from wider society experienced when on benefits. For example:

*'It was nice to hold your head up and be independent again. I'm not a snob or anything, I don't look down on people, but I always felt ashamed claiming benefits, but I couldn't do anything else. I always found it embarrassing and didn't tell anybody.'*

(Interviewee, Leeds)

### 2.1.1 Personal benefits

A variety of what have been described as 'personal' benefits of working were often given as motivations for working: psychological or social benefits to the individual. It was quite usual for personal benefits to form the primary motivation to work. Commonly cited examples included: increased sense of worth; increased independence; improved confidence, self esteem or mental health, and adult or social contact. For example:

*'I was sick of being at home. I wanted to go and meet people. You know, I wanted a bit of "me time", away from the house, away from the kids.'*

(Interviewee, Leeds)

### 2.1.2 Being a good role model

A further widely expressed motivation for working was that of 'setting an example' to children. Lone parents interviewed often considered that being in work sent an important and positive signal to their children about adult behaviour and responsibility. Interviewees described not wanting to be part of a stereotype and not wanting their children to think that being at home and not working was a path to follow. For example:

*'I just think it's good to work and if children can grow in an environment where parents are working I think they grow up to think, "As an adult, you work".'*

(Interviewee, Coventry and Warwickshire)

### 2.1.3 Mixes of motivation

As previously noted, interviewees did not necessarily fall neatly into one group, and some clearly stated that their motivation stemmed from a combination of at least two types of motivation. The 'pull factor' of enabling their children to grow up with a strong work ethic often went alongside the 'push factor' of wanting to escape from financial hardship on benefits. Lone parents described not wanting their children to grow up in 'workless households' and to be able to lead by example when encouraging their children to get a job on leaving school, while also wanting to be able to 'treat' their children and to relieve the boredom they felt at being 'stuck' at home. Another example of mixed motivations was experiencing personal benefits such as improved confidence alongside other benefits such as greater social standing, as in the following example:

*'I think it's given me a reason to get up in the morning, to go to work, so it's given me more self-worth, more confidence...and I think it helps all round, because you feel more part of society.'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

### 2.1.4 Influence of the Lone Parent Obligations changes on attitudes to work

A small number of interviewees' attitudes towards work had changed because of the 'push' provided by changes to the Lone Parent Obligations (LPO):

*'Because my youngest, she was coming up to 12 and they said when she hits that my money will stop...So it's sort of like a kick up the backside really: "Get yourself out, get yourself working"...It's good in a way because I really like my job.'*

(Interviewee, Leeds)

This was not the case for all of those to whom the LPO changes applied as others were already set on finding work, regardless of the LPO push.

## 2.2 Attitudes to balancing work and family

Attitudes to balancing work with family were found to have a considerable influence on lone parents' decisions around work, including the stage lone parents decided to seek work and the hours and type of work they sought. Previous research has similarly identified attitudes to work and parenting as being highly influential in lone parent's decision-making around entering, and also sustaining, employment. This process has been described in terms of people being guided by their 'moral frameworks' on parenting, work and sense of self (Collins *et al.*, 2006, p14) and orientation around work and parental care (Bell *et al.*, 2005). Bell *et al.* (2005) contended that lone parents can be roughly categorised as having either a high or lower orientation towards work and towards parental childcare.

Having all entered employment, it might be expected that interviewees for this IWC study would have relatively high 'work orientations'. This was borne out, to an extent, by the findings but it was also clear that, as Collins *et al.* (2006) also indicate, work orientation is something which can fluctuate, often in relation to the age of children. Certainly, it was common for attitudes to work to be bound up with views on the costs and benefits of combining work with family life, and parenting responsibilities. The age of their children was often a big factor in determining where priorities regarding work and parenting came.

There were three broad types of attitude evident towards combining work with parenting and family. These resemble three of the four groups in Bell *et al.*'s (2005) typology of orientations towards work and parental childcare, and can be characterised as:<sup>14</sup>

- **Working parent advocates** – place high importance on working and believe it is beneficial for parent and child; close to Bell *et al.*'s type 2 group, high work orientation and lower disposition towards parental care.
- **Parenting as priority in early years** – may like to work, and may do so if it fits with parenting activities, but place greatest importance on being with children during their early years; close to Bell *et al.*'s type 3 group, lower work orientation and higher disposition towards parental care.
- **Mixed feelings** – convinced of the benefits of work but, at the same time, concerned about its effect on children; similarities with Bell *et al.*'s type 1 group, high work orientation and high parental childcare orientation (often leading to tension and compromises).

For those who fell into the second and third groups particularly, the hours and degree of flexibility of a job could play an important part in how they saw the balance between work and family responsibilities. Suitable hours and flexibility have similarly been found in other research to be key elements of being able to successfully balance work and family life, and therefore, sustaining employment (see for example, Ridge and Millar, 2008) – see Section 4.2 for the types of flexibility which interviewees had in their jobs.

Some interviewees contradicted the more commonly held perception that it is better to go out to work once children are older, and highlighted the challenges around working and parenting older children (by which was generally meant early teenage or secondary school age). Concerns were expressed that, without the stronger supervision and influence that would come from being at home more, older children would (or might) be more vulnerable to negative peer influences such as drugs, gangs and crime. It was further noted that this problem was heightened by a lack of provision/activities available for older children (compared with that available for younger children).

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<sup>14</sup> Type 4 was described as lower work orientation and lower disposition towards parental care (Bell *et al.*, 2005). This fourth typology was not reflected among the lone parents in this evaluation.

### **2.2.1 Working parent advocates**

Some lone parents considered that working was a positive activity largely regardless of children's age. Several respondents stressed that they saw work as a vital for themselves and their families' health and happiness. These interviewees were positive about working and the benefits it brought to themselves and their children and felt that being 'out at work' should be the norm regardless of whether you have children and described being satisfied at work during the day and enjoying returning home to their children after work.

### **2.2.2 Parenting as priority in early years**

Other lone parents viewed work as beneficial but also placed greater importance on being with their children during their early years. This desire or sense of responsibility to be a 'stay at home mum' (or dad) while children were young lessened once children were older. This was because they were at school and no longer at home as much and, in other ways, more independent and less in need of care. Some interviewees clearly recalled how their view on work changed as their children's need for supervision and care reduced. For example:

*'I don't think, personally, I could have left mine like as tiny babies and gone to work full-time because I think that's wrong...But I think as they get older, especially when they're at school, it's really positive to work...like good for you – for your self esteem; good for the children as a role model.'*

(Interviewee, Coventry and Warwickshire)

While interviewees tended to wait until their children were older before seeking work, some had entered work while their children were still quite young but then left because they wanted to spend more time with them. For example, one recalled that when she was working she felt it was unfair on her two children. When the choice to take redundancy came up she decided to take it and stay at home with the children for a while until they were a little older. This underlines the strength of the parental 'pull' felt by many with young children, and shows that work taken at this stage may not be sustained, at least if the hours and demands of the job are felt as having a detrimental effect on family life.

Overall, these findings indicate why risk of non-employment among lone parents has been found to relate to the age of the youngest child, with non-employment reducing as the child grows older (Ritchie *et al.*, 2005). However, lone parents who prioritised parenting in the early years were by no means necessarily opposed to working at all during that time. Rather, many interviewees' attitudes in this group towards combining work and parenting resemble the lone parents (and their children) in Ridge and Millar's (2008) qualitative study, among whom there was consensus that part-time, school working hours were the best option until children were older – at least beyond the age of eight or nine years, and ideally at secondary school.

### **2.2.3 Mixed feelings**

Some interviewees did not fall clearly into either of the two categories described above, but expressed views which reflected a combination of both: appreciative of the benefits of working for family life or parenting but also conscious that there were drawbacks. This internal conflict was represented by some lone parents as a reflection of conflicting societal judgements of lone parents as 'scroungers' if they do not work and 'bad parents' for not providing adequate supervision for their children if they do work.

## 2.3 Dealing with constraints

The main constraints that lone parents faced before moving into work were a lack of confidence and a lack of jobs available locally. For some, a lack of jobs related to a lack of any job, whereas for others it was a lack of part-time work or work in a convenient (local) location. Generally, the degree to which interviewees for this study felt they had been restrained from seeking and entering work was less acute than has been found in some other studies.

Those who felt that confidence had been a large constraint on their moving into work had overcome this in a variety of ways. Some had attended work preparation courses, carried out voluntary work, received support from personal advisers (see Section 4.1) or had overcome mental health issues such as postnatal depression. Confidence improved greatly once lone parents were in work, although those who had then stopped working after they began a claim for IWC felt that their confidence had been knocked.

In order to overcome the issue of a lack of jobs available locally as a result of the recession and its aftermath, some interviewees had compromised on type of work, hours and location. Compromises on hours and location tended to have a negative effect on their well-being and ability to provide the parenting they wanted to. In many cases, changing hours or working patterns was not an option, although some interviewees had increased their hours after IWC ended (see Section 5.2.2). Consequently some parents took some time finding the job they eventually moved into:

*'The recession hit...the job that I'm doing now has got nothing to do with what I'm trained for [but] that was the only job I could get at the time...I was searching for probably eight months beforehand...it was getting a bit worrying.'*

(Interviewee, Swindon, Wiltshire, Gloucestershire)

## 2.4 Awareness of In Work Credit

For this IWC evaluation lone parent interviewees were asked in retrospect about when and how they first became aware of IWC. Staff were also asked at which points they informed customers about IWC. Responses indicate that lone parents found out about IWC through a variety of means and at a variety of points in time. For example, interviewees reported hearing about IWC from Jobcentre Plus advisers or Employment Zone (EZ) advisers and/or friends. There were no discernible patterns in relation to when or from whom they heard about IWC. Staff reported that they informed customers about IWC at a number of points in time, and this varied by member of staff and across the three case study areas of the implementation study. For example, some staff reported first informing lone parents about IWC at options and choices events, which are group events organised for lone parents affected by LPO. The purpose of the events was to let lone parents know about changes to Income Support (IS) entitlement that affected them, as well as the support that would be available to help them with the changes. Other staff reported that they mentioned IWC to lone parents every six months, which may reflect the frequency of Work Focused Interviews (WFIs) the advisers had with lone parents, depending on what benefit they were claiming.

Moreover, some staff used their discretion and only told lone parents about IWC when they felt the person was ready to move into work, some when the lone parent was approaching one year on benefits, whereas others felt it should be mentioned at any stage to act as an incentive to get ready for work and to start looking for jobs. For example:

*'I think you'd still let everybody know what's out there for them and then you'd calculate what stage you're at...and let everyone know it's available to them and then take them through the stages to get them to where they want to be.'*

(Jobcentre Plus staff, Glasgow)

Overall, staff generally reported that they informed lone parents at a fairly early stage before they started looking for work. However, it was quite common for lone parents to say that they had not heard about IWC until they had already begun looking for work or found a job. The qualitative evaluation of LPO (Gloster *et al.*, 2009) found awareness of IWC among lone parents on benefits was fairly low, and that levels of awareness varied between different groups of lone parents. For example, new and repeat Jobseeker's Allowance (JSA) lone parent claimants were less likely to have heard of IWC than JSA claimants who had moved from IS owing to LPO, who may have heard of IWC as part of the WFI regime (Gloster *et al.*, 2009).

As discussed further in the section below, it may also be that lone parents did receive a Better Off Calculation (BOC) with IWC factored in alongside other financial in-work support but did not register IWC as a specific component (although this would be noted in the BOC paperwork). This may be partly because of different approaches among advisers to relaying the BOC results to lone parents. Lone parent advisers in staff focus groups reported emphasising to customers the contribution IWC made to the BOC. It may be, therefore, that lone parents heard about IWC in the BOC even if they did not remember this.

It should be noted that staff focus groups' findings are not representative of all Jobcentre Plus staff and may not reflect general practice. It is also possible that there was a recall issue in lone parent interviews, given that they may have been thinking back a year or more previously when discussing how they first heard about IWC. This, allied with the above BOC point, suggests that not all lone parents were aware of IWC as a specific element of in-work support.

## 2.5 The incentive effect of In Work Credit

One of the high level policy objectives of IWC was to encourage more lone parents to look for work and move from benefits into work. Therefore, one of the objectives of this research was to determine and explore the effects of IWC on the attitudes, motivations and actions of lone parents. This includes exploring the extent to which IWC was an incentive to look for and enter work.

Previous research on the Lone Parent Pilots (LPPs) (Brewer *et al.*, 2009) showed that IWC did have an incentive effect for some lone parents. According to the Work and Pensions Longitudinal Study, one percentage point of the 14.3 per cent of potentially eligible lone parents were found to be in work because of the LPPs. Previous qualitative research has also shown that Jobcentre Plus staff consider IWC to be a good incentive to 'tip the balance' for those uncertain about work, although this was not always backed up by findings from lone parent customer interviews (Hosain and Breen, 2007; Ray *et al.*, 2007). Findings on tax credits suggest that they may have a considerably greater influence on lone parents' decision to enter work than IWC (Ridge and Millar, 2008), which is perhaps unsurprising as tax credits last longer than a year and in many cases contribute more to lone parent's income than IWC.

Interviewees in the implementation and retention studies were asked how much of an influence IWC had on their decision to look for work. It was made clear to interviewees that the question referred to the influence of IWC specifically, and generally interviewees had a clear understanding of the different monies they received. Therefore, we can be confident that lone parents' responses were not referring to, or being confused with, other sources of income, e.g. Working Tax Credits

(WTCs). Staff were, similarly, asked how much of an influence IWC had on attitudes to work among their customers.

As with previous research, it was common for lone parent interviewees in this evaluation to report that IWC had not provided an incentive for them to look for or enter work because they did not find out about IWC until they had begun looking for work or had found a job (see Section 2.4). However, this was not the case for all lone parents interviewed, and findings show IWC had three types of influence on lone parents' decision to look for and enter employment:

- little to no influence;
- added incentive – a small but appreciable influence;
- key influence.

As might be expected, IWC appears to have had a weak(er) incentive effect on people with recent (and consistent) work experience, who were more likely already to see work as achievable and beneficial. Conversely, IWC appears to have had a strong(er) incentive effect on people with patchy work histories and more experience of worklessness, who tended to be less self-motivated to find work than those with more, or more recent, experience of working.

### **2.5.1 Little to no influence**

A number of lone parents reported that they had not been aware of IWC before they had either decided to look for work or actually found a job (see Section 2.4). Consequently, for these interviewees, especially those who had secured work before discovering about IWC, any potential incentive effect was essentially negated. This suggests that individuals' pre-employment awareness of IWC has not greatly improved following the IWC pilots, when many lone parents were not aware of IWC before securing work or before starting their job search (Ray *et al.*, 2007).

Other reasons for IWC having little to no influence mostly related to attitudes to work. As might be expected, those lone parents who were already set on getting a job regardless of IWC were likely to report that IWC did not act as an incentive to enter work. Frequently cited non-IWC incentives to work were: to gain self-respect, adult company, to set an example to children and perceived financial necessity (see Section 2.1). Often people in this group were highly self-motivated to re-enter employment: *'I wanted to work anyway'* or similar was a common refrain. Others stressed financial drivers for going back to work which would be present with or without IWC – suggesting that it was a financial necessity rather than necessarily something they would have chosen, and also demonstrating that they saw themselves as better off in work regardless of IWC. For example:

*'No [IWC wasn't an incentive], I had to work [anyway]; we couldn't survive not working.'*

(Interviewee, Glasgow)

These lone parents for whom IWC had little to no incentive effect tended to describe IWC as a useful bonus or extra, rather than an integral 'push'. These findings were supported by some staff focus group participants' views:

*'I've observed lots of interviews [between lone parents and Jobcentre Plus advisers] and if someone wants to work they will work anyway. This [IWC] is a bonus for them and they are really pleased when they find out they get that on top.'*

(Jobcentre Plus staff, Coventry and Warwickshire)

Lone parents on whose decision to look for and enter work IWC had little or no influence included those who had recent and consistent work experience, and saw work as achievable and beneficial. Interviewees who were accustomed to working often disliked being out of work and on benefits and were motivated to return to work, regardless of IWC.

The limitations of IWC as an incentive to enter work were underlined by cases where lone parents described how they did not contemplate entering work at previous stages in their lives because of personal or family-related circumstances and considerations. These were generally much more powerful an influence on attitudes to work than IWC.

### Case study 1: IWC was not an incentive to look for work

'Kelly' is in her late 30s and lives with her two teenage daughters. She had been a lone parent for two years. Kelly gained a few GCSEs at school. Her work experience has mainly been in a hospital, which funded her training to become a nurse. Kelly is now qualified to degree level.

