Part-time work and social security: increasing the options

Jane Millar, Tess Ridge and Fran Bennett

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<th>Full Form</th>
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<tr>
<td>BHPS</td>
<td>British Household Panel Survey</td>
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<td>CPAG</td>
<td>Child Poverty Action Group</td>
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<td>DTI</td>
<td>Department of Trade and Industry</td>
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<td>DWP</td>
<td>Department for Work and Pensions</td>
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<td>EOC</td>
<td>Equal Opportunities Commission</td>
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<td>ETU</td>
<td>Earnings Top Up</td>
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<td>EU</td>
<td>European Union</td>
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<td>FACS</td>
<td>Families and Children Study</td>
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<td>HMT</td>
<td>Her Majesty’s Treasury</td>
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<td>ILF</td>
<td>Independent Living Fund</td>
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<td>LFS</td>
<td>Labour Force Survey</td>
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<td>JSA</td>
<td>Jobseeker’s Allowance</td>
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<td>ONS</td>
<td>Office for National Statistics</td>
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<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<td>RMI</td>
<td>Revenu Minimum d’Integration</td>
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<td>TUC</td>
<td>Trades Union Congress</td>
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Summary

Increasing employment is a key policy goal in the UK, and the Government is committed to policies that encourage employment among groups who have traditionally been defined as being outside the labour market. Part-time employment may have an important role to play in helping to achieve these aspirations. For example, part-time jobs can enable people to combine paid work and care work and may be more suitable than full-time work for some people with health problems or disabilities. It can be undertaken alongside education and training to improve skills and longer-term job prospects. Part-time work can also provide a stepping stone into longer hours of work, by enabling people to gain experience and confidence.

However, in practice, there may be limits to the extent to which part-time work can offer real options for people. For example, part-time workers might still face difficulties in accessing childcare, especially if they work unsocial hours. The financial incentives to work part-time might be limited. Part-time work may not offer security, nor provide a route into full-time hours. The range of part-time hours offered by employers, and the degree of flexibility in this, may not fit very well with the benefits and tax credits system. Some people may not be willing to consider part-time work for various reasons.

From the policy perspective, there may also be a reluctance to support part-time work without some restrictions or qualifications. More support for part-time work may reduce the incentives for people to take full-time jobs. Providing financial top-ups to part-time work may be very costly in the long term.

The aims of this report are to examine the evidence on the nature of part-time work in the UK, to describe how part-time workers are treated in the social security and tax credit systems, and to discuss some possible future directions for policy. This is very much an initial scoping exercise, rather than a comprehensive review.

Part-time work is usually defined in respect of weekly hours of work in a main job, with a cut-off between part-time and full-time work of 30 hours per week. But some people may hold more than one part-time job and so work more than 30 hours in total. Part-time work includes a range of work schedules – short days, short weeks,
and short years. Those working under 16 hours per week are of particular interest because this is the dividing line between some social security benefits and tax credits.

In spring 2004, there were about 7.4 million people in part-time work in the UK including 5.8 million women and 1.6 million men. Women are much more likely to work part-time than men. Around two-fifths (44 per cent) of employed women work part-time compared with just over one in ten (11 per cent) employed men. Women also work shorter part-time hours, with about 1.9 million women working for less than 16 hours per week compared with 0.6 million men. There has been a substantial rise in part-time working over the past 50 years, but the rate of increase appears to be slowing down now.

Men typically work part-time when they are younger and studying, or when they are older and starting to reduce their engagement with the labour market. Otherwise, men who work part-time are often men who are unable to find full-time work, either because no suitable jobs are available or because they are unable to fill the full-time jobs that are available. By contrast, however, women part-time workers can be found at all ages, and women who work part-time usually say they choose to do so in order to fit work with family responsibilities. Part-time work is very common for mothers, especially those with young children or large families. Part-time work plays a significant part in women’s lifetime patterns of employment.

There is a strong occupational and industrial divide between part-time and full-time work. Part-time work is concentrated in the service sectors, and is rarely found at management levels. Job quality in part-time work tends to be lower than for full-time work. People who do increase their hours from part-time to full-time usually do so by changing jobs.

There is only limited evidence about the reasons why employers designate some jobs as part-time and others as full-time. Part-time jobs can be divided into two main types. ‘Task-based part-time jobs’ are those which involve specific tasks that can be completed in less than a full working day. ‘Demand-based part-time jobs’ are jobs that can only be carried out at certain times or which are responsive to demand. The former tend to be dominated by women and are of poorer quality.

The UK has one of the highest rates of part-time working in the EU. Weekly hours tend to be more dispersed, ie more long hours and more short hours, in the UK than in other countries. However, the characteristics of part-time workers tend to be similar in other countries to those of part-time workers in the UK, as does the nature of part-time work.

Among non-employed people, part-time work is rarely considered as an option by men seeking work, who are usually looking for full-time work. Women, especially those with children, are often looking for part-time work. In couples where both partners are looking for work, the most common job search pattern is for the man to seek full-time work and the woman to seek part-time work. For lone parents, part-
time work can be an attractive option, although they may still find difficulties in accessing childcare. Among disabled people, there is some evidence that those closest to the labour market would prefer full-time work.

Working part-time while receiving benefits is relatively uncommon, and many people seem reluctant to consider part-time work while receiving benefits. Unemployed men are particularly likely to view part-time work negatively, as a potential barrier to full-time work, while women tend to be more positive about being able to combine part-time work with childcare. There is some evidence that part-time work and temporary work can provide a route into full-time work, but usually this involves changing jobs, as part-time jobs do not often directly become full-time jobs.

Part-time work raises some complex issues in relation to social security and tax credit policy and provision. There has been no recent comprehensive review of benefits for part-timers. The rules vary for different groups of claimants and for different benefits.

Working part-time while receiving means-tested benefits is possible, but in practice is restricted by the level of earnings disregards (the amount that is ignored when benefit entitlement is calculated) and by rules which limit the number of hours that claimants and their partners can work. The level of earnings disregards has not been increased by much in recent years. The hour’s rules for claimants of the major means-tested benefits restrict them to work of less than 16 hours per week and their partners to less than 24 hours per week.

The rules differ for non-means-tested benefits. There are special ‘permitted work’ rules for people on Incapacity Benefit. Entitlement to Carer’s Allowance ceases once earnings reach a certain level. There are no earnings rules for state pensions. Earnings rules apply to the partners of recipients of Incapacity Benefit, Carer’s Allowance and Pension. However, unlike means-tested benefits, all these non-means-tested benefits remain available to a claimant him/herself, regardless of the existence or extent of their spouse’s/partner’s labour market activity.

Policy measures intended to help ‘make work pay’ have an impact on part-time work even though that may not be their main focus. The new generation of tax credits is in theory more likely to help potential second earners, including those in part-time jobs. The increase in the income disregard to £25,000 (from April 2006) in the year it is earned should enable a partner to move into work without immediate loss of tax credit.

Lone parents are one group who are encouraged and supported in part-time work of 16 hours or more per week. Tax credits provide an important top-up to part-time earnings; but this may still be insufficient to keep the family out of poverty, especially if they have to meet high costs in work.
In terms of wider social protection, part-time workers generally have fewer rights than full-time workers. There are about 1.7 million people, mainly women, earning below the lower earnings limit who may not be accruing rights to contributory benefits (though they may benefit from credits or home responsibilities protection). Someone who pays part of the qualifying contributions for a year but not the whole amount may not benefit from those partial contributions (though they may be able to pay voluntary contributions to make up the amount needed for pension rights).

Other countries have varied approaches to the issue of part-time work. The 1997 Part-time Work Directive recommends that European Union (EU) member states take action to adapt their social security systems to accommodate part-time work. In Europe, the Netherlands has developed the most explicit policy measures to support part-time work, providing entitlement to social protection that is equivalent to that for full-timers. In countries such as Australia, with more extensive reliance on means-tested benefits, there have been some attempts to reform these to reduce the work disincentives for second earners.

In respect of possible general directions for future policy, there are clearly some major policy dilemmas. On the one hand, there may be a wish to encourage part-time work for those who would otherwise not be able to enter the labour market. On the other, there may be a desire to avoid encouraging the creation and/or expansion of ‘dead-end’ or bad quality jobs; and to ensure that people do not become trapped in part-time work if they would prefer longer hours of work instead, and would be better off in the longer term if they took up full-time work. Treating part-time workers as individuals would enable them to build up their rights to social protection as individuals, both now and over the longer term; but this is difficult to fit into a means-tested model for in-work financial support.

Raising earnings disregards, providing time-limited in-work support for individuals in part-time jobs, and tailoring support for part-time work to particular categories of people and/or on specific situations or times of life are among the measures that could increase the opportunities for part-time work. Various ideas have been put forward for ways to reform the national insurance system to make it more appropriate for part-time workers. More radical ideas for reform have also been put forward, such as a basic income scheme which would support part-time workers with a non-means-tested income guarantee.

Policy reforms can be designed to encourage more people to take up part-time work. But it is also important to recognise that employment, even part-time employment, is not appropriate for everyone at all times, as reflected in the important welfare reform principle of ‘work for those who can, security for those who cannot’.
1 Part-time work: reviewing the evidence

Jane Millar and Tess Ridge

1.1 Introduction

One of the strategic goals for the Department for Work and Pensions (DWP) is to increase employment levels to reach an 80 per cent employment rate among working-age people and, as part of this, to ‘further develop employment policies for groups traditionally defined as being outside the labour market, especially lone parents, people on incapacity benefits and those approaching traditional retirement age’ (DWP, 2005, p6). Part-time work may have an important role to play in helping to achieve these aspirations, in three main ways.

Firstly, part-time work may provide the only feasible route into work for these groups of benefit claimants who have not traditionally been expected to seek work. For example:

- Part-time working can enable people to combine paid work and care work.
- Part-time work may be more suitable than full-time work for people with health problems or disabilities.
- Part-time work can be undertaken alongside education and training to improve skills and longer-term job prospects.
- Part-time work can provide a stepping stone into longer hours of work, by enabling people to gain experience and confidence.
- Part-time work can provide a way for older workers to reduce their working hours over a period of time.
- Part-time work can allow people time to participate in voluntary activities and so contribute to social solidarity in society.
- Part-time work may enable people to keep some contact with the labour market during a period when it is not possible – for whatever reason – to be in full-time work.
Secondly, part-time work is an increasingly important sector of the labour market. Levels of part-time working have been growing steadily for at least the past four decades, and part-time workers now make up about one-quarter of the employed population. Between 1984 and 1999 the number of part-time jobs grew by about 1.5 million (TUC, 2000). Part-time work provides an important share of the available job opportunities, including seasonal work, and may be the only choice in some places.

Thirdly, part-time work may have become more financially feasible for more people, in particular those with dependent children, disabled people and some older workers. Part-time work generally means part-time pay both because of shorter hours and lower hourly rates of pay. Some people working part-time may have more than one job. In general, part-time workers will usually need other sources of income to be able to survive financially. Family support is very important in this and many part-time workers live with others eg women living with partners, young people living with parents, older men living with their employed wives, and so on. State financial support is also available for some part-time workers. Part-time work of 16 or more hours per week is supported through the Working Tax Credit system for disabled people, some older workers through the 50+ credit, and people with children (others without children, however, are only eligible if they are aged 25 or more and work 30 or more hours per week). Tax credits, and other sources of in-work financial support, can thus help some people to make up an adequate income from part-time jobs.

These factors seem to suggest a positive role of part-time work in increasing employment opportunities and in enabling people in a wide range of circumstances to participate in employment. However, in practice, there may be limits to the extent to which part-time work can offer real options for people. For example:

- For those with caring responsibilities, part-time work may in practice be no more feasible than full-time work. Part-time work may reduce the number of hours of alternative care needed, and so for example, make it more likely that another family member is able to provide that care, but it does not eliminate it. Furthermore, although part-time workers may be able to access informal care more readily than full-time workers, they may find it less easy to access formal care, for example if they work shifts (common for part-time jobs) or if they work unsocial hours.

- As noted above, part-time jobs, particularly in retail and leisure services, often include shift work and/or unsocial hours. Working such patterns may be difficult for many of these groups of potential workers, not just for carers but also for people with health problems, and for people who want to combine part-time work with education or training or other activities.

- Part-time work may be more insecure than full-time jobs, leading to higher rates of job loss and ‘cycling’ between Income Support and tax credits.
• The range of part-time hours offered by employers, and the degree of flexibility in this, may not match very well with the benefit and tax credit system. For example, employers may want to offer less than 16 hours per week but this means that the workers are not eligible for tax credits. Making up to 16 hours may require combining different short-hours jobs.

• The financial incentives for part-time work may not be very great for some people, especially if there are costs attached to work. Such costs may be particularly high for these groups, for example, lone parents and carers need to pay for care, disabled people may have to pay extra for mobility or other aids to help them work, etc. This adds to the cost of supporting part-time work.

• Some people may not be willing to consider part-time work for various reasons. For example, part-time jobs may be perceived as ‘women’s jobs’ and so some men may be reluctant to take them. Or part-time work may be seen as suitable only at certain points in the lifecourse – for young workers, or for people just about to retire, or with partners who have retired, or for women bringing up children. Part-time work may also be perceived as ‘dead-end’ work without prospects of advancement or improvements in pay.

• Part-time work may be a poor choice in the longer term. Part-time workers may risk long-term poverty as a result of lower lifetime earnings as part-time workers. They may also face poverty in retirement because of lacking access to pension schemes and/or because of not being able to afford to save.

From the policy perspective, there may also be a reluctance to support part-time work without some restrictions or qualifications. More support for part-time work may reduce the incentives for people to take full-time jobs. Providing financial top-ups to part-time work may be very costly in the long term. There are some difficult judgements to be made about which groups of people should be supported as part-time workers, and for how long. There are also issues about how part-time and full-time work should be defined – the 16 hours division provides a de facto cut-off at the moment, but may not be the most appropriate place to draw the line.

The aims of this report are to examine the evidence on the nature of part-time work in the UK, to describe how part-time workers are treated in the social security and tax credit systems, and to discuss some possible future direction for policy. This is very much an initial scoping exercise, rather than a comprehensive review. The next section of this chapter discusses the definition of part-time work and the key sources of information for this paper. Section 3 summarises the data on levels of part-time work in Britain, the trends in part-time work, and the characteristics of part-time workers. Section 4 considers the quality of part-time jobs in respect of factors such as pay, training, flexibility and mobility. Section 5 briefly presents some European comparisons. The final section considers aspirations and attitudes to part-time work among non-workers.
It should be noted that the focus here is on part-time work among employees, and not among the self-employed.¹ And also that ‘work’ refers to paid employment as an employee.