In between jobs, Kelly received IS, Housing Benefit (HB) and Council Tax Benefit (CTB). After a family breakdown she felt she could not work and wanted to be at home to look after her children. Kelly started looking for work when she was personally ready, and sought advice from Jobcentre Plus. Once Kelly informed Jobcentre Plus of her new job as a nurse, her adviser told her about the weekly IWC payment she was entitled to. Kelly felt it was nice to have a little bit of help during the transition from benefits to work, however, IWC was not the reason she went back to work as a full-time nurse.

During the 52 weeks she claimed IWC, Kelly used it to supplement her wages, often using it for food shopping. She reported the main positive aspect of the IWC payments was the weekly instalments, as her income from nursing was paid on a monthly basis. The IWC payments allowed her make the adjustment from benefits into work.

### 2.5.2 Added incentive

Despite the weight of findings suggesting that IWC often had little to no influence on lone parents' decisions to enter work, it was also clear that, for some, it did play a part (even if a small one) in influencing the decision to enter work. The 'added incentive' role was clearly recognised by staff who characterised the effect as 'reinforcing' decisions, or 'tipping the balance' in favour of entering work, where the individual was uncertain.

These effects could be seen in some interviewees' responses. Lone parents for whom IWC provided an added incentive or 'tipped the balance' in favour of work included those who had disrupted work histories as well as some longer-term unemployed lone parents. For these interviewees, who felt IWC was an '*added incentive*', it was, for some, a straightforward tipping of the financial balance in relation to making work pay more. For example:

*'It did probably push me a little bit, because I thought it will actually help, and it made it, you know, more worthwhile actually having a job.'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

For others who felt IWC was an '*added incentive*' it eased concerns over financial security when in work. For these lone parents, IWC had a more nuanced influence, which was connected to confidence, as well as strictly financial considerations. In the case study below, IWC was viewed in terms of easing the transition into work, and offering reassurance for an initial period, which was regarded with anxiety.

**Case study 2: Lone parent for whom IWC gave an added incentive to work**

'Cheryl' is in her early 20s and lives with her two-year-old son in a council-rented flat. Cheryl left school with several GCSEs. After leaving school she worked in a care home for two years. After having her son, Cheryl went back to college and completed a number of courses. First she did a young carers course, which led onto another course with a 12-week work placement. Although there was no job at the end of the placement, Cheryl felt it was a valuable experience.

Cheryl first heard about IWC during a meeting with her lone parent adviser at Jobcentre Plus. Cheryl had already decided to look for work. However, she thought the IWC payments were an added incentive to her to go out and look for a job.

Before claiming IWC Cheryl, was working one day a week in a cleaning job on a casual basis. During one of her meetings with her lone parent adviser, she was given a job advert for a part-time cleaning role in the company where she was already working. Cheryl successfully got the part-time job and started working 16 hours per week and claiming IWC.

Cheryl stopped working before she had finished her 52 weeks of IWC because the number of hours of work per week became inconsistent and unreliable. In the future Cheryl hopes to find another job and complete her IWC claim. Cheryl felt she was much better off in work with IWC payments and was able to afford treats for herself and her son, as well as a holiday.

These findings support those from previous qualitative evaluations of IWC which have also found that IWC could 'tip the balance' in lone parents' attitudes in favour of work over staying on benefits, certainly in responses from staff, if not so clearly in responses from interviewees (Hosain and Breen, 2007; Ray *et al.*, 2007).

There were some indications from interviewees that the incentive effect on some lone parents of IWC may be limited or negated because of its fixed duration, as previous research had also highlighted (Ray *et al.*, 2007). Certainly, some lone parents interviewed were very conscious that IWC would not last and, for some, this had a clear impact on their attitudes towards it:

*'Going to work, it is a wee bonus, but it is only there for the year and you kind of get to rely on that money coming in.'*

(Interviewee, Glasgow)

**2.5.3 Key influence**

It was less common for IWC to be a decisive influence on lone parents' decisions to enter work. Lone parents for whom IWC was a key influence tended to need convincing of the benefits of work, financial and otherwise, and for these lone parents, IWC was a key factor in considering working to be financially feasible and sustainable.

As with the 'added incentive' group, there were some in the 'key influence' group for whom IWC was purely about 'making work pay'. For others, the incentive effect seemed to go beyond simply making work pay to encompass a greater sense of financial security associated with increased confidence and assurance of the ability to enter and sustain employment. The loss of IWC among those for whom it was a key influence in entering work did not lead to their falling out of employment (see Section 5.2.2 for discussion of how lone parents dealt with the end of IWC). Interviewees who cited IWC as a key influence were generally still in employment after the end of IWC (for those interviewed after they had finished their IWC claim), or planning to remain in employment (for those still claiming IWC when interviewed).

The following quote and case study illustrate how IWC was a key influence in relation to making work pay for one interviewee:

*'It made a big difference to my decision to get a job because if it wasn't for In Work Credit then you'd be making a minimal amount more than you would be on benefits.'*

(Interviewee, Glasgow)

### Case study 3: Lone parent for whom IWC was a key incentive

'Sandra' is in her late 30s. She has two children, aged 20 and 15 years old. Sandra has held several jobs since leaving school, including factory work, working as a shop assistant and as a cleaner.

Before finding the job Sandra claimed IWC for, she was claiming IS, HB and CTB. Because her youngest child was 15 years old, Sandra was sent to an options and choices event run by Jobcentre Plus. At this event Sandra was made aware of the changes for lone parents and was also introduced to IWC. The fact that IWC was non-taxable was a real incentive to Sandra to go back to work. Previous experiences Sandra had had moving from benefits to work had put her off the transition, as she had found she was not better off in work. In the knowledge that she would receive an extra £40 per week, Sandra reassessed her options and decided to look for work.

Sandra found her job through word of mouth. She works 16 hours per week in a local pub. It is a convenient job, as the hours are flexible and the pub is close to home. Sandra spends her IWC payments on treats for herself and her children. She is aware that IWC only lasts 52 weeks. She is hoping, through completing her personal licence course, she may be in line for a promotion and a pay rise at her current job, which would help when IWC ends.

As noted, IWC was linked to wider financial security and confidence about entering work, for some. For example, one interviewee described how she had been uncertain whether or not she should move into what she knew would be fairly low-paid, potentially insecure self-employed work, and that IWC had been a key influence on her decision to give it a try:

*'It just felt like there was a safety net there for a while to get me up and running...I couldn't have done it without it. I wouldn't have felt confident enough just to say, "Right, I'm not getting any more benefit because I had a child".'*

(Interviewee, Coventry and Warwickshire)

While IWC played a larger part in the decision to look for and enter work for quite a small group, this group included a number of lone parents with quite long periods on benefits and/or patchy work histories. Some interviewees who had been out of work and on benefits for extended periods observed that not working became the norm, and made the prospect of working quite intimidating. It was clear from these lone parents that IWC had been a factor in their coming to see work as achievable, feasible and desirable. Some staff also noted this larger effect on those further from the labour market:

*'I had a customer who was quite far from the labour market, but when I did mention it she changed her mind, honest to God. She was always, "Oh no, I can't work at the moment."...and then I showed her the In Work Credit and she was like, "Oh, okay then, yes, I don't mind looking for a job now".'*

(Jobcentre Plus staff, Coventry and Warwickshire)

As one staff respondent stated:

*'I think it's a bonus to people who are already looking and who haven't been able to work for whatever reason, but it's a real push for people who haven't thought about it or thought they couldn't afford it.'*

(Jobcentre Plus staff, Swindon, Wiltshire and Gloucestershire)

#### **2.5.4 IWC as part of the Better Off Calculation**

While this research primarily examined the influence of IWC on the decision to find work, it is worth noting that IWC may act to incentivise work in combination with other in-work financial support, including tax credits. Indeed, the policy intention of the BOC is that the financial contributions of all available in-work support combine to incentivise entering work. Evidence of IWC as an influence on attitudes to work through the BOC, rather than directly and independently, can be found in previous qualitative evaluations of IWC. These have found that IWC was most effective when presented as part of a wider package, with IWC having an incentive effect through forming an important part of the BOC (Hosain and Breen, 2007; Ray *et al.*, 2007). Although the evaluation reported here did not examine this combined incentive effect directly, there were some indications of its presence in interviewee responses. In some cases, it seems that IWC influenced decisions to enter work indirectly as part of the BOC, even though it was not reported to have had a direct influence.

There were mixed views about BOCs among those lone parents who recalled having one carried out by Jobcentre Plus staff before entering the job for which they claimed IWC. Some interviewees reported that BOCs were useful and had demonstrated a clear financial benefit to working. Others, however, reported that their BOC had not clearly demonstrated or reassured them that they would be any or significantly better off in work. A number of lone parents interviewed recalled the £40 IWC payment as a particular aspect of, or addition to, the BOC. For example:

*'On the minimum wage, which the calculations were done on, I was better off, but not hugely better off, so at that point it was a bit of a doubt that financially I would be better off, especially if I had to find childcare at other times, apart from during the school holidays, but then she said about that £40 extra, which of course swayed me to think about it.'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

As stated earlier in Section 2.4, findings from staff focus groups indicated that, as this quotation suggests, some Jobcentre Plus advisers do represent IWC as an extra on top of the standard BOC. Both staff and lone parent responses indicated that this might be an effective approach in incentivising work entry. Some lone parents felt that their financial situation once in work did not reflect the figures presented in the BOC (see Section 4.6). This discrepancy often appeared to be caused by the range of extra expenses in work that are often not taken into account in the BOC, including travel to work costs, children's school meals, prescriptions, and having to pay off debt, such as rent arrears. For example:

*'It seemed great. It seemed brilliant but, you know, when you're actually living it and the reality is, you know, it's not that great really, you know. As I say, I really do feel...I think she worked out I was about £50 a week better off, but I can't really notice that, you know, it's neither here nor there really with paying out for dinners and stuff.'*

(Interviewee, Coventry and Warwickshire)

These findings are in line with other recent research that explores customer views of BOCs (Dorsett *et al.*, 2010).

### 2.5.5 IWC enabled some to take jobs they would not have taken otherwise

Whether IWC was a key influence or an added incentive, some interviewees in this evaluation, who saw IWC in terms of making work pay, stated that it enabled them to widen the range of jobs they would consider. Predominantly this was in relation to pay, i.e. entering a job with a lower wage than they would otherwise take. For others it enabled them to enter part-time work or take on temporary work (as long as it was expected to last for five weeks or more). This was also found to be the case for some lone parents in New Deal Plus for Lone Parents areas (Griffiths, forthcoming 2011) and lone parents in the 'in work retention' pilot areas (Ray, forthcoming 2010).

## 2.6 Summary

- The timing of when a lone parent decided to go back to work was often related to an individual 'tipping point' in their life, for instance their children reaching a certain age. For others it was when they had been able to overcome a key constraint on their working, such as confidence.
- Rather than being at the fore of lone parents' minds when thinking about moving into work, IWC was seen as part of a wider package of support that helped the transition and included benefit run-ons and job grants. It was also part of a package of in-work income, including wages and tax credits, that, in terms of 'making work pay', enables part-time work to 'pay more'. BOCs that included IWC led to lone parents feeling that they would be better off in work, which, for some, reinforced their decision to enter work.
- It was quite common for lone parents to say that they had not heard about IWC until they had already begun looking for work or found a job. However, Jobcentre Plus staff generally reported that they informed lone parents at a fairly early stage before they started looking for work. It is possible that there was a recall issue in lone parent interviews, given that they may have been thinking back a year or more previously when discussing how they first heard about IWC. Lone parents also may not have registered IWC as a specific component of the BOC they received.
- IWC was generally found not to incentivise lone parents to work, although it was an incentive for some lone parents. Other factors, such as being motivated to work, overcoming constraints and personal milestones were more important in the decision to look for work than a wage supplement such as IWC.
- There was a small but important group for whom IWC was a key incentive: lone parents who had been out of the labour market for a significant period found the safety net and added income that IWC provided to be key in their decision to look for and enter work. IWC also helped some interviewees to expand the type of work they looked for and entered, including temporary work, lower-paid work and part-time work.

# 3 Delivery of In Work Credit and lone parents' experiences of claiming it

This chapter summarises key findings about lone parents' experiences of In Work Credit (IWC) and the delivery of IWC by Jobcentre Plus staff. More specifically it covers:

- staff understanding and delivery of IWC after the national roll-out;
- lone parents' experiences of claiming IWC;
- changes since the national roll-out and future changes needed.

The majority of the information is from interviews with lone parents and the three staff focus groups in the implementation study; however, some sections also include information from lone parents interviewed as part of the retention study. Any differences in experience between groups of lone parents or case study area are highlighted.

## 3.1 In Work Credit training and guidance

Staff were asked as part of the implementation study about the nature and extent of training they received before the national roll-out of IWC. Team talks and written guidance were mentioned by staff in all three case study areas, along with information leaflets mentioned by some. Overall, the information, informal training and guidance on IWC was reported as being sufficient, partly because staff felt IWC was not a difficult credit to administer:

*'It is very easy to understand...it's very, very simple; so I think what we have was enough.'*

(Jobcentre Plus staff, Swindon, Wiltshire and Gloucestershire)

Staff in two of the case study areas were part of large teams with specialist lone parent advisers, who could support one another and share their knowledge of IWC, and, therefore, their positive experience of delivering IWC may not be reflected by smaller teams with fewer specialist advisers. However, examples of good practice which helped staff included: having a centralised team of advisers who they could contact if they needed help or advice; having one adviser go through the information and guidance in detail, and report back to colleagues; and using error reports on application forms to monitor and rectify the number of mistakes being made by staff.

## 3.2 Claiming In Work Credit<sup>15</sup>

Overall the claim process and delivery of IWC, including the mandatory reviews<sup>16</sup> of employment evidence, worked well, and customers and staff were in agreement about this. For example, on the whole, lone parents interviewed generally found the claim process easy and reported receiving IWC payments within a few weeks of making the claim without any problems.<sup>17</sup>

The positive views of the claims process appeared to be related to either the interviewee having no difficulty filling in the form or the fact that the application form was quite often filled in by Jobcentre Plus staff. For example, where the interviewee went to the Jobcentre Plus office to inform them that they were starting work, or had a meeting with an adviser shortly after starting work, then it was a common experience for the adviser to fill out the form for the customer. The customer would then check and sign this form. This assistance of staff in completing the claim form was consistent across the case study areas, suggesting that it may be common practice more widely. Completing the claim form did not appear to cause any problems for staff in relation to their workload. In fact staff seemed happy to do this, as they often reported that the claim was more likely to be processed smoothly when they filled out the form on the customer's behalf.

Previous research found that some lone parents in the pilot districts who had been on Income Support (IS) for less than 12 months, and therefore, were not yet potentially eligible for IWC, stayed on IS for longer than they might have done previously after the pilots were started. However, it was not possible to determine whether this was because of an anticipation effect of IWC or a reflection of changes in the wider labour market. In any case, any such effect was small (Brewer *et al.*, 2009). A number of staff in the evaluation reported here had experienced some lone parents who had been out of work for nearly a year, delaying the start of work in order to qualify for IWC. Some staff, therefore, tailored the timing of informing lone parents to the individual person. For example, this could mean they told lone parents about IWC early on if they thought it may help incentivise them to look for work and avoided telling others until they were eligible, if they thought there was a risk of this delaying a person's move into work. However, although this was not explicitly asked about in the customer interviews, there was no evidence from interviews with lone parents that they had delayed starting work in order to be eligible for IWC.

### 3.2.1 Claiming IWC for self-employment

Evidence from the staff focus groups suggested that the delivery and receipt of IWC was not quite as smooth for those lone parents who claimed IWC for self-employment. In particular this related to the type of evidence lone parents were required to produce to prove their self-employment. For example, for lone parents in employment this tended to be the last two wage slips from an employer which, were generally found to be quite easy to access, photocopy and provide to Jobcentre Plus staff. On the other hand, self-employed lone parents were required to provide personal advisers with a variety of employment evidence depending on what work they did. As summarised by one member of staff:

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<sup>15</sup> This section focuses on lone parents' experience of claiming IWC from an administrative and delivery perspective. See Section 2.4 for a discussion on awareness of IWC.

<sup>16</sup> Mandatory reviews of a lone parent's evidence of employment are carried out by Jobcentre Plus staff at weeks 12 and 26 of the IWC claim.