1.2 Defining part-time work

Part-time work is usually defined in respect of weekly hours of work, and defined as hours of less than 30 per week.² There are two main points to note about this way of defining part-time work. First, it is based on hours of work in main job and not to total hours of work per week. Part-time workers are almost three times more likely than full-time workers to hold second jobs – about eight per cent and three per cent respectively – so there may be some part-time workers who actually work full-time hours in the week. There are about 400,000 women with two part-time jobs, usually with low wages in both (Simic and Sethi, 2002). Secondly, the focus on weekly hours may obscure some significant aspects of part-time work. Shorter weekly hours may be the result of either shorter working days or fewer days of work per week. The latter seems to be more important. Manning and Petrongolo (2005) calculate that 35 per cent of part-timers work five days per week compared with 85 per cent of full-timers, which means that many part-time workers are probably doing the same daily hours as full-timers, over fewer days in the week. This has implications for issues of travel to work, the need for childcare and so on. Campbell et al. (2005) also point out that some weekly part-timers may have long annual hours because they do not have access to leave in the same way as full-timers. Or, on the other hand, some people may work full-time weekly hours but only for part of the year (taking time out of work during school holidays, for example). We explore working hours and schedules in more detail below.

Some studies also make a distinction between ‘long’ and ‘short’ part-time weekly work, with varying definitions of where to draw the line between these. This subdivision can be useful for separating out groups such as school-children and students from other part-time workers, on the grounds that these groups have particular short-term reasons for working part-time. It is also useful in terms of relating part-time work to the social security and tax systems. Here the dividing line is drawn between those working 16 or more hours per week (and potentially eligible for tax credits) and those working for less (and potentially eligible for Income Support).

¹ Movements between unemployment and self-employment have increased in recent years. See, for example, Meager et al. (1994); Bryson and White (1996), Knight and McKay (2000).

² The cut-off is set at 25 hours for teachers. Some studies use self-assessment (whether people define themselves as working full-time or part-time) rather than actual hours worked. This can be useful for cross-national comparisons in particular, as there is substantial variation in working hours across countries (Manning and Petrongolo, 2005).
Another distinction can be drawn between ‘voluntary’ and ‘involuntary’ part-time workers, that is between those who prefer to work part-time and those who would choose full-time jobs if they could get them. Here there is a significant difference between women and men part-time workers – one of many such differences we shall be reporting here. About 27 per cent of men working part-time say they would prefer to work full-time compared with just six per cent of women working part-time (Francesconi and Gosling, 2005, p36). These men in involuntary part-time work are ‘more likely to be of lower socio-economic status, have less education and to come from an ethnic minority group. This suggests that while most women probably work part-time either as a matter of choice or because of their family circumstances, for men it can be an indicator of lower socio-economic status’. Böheim and Taylor (2003) reach similar conclusions.

In an analysis of part-time work in the US, Tilly (1996) argues that involuntary part-time working should be seen as a form of ‘partial unemployment’ and also that part-time work in general can be divided into ‘bad’ and ‘good’ jobs or, in more technical terms, into ‘secondary’ jobs (with low pay, lack of access to benefits such as leave, limited opportunity for progression and generally poor conditions) and ‘retention’ jobs (part-time jobs specifically designed to keep valuable and well-trained employees, offering good pay, flexible hours and career structures). These two types of part-time jobs are available to different types of worker and fulfil very different functions for employers. Recent work sponsored by the Equal Opportunities Commission (Grant et al., 2005) suggests that employers rarely make individually negotiated good-quality part-time jobs available on the open market; if someone who has arranged to work part-time in this way leaves, then the job often reverts to full-time.

There are certainly some important differences within the part-time employment sector in the UK, as well as differences between part-time and full-time work, and we explore these in more detail below, when we consider job quality. But more broadly, there is also an issue of how far the distinction between full-time and part-time employment, based on hours of work per week, is the most useful or salient either for understanding the nature of employment opportunities or as a basis for policy. Campbell et al. (2005) point out that issues of job quality apply in the same way to both full-time and part-time jobs and that it is factors other than hours that make a particular job ‘family-friendly’ or not, including ‘good schedules, employment security and access to standard benefits’. Similarly, Le Bihan and Martin (2004) point to the importance of whether or not working time is ‘negotiable and predictable’. The Equal Opportunities Commission (2005, p12) argue that, ‘in the modern 24/7 economy there is often no such thing as a full-time employee’ and quotes with approval the suggestion that employers need to tackle ‘the artificial distinction between part-time and full-time work’. There is an increasing policy interest in promoting ‘work-life balance’, both on a voluntary basis as good business practice and through legislation, and this includes creating more opportunities for lower working hours (OECD, 2005). In the Second Work-Life Balance study (Woodland et al., 2003; Stevens et al., 2004) flexible working time was defined to include opportunities for a range of different sorts of schedules, including part-time work,
reduced hours for a limited period, job sharing, term-time working, a compressed working week, flexitime, annualised hours and working from home. Thus the option to work part-time is one of the main ways to introduce flexibility into employment. However, part-time work in this ‘retention’ sense, as a short-term option for someone who would otherwise be working full-time, is somewhat different from standard part-time jobs.

It is important to note, therefore, that part-time work includes a variety of circumstances and experiences and that full-time work may also allow part-time working for some people at some times. Thus an important issue concerns the extent to which it is possible to move between these different forms of working-time arrangements, and whether there are costs to employees in doing so.

1.3 Part-time work: numbers, trends and characteristics

In spring 2004, there were about 7.4 million people in part-time work in the UK (Francesconi and Gosling, 2005), including 5.8 million women (78 per cent) and 1.6 million men (22 per cent). This means that overall about a quarter of workers are working part-time. Women are much more likely to work part-time than men. Around two-fifths (44 per cent) of employed women work part-time compared with just over one in ten (11 per cent) employed men. Women also work shorter part-time hours, with about 1.9 million women working for less than 16 hours per week compared with 0.6 million men.

There has been a substantial rise over the past half century, as summarised by Hakim (2004). Among women most of the increase (in both numbers and proportion) came in the 1960s and the 1970s, with the trends fairly flat in the 1980s and 1990s, although apparently rising more recently. Male part-time work has also increased over the past 50 years from an almost negligible level in the 1950s. The proportion of men in part-time work has increased as the absolute numbers have increased but also as a consequence of a decline in the number of men working full-time. Burchell et al. (1997) identify three reasons for the growth of (mainly female) part-time work in the early post-war period. These were: economic growth and reconstruction; the growth of services associated with the welfare state; and an increasing ‘dependent population’ due to rising fertility and population ageing. Gray (2004) points to the long-term decline in manufacturing, a drive for greater flexibility by employers, the effects of the privatisation of state services, changes in the level of student support and the incentives created by changes in the national insurance system. Hakim (2000) stresses the impact of increasingly liberal social attitudes toward maternal employment, the introduction of equal opportunities legislation and changes in labour market regulation.

Looking at more recent trends, Francesconi and Gosling (2005) conclude that there has been no upward trend in part-time work for women since the mid-1980s and that the increase in the numbers of part-time workers is therefore a result of more women working and not an increased propensity for women to work part-time.
These women entering work are most often women with employed partners, producing the increasing proportion of two-earner families, or more accurately 1.5 earner families. The TUC (2000) has suggested that part-time employment may have almost reached a peak in the UK as the rise among women appears to have stabilised and the level of part-time working among men is already higher than in many other countries. They predict that up to 2010/2015 there will only be a ‘modest’ rise in part-time employment of between two to three percentage points. However they also point out that there are some groups who could perhaps be drawn into part-time employment, including lone parents, students, the retired and those approaching retirement age.