<sup>17</sup> Lone parents applying for IWC must complete and return their claim form (IWC1 form) to the Jobcentre Plus office within five weeks of starting work.

*'If it is like a taxi driver we want to see their badge, national insurance contributions, diaries. Hairdressers, hiring the chair somewhere, trying to get the diary of works and get written receipts and that sort of thing.'*

(Jobcentre Plus staff, Coventry and Warwickshire)

However, bearing in mind the small number of interviewees in self-employment,<sup>18</sup> only one lone parent interviewed found claiming IWC difficult. This happened while she worked as a child minder. Some staff mentioned wanting clarification on the type of self-employment evidence that should be requested. For example, staff in one focus group were uncertain about whether or not they were required to request a copy of customers' self-employed status registration with Her Majesty's Revenue & Customs. Other staff were in the process of seeking clarification on whether foster care counted as self-employment.

### 3.2.2 Repeat IWC claims

Of individuals who had started receiving IWC following its national roll-out, 3,800 (three per cent) had claimed IWC more than once.<sup>19</sup> Therefore, it was not surprising that most of the lone parents in this evaluation had only experienced one IWC claim. Generally lone parents had had no breaks in their claim. The introduction of the four-week IWC run-on period, for those who were out of work for less than four weeks, was likely to have reduced the number of interviewees with a break in their claim. Some interviewees had experienced this IWC run-on when they had a short gap between jobs.

The experiences of those lone parents who had received IWC in more than one period differed. First, some had continued in employment throughout the break in IWC and said their initial IWC claim ended because they failed to provide evidence of employment when requested or changed job without notifying the IWC team. These scenarios were also mentioned by staff in one case study area, who explained that if employment evidence was not provided within two weeks the customer would be sent a reminder and a further two weeks to provide their evidence. If evidence was not provided in this time, IWC payments were stopped. The Glasgow Jobcentre Plus staff explained that when the evidence was provided they calculated the balance of time remaining on the claim and the IWC payments re-started.

Of the lone parents who experienced this, one reported not being particularly affected by the lack of payment for those few weeks, whereas another struggled financially and had to borrow money from a family member. Both of these cases reported the IWC payments re-starting relatively effortlessly once they provided the IWC team with their employment evidence. For example:

*'They just carried the claim on; it was really good.'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

Other lone parents whose initial IWC claim ended before 52 weeks because their job had come to an end had a period claiming benefits between jobs. It is not possible to say for them whether the fact that lone parents could claim the 'balance of time' remaining on their 52 weeks of IWC was an incentive to return to work. For one lone parent, being financially better off in work and struggling with being back on benefits were large factors in her return to work and she was unaware that she would be eligible for IWC again. Another lone parent who was aware IWC would continue when she returned to work proactively raised this with the Jobcentre Plus staff after she had found a job; however, she was unaware that she was only entitled to the balance of time rather than a full year.

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<sup>18</sup> Less than ten interviews were conducted with lone parents claiming IWC for self-employment.

<sup>19</sup> These data cover the period from April 2008 up to the end of March 2010. Source: The Department for Work and Pensions (DWP).

### 3.3 Changes since the national roll-out of In Work Credit

IWC was rolled out nationally in April 2008. Therefore, at the time of the staff focus groups IWC had been available in those areas for around 18 months.<sup>20</sup> It was reported that there had been relatively minor changes to IWC following its roll-out. For example, in January 2009 the number of mandatory reviews for IWC changed from four to two.<sup>21</sup> Staff in one focus group referred to this change and felt it resulted in an improved service for the interviewee, as there were fewer breaks in payments. Other changes mentioned included the amendment to the eligibility criteria to enable those who had a short break in benefits during the 52-week eligibility period before claiming IWC to still be eligible for IWC. The introduction of the run-on of IWC for those who are out of work for up to four weeks<sup>22</sup> was mentioned as a current change during the period of fieldwork (September to mid-November 2009).

Some staff also felt that the number of people claiming IWC was lower compared with when IWC was first rolled out because of the recession and fewer people moving into work at the time of the research. This is supported by administrative data which show that the number of claims in 2008 was slightly higher than in 2009 (both nationally and in the survey districts). Staff also reported that there were fewer leaflets available for customers at the time of this evaluation compared with when IWC was rolled out nationally in 2008. However, this was not reflected in the customer interviews. Lone parents interviewed on the whole recalled receiving a leaflet about IWC when they made their claim, which they generally felt was helpful.

### 3.4 Future changes needed

When asked what improvements Jobcentre Plus staff thought could be made to IWC, a variety of improvements were mentioned. Process-related improvements included speeding up the initial claim so lone parents did not have to wait four or five weeks for their first payment. In one area, enabling personal advisers in the centralised team to check more easily what payments had and had not been made was something advisers would have liked to see improved in the future.

Other suggested changes and improvements included broadening IWC eligibility to partners or anyone with children, similar to the New Deal Plus for lone parent pilot areas, and changing IWC payments to include financial rewards at certain milestones, such as six months or one year, to act as a further incentive to staying in work.<sup>23</sup> Customer views on the amount of the IWC payment are discussed in Section 5.1.3 and views on the length of time IWC is paid for are discussed in Section 5.2.3.

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<sup>20</sup> Staff focus groups were carried out in the three implementation case study areas of Coventry and Warwickshire; Swindon, Wiltshire and Gloucestershire; and Glasgow. None of these areas had piloted IWC before 2008.

<sup>21</sup> Staff are able to ask IWC recipients for evidence of their employment or self-employment at any time during the IWC claim. However the mandatory reviews are points during the 52 weeks of IWC when recipients must provide Jobcentre Plus staff with employment evidence. From January 2009 onwards there were only two mandatory reviews within the 52-week IWC claim period.

<sup>22</sup> If a customer finished a job IWC would continue to be paid for up to four weeks, if the customer did not make another claim for benefit, to cover breaks between jobs for up to four weeks. This amendment aligned IWC with Working Tax Credit (WTC), which also continued to be paid for four weeks after employment ended.

<sup>23</sup> A mix of weekly and lump sum payments of IWC was piloted in the in work retention pilot areas of Greater Manchester central, and Greater Manchester east and west districts from 2008 to 2010. See Ray *et al.* (forthcoming 2010) for an evaluation of this pilot.

Awareness of the fact that IWC was a payment of £40 per week for 52 weeks was high and consistent across all case study areas.<sup>24</sup> However, a small number of interviewees would have liked notification of the exact date of the last payment in advance of it happening, even if they knew what month their IWC claim was going to end.

Lone parents across all case study areas referred to weekly letters confirming that the IWC payment had been made to their nominated account. These letters were not explicitly asked about as part of the interview, but it is interesting to note that interviewees who mentioned these weekly letters tended to report that they thought they were a waste of paper and money, which suggests these could be either optional or stopped altogether for future IWC recipients. For example, one interviewee who mentioned these, unprompted by the interviewer, stated:

*'The only thing that annoys me is they send me a letter every week, it's a complete waste of paper, I've just got to look at my bank statement to know that I've got it [IWC].'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

Staff in one focus group suggested increasing IWC payments to £50 per week to bring them in line with self-employment credit, which is a payment of £50 per week for up to 16 weeks for people who have been out of work for 13 weeks or more.

### 3.5 Summary

- Overall, the delivery of IWC following its national roll-out in April 2008 went well and this was reflected by both staff and customers. For example, many lone parents saw the claim process and providing evidence of employment at the mandatory reviews as relatively straightforward. Moreover, staff were confident in their ability to deliver IWC successfully, and the lone parents interviewed tended to report that they had not experienced problems claiming IWC or with the payment of it. This was partly attributed to the fact that IWC was considered a relatively straightforward credit to administer as well as the fact it had mainly remained the same in the 18 months since national roll-out.
- Findings suggest that the process may not be working so well for self-employed customers. In particular some staff were uncertain of what evidence should be provided to demonstrate self-employment, and some lone parents found it difficult to provide the evidence requested. Therefore, this is an area for improvement in the future delivery of in-work credits to self-employed customers.
- Another suggested area for improvement was making the weekly letters confirming payment of IWC optional or removing them altogether, as these were often seen as pointless by customers.

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<sup>24</sup> This is perhaps to be expected given that all successful IWC applicants should have received an award letter advising them of their entitlement, the entitlement period and the amount and method of payment.

# 4 The employment experience of lone parents

This chapter examines the experience of lone parents in employment by discussing findings on key in-work issues. It explores how interviewees found their jobs, how they balanced work with childcare and family responsibilities, what type of work they did, its financial benefits (or otherwise) and its advantages and disadvantages more generally. It also covers activity and support in the run-up to employment, and establishes a profile of work type and childcare arrangements used. It then examines whether work for which In Work Credit (IWC) was claimed was financially beneficial and the interaction between financial benefit and lone parents' attitudes towards their jobs. The chapter covers:

- work search activities and support to find work;
- type of work entered;
- use of childcare while in work;
- awareness and take-up of in-work support;
- whether lone parents were financially better off in work;
- attitudes to the job;
- impact of the job on children.

## 4.1 Work search activities and support to find work

To be eligible for IWC, lone parents had to have been claiming benefits for one year. Most lone parents in this evaluation who came off benefits into work and claimed IWC had claimed Income Support (IS) previously (see Section 1.4.3) and had been subject to the Work Focused Interview (WFI) regime. However, some lone parents had been claiming Jobseeker's Allowance (JSA) and were subject to the Jobseeker's regime. Lone parents had almost always been in touch with the Jobcentre through one of these regimes. Perhaps unsurprisingly, interviewees mentioned support from Jobcentre Plus with looking for work when asked about work search activities. Interviewees in this evaluation were also quite proactive in looking for work themselves and mentioned the following forms of work search and support:

- using the internet;
- looking in newspapers;
- friends and/or family providing them with job leads;
- getting help from private and voluntary sector providers.

Those who had received support from Jobcentre Plus or other providers had, in some cases, attended short courses to help prepare them for work, and/or had help with preparing CVs and filling in job applications. It was more unusual to have undertaken voluntary work or Work Trials and to have used employment agencies. Overall, lone parents proactively engaged in at least two or three of these forms of work search before they successfully moved into work. Looking for work in the recession had meant that they had had to work hard at finding a job. Those that had left work

since starting their claim for IWC and who were looking for work (see Section 5.4) were using these techniques again, some having moved directly onto JSA, having lost their entitlement to IS because of the age of their youngest child.

There were mixed views on how useful support from Jobcentre Plus had been when looking for work. On the one hand interviewees did not find the support through WFIs very helpful. For example, some lone parents felt that the purpose of WFIs was just to 'check up on them'. Some also reported that advisers did not always have the right information. One respondent said that her adviser had discouraged her from seeking work until her children were older, as she would not be financially better off. While she understood that it was important to know that she may not be better off, the interviewee was, nevertheless, keen to work and disappointed at being discouraged from seeking employment. On the other hand there had been some very positive experiences of Jobcentre Plus support from the lone parents we spoke to, who had found their advisers very helpful.

In terms of which forms of these job search activities and support were most useful, the internet was seen as very useful by those that used it. A group of lone parents in Glasgow had received support from providers delivering Employment Zones (EZs) (including Reed in Partnership, Working Links and the Wise Group). They had often accessed this support through the outreach work of providers rather than being referred there by Jobcentre Plus and most found the support on offer helpful and benefited from the more frequent contact than was provided under the WFI regime. Those that had undertaken voluntary work or Work Trials had found this experience the most useful activity in preparing for and looking for work, and, in some cases, it led directly to offers of paid work.

### 4.2 Type of work entered

When lone parents were asked what type of work they had been looking for before they got the job for which they were claiming IWC, a common response was '*anything really*'. On the whole, lone parents looked for part-time work that fitted around their childcare commitments and children's school hours. This was often seen as being more important than the type of job. Staff also reported that lone parents would generally not consider temporary work as they did not want to risk the upheaval of coming off benefits if there was a risk that they would have to go back on them after the contract ended.

Where lone parents specified the type of work they had been looking for it often reflected the types of work that are available part-time. The part-time work sought and gained was, therefore, mainly low-paid, low-skilled work that often required few qualifications. Such jobs included: cleaning, bar work, care work, retail, packing, call centre work, catering, administration and teaching assistant work. This also reflects the types of work carried out by the broader working population of lone parents: part-time work and lower-skilled occupations, particularly administration, secretarial and personal services (e.g. social care occupations) (Philo *et al.*, 2009).

IWC is only available to lone parents entering work of 16 hours per week or more. In relation to hours worked, a sizable group were working exactly 16 hours per week and it was most common for interviewees to work between 16 and 29 hours per week, while fewer worked for 30 hours per week or more. These working hours reflect the benefit and tax credit system which incentivises lone parents to work part-time more than full-time.

The prevalence of part-time, low-paid, low-skilled jobs among interviewees did not necessarily mean they were not interested in having a career (although this was true of some). Some lone parents had plans in place to gain skills or move jobs once circumstances allowed, e.g. once children were older. For example, one interviewee who was working as a cleaner part-time, explained that she wanted to get a better job eventually, and would like to go back to college to gain the necessary qualifications

and skills to enter into a career job. However, her child was at a young age and had health problems, so having a job with the right hours was her main concern for the time being:

*'...it's a cleaning job. Anybody could clean but I'm happy because it's exactly the same hours when my son's at school and that's what lets me be happy knowing that I'm not having to leave my son here, there and everywhere.'*

(Interviewee, Leeds)

A sizable group of lone parents in this evaluation had qualifications at Level 2 or above (see Table C.9). They were also more likely than the lone parent population as a whole to have recent work experience (see Section 1.4.4). The fact that, in the main, lone parents were doing low-paid or low-skilled work shows that some lone parents may have been under-employed or under-paid given their skills and qualifications. These lone parents had chosen part-time work that suited their caring responsibilities, even when it did not reflect their skills.

A number of interviewees, but by no means all, reported that their employers allowed them to work flexibly to some extent. These tended to be those who had stayed in the same job after the end of 52 weeks of IWC and worked part-time. For example, one interviewee had changed from full-time to part-time work to fit her job around childcare responsibilities. Some reported that their employers were understanding and flexible if they needed time off for family emergencies, such as their child being ill, and one interviewee was granted her request to make up the hours so she did not lose any pay that week.

Some interviewees reported not wanting to do overtime when offered it, as they did not think it would be financially beneficial once additional childcare was taken into account. For some interviewees who did not want to take on additional hours, being able to say no to requests from employers and not experiencing any negative consequences were sometimes described as being able to work flexibly. Many of those who worked shifts were able to request what shifts they had, although this was not the case for all, and there was often no guarantee that they would get the shifts they requested. Some interviewees who worked shifts were able to work flexibly to some extent by swapping shifts with colleagues if they needed to, and one had managed to change her shift pattern when a colleague left the job.

### 4.2.1 Self-employment

A small number of interviewees were self-employed (as previously discussed in Section 3.2.1),<sup>25</sup> with businesses in a variety of fields, including child minding, interior design and crafts. Some of these lone parents were still at an early stage in establishing their businesses and it remained unclear whether they would prove to be successful over the longer term. IWC was reported by self-employed interviewees as having helped them manage financially when they were establishing their business, although this had not always been enough. For example, one respondent in particular had struggled with the accounting and administrative side of running the business. However, others were more established and their businesses had proved financially viable (albeit on a small scale).

<sup>25</sup> Less than ten interviews were conducted with lone parents claiming IWC for self-employment.

**Case study 4: Self-employed lone parent**

'Susan' is a lone parent in her late 30s living in a rural area. She has three children aged between nine and 18 years old. Susan left school without any qualifications. At 19 years old she took part in the Youth Training Scheme where she received a typing qualification. For most of her working life she worked in pubs. Before her current job, Susan was claiming IS for seven years. She found it hard to find work because of the lack of transport in her local area. Susan first heard about IWC once she had notified Jobcentre Plus about going back to work. Although she was entering into work anyway, she felt IWC was an added bonus in moving from benefits into work. She reported having no problems claiming IWC as she received help from Jobcentre Plus staff. Susan is self-employed; she built up her home-help business through word of mouth, firstly through cleaning a friend's home, which led to other jobs. At the time of the interview she was working 16 hours per week and still receiving IWC.

With the weekly IWC payments, Susan was able to save up and buy a car, which provided easier transport to and from her clients. She felt the ending of IWC payments might be difficult because she relied on the money to help run her car for her business. Susan planned on working an extra day once her IWC payments finished, in order to replace the money she would lose. She felt that IWC was a 'lifeline': without it she would not have been able to buy her car, which helped her overcome transport difficulties.

### 4.3 In-work support

Interviewees were asked if, once they had moved into work, they received any financial support or non-financial support, either from Jobcentre Plus or from private or voluntary employment support providers. This referred to support in addition to IWC and not from their employer. Staff were also asked about interviewees' use of in-work support from Jobcentre Plus.

Staff tended to tell lone parents about the package of in-work support available to them once they had got their job and had come for help from their adviser to apply for Working Tax Credit (WTC) and other financial support, such as benefit run-ons. Staff highlighted that they could access the In Work Emergency Discretionary Fund (IWEDF) if interviewees were experiencing financial hardship and that non-financial support was available through In Work Advisory Support (IWAS). Staff said that few lone parents took up this offer of in-work support, and for those that did, it was normally when their WTC claim needed renewing or when something went wrong with their job (e.g. employers reducing their hours below 16 per week or changing their shifts, or when interviewees were struggling to manage their finances).

As this would suggest, generally lone parents also reported that they had not received any further support – financial or otherwise – from Jobcentre Plus since starting work. Many received help with making the transition into work, such as filling in tax credit forms, and receiving job grants and help from the Adviser Discretionary Fund, as well as run-ons for Housing Benefit (HB), etc. Generally, interviewees were aware that they could receive in-work support once they had started work, but had not felt the need to take up the offer. There were rare instances where lone parents did not seem aware of IWAS and said that they would have liked more support once they had moved into work. For example, some would have liked to discuss any concerns or support to help them find out more about their employment rights and what in-work benefits they were entitled to claim.

There were a few cases of interviewees who had phoned up their adviser if they had a problem once in-work. These lone parents reported that they had found it very useful to have someone on the end of the phone who could help them deal with problems. For example, one interviewee had received ongoing support from the provider who had helped her move into work, as she was finding the

hours too much. The provider was looking for other more suitable jobs for her. It should be noted, however, that in most cases where interviewees had similar difficulties with working hours (or other issues connected to the job), they had not been in contact with, or received in-work support from Jobcentre Plus or any other organisation whose support they may have accessed while out of work. In most cases, lone parents did not appear to see these as a source they could turn to or receive support from, whether to resolve the issue or to find alternative employment. Where difficulties around hours or other issues (e.g. relationships with managers or colleagues) had occurred, these sometimes led to, or contributed to, the interviewee leaving work (see Section 5.4). In cases where people had been made redundant, they often did not get much notice. This underlines the potential need for, and benefits of, greater advice on, and support, with sustaining and progressing once in work from welfare/employment services. This is a feature of the additional support from Jobcentre Plus advisers to lone parents being offered in the In Work Retention Pilots (IWRPs).<sup>26</sup>

In some cases, lone parents went to family and friends for advice. There was also one instance of the use of the IWEDF, which paid to get the interviewee's car through its MOT, so she could continue to use it to travel to work.

#### 4.4 Use of childcare when in work

Interviewees were asked if they needed to use any childcare provision when working in the job for which they were claiming IWC. Generally lone parents were not using formal childcare. This was either because they were using friends and family to look after their children when they were working, or because they did not need childcare at all. In the latter case, this was because they had school-age children and worked within school hours or because their children were old enough not to need childcare. These findings are in line with other evidence on attitudes and use of childcare by lone parents. In their longitudinal qualitative study of lone parents leaving IS for employment; Ridge and Millar (2008) found that mothers of school-age children tended to use informal childcare where possible, and to work part-time and within school hours while their children were younger. The 2007 Families and Children Study (FACS) also shows common use of informal childcare among lone parents.

Those interviewees that did use formal childcare most commonly used breakfast clubs, day nurseries, after-school clubs, child minders, and kids clubs in school holidays. The FACS 2007 findings indicate that these are among the most commonly used forms of childcare by lone parents in the United Kingdom (UK) (Philo *et al.*, 2009). Parents who were using formal childcare were positive about it and, in some cases, felt that they would not be able to work without it and that their children were benefiting from the experience. For example:

*'It's great. It's fantastic, it really is. He loves it. I don't really have time to play with him, so because he's an only child, it gets him out with other kids as well, which is good. Aye, he has settled in well.'*

(Interviewee, Glasgow)

#### 4.5 Impact of lone parents' current job on their children

Interviewees were asked specifically about the impact working in their current job was having on their children. Lone parents commonly saw a mixture of beneficial and, at least potentially, negative

<sup>26</sup> The IWRP pays IWC post-39 weeks in two lump-sum payments, receipt of which is tied to attendance at a meeting with advisers at Jobcentre Plus for retention and advancement support (see Ray *et al.*, forthcoming 2010).

effects of their working on their children. Generally, however, the positives were seen at least to balance, and often outweigh, the negatives.

On the positive side, some lone parents cited setting a good example for their children by being in work (as described earlier in Section 2.1.2). Other common positive effects were that children had benefited from childcare provision and become more independent, and that having a break from their children improved their relationship with them, e.g. one respondent described having more patience with her child now that she had a break from parenting while at work. One interviewee described these mutual benefits for lone parent and child of being in work as follows:

*'I think it's good, really, because he'd spend, you know, he spends time at nursery, in the daytime. When I'm at work doing my thing, he's at nursery doing his thing. Then I pick him up and he's happy to see me, and I'm happy to see him. When I wasn't working, like I liked spending every day, all day with him, but I could just see he was bored with me. And doing the same things over and over and over again with him was just, you know, so irritating, and it's not really stimulating for him, either, just the only person he sees, being me.'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

There were also some negative effects of working on children cited. Some of these were connected to childcare. Some lone parents found that their children were not adapting well to new childcare arrangements. Further difficulty could be caused by childcare arrangements breaking down. One lone parent described how the friend that usually looked after her daughter phoned her when she was at work to say she was ill and could not do the usual childcare. When her employer proved unsympathetic about the situation, it made her feel she should give up her job and be back at home with her child.

There were further negative effects in relation to work causing lone parents to have less time and energy for children, and the knock-on effects of this in such areas as relationships, educational development and health (e.g. some interviewees cited being too tired to prepare a balanced meal for their children). For example:

*'Of course there are negatives...educationally I think children can suffer especially if you're working long hours because you don't have the time to participate so much in helping them to read and things like that.'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

As indicated previously, while they could be a source of real difficulty and concern, such negative effects of work on children were, nevertheless, often considered to be at least balanced by the positive effects of working. For example, one lone parent said that her child did not like the fact that she was no longer able to pick her up from school but was benefiting from the 'extras' she could afford now she was working.

### 4.6 Were interviewees financially better off in work?

Interviewees were asked whether they thought that they were financially better off in work. On the whole lone parents interviewed did feel better off in work compared with on benefits, although for some this was only marginal.

Those interviewees who felt they were not any better off in work (although not worse off) often explained that this was because of additional outgoings they were required to cover having moved into work that they had not paid when on benefits. These included additional travel costs to and from work, children's school meals (as many lone parents would no longer have been eligible for free

school meals once in work), Council Tax and childcare costs. Low wages were also cited as a factor for not being better off in work. Sometimes wages were low because of their pay-rate – many lone parents were earning the minimum wage – but also because interviewees were working part-time hours. Some lone parents stated that they would be better off if they worked full-time hours, which some had moved into, and others hoped to in the future (see Section 5.2.2).

Cost of housing was also given as a reason for not being better off in work by some, particularly those living in private rented accommodation which was typically a higher amount of rent compared with social housing.

It was rare for people to consider themselves to be worse off in work, rather than just no better off or not much better off. However, some lone parents who had re-partnered or lived in private rented accommodation did report that they felt financially worse off in work compared with being on benefits. In relation to re-partnering, one couple living together had previously lived separately with children and claimed IS as lone parents. The interviewee had moved into work before re-partnering and had been better off in work than on IS. However, once he moved in with his partner, she had had to stop claiming IS. Therefore, both parents and the children had to manage on the interviewee's wages, tax credits and IWC. He reported being worse off than when they lived separately on IS.

Some, although not many, lone parents felt they were worse off in work because they had to pay high levels of private rent with lower levels of Housing Benefit to help them once in work. While not a common problem for interviewees in this evaluation, it was a big issue for those who experienced it. The case study below is an important example of how, for this lone parent, a combination of having four children and high private rent meant that entering low-paid part-time work, even with IWC, was not financially viable.

#### **Case study 5: Lone parent with four children in private rented accommodation**

'Lisa' lives in private rented accommodation with her four children, aged between eight and 19 years old. Although Lisa did not leave school with any qualifications she has since taken part in retail management, food hygiene and computing courses at a local college.

Lisa previously worked in retail. However, before her two jobs for which she claimed IWC, she had not worked for six years. During this time Lisa claimed IS, HB, Council Tax Benefit (CTB) and Child Benefit. With the help of her lone parent adviser she found a job as a sales assistant for which she claimed IWC. Lisa was working 20 hours per week. The amount of HB she received in work was not as high as she had been advised it would be and she fell behind with her rent while appealing the HB payment. Her appeal was not successful and she was not earning enough to pay £600 per month for her private rented city flat. Lisa decided to leave her job and return to benefits rather than fall further behind with her rent.

Although Lisa was reticent about going back to work again after her problems with her rent, she was encouraged by her lone parent adviser that she would be financially better off in work. Lisa found another job as a retail assistant. After only a few weeks in her new job one of Lisa's children became ill, which meant she had to stay at home for a week. As a result the company she worked for terminated her contract (initially only a three month temporary one). However, once again she felt she was not as well off in employment as she had been led to believe due to the high rent and Council Tax. The in-work financial difficulties were exacerbated by having to re-pay rent arrears and earning the minimum wage.

Looking into the future Lisa, is eager to go back to work but is worried as she fears she will not be able to afford the rent for her flat. Consequently she is trying to clear her debts and find a higher paid job before moving into work again.

Like 'Lisa', some of those who did not feel better off in work had questioned the point of staying in employment, although it was rare for interviewees to have left employment for this reason. It was common for interviewees to say that they would rather be working than back on benefits because of the non-financial benefits of work discussed in Sections 2.1.1 and 4.7. Furthermore, IWC ending rarely led to interviewees considering themselves to be worse off in work than on benefits (see Section 5.2.2).

Being unable to afford private rent was not a common experience for interviewees in this evaluation, partly because most of the lone parents interviewed lived in social housing. Furthermore, this is likely to be related to the areas in which interviewees in this evaluation lived. In particular, lone parents living in London, which is known for very high levels of rent, were not included in this evaluation because they had been included in the evaluation of the extension of New Deal Plus for Lone Parents (ND+fLP) (Griffiths, forthcoming 2011).

### 4.7 Attitudes to their current job

Lone parents interviewed were asked how they felt about their job and about working. As indicated above, generally interviewees enjoyed working, frequently saying that they 'loved their job'. This did not vary by the type of job they were doing. The reasons given for 'loving their job' were often actually around enjoying the general experience of working rather than a particular job. Reasons for this included: getting out of the house and meeting new people; having learned things and been given responsibility; having found the work interesting; having gained job satisfaction and confidence; and having felt proud to be at work (in contrast to the stigma they had felt being on benefits). Exemplifying widely felt positive views around re-entering employment, one lone parent said:

*'To sum it up in one, it's great; it's the best thing I ever did. The best thing I ever did, going back to work.'*

(Interviewee, Leeds)

However, this attitude was not shared by everyone. Some interviewees viewed their work as just 'okay', and saw it as 'just a job'. Often this attitude was held by lone parents who were in a job which was not what they wanted to do in the long term and which they had taken largely to make ends meet. These interviewees used such descriptions of their approach to their current job as 'putting their head down and getting on with it', but nevertheless wanted to stay in work while finding something better. For example:

*'It's the only job I could get, quite frankly. The jobs have been a little bit thin on the ground at the moment. Ideally, I'd like to go back into a role where I can use my qualifications, but I've just got to bide my time, play this string that's now on my bow and make full use of it, stick it on my CV, and hope and wait for something better to come up.'*

(Interviewee, Swindon, Wiltshire, Gloucestershire)

There were also rare instances of interviewees who were unhappy with aspects of their job. Reasons for this included: struggling with the isolation of being self-employed, experiencing problems with colleagues or a manager, and finding it difficult having to work at weekends or Christmas because of their family responsibilities. These lone parents who were unhappy with aspects of their job tended to report that they went to work because they felt that they had to rather than because they wanted to.

Some similar views and experiences of being in work have been found in other studies with lone parents. There was a general sense among the lone parents and their children participating in Ridge and Millar's (2008) study that work was beneficial for self esteem and well being. However, there were some difficulties and frustrations: some lone parents in the study found that work brought its own costs in terms of greater levels of stress, less time for the children and other things, as well as extra financial costs (e.g. travel, clothes).

Interviewees were specifically asked 'Does the economic situation in any way affect your decision to work/stay in work?' For some, among those in work at the time of interview, the recession and its aftermath had led them to assess how secure their job was. However, while there was a general awareness of the threat of job losses in the wider economy, it was much less common for interviewees to express direct fears that their job was under threat. Those lone parents in secure employment were generally thankful of it and happy to sit tight for the time being. For example:

*'I would have stayed [in the job] anyway, but I think more so now, as I don't want to give up my security I have got in my job now, because I know that if I decide, "Oh, I'm just going to stop working while the baby is small and go back onto Income Support", frankly I doubt I'd be able to walk straight into the job again.'*

(Interviewee, Swindon, Wiltshire, Gloucestershire)

## 4.8 Summary

- Finding part-time work, which fitted around their childcare commitments and children's school hours, was seen as being more important to lone parents than the type of job. Where lone parents specified the type of work they had been looking for it often reflected the type of work that was available part-time, which was in the main low-paid, low-skilled work. For some, this represented a choice to do part-time work that suited their caring responsibilities even when it did not reflect their skills. Interviewees in this evaluation often worked either exactly 16 hours per week or between 16 and 29 hours per week.
- Interviewees tended not to use formal childcare provision, either because they were using informal childcare or because they did not need childcare. However, those who did use formal childcare were happy with the provision and a variety of different types of formal childcare were used.
- There was a mixture of views, both positive and negative, on the impact lone parents felt their job was having on their children but the positives were generally considered to balance out, and often to outweigh, the negatives. The key positive effects were setting a good example for children, children's increased independence as a result of being in childcare, and improved parent-child relationships.
- Responses from staff and interviewees indicated that, generally, lone parents did not receive further support from Jobcentre Plus or other welfare-to-work providers after starting work, although it was common for interviewees to be aware that it was available. Staff and interviewees did cite occasions when support had been provided because of unforeseen problems.
- Interviewees usually considered themselves financially better off in work than on benefits, although this was, in some cases, not by much. Some, however, considered themselves no better off in work and, in some instances, worse off in work. For example, those lone parents who had re-partnered or lived in private rented accommodation reported feeling worse off or no better off in work compared with on benefits. Generally, lone parents had a positive overall attitude towards their jobs and enjoyed the experience of working, even those who did not feel particularly better off in work financially.

# 5 The role of In Work Credit in supporting lone parents and their retention and advancement

This chapter examines whether In Work Credit (IWC) supported lone parents in work. It also examines lone parents' job retention and advancement, as well as the reasons behind job retention and why some lone parents did not stay in work. This chapter draws on findings from the implementation study and waves one and two of the retention study. It covers:

- how IWC supported lone parents during the first year of work;
- how lone parents coped after IWC ended;
- job and employment retention;
- non-retention;
- job and employment advancement.

## 5.1 How In Work Credit supported lone parents during the first year of work

On the whole, IWC was found to be very effective in supporting lone parents in the first year of employment. As discussed in more detail below, IWC did this through supporting the transition from benefits into work, as lone parents adjusted to a new way of budgeting on a monthly wage, as well as by providing additional income and helping lone parents deal with debt.

### 5.1.1 Providing a reliable weekly payment

Rather than being at the fore of interviewees' minds when thinking about moving into work, IWC was seen as part of a wider package of support that helped this transition and included benefit run-ons and job grants (one off payments of £250 for parents entering work). One of the positive aspects of IWC, cited by a number of interviewees, as well as Jobcentre Plus staff, was the fact that it provided a reliable weekly income. This weekly income meant financial stability while lone parents adjusted to a monthly wage after being paid their benefits weekly or fortnightly. This was particularly important during the early stages of work, but was often cited as being a positive aspect throughout the first year of work.