1.3.1 Characteristics of part-time workers

Looking first at the personal characteristics of part-time workers, there are some striking gender differences, with women and men part-time workers both different from each other and different from women and men full-time workers. Perhaps one of the key differences between women and men part-timers is the reasons they give for working part-time. We noted above that men are much more likely to be involuntary part-time workers than are women. Labour Force Survey (LFS) figures for 2004 show that among women working part-time, 81 per cent said they did not want a full-time job, 12 per cent were students, five per cent could not find a full-time job, and two per cent were ill or disabled. Among men part-timers, 48 per cent said they did not want a full-time job, 31 per cent were students, 16 per cent could not find a full-time job, and five per cent were ill or disabled (Labour Market Trends, May 2005). Almost all (94 per cent) of women with dependent children working part-time say they do not want a full-time job (Labour Market Trends, March 2001). McOrmond (2004) also notes that among voluntary part-timers 41 per cent of women say they do part-time work in order to spend more time with their families, while 24 per cent of men say it is because they can afford to choose to do so. Similarly, Stevens et al. (2004) report clear differences between women and men in reasons for working part-time. In their sample, 37 per cent of women working part-time said this was because they wanted to spend more time with their family (49 per cent of mothers), and another 20 per cent said they had caring responsibilities that prevented full-time work (28 per cent of mothers). But very few men (four per cent) gave family reasons for working part-time and 34 per cent said they were studying.

The relationship between part-time work and family responsibilities is clear when we look at the rates of part-time working by age of youngest child, as shown in Table 1.1. This shows that employment rates increase for women with older children but not so for men (although both women and men have lower rates when their children become young adults, ie as they themselves get older). For women part-time working is very common among those with younger children, about two-thirds of employed women with children aged under ten are working part-time. For men the proportion in part-time work is very low when children are young and, in fact, fathers tend to work longer, rather than shorter hours (Dex, 2003).
Table 1.1  Proportion of people in employed and in part-time employment by age of youngest child, 2001/2

<table>
<thead>
<tr>
<th>Youngest child:</th>
<th>Of all of working age, % employed</th>
<th>Of all employed, % in part-time work</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
</tr>
<tr>
<td>Under 2</td>
<td>50</td>
<td>89</td>
</tr>
<tr>
<td>2-4 years</td>
<td>56</td>
<td>88</td>
</tr>
<tr>
<td>5-9 years</td>
<td>67</td>
<td>86</td>
</tr>
<tr>
<td>10-15 years</td>
<td>71</td>
<td>80</td>
</tr>
<tr>
<td>16-18 years and in education</td>
<td>66</td>
<td>68</td>
</tr>
<tr>
<td>All of working age</td>
<td>69</td>
<td>79</td>
</tr>
</tbody>
</table>


Among women with children, lone mothers are less likely to be employed than coupled mothers, as Table 1.2 shows. In total, about 53 per cent of lone mothers are employed compared with 70 per cent of married mothers. Rates of full-time working are similar although among those with children aged under five; lone mothers are less likely to work full-time than coupled mothers. But lone mothers are less likely to work part-time than coupled mothers and this is the case for all age-groups of children.

Table 1.2  Employment status by age of youngest child, lone and coupled mothers 2004

<table>
<thead>
<tr>
<th>Youngest child:</th>
<th>% employed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-time</td>
</tr>
<tr>
<td></td>
<td>Lone</td>
</tr>
<tr>
<td>Under 5</td>
<td>12</td>
</tr>
<tr>
<td>5-10</td>
<td>22</td>
</tr>
<tr>
<td>11-15</td>
<td>37</td>
</tr>
<tr>
<td>16-18 (in education)</td>
<td>53</td>
</tr>
<tr>
<td>All with children</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Social Trends 35, Table 4.3.

Comparing women and men, and part-time and full-time workers, Francesconi and Gosling (2005) highlight the following differences and similarities in personal, family and household characteristics:

- **Age:** Part-time working among men is concentrated in the youngest and oldest age groups whereas women part-timers are mainly aged between 35 and 64.

3 Manning and Petrongolo (2005) only look at women in their study, but find very similar results in respect of education, age, household type and ethnicity. Neither study looks at health status.
• *Ethnicity.* Men part-timers are more likely to be black, Pakistani and Bangladeshi than men in full-time jobs. Women part-timers are more likely than women full-timers to be white.

• *Tenure:* Both women and men part-timers are more likely than full-timers to be living in social housing or other rented accommodation.

• *Educational attainment:* Women part-timers are more likely than full-timers to have lower level (GCSE or equivalent) or no educational qualifications. There is little difference between men part-timers and full-timers.

• *Marital status:* Women part-timers are found in all marital status groups, but among men it is the young never-married men and the older divorced/separated or widowed men who are most likely to work part-time.

• *Age and number of children:* While men and women are both more likely to work part-time if they have children, the likelihood differs. Men are 24 per cent more likely to work part-time if they have a child aged 0-4 whereas a woman’s likelihood increases by nearly 800 per cent. An additional child aged 5-11 does not increase a man’s probability of working part-time but increases that of a woman by nearly 300 per cent.

In respect of job characteristics, both women and men part-timers are more likely than full-timers to be in casual, seasonal or fixed-term jobs; to have shorter job durations; and to be low-paid (we look at these issues further below when we consider job quality).

### 1.3.2  Industrial and occupational segregation

Most strikingly, there is substantial industrial and occupational segregation between part-time and full-time workers. Table 1.3 shows the distribution of part-time and full-time work by main industrial sectors in 2003. This shows that part-time working is particularly over-represented in distribution, hotels and restaurants (43 per cent), in public administration, education and health (38 per cent) and in other services (41 per cent); and under-represented in energy and water (seven per cent), manufacturing (ten per cent) and construction (nine per cent).
Table 1.3  People in employment by usual hours worked by industrial sector, 2003

<table>
<thead>
<tr>
<th>Industrial Sector</th>
<th>Up to 30 hours</th>
<th>31-45 hours</th>
<th>Over 45 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture &amp; fishing</td>
<td>23</td>
<td>44</td>
<td>34</td>
</tr>
<tr>
<td>Energy &amp; water</td>
<td>7</td>
<td>78</td>
<td>13</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10</td>
<td>82</td>
<td>8</td>
</tr>
<tr>
<td>Construction</td>
<td>9</td>
<td>73</td>
<td>18</td>
</tr>
<tr>
<td>Distribution, hotels &amp; restaurants</td>
<td>43</td>
<td>46</td>
<td>10</td>
</tr>
<tr>
<td>Transport &amp; communication</td>
<td>16</td>
<td>70</td>
<td>15</td>
</tr>
<tr>
<td>Banking, finance &amp; insurance</td>
<td>22</td>
<td>68</td>
<td>10</td>
</tr>
<tr>
<td>Public administration, education &amp; health</td>
<td>38</td>
<td>57</td>
<td>5</td>
</tr>
<tr>
<td>Other services</td>
<td>41</td>
<td>49</td>
<td>10</td>
</tr>
</tbody>
</table>


These differences reflect more general gender differences in industrial sectors of employment. Table 1.4 shows the industrial distribution of women employees, comparing part-time and full-time workers. In general, women are concentrated in three main sectors (distribution, hotels and restaurants; banking, finance and insurance; and public administration, education and health), which account for almost 80 per cent of all women’s employment, 76 per cent of women’s full-time employment and 82 per cent of women’s part-time employment.

Table 1.4  Industrial distribution of women employees, 2003/4

<table>
<thead>
<tr>
<th>Industrial Sector</th>
<th>Part-time</th>
<th>Full-time</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture &amp; fishing</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Energy &amp; water</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Construction</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Distribution, hotels &amp; restaurants</td>
<td>26</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Transport &amp; communication</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Banking, finance &amp; insurance</td>
<td>13</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Public administration, education &amp; health</td>
<td>44</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>Other services</td>
<td>8</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

* less than 1%

Source: Manning and Petrongolo (2005), table 3.4
Table 1.5 shows occupational group by hours worked. Here it can be seen that part-timers are over-represented in sales and customer services (61 per cent), personal services (53 per cent), elementary occupations (51 per cent), and administrative and clerical occupations (38 per cent); and are under-represented as managers and senior officials (ten per cent), in skilled trades (ten per cent) and as process, plant and machine operatives (11 per cent).

Table 1.5 People in employment by usual hours worked by occupational group, 2003

<table>
<thead>
<tr>
<th>Occupational Group</th>
<th>Up to 30 hours</th>
<th>31-45 hours</th>
<th>Over 45 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers &amp; senior officials</td>
<td>10</td>
<td>71</td>
<td>19</td>
</tr>
<tr>
<td>Professional occupations</td>
<td>22</td>
<td>67</td>
<td>12</td>
</tr>
<tr>
<td>Associate technical &amp; professional</td>
<td>22</td>
<td>71</td>
<td>8</td>
</tr>
<tr>
<td>Administrative &amp; secretarial</td>
<td>38</td>
<td>62</td>
<td>1</td>
</tr>
<tr>
<td>Skilled trades</td>
<td>10</td>
<td>74</td>
<td>17</td>
</tr>
<tr>
<td>Personal services</td>
<td>53</td>
<td>43</td>
<td>4</td>
</tr>
<tr>
<td>Sales &amp; customer services</td>
<td>61</td>
<td>36</td>
<td>3</td>
</tr>
<tr>
<td>Process, plant &amp; machine operatives</td>
<td>11</td>
<td>74</td>
<td>15</td>
</tr>
<tr>
<td>Elementary occupations</td>
<td>51</td>
<td>44</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: as table 4

Again this to some extent reflects gender differences in occupation. Table 1.7 shows that women part-timers are very under-represented in managerial posts compared with women full-timers (about four per cent compared with 15 per cent) and over-represented in sales and customer services (about 16 per cent compared with seven per cent) and in elementary occupations (18 per cent compared with five per cent). Using a more detailed occupational classification, Manning and Petrongolo (2005) report that one in four part-time working women are found in just three jobs: sales assistants (ten per cent of women part-timers), cleaners (seven per cent) and care assistants (five per cent). Francesconi and Gosling (2005) find that lower-grade occupations are more likely to have part-time workers and that this effect is particularly strong for men.
Table 1.6  Occupational distribution of women employees, 2003/4

<table>
<thead>
<tr>
<th></th>
<th>Part-time</th>
<th>Full-time</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers &amp; senior officials</td>
<td>4</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Professional occupations</td>
<td>8</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Associate technical &amp; professional</td>
<td>11</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Administrative &amp; secretarial</td>
<td>22</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Skilled trades</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Personal services</td>
<td>17</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Sales &amp; customer services</td>
<td>16</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Process, plant &amp; machine operatives</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Elementary occupations</td>
<td>18</td>
<td>5</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Manning and Petrongolo (2005), table 3.6

Rafferty (2003) explores the characteristics of lone and married mothers working under 16 hours per week i.e. the ‘mini-jobs’ part-time workers using data from 2001. These are a minority, including four per cent of all lone mothers (eight per cent of employed lone mothers) and 13 per cent of coupled mothers (18 per cent of employed coupled mothers). In terms of characteristics:

- lone mothers working under 16 hours per week were typically younger, with larger families and younger children, and lower educational qualifications than those lone mothers working 16 hours and above;
- coupled mothers working under 16 hours also had larger families and younger children than coupled mothers working longer hours but they were similar in age and education;
- lone mothers working under 16 hours per week were similar to non-working lone mothers in terms of hardship, ill-health and tenure, but this was not the case for coupled mothers. Among the coupled mothers the main difference was between those in and out of work, regardless of hours.

Table 1.7 shows the occupational distribution of these mothers in mini-jobs. The lone mothers were less likely than the coupled mothers to be in managerial posts (one per cent compared with three per cent) or in administrative and clerical (ten per cent and 17 per cent) and very much more likely to be in elementary jobs (51 per cent to 25 per cent). However, comparing back to all women working part-time (in Table 1.6 above), it is clear that these mothers working in mini-jobs are in particularly low-level occupations.
### Table 1.7 Occupational distribution of women with children working under 16 hours per week, 2001

<table>
<thead>
<tr>
<th></th>
<th>Lone mothers</th>
<th>Coupled mothers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers &amp; senior officials</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Professional occupations</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Associate technical &amp; professional</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Administrative &amp; secretarial</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Skilled trades</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Personal services</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Sales &amp; customer services</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Process, plant &amp; machine operatives</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Elementary occupations</td>
<td>51</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Rafferty (2003), tables 4 and 5

Rafferty concludes that while lone mothers in mini jobs share characteristics with those out of work, they nonetheless manage to hold them down; this could mean that others would find it easier to move into jobs of under 16 hours per week than into longer hours employment. However, lone mothers in shorter hours work still suffer a high level of hardship, and the work is more unstable and of lower occupational status; so Rafferty argues for a fuller exploration of this, to fully evaluate the value of such employment.

### 1.3.3 Part-time work and the lifecourse

As noted above, men work part-time when they are younger and studying, or when they are older and starting to reduce their engagement with the labour market. Otherwise men who work part-time are often men who are unable to find full-time work, either because no suitable jobs are available or because they are unable to fill the full-time jobs that are available. By contrast, however, women part-time workers can be found at all ages. Part-time work thus plays a part in women’s lifetime patterns of employment, in a way that is does not for men. There is much debate in the literature about the roles of constraint and choice in this, but whatever the balance of these it is clear that part-time work is an important element in the way in which women manage their family and domestic responsibilities while continuing in paid work. Thus mothers are particularly likely to work part-time, and women carry out most of the family domestic work and childcare, especially if they work part-time (Harkness, 2003). Thus while the total time that mothers and fathers spend on paid employment and unpaid household tasks and childcare is very similar, the balance between these varies. Mothers provide over three-quarters of childcare during the week and about two-thirds at weekends. Men spend longer than their partners at paid work, and do less childcare and domestic work. Among families with a youngest child aged five to eleven, fathers working full-time spend on average about an hour per day on childcare during the week, compared with about two and a half hours for mothers working part-time and about two hours for mothers working full-time (EOC, 2005).
Brewer and Paull (2006) explore changes in employment among mothers and fathers after the birth of first and subsequent children, and when children reach school-age. This analysis confirms the shift to part-time work for women after they have children but also shows the longer-term impact of this. They find that:

‘the substantial drop in the proportion of women working full-time at the birth of the first child is followed by a long period of stagnation in the full-time employment rate: indeed, the rate does not even begin to rise until over ten years after the first birth. Even 30 years after the birth, only 60 per cent of female workers are in full-time employment compared with almost 100 per cent of men.’ (Brewer and Paull, p92).