Lone parents who felt IWC was more help during the first six months explained that this was related to the amount of time needed to settle into the financial routine of work. For example, getting used to the additional expenses of work, such as travel, and waiting for other benefits to get sorted out, such as Working Tax Credit (WTC) or Housing Benefit (HB). Some interviewees thought IWC was particularly helpful during the initial transition into work, for example in the first few weeks while waiting for their first monthly pay to come in. Others highlighted the reliability of the payments as a positive aspect of IWC. For example:

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*'It does exactly what it says on the tin, doesn't it? They pay it every week, it's always on time, and there's no problem with it at all.'*

(Interviewee, Coventry and Warwickshire)

### 5.1.2 Helping lone parents budget differently

Previous qualitative evaluations of IWC found the most common use of IWC as paying for things within the general household budget, e.g. putting it towards Council Tax or rent, but also that some respondents saved IWC for holidays etc. (Hosain and Breen, 2007; Ray *et al.*, 2007). These findings were mirrored in the evaluation of IWC reported here. This research found it was common for interviewees to spend IWC as part of their general household income and to use IWC as part of their general household budget.

In terms of budgeting strategies, interviewees often described how different money came in at different times of the month (e.g. wages, WTC, IWC, Child Benefit, etc.). Consequently they used different sources of income to pay for different bills, seeing it as different 'pots' of money to pay for different things, e.g. WTC for rent, IWC for electricity etc. What was left over was their budget to spend on food and anything else. As income was arriving at different times most seemed to manage well without running out of money at certain times of the week or month, for example:

*'Because what I do is, when I get paid at the end of the month, all my bills come out of that and then, on the weekly basis all I have to pay is my rent and my food shopping and that's that and whatever's left is mine.'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

In a few cases interviewees had had specific problems which had made budgeting difficult. For example, not having regular wages, having hours reduced or being on statutory sick pay were issues that had made budgeting difficult at particular points for lone parents.

### 5.1.3 Providing additional income

Lone parents were unsurprisingly very positive about IWC and generally reported thinking IWC was a good thing when they first heard about it. In particular, those interviewed were positive about the financial help that an additional £40 per week provided them with. For example:

*'Oh, it sounds stupid when you think about it, that £40 is making such a difference, but it does.'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

Overall, lone parents were happy with the level of payments being £40 per week. Interviewees in work claiming IWC reported different spending patterns compared with when they were on benefits. They generally reported being able to afford new things – primarily better food in the weekly shop, and clothes and shoes for their children. For example, in the case study below, IWC helped 'Alice' to budget more effectively when first moving into work, as well as having money left over to buy more food for her family.

### Case study 6: A lone parent using IWC for weekly household expenditure

'Alice' is a lone parent who lives with her 12-year-old son, in a flat rented from a local housing association. She also has an older child who stays regularly with her at weekends. Alice is in her late thirties. She left school with two A levels. Alice had a year's break from work because of mental health problems. During this period Alice claimed Income Support (IS), HB, Council Tax Benefit (CTB) and Child Benefit. Alice also receives child maintenance from her son's father.

After receiving support with her mental health problems, she subsequently felt ready to go back to work. Alice wanted to get out of the house and earn money. She felt she could not survive on IS and described it as only a temporary situation. Alice found a job as a cleaner through a friend. With support from Jobcentre Plus staff she was able to claim IWC for the 16 hours she started working.

The weekly IWC payments were a great help for Alice, she described them as a '*really nice first year cushion*'. Alice started using the IWC payments to pay her weekly gas and electric bills. This then allowed Alice to go and buy more food for herself and her children, which she could not afford when claiming IS. At the time of the interview Alice was still within the first six months of her IWC claim.

In the future Alice hopes to look for work which will involve using her qualifications. She feels the part-time cleaning jobs she holds are a stepping stone to getting back on her feet after her 12-month break from employment.

Interviewees who did not rely on IWC for their week-to-week expenditure were also able to spend the money on 'extras' that they had not been able to afford when on benefits. These included (in order of most frequently cited):

- activities with their children (like going to the cinema, going swimming, going to the zoo, having a birthday party, days out, going ice skating or going out for a meal);
- buying consumer goods they had not been able to afford before (including new fridge-freezers, TVs and laptops);
- improving their homes (including buying new furniture, re-decorating and fitting a new kitchen);
- buying a car;
- a range of other 'extras' (including a night out for themselves, upgrading their TV package, getting internet access, having driving lessons or giving pocket money to their children).

A small number of interviewees reported being able to save, for example for holidays and for Christmas. As one lone parent in work and claiming IWC at the time of the interview explained:

*'Obviously it is a bonus, you know, obviously I got told that at the time it will only last for a year. And, as I said, I have been using it as savings, you know, so I'll also be able to manage financially. I'll still be fine, sort of, on just like on my tax credits and obviously my salary and stuff like that, it is a bonus to me.'*

(Interviewee, Glasgow)

A few interviewees said they were not able to afford the 'extras' discussed above. These interviewees reported that any extra money they had from being in work and claiming IWC was used to cover the additional expenses of being in work. This included travel costs to and from work and their children's lunches, as they were no longer eligible for free school meals.

### 5.1.4 Dealing with debt

Interviewees were not asked directly about debt in the implementation study and in the first wave of the retention study, but these issues often came up in discussion of their income. Questions on debt were, therefore, included in Wave 2 of the retention study and some, although not many, specifically mentioned using their IWC to pay off debt.

The kinds of debt that interviewees had included: overdrafts, credit cards, doorstep loans, utility bill arrears, rent arrears (often because of problems with HB claims) and mortgage arrears. The causes of these debts varied but often related to a particular stage in someone's life, such as an earlier period on benefits or the period following the breakdown of a relationship. Most interviewees with debt were making regular payments on their debt and debt levels were going down.

For the small number of interviewees in private rented accommodation, getting into debt as a result of rising rent after HB ended was common. A small number of interviewees with debts had sought debt advice, including from the Citizens Advice Bureau, Consumer Credit Council Service and from a housing officer at the council rent office. The support from friends and family for those with financial difficulties differed. Some lone parents reported having friends or family that they could rely on for financial help in an emergency, whereas others either did not feel they had this support or reported not feeling comfortable asking for help. Debt was not generally an issue that acted as a constraint on lone parents in moving into work.

## 5.2 The effect of In Work Credit ending on finances

### 5.2.1 Anticipating the end of IWC

Those in the implementation study, who were, in the main, three to five months into their IWC claim when interviewed (although some had claimed IWC for up to ten months when interviewed), were asked how they thought IWC ending after 52 weeks was going to affect them. They were very aware that IWC would end after 52 weeks, having been told this at the beginning of their claim. Generally interviewees said that they were going to miss the extra £40 per week but were not worried about how they were going to cope in work without it. This was because some had not thought about it yet, others had started saving (*'getting into the habit of putting a bit aside'*), some were hoping to increase their hours when IWC ended or to get an additional job to increase their income, or were self-employed and building up their businesses, which they hoped would bring in more money over time. In general the lone parents who were not over worried about IWC ending saw it as a 'bonus' and an 'incentive' and were trying not to rely on it. For example:

*'Just basically whether or not I'm going to, you know, just remembering that that £40 isn't going to be there forever, sort of thing, and just take into consideration that it's not going to be there, so I can't be extravagant and everything else, and this is what I say, hopefully with the fact of saving a bit of money each week, you know, then it will sort of like set me on a sort of like even keel for when it does stop.'*

(Interviewee, Coventry and Warwickshire)

However, a number of interviewees were worried about how they were going to manage when their IWC claim ended. For example:

*'It's just going to be a lot, lot tighter than it is now because, I mean, it's quite a lot. It's £160 a month. So it's very beneficial, isn't it? Whereas if you're just going straight down and losing £160 it's a lot of money.'*

(Interviewee, Coventry and Warwickshire)

### 5.2.2 Dealing with the end of IWC

In Wave 1 of the retention study a group of lone parents were interviewed around a few weeks before or a few weeks after their claim was due to end at 52 weeks. Lone parents near the end of their IWC claim were very similar to those in the implementation study in anticipating what the effect of the end of the claim would be (see Section 5.2.1). Those who had reached the end of their 52-week IWC claim and were interviewed shortly afterwards had generally been able to adjust their financial management without getting into financial difficulty, but it could nevertheless be a cause of stress and financial problems. These lone parents were very aware they no longer had this £40 per week and missed it once it had gone. For example:

*'You notice...you do notice a difference; it's a huge difference: £40 a week. It meant that... because when I was getting my In Work Credit, I paid my rent and my council tax and things weekly, and I have to pay...I don't have enough to pay that weekly, and I have to pay that, like, off my wage every four weeks when I get paid. So it meant when I was still getting my In Work Credit, when I got my wage that was kind of like, my own to use, like.'*

(Interviewee, Coventry and Warwickshire)

To manage this reduction in income they had had to cut back their expenditure and had 'tightened their belt', for example by:

- switching back from brands to basics ranges in supermarkets;
- giving up smoking;
- missing some loan repayments;
- putting a block on their phone so that they could not go over a limit;
- cancelling their TV package;
- using the bus to get to work instead of their car;
- cutting back on extras and treats, like eating out and going out to see friends;
- trying to make the food in the fridge last.

A couple of interviewees were finding it difficult to manage after IWC ended and in one case this was causing stress. These lone parents had relied on the fact that IWC had been paid weekly and were, therefore, struggling to manage their money and budget effectively after it ended. One or two of these interviewees were getting into debt as a result. It was uncommon for lone parents to feel no better off in work than on benefits once IWC ended and there was only one case where a lone parent was considering giving up work and returning to benefits as a result of financial difficulties after her IWC ended. This supports findings from the qualitative evaluation of the lone parent pilots which found that IWC ending could often mean interviewees having to juggle their finances more carefully but rarely led to their leaving employment (Ray *et al.*, 2007).

On the whole, the loss of IWC was not offset by an increase in earnings and only one lone parent interviewed had had a cost of living pay increase, which worked out at about £40 per month. Consequently this was not enough to replace the loss of IWC payments and as a result she had stopped saving money at the time of the interview. For another interviewee, IWC ending had been partly financially off-set by an increase at around the same time in the Disability Living Allowance (DLA) payment they received for their son. Instead, it was more common for lone parents to have increased their earnings through increasing their hours, by taking on another job when IWC ended, or by moving from part-time to full-time work. Some Jobcentre Plus staff hoped that lone parents would get a pay rise before IWC ended to cover the loss of IWC. However, the evidence suggests that this aspiration was over optimistic.

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Lone parents interviewed at Wave 2 of the retention study were asked whether they felt it would have been easier or more difficult to cope without IWC compared with coping without other sources of income, such as WTC or child maintenance. Interviewees generally showed a good level of understanding of different sources of their income when answering this question. The general response was that it would have been easier to cope without IWC, as it was worth less money than other sources of income, such as WTC. For example:

*'I get more Working Tax Credit than In Work Credit, so, obviously it would've had an even bigger impact if I'd lost my Working Tax Credit.'*

(Interviewee, Glasgow)

Some people felt that it would be easier to cope without IWC because it was only paid for one year, whereas other benefits or tax credits were ongoing. However, it is important to note that, as previously discussed, the weekly payment was often cited as a positive aspect of IWC when compared against other payments.

### 5.2.3 Views on the length of time IWC is paid for

During the Wave 2 retention study interviews, lone parents who had received IWC were asked what difference, if any, it would have made if IWC were payable for only six months or if IWC were payable for more than one year. There were four groups of response to these questions, those who:

- said six months would have made no difference to them compared with one year;
- felt one year was the most appropriate length of time for IWC to be paid;
- felt one year was not long enough and it should be paid for longer;
- had no strong preference about how long it was paid for.

These groups were broadly based on interviewees' views on how much of an incentive they felt IWC was to move into work, how they found the financial transition of moving off benefits and into work, what they used the IWC payments for and how they were coping after IWC ended. For example, those who reported IWC was not much of an incentive, and saw it as a bonus and used it for savings rather than for essentials, were more likely to say that it would have made no difference if IWC had only lasted six months. However, those who had felt that it was more of an incentive and were more reliant on it to settle into work or to make part-time work financially more viable to them were more likely to feel that one year was necessary. Those with significant debt felt that a year was not long enough. Each group is discussed in more detail below.

Lone parents interviewed who felt IWC only being paid for six months would not have made much difference explained this in a number of ways. Some said this was because they found adjusting to £40 per week after IWC ended was hard and would have been just as difficult whether IWC had ended after 12 months or six months. Linked to this, some people felt they became dependent on IWC and felt the effect would be less, had it only been paid for six months. Conversely, those who were not reliant on IWC and who instead saved the payments also tended to say that six months would have not made much difference to them, as IWC was a 'bonus'. For others, the view that IWC only being paid for six months would not have made much difference was related to its not being an incentive to move into work. Therefore, they felt they would have moved into work regardless of whether IWC was paid for six months, one year or not at all.

Those who felt one year was the right amount of time tended to come to this conclusion by balancing the amount of time needed to settle into employment and the financial routine of having wages, compared with the need not to become dependent or reliant on IWC. A number of people

mentioned the fact that the longer IWC was paid the easier it was to become dependent on it and the harder it then was when it ended. Others mentioned that the fact that IWC was payable for one year meant that they could work part-time, for example 16 or 20 hours per week, which they would not have been able to afford to do without one year's IWC. This suggests that IWC helps in the transition of moving from benefits into work by not only making work pay but by 'making part-time work pay more'. A number of lone parents mentioned increasing the number of hours worked after IWC ended in order to cope with the loss of income (see Section 5.2.2 for further discussion of the effect of IWC ending on lone parents' finances).

While a number of interviewees thought IWC being paid for more than one year would be a 'nice to have', those few lone parents who were adamant that one year was not long enough tended to relate this to the financial difficulties they were experiencing. For example, these people tended to have debts they were paying off or to be behind with their bills (see Section 5.1.4 for further discussion of the types of debt interviewees had).

The fourth group who tended to have no strong preference of how long IWC was paid for were again influenced by whether or not IWC was an incentive to moving into work, what they had used IWC payments for and how they felt about it ending. For example:

*'No matter how long it's going to be, whether it's six months, 12 months, 18 months, once it finishes you're going to miss it, you know, because you got used to it. It's an incentive for you to go to work, but you miss it when it's not there.'*

(Interviewee, Leeds)

However, this group also included people for whom IWC was not an incentive to move into work and those who felt they were clearly better off in work, and therefore, had no strong views on how long it should be paid for.

Overall, staff were happy that IWC was paid for 52 weeks to ease the transition into work. It was felt that it would not be affordable to extend this period. There were no suggestions from Jobcentre Plus staff to reduce the amount of time for which it was paid.

## 5.3 Retention

### 5.3.1 Job retention

Most individuals with an IWC start remain on it for nine to 12 months inclusive (70 per cent).<sup>27</sup> To put this another way, 14 per cent of IWC claims end before the three month point; 21 per cent before the six month point; and 30 per cent before the nine month point. For interviewees in this evaluation who had completed the full 52 weeks of IWC, the timing of the Wave 2 interview was between three and seven months after the end of IWC. This was designed as such to examine their destinations after IWC, in particular in relation to job retention (being in the same job) and employment retention (still being in work but in a different job).

There was clear evidence of job retention in that most of the interviewees who completed the 52 weeks of IWC were still in work three to seven months later. Most interviewees had only had one job for which they claimed IWC, regardless of whether or not interviewees completed the full 52 weeks of IWC. The reasons for staying in work were not related to having received IWC (see Section 5.3.3). Most commonly, interviewees were still in the same job for which they had received

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<sup>27</sup> These data are based on the period between April 2008 and the end of March 2010. Source: The Department for Work and Pensions (DWP).

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IWC. This included a mix of people in part-time and full-time work. A few lone parents were aware that they were no longer eligible for IS because of the age of their youngest child so did not have the option of voluntarily returning to benefits, even if they had wanted to.

In both the Wave 1 and Wave 2 interviews, those that were in work at the time of the interview were asked if they planned to stay in work and what changes if any they would like to see in relation to work. At both waves of interview lone parents tended to report that they were planning to stay in work. More often than not they also planned to stay in the same job. This reflects interviewees' positive attitudes to working and to their jobs and is also in line with staff views that once lone parents in receipt of IWC get used to working, they do not want to return to benefits, even after their IWC claim ends. The case study of 'Mary', below, highlights, not only her strong motivation to work, but the fact that it was a change in personal circumstance that triggered her move into work, rather than the incentive of IWC (as discussed earlier in Section 2.5). As with many lone parents in this evaluation, the end of IWC was not offset by a pay rise at work (as discussed in Section 5.2.2), so Mary took on a second job.

### Case study 7: A lone parent who stayed in work after IWC finished

'Mary' is a lone parent in her mid-40s. She owns a house and lives with her four children aged between ten and 23 years old, and her grandson. Mary has hairdressing, beauty and accounting qualifications from college, and is also a licensed driving instructor. She had previously worked as a driving instructor.

Mary first claimed IWC for a job as an administrator. She was unable to complete the 52 weeks as she got made redundant. Mary quickly found another job working in stock control for a pharmaceutical company for which she completed her 52-week claim. Prior to claiming IWC and moving back into work, Mary was looking after her disabled son. Circumstances changed when her son moved into supported accommodation, meaning Mary was able to look for work again.

Mary used the weekly IWC payments she received to help pay for formal childcare for her grandson and youngest daughter. A few weeks before her IWC claim ended Mary decided to look for another part-time job which she could do alongside her existing role. Through a friend she found bar work. At the end of her claim, Mary started working in a pub two nights a week, to replace the IWC payments she was receiving that were helping pay for the childcare she was using.

Being back in work enabled Mary to start making contributions to pay off her mortgage which she was unable to do while claiming benefits. Once IWC had come to an end Mary was determined to continue working. She wanted to take her children away on holiday and continue paying off her mortgage.

### 5.3.2 Employment retention

While job retention refers to lone parents sustaining the same job, employment retention refers to lone parents sustaining work but changing jobs. A small number of interviewees claimed IWC for two consecutive jobs, for example having been made redundant or because of a short-term contract. These interviewees found other employment within the four-week IWC run-on period, for which they often completed the 52-week claim without a break in their claim.

A small number of interviewees who were not in work at Wave 1 had moved back into work by Wave 2 and had then completed their 52 weeks of IWC. One had left work because her working week was cut below 15 hours, making it no longer financially viable, but after seven months had gone back into the same job after being offered a position by her old manager. Another interviewee had left work because her child became ill and needed care but had managed to find another part-time job following improvement in the child's health. Cycling between benefits and work was not common in these samples of lone parents; there was also only one case where the interviewee had re-entered and then subsequently left work during the time between interviews.

### **5.3.3 Reasons for job and employment retention**

Interviewees who were still in work or had moved back into work when interviewed at Wave 2 were asked what they thought were the most important things that had helped them stay in work over the past 12 to 18 months. Responses to this were varied, personal and often interrelated. Attitudes towards benefits and work, views on the extent to which they were financially better off in work and having had a positive experience of work were the main reasons. However, the influence of these reasons and how they combined tended to differ from one individual to the next. Sustaining work was not directly attributable to IWC.

As previously discussed (see Section 2.5.1), some interviewees were particularly work orientated and had a strong motivation to work, which, in some cases, meant IWC was not reported to be an incentive to find work. This motivation to work came from different sources, including previous work experience or careers, wanting to set an example to their children or for financial reasons, such as feeling they could not live on benefits or wanting more money to support their children. Consequently, the reasons for staying in work for this group of interviewees were strongly linked to their motivation for entering work. Within this group, some felt IWC was not a factor in staying in work, as they would have worked anyway.

Interviewees often mentioned the financial implications of work when discussing their reasons for staying in work. For example, those who felt they were either not better off in work financially or only marginally so, mentioned personal reasons as being the key reasons for staying in work. Conversely, those who felt they were financially much better off in work, when probed, mentioned that this was a key reason for staying in work.

Some interviewees mentioned the job itself as being a key reason for still being in work after 18 months, and having a positive work experience was found to be important and contributed to job retention. For example, it was common for interviewees to describe their colleagues and managers as very supportive (for instance, when their children were sick or when they found out they were pregnant) and to say that there was a good atmosphere at work and that work colleagues were friendly and *'like a family'* and were *'a really nice bunch of people'*.<sup>28</sup> Interviewees talked of making friends at work, working in a good team, being able to talk to their manager if they had any problems, being thanked for good work and feeling like they were *'welcomed with open arms'*.

For others it was the feeling of self-worth and pride they got from working as opposed to being unemployed which was cited as a key reason for staying in work. Sometimes this was in relation to setting an example to children and sometimes it was a very personal issue, such as trying to avoid depression, which they associated with being on benefits, and trying to get out of the rut they felt they had become trapped in on benefits.

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<sup>28</sup> The importance of good relations in work for lone parents has previously been highlighted by Ridge and Millar (2008) who found it helped lone mothers sustain work and build work-related social and support networks.

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It is important to note that the period of time covered by this evaluation was at most around 18 months after lone parents moved off benefits and into work. While findings from this evaluation show some level of change to lone parents' jobs during this time period, there was not much change in employment status itself, i.e. those out of work at Wave 1 were generally still out of work at Wave 2 and those in work at Wave 1 were generally still in work at Wave 2. Interviewees' personal and housing situations in this IWC evaluation had also seen little change in the six months between interviews.

Ridge and Millar's (2008) qualitative longitudinal study following lone parents over a period of four to five years contains insights on work patterns and sustainability over a longer period. They found that, while it was common for respondents to have sustained some employment, there was considerable change in employment circumstances, often including a change of job but also hours and status. Two types of driver of change were identified: those beyond the control of the individual (e.g. sickness, redundancy, temporary work, insecure work) and those driven by the individual seeking to control their own circumstances to improve their position or accommodate changes in circumstances (e.g. childcare cover).

### 5.4 Non-retention

A number of interviewees in this IWC evaluation had not sustained the employment for which they claimed IWC. Some of these stopped working before the end of their IWC claim, while others stopped working after their IWC claim had ended. Reasons for stopping work were varied, but were generally either:

- connected to the job – either the job ending (e.g. because of redundancy or the contract finishing) or the job changing (e.g. increased or altered working hours);
- because of personal circumstances or issues – either childcare arrangements breaking down or health problems experienced by the parent or a child.

IWC was not a factor in lone parents leaving work. There had been few problems with the IWC claim among those who had left work before the 52 weeks, and in no cases had problems with the IWC claim process contributed to leaving employment. None of those who had left work after IWC ended reported that this was because they were no longer better off in work as a consequence of IWC ending. Whether or not IWC was a factor in a lone parent's decision to enter work did not seem to affect the likelihood of their leaving work and returning to benefits, and those few for whom IWC was key in influencing their entry to work were no more or less likely to have stopped working compared with other lone parents who received IWC.

Findings in this study on reasons for non-retention are in line with findings from the lone parent pilots qualitative study, where reasons for non-completion of IWC were also most commonly either because of issues around balancing work with childcare responsibilities or difficulties with the job itself (including redundancy) rather than financial difficulties (Ray *et al.*, 2007).

Interviewees were asked detailed questions on potential areas of work-related stress which were thought could be issues for lone parents entering work and result in their not staying in work. The areas of work-related stress asked about were based on Health and Safety Executive management standards, and referred to six areas of work that can lead to stress if not properly managed.<sup>29</sup>

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<sup>29</sup> These standards were adapted into a structured set of questions asked to interviewees in this research to see whether these issues affected retention. The questions were used in both the implementation and in the retention studies when asking interviewees about their job.

Interestingly stress-related issues were not reasons for interviewees leaving work, and those interviewees who did stop working before the end of the 52 weeks of IWC were no more likely than other lone parents interviewed to cite these issues.

### **5.4.1 Reasons connected to the job**

There were a number of cases of leaving employment because of changes in working hours, generally because either:

- hours were changed (at short notice), making it hard to find childcare cover; or
- hours were reduced to below 16 per week.

Changes in working hours led to some lone parents no longer being financially better off in work. Having their hours cut rendered employment no longer financially worthwhile or viable, often because hours had been reduced below 16 hours per week causing loss of eligibility for WTC and IWC. This was the case for ‘Carol’ outlined below.

#### **Case study 8: A lone parent who returned to benefits before IWC ended**

‘Carol’ is a lone parent in her late 40s. She lives with her youngest daughter who is 15 years old. She has three older children who no longer live with her. Carol has no qualifications. With the exception of a few cleaning jobs and a small period in a supermarket she has spent most of her working life looking after her children. Before the job she claimed IWC for, Carol had claimed IS, HB, CTB and Child Benefit for several years.

As Carol’s children were more ‘grown up’ she felt that she had to get out of the house and find work. With help from a family member she found a cleaning job, for which she was able to claim IWC. Carol worked 20 hours per week. She used her IWC payments to pay bills and decrease her level of debt. Although she welcomed the IWC payments she did not want to rely on them because she was aware they would only last 52 weeks.

After seven months, there was a change in management at the company Carol worked for. The new management decreased her hours to 15 per week. Working less than 16 hours per week, Carol would have no longer been eligible for IWC or WTC, making work less financially viable. Carol did not want to work under 16 hours and so decided to leave. Carol was told by her personal adviser at Jobcentre Plus before getting a job that she would soon be changing from IS onto Jobseeker’s Allowance (JSA), because her youngest child was over 12 years old. She was, therefore, aware that she had to make a new claim for JSA. The transition back onto benefits was difficult for Carol as there was a delay in the adjustment of her HB which caused her to get into arrears with her rent. During this period she sought support from her mother to help her pay off the outstanding rent payments.

In future, Carol was hoping to find work again, with the support of her adviser at Jobcentre Plus. She had decided she would like to find work in a local supermarket or similar as this was something she enjoyed and she had prior experience doing.

Like other lone parents interviewed in this evaluation, it was a change in circumstances that triggered ‘Carol’s’ move into work. Because of problems with HB when moving back onto benefit, Carol got into arrears with her rent. This was not particularly common in this evaluation, as many of the lone parents interviewed stayed in work. However, for further discussion of this see the evaluation of the extension of New Deal Plus for Lone Parents (ND+fLP) (Griffiths, forthcoming 2011).

Changes to shifts had other financial implications for some. For example, one lone parent dropped out of work after her IWC claim ended because her shift changed. The new hours meant she was no longer better off in work because of increased travel costs (having to take taxis because no buses ran at the times she needed to travel).

Only a small 'recession effect' was apparent in this evaluation. A few lone parents reported they were made redundant or the small business they worked for had ceased trading. Other lone parents who had only claimed IWC for as little as one or two months explained that this was because they had only had temporary work which was either stopped at short notice or that they had reached the end of a fixed-term temporary contract.

### 5.4.2 Personal circumstances or issues

A variety of personal circumstances or issues were cited by lone parents as reasons for having left employment. Some of these were very specific and unusual but, in the main, reasons relating to personal circumstances or issues concerned one of the following:

- (informal) childcare arrangements falling through;
- health problems, either experienced by the respondent's child or by the respondent themselves, leading to having to take time off and eventually leaving.

It should be noted that while sometimes there was one single reason, leaving employment could also be because of a combination of factors, sometimes interrelated. For example, one respondent primarily ascribed leaving employment to her having become depressed and coming to think she was not 'good enough for the job', yet also cited various other factors such as the job having more responsibilities and being less flexible than expected, and her daughter starting to become disruptive. While work-related stress was not generally a factor in leaving employment, another respondent also reported a number of factors in her decision to leave her previous job, including suffering depression and difficult relationships with management. Other personal considerations which were factors in leaving employment included wanting to concentrate on, or move into, education and making a career change.

A very small number of interviewees lived in private rented accommodation and identified this as one of the main reasons they left their job. This was because private rent payments increased substantially when they were in work, as HB payments were reduced after starting work. This caused interviewees to get into debt through struggling to make increased payments (see also Section 5.1.4). In one case this was very clearly the main cause of the respondent's leaving the employment for which they claimed IWC.<sup>30</sup>

### 5.4.3 Financial impact of non-retention

Lone parents who had left work generally found that they were worse off on benefits than when they had been in employment. For some the difference was not great, but others had found the transition back onto benefits more of a struggle. Reasons for this varied. In some cases it was because of problems in the transition period. For example, one interviewee reported that there had been a gap of several weeks between losing her job and receiving benefits, which had caused her to get into debt. Another interviewee was now living with her partner and a new baby and was finding

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<sup>30</sup> The fact that the cost of private rent was not a large problem for respondents in this research may be a reflection of the geographical locations of fieldwork. In particular, London was not included in this research which is known to have high rent costs. See Griffiths (forthcoming 2010) for further discussion of this by lone parents who claimed IWC in London.

it more difficult to get by on benefits than when she was a single parent. Reductions in spending to help them cope with being back on benefits tended to be made on clothes, treats for children and nights out for parents. In certain cases interviewees were also finding it difficult to pay for more essential costs, such as bills or car insurance. For the most part, the financial impact of being out of work acted as an incentive to return to work, alongside personal motivations for working, such as having enjoyed their previous job.

#### **5.4.4 Longer-term experiences of lone parents who did not retain work after IWC**

At Wave 1, those that were not in work at the time of the interview were asked whether they were planning to go back to work. Almost all of them were and were actively looking for work. They often used the same methods that they had used to look for work previously (see Section 4.1). A few were not planning to go back to work in the near future, because of problems with their or their child's health, because they had a young child and were waiting until the child started nursery, or because they were planning to go to university in the near future.

Those who remained out of work at Wave 2 of the retention study were also generally keen to re-enter work and were actively seeking another job. Those who had only recently had a job come to an end were keen to return to work as soon as possible, and in some cases before having to go back on benefits. Interestingly, interviewees had clear ideas about the type of job they wanted next, often based on their experiences of the last job. For example, some lone parents had enjoyed working shifts and, having successfully fitted their childcare arrangements around this, were consequently looking for similar work in the future. This suggests that although some jobs had ended they had been a valuable experience for lone parents that helped them identify the type of work they wanted in the future.

Lack of suitable vacancies in the local area was the main reason these interviewees had been unable to find a job until up to the point of interview. Low pay and travel distance and travel costs were also among the specific constraints cited. In some cases, interviewees had had a negative experience in their last job which had affected their confidence around re-entering employment. Some interviewees expressed disenchantment with the quality of employment opportunities they felt were available to them. In some cases this had led to thinking about going into further education in order to boost chances of getting a job which was more interesting, better paid and/or with more opportunity for progression than the jobs they had had previously.

Although it was more common to be seeking work, some interviewees had remained out of work through choice. This included wanting to be at home to look after younger children. For example, one lone parent felt that entering and leaving employment had been too disruptive to the children's childcare arrangements and routine. Consequently she felt that she would wait until they were older before re-entering employment. Having re-partnered, another lone parent had decided to stay at home and look after the children until the youngest went to school. Therefore, staying at home to look after children did not always mean a return to benefits.

In another, previously cited, case the interviewee was waiting to move from her existing private rented accommodation to somewhere with more affordable rent before seeking work, as it had proved financially unsustainable to work while living where she was.

## 5.5 Advancement

### 5.5.1 Job advancement

Job advancement relates to an improvement in the quality of a person's job. It can be measured by looking at the characteristics of a job, attitudes towards a job, progression, promotion and pay rises. There was little evidence of lone parents advancing in their jobs, in terms of progression, promotion and pay rises. Where job advancement did occur it tended to be in relation to having undergone job-related training and taking on additional responsibility, rather than formal promotions or pay rises. However, a couple of interviewees had been promoted, e.g. from cleaner to cleaning supervisor.

While personal motivation to advance and progress in a job is clearly important, the experience of job advancement seemed to be more linked to the type of job someone was in. For example, interviewees working in the care sector, nursing or in pharmacies often said they had received 'on the job' training necessary for their job. In particular some interviewees had started jobs as sales assistants in pharmacies and were undertaking learning modules and exams in order to progress into other job roles within the pharmacy, such as dispensing assistants or counter assistants. Those in care or nursing mentioned much job-related training and some were undertaking, or hoping soon to be undertaking, level 2 qualifications as part of their job. Interestingly, there was less evidence of promotions or pay rises as a result of this training, but interviewees in these jobs were positive about future progression and pay rises.

Other examples of more formal training included training in handling machines, health and safety, child protection, manual handling, NVQ in health and social care, palliative care, NVQ in sales, child protection, food hygiene, NVQ in hospitality and catering, and an NVQ3 in children and young people. Those who had not received formal training had generally had some form of training by way of induction when they started work. Most also felt that there were possibilities to take part in further training to develop new skills.