The time when children start school entry is not itself a time when there is a sharp change in work hours for mothers, but they do shift into part-time work later. Thus about 20 per cent of mothers who are working full-time when their child starts school are in part-time work two years later, compared with about 13 per cent for the other mothers. Mothers with newborns and mothers with a child entering school are more likely to move from a permanent to a non-permanent position than other mothers or fathers.

It is important to note, however, that women are not all the same. For example, Connolly and Gregory (2005) tracked the employment patterns of women in the 1958 birth cohort up to age 42. For some women part-time work was a short spell in an otherwise full-time employment history. For others, part-time work was the main form of engagement with the labour market, often interspersed with periods out of work. Thus they concluded that part-time work served two very different functions. For some it was ‘a temporary support, maintaining a commitment to a full-time career during the childcare years’, but for others it was ‘a dead-end, where women are trapped in a limited job/no-job cycle’ (op. cit., p 24). Dex (1999) suggests that there has been a ‘polarisation’ of experience among mothers. The higher status and higher waged women return to full-time work sooner after they have children than the less educated women who take longer breaks and more often return to part-time jobs. But more recent evidence suggests that, although more advantaged women do return to work more quickly, the gap between the two was narrower in 2002 than in 1996 (Hudson et al., 2004). This may reflect the improvements in maternity leave and pay, especially since 2003.

1.4 The quality of part-time jobs

With this picture of the part-time labour market and those working in it in mind, in this section we start to consider the extent to which part-time work might provide opportunities for people not currently in work. This means we need to look in more detail at the characteristics of these jobs and how they might fit the needs of people seeking to enter work from non-employment. There are various ways in which to consider characteristics. Campbell et al. (2005), for example, outline ten indicators of job quality:
• Number of hours of work: taking into account not only weekly hours, but also
daily hours (which can be very long even if weekly hours are not) and annual
hours (which can also be long in the sense that there is reduced annual leave
entitlement).

• Work schedules: working unsocial hours, shift working, whether work schedules
fit with caring responsibilities (school hours work, for example).

• Variation/flexibility in the number of hours or in work schedules: here they
distinguish between ‘employee-flexibility’ (eg flexi-time working) and ‘employer-
flexibility’ (eg no set hours or set schedules).

• Ability to move between full-time and part-time hours in one job: for example,
women returning to work after a period of maternity or parental leave may seek
to return at first into part-time hours and increase these over time to full-time
hours.

• The level of wages: the level of pay is obviously an important feature of any job
and part-time work is associated with both low hourly and low weekly wages.

• Access to employment benefits: including both occupational and statutory rights
to various types of leave from work (annual leave, public holidays, sick leave,
maternity and paternity leave, parental leave, care leave).

• Employment security: protection against loss of job and recompense in case of
redundancy.

• Access to training and career progress: the opportunity to develop skills and
advancement at work.

• Employee voice: representation at work, through trade unions and in other ways.

• Job content and autonomy: defined to include ‘skill demands, task autonomy,
social relations and work burdens’.

This is a comprehensive list which highlights the range of factors that could be taken
into account when assessing the quality of part-time jobs. However, we do not have
detailed information about all these aspects of part-time working, and so here we
look at pay and incomes in work, training and use of skills, work schedules,
flexibility, job satisfaction and job mobility.

1.4.1 Pay levels
Part-time workers earn less than full-time workers, both per hour and per week, as
Table 1.8 shows. Men part-time workers have the lowest median hourly pay, lowest
weekly hours and lowest weekly pay. Women part-timers are only slightly higher,
however, with both groups of part-timers earning around 60 per cent of the hourly
median for men full-timers, and around a quarter on a weekly basis.
**Table 1.8  Median hourly pay, weekly hours and weekly pay, April 2005**

<table>
<thead>
<tr>
<th></th>
<th>Hourly: median pay</th>
<th>Weekly: median hours</th>
<th>Weekly: median pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men: part-time</td>
<td>£6.50</td>
<td>18.2</td>
<td>£121.60</td>
</tr>
<tr>
<td>Women: part-time</td>
<td>£6.66</td>
<td>18.7</td>
<td>£133.20</td>
</tr>
<tr>
<td>Women: full-time</td>
<td>£9.82</td>
<td>37.4</td>
<td>£370.40</td>
</tr>
<tr>
<td>Men: full-time</td>
<td>£11.31</td>
<td>40.6</td>
<td>£471.90</td>
</tr>
</tbody>
</table>

*Source: ONS (2005) Annual Survey of Hours and Earnings, excluding overtime.*

Much research has focused on exploring the gender pay gap, and the role of part-time working in this (eg Harkness, 1996; Joshi and Paci, 1998; Robinson, 2002; Olsen and Walby; 2004). In their recent study, Manning and Petrongolo (2005) provide a very detailed analysis of the ‘part-time pay penalty’, comparing part-time and full-time women workers (there is no similar analysis for men working part-time). They find that women working part-time earn, on average, 22 per cent less than women working full-time. However, taking account of the characteristics of the women this ‘pay penalty’ falls to ten per cent, and on further taking account of occupational segregation it falls to just three per cent. They conclude that:

- ‘The pay differential between full-time and part-time working women within occupation is very small and the occupational segregation of part-time and full-time working women can explain most of the part-time pay penalty.

- The aggregate part-time pay penalty has risen over time but almost all of this rise can be explained by a rising contribution of occupational segregation. Women working part-time have failed to match the occupational upgrades made by women who work full-time.

- Rising UK wage inequality has also acted to widen the gap between women working part-time and women working full-time as it has widened the pay gap between high-level and low-level occupations’ (p5).

Thus low pay for women part-time workers is largely a reflection of the fact that they work in low-paid occupations, in an economy where there is substantial dispersion in the wages distribution. This makes issues of job mobility between part-time and full-time work even more important. It also raises questions about the longer-term impact of part-time working on future earnings. This was investigated by Francesconi and Gosling (2005) who compared the long-term wages profiles of four different employment scenarios over 15 years (continuous full-time, continuous part-time, part-time for four years and full-time thereafter, part-time for one year and full-time thereafter). They found that continuous full-time leads to the highest wage profiles and continuous part-time employment to the lowest wage profiles, and thus switching from full-time to part-time will always mean downward wage mobility. Those who move from part-time to full-time do improve their lifetime earnings profile, but men both catch up more quickly and close the gap further than do women. Thus they conclude that, ‘given that part-time jobs are extremely short for
men, young men could use short spells of part-time work as ports of entry for full-time employment’ but ‘for comparable women, this switching strategy may not be as appealing, not only are their part-time jobs more stable but also, when they switch to full-time jobs, their part-time experience is rewarded less generously’ (p 69).

Part-time wages are not only lower than full-time wages, but those working part-time are also more likely to be low-paid. Estimates from the Low Pay Commission (2005) show that 49 per cent of the estimated 1.1 million people who benefited from the October 2004 rise in the national minimum wage were women in part-time work, and 12 per cent were men in part-time work. Taking a low pay threshold of less than two-thirds of gross median hourly pay, Millar and Gardiner (2004) found that among those working less than 16 hours per week, 61 per cent of men and 55 per cent of women were low paid. About 21 per cent of low-paid workers were working for less than sixteen hours per week (compared with five per cent of those who were not low paid) and a further 16 per cent were working for 16 to 23 hours (compared with six per cent who were not low paid).