There were some examples where interviewees had taken on more responsibility, e.g. while doing administration or office work, but were not being financially rewarded for this and were quite often still on minimum wage. However, interviewees tended to accept this because it was temporary responsibility, e.g. they were covering for a manager who was off work, and they felt a pay rise might come in the future with further training, or they were just grateful to have the job in the context of a recession. For example:

*'I don't think there is any point rocking the boat, really, you know; at least I've got a job at the moment. Most people don't, really, do they?'*

(Interviewee, Swindon, Wiltshire and Gloucestershire)

Examples of jobs where interviewees reported no advancement in any aspect of their job included those working in shops, in bars and as cleaners, although one interviewee working as a cleaner had turned down an opportunity to progress to a supervisor, as she did not feel the related pay was worth the extra responsibility and potential stress.

Interviewees had mixed views on whether their job would offer them pay rises or progression in the future, but this did not seem to affect the likelihood of their wanting to stay in the job, suggesting that, while this was important for some lone parents, progression and promotion was not important for everyone. Those that did not foresee any prospect of progression included a few who felt that the progression route in their workplace might not be feasible for them, as they worked part-time.

Other research has shown that job progression is often difficult for lone parents. In their study tracking a group of lone parents over a period of four to five years, Ridge and Millar (2008) found that *'opportunities for advancement at work were restricted both by home caring responsibilities, which constrained hours of work, and/or by the nature of employment which often had little scope for wage enhancement and/or advancement of any kind'* (Ridge and Millar, 2008, p12).

### **5.5.2 Employment advancement**

Employment advancement relates to experiencing an improvement in the quality of a person's job by changing jobs rather than advancing in the same job. Given the small numbers of people who changed job either while receiving IWC or after IWC ended, it is not surprising that this research did not find any evidence of employment advancement. It should be noted, however, that the timing of Wave 2 interviews (three to seven months after IWC ended) may be a factor. For example, a number of interviewees in work at Wave 2 mentioned that they would like to change job in the future in order to get better 'career' prospects, to pursue a particular career, to earn higher wages or to be able to increase their hours. Others were keen to move into a job that provided training or to attend learning outside work, in order to help them move into a different profession, such as accountancy, teaching or social work. Therefore, had this group of lone parents been interviewed after a longer period of time, there may have been more examples of employment advancement.

## **5.6 Summary**

- IWC is very effective in supporting lone parents in the first year of employment, through the transition from benefits and into work, providing a reliable weekly income while they adjust to a new way of budgeting on a monthly wage, additional income and help in dealing with debt.
- Interviewees were very aware that IWC would end after 52 weeks. Once IWC ended interviewees, on the whole, missed the additional money but dealt with it, often taking steps to reduce their spending. IWC ending did not lead to lone parents leaving employment.
- Lone parents were asked what difference, if any, it would have made if IWC were payable for only six months or for more than one year. Those who had not found IWC to be much of an incentive to work, saw it as a bonus or used it for savings were more likely to say that it would have made no difference if IWC had only lasted for six months. However, those who had felt that it was more of an incentive, were more reliant on it to settle into work or to make part-time work more financially viable, were more likely to feel that a year was necessary. Those with significant debt felt that a year was not long enough.
- There was clear evidence of job retention in so much as most of the interviewees who completed the 52 weeks of IWC were still in work three to seven months later, most usually in the same job for which they had received IWC.
- The reasons for staying in work were varied, personal and often interrelated. Attitude towards benefits and work, views on the extent to which they were financially better off in work and having had a positive experience of work were the recurring reasons. However, how much influence these reasons had and how they combined with other reasons tended to differ from one individual to the next. Sustaining work was not directly attributable to IWC.

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- Where lone parents were no longer able to balance their work and family responsibilities, for instance if their hours were increased, or if their childcare arrangements fell through, they left their jobs. Lone parents also had to leave their jobs when their hours were reduced below 16, when insecure or temporary employment ended or when they were made redundant. Those whose employment had ended were usually keen to get back to work and were taking steps to do so.
- There was little evidence of lone parents advancing in their jobs, in terms of progression, promotion and pay rises. Where job advancement did occur, it tended to be in relation to having undergone job-related training and taking on additional responsibility, rather than formal promotion or pay rises.

# 6 Conclusions

The overall aim of this evaluation was to examine how the national roll-out of In Work Credit (IWC) had been delivered and to understand further the retention effect of IWC on lone parents' employment. The evaluation focused on lone parents in the implementation study who had been claiming IWC for three to seven months (with some having claimed for up to 11 months) and in the retention study on lone parents who had made a claim for IWC 12 months prior to the first interview and who were then interviewed again 18 months after they had first made a claim. It has focused on:

- the role of IWC in lone parents' decisions to move into employment (Chapter 2);
- the delivery of IWC and interviewees' experiences of claiming it (Chapter 3);
- the employment experience for lone parents (Chapter 4);
- the role of IWC in supporting lone parents and their retention and advancement (Chapter 5).

This chapter revisits the research objectives, considers how the findings provide evidence to help answer them, and makes some overall conclusions about IWC to contribute to the design of future wage supplements.

## 6.1 What role does In Work Credit play in lone parents' decisions to enter work?

The timing of when a lone parent decided to go back to work was often related to an individual 'tipping point' in their life, for instance their children reaching a certain age. For others it was when they had been able to overcome a key constraint on working, such as confidence. Rather than being at the fore of lone parents' minds when thinking about moving into work, IWC was seen as part of a wider package of support that helped the transition and included benefit run-ons and job grants. It was also part of a package of in-work income, including wages and tax credits, that in terms of 'making work pay' enabled part-time work to 'pay more'. Better Off Calculations (BOCs) that included IWC led to lone parents' feeling that they would be better off in work, which, for some, reinforced the decision to enter work.

It was quite common for lone parents to say that they had not heard about IWC until they had already begun looking for work or found a job. However, Jobcentre Plus staff generally reported that they informed lone parents at a fairly early stage before they started looking for work. It is possible that there was a recall issue in lone parent interviews, given that they may have been thinking back a year or more previously when discussing how they first heard about IWC. Lone parents also may not have registered IWC as a specific component of the BOC they received.

IWC was generally found not to incentivise lone parents to work, although it did some. Other factors, such as being motivated to work, overcoming constraints and personal milestones, were more important in the decision to look for work than a wage supplement such as IWC. However, there was a small but important group for whom IWC was a key incentive. Lone parents who had been out of the labour market for a significant period found the safety net and added income that IWC provided to be key to their decision to look for and enter work. IWC also helped some interviewees to expand the type of work they looked for and entered, including temporary work, lower-paid work and part-time work.

## 6.2 Is In Work Credit being delivered effectively?

Both staff and IWC recipients agreed that the overall delivery of IWC since national roll-out in April 2008 had been a success; the claim process and payments had worked well. Overall, staff were confident in their ability to deliver IWC successfully and on the whole recipients had not experienced problems claiming IWC or with the payment of it. This was partly attributed to the fact that IWC was considered a relatively straightforward credit to administer, as well as the fact it had remained largely the same in the 18 months since national roll-out.

Some staff were uncertain about what evidence should be provided to demonstrate self-employment and some lone parents found it difficult to provide the evidence requested. Therefore, this could be an area for improvement in the future delivery of IWCs to self-employed customers. Another suggested area for improvement was around making the weekly letters confirming payment of IWC optional, or removing them altogether, as lone parents often felt that these were pointless.

## 6.3 What are the effects of work on lone parents and their children?

Generally interviewees enjoyed their jobs, frequently saying that they 'loved their job'. This was often a reflection of lone parents enjoying the overall experience of working rather than their particular job. Positive aspects of working reported by these lone parents included getting out of the house and meeting new people, enjoying learning things and being given responsibility, finding the work interesting, gaining job satisfaction and confidence, and feeling proud to be at work in contrast to the stigma they had felt being on benefits. A smaller group of interviewees were more ambivalent about their job (seeing it primarily as a means to make ends meet) and there were rare situations where interviewees did not enjoy their job, for a variety of reasons.

There were a mixture of views on the impact lone parents felt their job was having on their children. These views were both positive and negative but the positives generally either balanced out, or outweighed, the negatives. The key positive effects were setting a good example for children, children's increased independence as a result of being in childcare, and improved parent-child relationships. Some negative effects were cited, including children having difficulty adapting to childcare and parents having less energy for their children because they were tired after work.

Positive attitudes towards work and the effect it was having on themselves and their children reflect the fact that lone parents had usually chosen to work part-time and felt that they had achieved a good balance between work and their family responsibilities.

## 6.4 Do lone parents sustain work?

Most lone parents who completed the 52 weeks of IWC were still in work three to seven months later, most commonly in the same job for which they had received IWC. This included those in part-time as well as full-time work. A small number of interviewees claimed IWC for two consecutive jobs, having been, for example, made redundant or because of short-term contracts. These interviewees found other employment within the four week IWC run-on period and they often completed the 52 week claim without a break. Changing jobs does not appear to have influenced whether or not interviewees completed their 52 week IWC claim. The small number of interviewees who changed jobs were still in work after IWC ended.

The reasons for staying in work were varied, personal and often interrelated. Attitudes towards being on benefits and working, views on the extent to which they were financially better off in work and having had a positive experience of work were the main reasons given for staying in work. The influence these reasons had and how they combined tended to differ from one individual to the next. These factors were generally felt to be more important than IWC in keeping lone parents in work.

Where lone parents were no longer able to balance their work and family responsibilities, for instance if their hours increased, or if their childcare arrangements fell through, they left their jobs. Lone parents also had to leave their jobs when their hours reduced below 16, when insecure or temporary employment ended or when they were made redundant. Those whose employment had ended were usually keen to get back to work and were taking steps to do so. IWC ending was not a factor in lone parents leaving employment.

## 6.5 Do lone parents advance in work?

There was little evidence of lone parents advancing in their jobs, in terms of progression, promotion and pay rises. Where job advancement did occur it tended to be in relation to having undergone job-related training and taking on additional responsibility, rather than formal promotions or pay rises.

While personal motivation to advance and progress in a job was clearly important, the experience of job advancement seemed to be more linked to the type of job someone was in. For example, interviewees working in the care sector, nursing or in pharmacies often said they had received on the job training necessary for their job. There were some examples where interviewees had taken on more responsibility, such as those doing administration or office work, but were not being financially rewarded for this and were quite often still on minimum wage. However, interviewees tended to accept this because it was temporary responsibility, e.g. covering for a manager who was off work, and they felt that a pay rise might come in the future with further training, or they were just grateful to have the job in the context of a recession.

Lone parents had mixed views on whether their job would offer them pay rises or progression in the future, but this did not seem to affect the likelihood of their wanting to stay in the job. This suggests that while this was important for some lone parents, progression and promotion was not important for everyone. Those that did not foresee any prospect of progression included a few who felt that the progression route in their workplace might not be feasible for them as they worked part-time.

‘Employment advancement’ is where individuals experience an improvement in the quality of their employment by changing jobs rather than staying in the same job. Given the small numbers of people who changed job either while receiving IWC or after IWC ended it is not surprising that there was no evidence of employment advancement in this study. However, some interviewees were hoping to change job in the future in order to get better career prospects, training or higher wages.

## 6.6 What works best about In Work Credit and who does it work best for?

IWC was very effective in supporting lone parents in the first year of employment, through the transition from benefits and into work, as they adjusted to a new way of budgeting on a monthly wage and by providing additional income and dealing with debt.

IWC was also very effective in providing a reliable weekly income. This was particularly important to lone parents during the early stages of work, but was often cited as being a positive aspect throughout the first year of work. While interviewees were on the whole good at budgeting after moving into work, the change from weekly or fortnightly benefits to monthly salary took time to adjust to. Particularly difficult was adjusting to changes in Housing Benefit, getting used to additional outgoings such as children's lunches (as they are no longer eligible for free school meals) and work-related costs, such as travel. Having IWC helped lone parents budget for these and other new expenses.

Previous research has shown IWC customers were less likely to have children under the age of three and had fewer children on average compared with other potentially eligible lone parents who did not take up IWC (Brewer *et al.*, 2009) as movement into entry level employment is less financially viable when someone has three or more children. Findings from the evaluation reported here also suggest that lone parents who claimed IWC had fewer and less substantial constraints on work compared with other lone parents, which they overcame before entering work. It could be argued, therefore, that IWC was helping the 'easiest to reach' lone parents, who were commonly planning to move into work anyway.

However, for those lone parents who have had quite long periods on benefits and/or patchy work histories, IWC acted as a more critical incentive to move into work. It could tip the balance for these lone parents who were often less motivated to find work, and very concerned about whether work would pay financially and the lack of financial stability they felt moving off benefits and into work would cause.

### 6.7 What does this research tell us for the design of future wage supplements?

The key implication of this evaluation on designing future wage supplements is that IWC has demonstrated the positive role a wage supplement can play in supporting lone parents in work. IWC did this as part of a package of support that made work pay more and provided an important reliable weekly payment. This additional income and the reliable weekly payments acted as a safety net while lone parents adjusted to budgeting on a monthly salary and any additional work-related costs. If the objective of a wage supplement is to improve quality of life and to reduce child poverty through raising in-work incomes for lone parents, then a wage supplement such as IWC is a way of doing this.

IWC was generally found not to incentivise lone parents to work, although it did some. Other factors, such as being motivated to work, overcoming constraints and personal milestones, were more important in the decision to look for work than IWC. These factors were also more important than IWC in keeping people in work. Many lone parents in this evaluation had remained in work after IWC ended. Reasons given for this included: that they enjoyed working, remained very motivated to work or felt financially better off in work.

Should the Department for Work and Pensions (DWP) wish to restrict a future wage supplement to a smaller group of recipients, then IWC could perhaps be more effectively targeted at those who have had quite long periods on benefits and/or patchy work histories. These lone parents tended to be in the small group of interviewees for whom IWC provided an incentive to work.

If a future wage supplement was based on the current IWC eligibility then it could potentially be paid for only six months. Many lone parents felt that if IWC had only been paid for six months it would have 'made no difference' to their likelihood of moving into work or staying in work. However, if a future wage supplement was to be targeted at those who have had quite long periods on benefits and/or patchy work histories, then it would probably need to be payable for one year. This is because six months would not be sufficient to overcome concerns about financial stability and being better off in work financially. In relation to how much a future wage supplement should be, this evaluation found that for lone parents outside London, £40 per week worked well and was sufficient.

A future wage supplement could be delivered by Jobcentre Plus in a similar way to IWC. The delivery of IWC was very effective in relation to the claim and payment processes. However, more could perhaps be done to increase levels of awareness of IWC among eligible lone parents.

# Appendix A

## Detailed methodology

### Case study areas

For the implementation study, two case study areas were chosen in England and one in a devolved nation, in order to see whether delivery was consistent across Jobcentre Plus districts. Areas were chosen that would not overburden Jobcentre Plus staff in those districts. In particular the following areas were deliberately not used for the implementation study: In Work Credit (IWC) pilot areas, in work retention pilot areas, New Deal Plus for Lone Parents (ND+fLP) areas and those areas being used for the lone parent obligations evaluation. For the retention study, a mix of national and pilot districts were chosen, to allow for comparisons in retention effects across national and pilot districts.

**Table A.1 Case study districts**

Case study districts	
Implementation study	Retention Study
Coventry and Warwickshire	Leeds <sup>1</sup>
Glasgow	Glasgow
Gloucestershire, Wiltshire and Swindon	Gloucestershire, Wiltshire and Swindon

<sup>1</sup> Leeds had been an IWC pilot district since October 2004.

### Implementation study

The main purpose of this study was to evaluate the roll-out of IWC. The majority of interviewees sampled for the implementation study had been claiming IWC for three to seven months, with some having claimed IWC for up to 11 months. This enabled the examination of IWC delivery and process issues at the start of a claim, while it was still a reasonably recent experience for interviewees. Fieldwork for the implementation study was carried out between September and mid-November 2009. In total, 59 in-depth interviews were conducted with interviewees across the three case study areas.

Three focus groups with Jobcentre Plus staff were also carried out, one in each of the case study areas. The focus groups were mainly comprised of lone parent advisers, as well as some managers and staff from centralised administrative teams.

Lone parents in the Glasgow case study area of this research could have been part of the Employment Zone (EZ) initiative when interviewed for this evaluation. EZs were aimed at helping the long-term unemployed find and remain in work. They were extended to lone parents in 2003 as a voluntary programme.