Low hourly pay for part-time work does not necessarily mean household poverty, however, since this also depends on other sources of household income, especially the presence (or not) of other earners, and the receipt of benefits and tax credits. Households with people in work always have lower poverty risks than households without workers. Nevertheless households with only part-time workers have the highest poverty rates of all working households, with 14 per cent having incomes below 60 per cent of the median, after housing costs, compared with seven per cent of single/couple households with all in full-time work, three per cent of households with one full-time and one part-time earner and eleven per cent of one-earner couples (figures for 2003/4, DWP, 2005b). Millar and Gardiner (2004) explored the ways in which low-paid people are able to avoid household poverty. For some, mainly men, long hours and second jobs were used to boost weekly incomes. Having other earners in the household was also very important, either partners or other adults (many young low-paid people live with their parents). State transfers (benefits and tax credits) were very important for lone parents, and those lone parents working over 16 hours per week and receiving Working Families’ Tax Credit (as it then was) were usually able to avoid poverty. But this was not always the case for couples with dependent children where the man was in low-paid work; these families were the most likely to remain poor.

Thus, part-time working has a pay penalty attached, in both the immediate and the longer term. This is primarily related to the occupational segregation between part-time and full-time work. For many, part-time work means low pay and they only avoid poverty by having some access to other sources of income, e.g. other earners in the household, benefits or tax credits, or a mix of these.

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4 In the Households Below Average Income series part-time work is defined as less than 31 hours per week.
1.4.2 Access to training and use of skills

Francesconi and Gosling (2005) find that part-time workers are about 40 per cent less likely to receive training than full-time employees and that part-time employees working 16-29 hours are not much more likely to receive training than those working 1-15 hours. The skills gap between part-time and full-time workers seems to be growing (Olsen and Walby, 2004). Stevens et al. (2003) found that employees with no supervisory responsibilities are more likely to work part-time (30 per cent) than those who do supervise others (15 per cent).

There is also some evidence of under-utilisation of skills among part-time workers, to some extent associated with downward mobility (see further discussion below). Manning and Petrongolo (2005) estimate that about 39 per cent of women with a teaching qualification who are working part-time are working in lower-level occupations, as are 23 per cent of women with nursing qualifications working part-time. Research for the Equal Opportunities Commission (EOC) has explored the issue of people working part-time ‘working below their potential’, using both qualitative and quantitative data. Darton and Hurrell (2005) estimate that there are about 5.6 million workers (four in five of all part-timers) currently working below their potential. This includes 3.6 million people who are working below ‘past potential’ (ie they have previously held jobs at a higher level or using higher skills or qualifications) and about two million people working below ‘latent potential’ (ie they feel they could easily work at a higher level or are actively looking for a better job or are studying). Grant et al. (2005) identify five main factors associated with women working part-time below their potential from their qualitative research. These are restricted labour market opportunities, restricted workplace opportunities, to avoid high work intensity, to be able to combine work and training/studying, and as a positive lifestyle choice.

The EOC (2005, pp24-25) conclude that some women can become trapped in lower-skilled part-time work: ‘once in such work, women lose their confidence, lower their expectations, see their skills become obsolete, and find that opportunities to update them have become limited. Women require considerable confidence and determination to break out of the low-paid, part-time sector.’

1.4.3 Work schedules and travel time

It is difficult to get any detailed information on work schedules or travel-to-work time of part-time workers. La Valle et al. (2002) show that many parents work ‘atypical’ hours (early morning or evening, weekends, nights, on call) with 53 per cent of mothers (54 per cent of lone mothers) and 79 per cent of fathers frequently working at such times. Many of these mothers will be part-time workers. Shift working is most common in those sectors of employment where part-time working is also high, such as distribution, hotels and restaurants and public administration, education and health. Transport and communications has the highest levels of shift working (McOrmond, 2004). Le Bihan and Martin (2004) make reference to studies in the EU and in France which show a link between part-time work and atypical
hours. And part-time work can also include overtime hours. The Office for National Statistics (ONS) (2004) reports LFS data that shows that 20 per cent of men part-timers work overtime, on average five hours per week; as do 19 per cent of women part-timers, on average three hours per week.

Stevens et al. (2004) provide some data on work schedules:

• Part-time employees were more likely to work shifts than full-time employees (27 per cent compared with 21 per cent, and among men working part-time 41 per cent were working shifts). Lone mothers were also very likely to work shifts (26 per cent compared with 16 per cent of married mothers).

• Part-timers were more likely than full-timers to be able to change their shifts (89 per cent compared with 74 per cent).

• Men working part-time were less likely than employees in general to have at least one day off per week (11 per cent compared with seven per cent).

Francesconi and Gosling (2005) found that men who live less than 15 minutes away from their workplace are more likely to be employed part-time than those who live further away. For women the equivalent figure is 40 minutes, which they interpret as reflecting the fact that ‘the geographic market for women in part-time jobs is larger’ (p29). However, being close to home may be particularly important for women with childcare arrangements to make, since these can add significantly to work time and the complexity of work/care schedules (Skinner, 2005).

1.4.4 Flexibility

Table 1.9 shows flexible working times reported by women in the LFS (Manning and Petrongolo, 2005). This shows that about three-quarters of women employees say that they have none of the listed flexible working arrangements. Part-time women workers are slightly more likely than women in full-time jobs to say they have access to flexible working, especially to term-time working (about 12 per cent compared with about five per cent) and job sharing (3.5 per cent compared with less than one per cent), but they are less likely to have access to flexi-time (nine and 14 per cent respectively).

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5 The authors point out that these results show a much lower incidence of flexible working than the work-life balance study (Stevens et al., 2003). This may be due to the LFS question referring to current practice and the work-life balance study to the past year.
Table 1.9  Flexible working practices: women employees, 2003/4

<table>
<thead>
<tr>
<th>Flexible Working Practices</th>
<th>Part-time workers %</th>
<th>Full-time workers %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works flexi-time</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>Annualised hours contract</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Term-time working</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Job sharing</td>
<td>4</td>
<td>*</td>
</tr>
<tr>
<td>9-day fortnight</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>4 ½ day week</td>
<td>*</td>
<td>1</td>
</tr>
<tr>
<td>Zero hours contract</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>None of above</td>
<td>72</td>
<td>74</td>
</tr>
</tbody>
</table>

* less than 1%

Source: Manning and Petrongolo (2005), table 3.5

The two ‘work-life’ balance studies also found that part-time work was not necessarily more flexible than full-time work (Stevens et al., 2003; Woodland et al., 2003). These studies showed that:

- Part-time employees are more likely than full-timers to say that they would be able to work reduced hours for a limited period if necessary (70 per cent compared with 60 per cent).

- About two-fifths of mothers working part-time said that term-time working would be available to them (46 per cent compared with 42 per cent of mothers in general).

- Part-timers are less likely than full-timers to be able to carry over unused annual leave (30 per cent compared with 46 per cent) or to be compensated for unused leave (29 per cent and 18 per cent respectively).

- Part-timers are more likely than full-timers to take unpaid leave if they needed time off for an emergency (21 per cent compared with 12 per cent of full-timers).

- Part-time women workers are more likely to report that their employers provide accessible childcare than full-timers (14 per cent and eight per cent).

- The employers most likely to offer family-friendly practices are large employers and public sector employers.