## Retention study

The retention study was designed to capture the experiences of lone parents nearing the end of the 52 weeks of IWC at Wave 1 and then again five months later at Wave 2. Lone parents were purposefully sampled to give a mix of IWC experiences, as detailed below:

- Those who claimed the full 52 weeks of IWC – ‘completers’ (including those who had stayed in work after 52 weeks and those who had returned to benefit). Hence, at the point of the Wave 1 interview, lone parents were a minimum of two months away from completing an IWC claim and a maximum of two months after completing one. At Wave 2 interviews lone parents were three to seven months after the end of their IWC claim.
- Those who ended their claim before 52 weeks – ‘non-completers’ (including those who returned to benefit and those who did not because of re-partnering, reducing work hours etc.) At the Wave 1 interview it would have been around three to five months since they stopped receiving IWC and eight to ten months at Wave 2.
- IWC ‘repeaters’ who had been back on benefits for 12 months between IWC spells from the early phases, and ‘balance of time’ repeaters who had less than 12 months back on benefit between IWC spells. These were sampled from lone parent customers who had a live IWC claim in the second quarter of 2009, and one or two previous IWC claims on record.

The majority of lone parent customers interviewed were ‘completers’ and only a handful had multiple IWC claims, which broadly reflected the proportion in the sample provided.<sup>31</sup> The differences between completers and non-completers were examined at the analysis stage and are only discussed where differences were found.

Wave 1 of the fieldwork was carried out between September and mid-November 2009 alongside the fieldwork for the implementation study. Sixty interviews with interviewees were carried out at this wave across the three case study areas.

In order to investigate the longer term effect on retention after the end of IWC, a second wave of research was carried out for the retention study. This was carried out in February and March 2010. Wave 2 fieldwork was comprised of a total of 42 in-depth interviews with interviewees, most of whom had taken part in Wave 1. Having exhausted the sample of Wave 1 interviewees who had agreed to be re-interviewed, the Wave 2 fieldwork was supplemented with a boost sample. This sample was comprised of lone parents who had not completed the full 52 weeks of IWC (‘non completers’), in order to increase the numbers in this group for the analysis. The ‘boost non-completers’ had stopped claiming IWC around six months prior to the Wave 2 interviews, which was slightly more recent than other non-completers in Wave 2. In total 35 interviews at Wave 2 were with those interviewed at Wave 1 and seven were from the boost sample.

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<sup>31</sup> A number of interviewees recorded as not having completed IWC or having had repeat claims were found to have had, and completed, only one IWC claim when interviewed.

# Appendix B

## Further information on In Work Credit

### In Work Credit eligibility – non New Deal Plus for Lone Parent pilot areas

Outside New Deal Plus for Lone Parents (ND+fLP) pilot areas, In Work Credit (IWC) is only available to lone parents.<sup>32</sup> Re-partnering at a later date does not affect IWC claims, as the eligibility is based on the customer being a lone parent at the start of the IWC claim. Customers must satisfy the following eligibility criteria:

- A customer should have a dependent child or children in the household and must be legally responsible for at least one child who is under 16 years old on the date that the customer starts work.
- A customer should be moving into employment or self-employment of at least 16 hours per week, and expect the employment/self-employment to last at least five weeks.
- To satisfy the qualifying period, a customer must have been in receipt of one or more of the benefits listed below, for a continuous period of at least 52 weeks, before moving into work:
  - Income Support (IS);
  - Income-based Jobseeker's Allowance (JSA(IB));
  - Contribution-based Jobseeker's Allowance (JSA(Cont)); or
  - a combination of IS, JSA(IB) and JSA(Cont) continuously for 52 weeks or more either as a customer or as a partner of an IS or JSA customer.
- The qualifying period can be made up of periods on different benefits, (e.g. a customer may move from IS to JSA during the period).
- At the time of application, the customer must not be in receipt of Return to Work Credit (RTWC).

Customers who begin employment on a Work Trial, can be paid IWC once they start receiving a wage from their employer, providing they satisfy all other IWC eligibility criteria.

After 15 June 2009, a break of five days or less from qualifying benefits during the qualifying period stopped having an impact on customer eligibility for IWC. This could be a single break or made up of multiple ones, as long as they do not exceed five days in total within the 52 week qualifying period. The five days break can be made up of weekdays or weekends but they cannot be at the end of the benefit claim as the customer must be moving immediately into work. This criterion would not have been in place for the interviewees included in this research; however, it does represent a change to IWC since its national roll-out in 2008.

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<sup>32</sup> IWC is available to both lone and couple parents in New Deal Plus pilot areas. See Griffiths, R. (forthcoming) for further information about the eligibility and delivery of IWC in these areas.

## Repeat In Work Credit claims

If employment ceases for whatever reason during the 52 week award period, entitlement to IWC would normally cease. However, the balance of time (i.e. the balance of the 52 weeks) may be available if the customer subsequently returns to work and the job is suitable. If the customer finds further work (or their hours return to above 16 per week where they had reduced) within 52 weeks of re-claiming benefit, the balance of weeks owed will be paid, as long as the job is suitable and is expected to last longer than five weeks. There is no limit to the number of 'balance of time' claims that can be made. A customer's IWC would exhaust when 52 weeks of credit have been paid. If the customer returns to work **after** 52 weeks or more on a qualifying benefit then they will be eligible for a further 52 weeks IWC, provided the eligibility criteria are satisfied.

If a customer finishes a job and moves directly from one job to another, with a break of no more than four weeks, and does not claim benefit in between, IWC payments will continue to be paid across the break. This aligns IWC with Working Tax Credit (WTC), which continues to be paid for four weeks after employment ends.

## National roll-out of IWC

The national roll-out of IWC was announced by the previous Prime Minister (Gordon Brown) in his speech to the TUC in September 2007, alongside a raft of other measures designed to help more lone parents into work:

*'I can also announce further measures to fast-track thousands more into jobs that are vacant, to guarantee for the first time in our country's history a job interview for every lone parent who is looking for work and ready for work, a new deal whereby prospective employees are invited into the workplace for on-site discussions, a new financial offer guaranteeing up to six weeks benefits during a Work Trial for lone parents, where training is required a training allowance of up to £400, for the lone parent taking a job for the first year £40 a week extra, £60 a week in London, ensuring that work always pays.'*

The Secretary of State (Peter Hain) added:

*'We have more lone parents in work than ever before, but that is still some way behind our European counterparts. By making the In Work Credit national, we are reaffirming our commitment to helping the country's lone parents into work. We know that work is the best route out of poverty and that parents want to provide for their family and I want to provide them with every opportunity to get into work.'*

## Timeline of the national roll-out of In Work Credit

IWC was originally piloted from 1 April 2004 in the following districts:

- Bradford (now part of West Yorkshire);
- South East London (now part of South London);
- North London (now part of North and North East London).

The IWC pilot was extended from 25 October 2004 in the following nine districts:

- Cardiff and Vale (now part of South East Wales);
- Dudley and Sandwell (now part of Black Country);
- Edinburgh, Lothian and Borders;
- Lancashire West (now part of Lancashire);
- Leicestershire (now part of Leicestershire and Northamptonshire);
- Leeds (now part of West Yorkshire);
- Staffordshire;
- Central London;
- West London.

The IWC pilot was further extended from 4 April 2005 to all London districts. The requirement for lone parents to participate on New Deal for Lone Parents in order to receive IWC was removed in all pilot districts. In addition, London districts began delivering IWC to all parents who met the IWC qualifying criteria.

From 31 October 2005, IWC was also piloted in the following six districts:

- Surrey and Sussex;
- Essex;
- Kent;
- Bedfordshire and Hertfordshire;
- Berkshire, Buckinghamshire and Oxfordshire;
- Hampshire and the Isle of Wight.

From 28 January 2008 IWC became available to lone parents in the following Trailblazer districts:

- North East London part of North and North East London; and
- Birmingham and Solihull.

IWC was rolled out nationally across England, Scotland and Wales on 7 April 2008.

# Appendix C

## Key characteristics of the customer interviews

Overall, 126 lone parents were interviewed across four case study areas as part of the In Work Credit (IWC) evaluation. Fifty-nine lone parents were interviewed in the national roll-out (Implementation) study and 67 in the Retention study. Some of the key characteristics of the lone parents interviewed are detailed below.

**Table C.1 Number of lone parents interviewed by study and case study area**

	Coventry and Warwickshire	Glasgow	Leeds	Swindon, Wiltshire and Gloucestershire	Total
Implementation study wave 1	19	21	0	19	59
Retention study Waves 1 and 2	0	20	22	25	67
<b>Total</b>	<b>19</b>	<b>41</b>	<b>22</b>	<b>44</b>	<b>126</b>

**Table C.2 Number of interviews in both waves of retention study by completer and non-completer status**

	Retention study completer <sup>1</sup>	Retention study non-completer	Total interviews <sup>2</sup>
Wave 1	41	19	60
Wave 2	29	13	42
<b>Total interviews</b>	<b>70</b>	<b>32</b>	<b>102</b>

<sup>1</sup> Interviewees who completed the full 52 weeks of IWC were referred to as ‘completers’ and interviewees who did not complete the full 52 weeks were referred to as ‘non-completers’.

<sup>2</sup> A total of 102 interviews were carried out with the 67 lone parents in the retention study as many lone parents in this study were interviewed twice; in both Wave 1 and Wave 2.

**Table C.3 Interviewees by study, and urban and rural areas**

	Urban	Rural	Total
Implementation study Wave 1	37	22	59
Retention study Waves 1 and 2	44	23	67
<b>Total</b>	<b>81</b>	<b>45</b>	<b>126</b>

**Table C.4 Gender of lone parents interviewed by study**

	Female	Male	Total
Implementation study Wave 1	58	1	59
Retention study Waves 1 and 2	64	3	67
<b>Total</b>	<b>122</b>	<b>4</b>	<b>126</b>

**Table C.5 Ethnicity of interviewees by study**

	White	Asian	Black	Mixed/ other	Unknown/ not specified	Total
Implementation study Wave 1	50	0	4	3	2	59
Retention study Waves 1 and 2	56	0	1	4	6	67
<b>Total</b>	<b>106</b>	<b>0</b>	<b>5</b>	<b>7</b>	<b>8</b>	<b>126</b>

**Table C.6 Age of interviewees by study**

	19-24	25-29	30-34	35-39	40-44	45-49	50+	Unknown	Total
Implementation study	11	6	8	11	10	10	2	1	59
Retention study Waves 1 and 2	11	12	8	14	7	10	5	0	67
<b>Total</b>	<b>22</b>	<b>18</b>	<b>16</b>	<b>25</b>	<b>17</b>	<b>20</b>	<b>7</b>	<b>1</b>	<b>126</b>

**Table C.7 Housing tenure of interviewees by study and wave**

	Private rented	Social housing	Owner occupied	Unknown	Total
Implementation study Wave 1	12	42	2	3	59
Retention study Wave 1	11	41	6	2	60
<b>Total Wave 1</b>	<b>23</b>	<b>83</b>	<b>8</b>	<b>5</b>	<b>119</b>
Total retention study Wave 2 (including boost respondents)	9	28	5	0	42

**Table C.8 Health issue or disability of interviewees and their child(ren) by study**

	Customer health issue/disability			Child health issue/disability		
	Yes	No	Unknown	Yes	No	Unknown
Implementation study Wave 1	15	42	2	17	40	2
Retention study Wave 1	14	45	1	19	40	1
Total Wave 1	29	87	3	36	80	3
Total retention study Wave 2 (including boost respondents)	7	35	0	14	28	0

**Table C.9 Qualification of interviewees by study**

	No qualifications	<Level 2	Level 2	Level 3+	Other	Unknown	Total
	Implementation study Wave 1	8	22	15	10	3	1
Retention study Waves 1 and 2	13	26	15	9	4	0	67
Total	21	48	30	19	7	1	126

**Table C.10 Work status of interviewees by study**

	Not in work	In work <16hrs per week	In work 16–29 hrs per week	In work 30+ hrs per week	Unknown	Total
	Implementation study Wave 1	11	3	35	9	1
Retention study Wave 1	18	2	29	11	0	60
Total Wave 1	29	5	64	20	1	119
Total retention study Wave 2 (including boost respondents)	16	0	16	10	0	42

**Table C.11 Number of dependent children (aged under 16 or 16-18 and in full-time education)**

	1	2	3	4+	Unknown	Total
	Implementation study Wave 1	39	12	5	2	1
Retention study Waves 1 and 2	41	18	7	1	0	67
Total	80	30	12	3	1	126

**Table C.12 Age of interviewees' youngest child**

<b>Age of youngest child (years)</b>	<b>Implementation study Wave 1</b>	<b>Retention study Waves 1 and 2</b>	<b>Total</b>
0	1	2	3
1	5	3	8
2	7	5	12
3	2	4	6
4	1	5	6
5	3	7	10
6	3	5	8
7	1	2	3
8	5	4	9
9	4	4	8
10	2	2	4
11	2	3	5
12+	22	20	42
Unknown	1	1	2
<b>Total</b>	<b>59</b>	<b>67</b>	<b>126</b>

# Appendix D

## Timeline sticker options

The list in Table D.1 was presented to all the lone parents interviewed for the research. It is based on the Families and Children’s Study (FACS) attitudes and constraints to work model. This list includes a range of things that can affect people who are looking for work or considering looking for work. Respondents were also encouraged to add anything that was not on the list but that was an issue for them.

**Table D.1 Constraints to work**

Managing health condition/ disability	Caring for someone else with a health condition or disability	Childcare cost
Availability of suitable childcare	My confidence level	Age of children
Cost of transport	Low wages/income	My training /skills/qualifications level
My level/type of experience	Suitable jobs in local area	Flexible work
Information about available work	Support finding work	Motivation to find work
Concern about financial benefit of work	Moving from benefits to work	Wanted to look after my children myself
Family’s/children’s attitude to my working	Employers’ level of being family friendly	Family and close friends not nearby
Too little time to spend with my children	Combining work and family life	Personal or family troubles
Childcare help from family/friends	Availability of transport	

When discussing work search activities with interviewees, they were also presented with a list of different options (see Table D.2). As with the list shown in Table C.11, interviewees were also encouraged to add anything else they had been doing to the discussion (indicated by blank).

**Table D.2 Work-search and other activities**

Help from friends/family	Training/a work-related course	Employment Zone
Jobcentre Plus adviser	Attending job interviews	Social fund loan
Careers adviser	Assessing my skills	Attended voluntary interview
Job ads in a newspaper	Any language training	Applied for a lone parent transition loan
New Deal for Lone Parents	Doing job applications	Help managing a health condition
Options and choices events	Courses	Help with housing problems
Work Focused Interviews	Completing a CV	Attending a children’s centre
Jobs fairs	Help with job search	Discussing or sorting out any debts or money problems
Undertaking voluntary work	Assessing childcare options	Part-time working – mini jobs
Doing a work-trial	Internet job searching	

# Appendix E

## Themes covered by the topic guides

Listed below are the primary topics covered in the customer and staff focus group discussion guides. For further information, or copies of the discussion guides, please contact Margaret Hersee at the Department for Work and Pensions (DWP) or Lorraine Lanceley at Inclusion.

### Interviewees

There were three topic guides for lone parent interviewees: one for the implementation study and two for the retention study. The topic guides covered areas which were specific to the interviewee's circumstance and their stage of In Work Credit (IWC) claim. Both included questions about the following topics:

- personal, household and family characteristics;
- education and training;
- benefits and work history;
- IWC claim history;
- attitudes and constraints to working;
- current employment (if relevant);
- household finance and money management;
- effects of IWC and effects of IWC ending.

### Jobcentre Plus staff focus groups

The staff focus group topic guides were used flexibly. The topics included were:

- job role and background;
- staff knowledge of IWC;
- informing customers about IWC;
- understanding of IWC claim process;
- customer employment and constraints to work;
- promoting job sustainability and progression;
- delivery and performance of IWC team;
- adequacy of IWC;
- other in-work support that may be given by Jobcentre Plus.

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In Work Credit (IWC) is a non-taxable weekly payment of £40 (£60 in London districts). It is paid for a maximum of 52 weeks to lone parents moving into paid employment of 16 hours per week or more, who have had a period of 12 months or more on out-of-work benefits. The policy intent of IWC is to increase lone parent employment rates by encouraging more lone parents to look for work and to move from benefits into work, as well as to contribute to the Government's target of reducing child poverty. Since it was rolled out nationally in April 2008, 118,100 individuals have received IWC (April 2008 to the end of March 2010. Source: Department for Work and Pensions (DWP)).

The Centre for Economic and Social Inclusion was commissioned by the DWP to carry out a qualitative evaluation of the delivery of IWC since national roll-out, investigate the effect on retention after the end of IWC and examine differences between those who completed their claim and those who did not. In addition, the research examined the wider impact of being in work on lone parents and their children.

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