- About 60 per cent of employers said that changing from full-time to part-time would be acceptable in all or nearly all cases for women returning from maternity leave, and of these two-thirds said that the employee would be able to keep the existing job and seniority.

- Fewer (38 per cent) said they would consider allowing a shift from full-time to part-time work for other reasons, and only about half of these said that someone making such a shift could retain their existing job and seniority.
As the Organisation for Economic Cooperation and Development (OECD) (2005) report points out, flexible working in the UK is often dependent on individual workplace agreement and indeed the role of line managers in agreeing and arranging flexible working can be crucial (Dex, 2003). Part-timers are less likely to be members of trade unions than full-timers, 21 per cent compared with 32 per cent. However, women part-timers are more likely to be members than male part-timers, 23 per cent and 12 per cent respectively (Hicks and Palmer, 2004).

Holt and Grange (2005) found that in 2004 about 14 per cent of all employees had requested a change to their working requirements in the past two years. The most commonly requested flexible patterns were for part-time work (25 per cent) and for flexi-time work (23 per cent). Women were more likely (30 per cent) to request part-time work than men (18 per cent). Most requests were agreed (8 in 10), and this had increased since 2003 when new rights for parents of young children/disabled children to request such changes were introduced.

### 1.4.5 Job satisfaction

Francesconi and Gosling (2005) report both overall job satisfaction and satisfaction with pay, security, the work itself, and hours of work. Overall they find little difference between part-timers and full-timers, but some differences between men and women in the different aspects of work. Women part-timers are generally more satisfied with pay and hours than full-timers but less satisfied with the job itself. Men part-timers are less satisfied with the work itself than are full-timers, but not with other aspects. Men in very short hours jobs (1-15 hours) are generally satisfied with all aspects but men in half-time jobs (16-29) are less satisfied with security, hours and with the work itself. There is some evidence from Australia that people in involuntary part-time work have lower levels of well-being than those in full-time work (Ritchie et al., 2005).

Stevens et al. (2004) report that 47 per cent of part-timers said they were satisfied with the current level of support offered by employers compared with 29 per cent of full-time employees. In their cross-national comparisons, Manning and Petrongolo (2005) report that women working part-time in the UK are generally more satisfied with their jobs than women in other EU countries, despite a higher pay penalty and more downward mobility.

However, Walters (2005) cautions against taking stated job satisfaction among women part-time workers at face value. In her interviews with 50 women in part-time jobs, she reports that the women initially said that they were satisfied with their jobs but that on further probing many expressed reservations. In particular, they found their jobs to be routine and boring and they felt unchallenged. Some traded off these negatives against the positive factors of, for example, convenient hours or location, or a good fit with their domestic responsibilities. Others would have preferred to change jobs but felt constrained by circumstances, especially their caring responsibilities.
1.4.6 Job duration and mobility

On average, part-time jobs tend to have shorter durations than full-time jobs, especially for men. Macaulay (2004), using New Earnings Survey data, shows that in 2001, 58 per cent of men part-timers were in the same job as 12 months previously compared with 80 per cent of men full-timers. This gap between the part-timers and the full-timers seems to have widened in recent years. This is also true for women, although the gap is smaller between part-time and full-time working women (a difference of three to four percentage points). Similarly, Francesconi and Gosling (2005) find that 75 per cent of part-time employed women are still part-time employed in the next year compared with 45 per cent of part-time employed men.

The issue of job mobility is central to evaluating the options for part-time work as a way of increasing employment. Mobility between full-time to part-time (and vice versa) with the same employer may make it easier for people to stay in employment as their circumstances or preferences change. However, Francesconi and Gosling (2005) found that part-time employment is more likely to be a route from non-employment into full-time employment for men than it is for women. Women are just as likely to move from full-time to part-time work as they are to go in the opposite direction.

Women who do move from full-time to part-time work are more likely to have changed employer and/or occupation than women who do not change hours (Manning and Petrongolo, 2005). Such moves are often downward occupational moves, although if women can make such a move staying with the same employer then this downward mobility is less likely to be the case. Böheim and Taylor (2004) estimate that about 40 per cent of employees would prefer to change their hours of work, with most wanting to reduce hours. Changing jobs, rather than changing hours with the same employer, was the most common way to achieve this.

Dorsett and Kasparova (2004), looking specifically at low to moderate income couples, found that women tended to increase their hours over time. For example, 16 per cent of those working 16-29 hours per week had increased their hours to over 30 hours over a one year period, 21 per cent over a two year period and 33 per cent over a three year period. However, they also show that those working under 16 hours per week were the most likely to change employment and that those who did were just as likely to move out of work as they were to increase their hours. Rafferty (2003) also found this to be the case, especially for lone mothers. These very short hours jobs are often poor quality jobs (as discussed above) which may explain why they are so unstable. Evans et al. (2004) found that working part-time for low pay significantly increased the risk of job exit among lone parents.

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6 We look at the specific issues of transitions from non-work to part-time work and from mini-jobs into longer hours of work in Section 1.6 below.
1.4.7 The full-time/part-time divide

There seems to be a clear quality divide between part-time and full-time work but it is not obvious why some jobs are part-time and some are full-time. Bryan (2004) examines how far it is differences between firms, as opposed to differences between individuals, which determine hours worked. He concluded that differences between firms explained about a third of the analysed variance in hours. Another third of the variation in hours was associated with differences in employee characteristics after adjusting for firm effects. In part these related to ‘productivity-related’ factors (occupation, job tenure, temporary or permanent employment status and recent training) and in part to personal characteristics (age, educational qualifications, and family status). The final third of the variance in hours worked was explained by the combined influence of the employer and the employee characteristics with ‘long hours’ workers tending to work in ‘long hours’ firms while ‘short hours’ workers worked in ‘short hours’ firms. Thus he concludes that both who you are/what you do and where you work, separately and in combination, are important in affecting hours of work.

Manning and Petrongolo (2005, p27) note that there is little solid evidence on the reasons for the relative lack of good-quality jobs on a part-time basis. Evidence from case studies with employers suggests that some jobs are seen as more suitable for part-time hours than others. For example, Casey et al. (1997), in a study of 24 employers, found that part-time was seen as the best option when workload varied over the course of the day, when there was not enough work for full-time employment, or when they wanted to attract women workers. But there were also disadvantages in respect of fixed costs, high turnover, lower flexibility in hours, and the need for liaison between more workers.

Similarly, Grant et al. (2005), on the basis of a case study of 20 workplaces, suggest that there are two main constructions of part-time work. First there are ‘task-based part-time jobs’, which are those jobs that employers feel can be completed in less than a full working day. These jobs tend to be filled by women and on a part-time basis, so these areas of work tend to become female-dominated. They include jobs such as care assistants, cleaners, catering workers and some administrative workers. Second there are ‘demand-based part-time jobs’, which are seen by employers as jobs that can only be carried out at certain times or which are responsive to demand. In these jobs part-time workers are more likely to work alongside full-time workers, and include men as well as women. They include jobs such as checkout operators, production and assembly line workers, and security staff. The demand-led jobs may be less stable than the task-led jobs, given that they are more vulnerable to changing demand. Having a part-time workforce is thus a way of giving employers the flexibility to cover work as required, in terms of tasks or time. But some employers felt that part-time workers may be more inflexible than full-time workers, in particular because of family responsibilities and other commitments outside work, but also because of the constraints of the tax and benefits system (see Section 2 below).
These conclusions are based on relatively small studies. Thus, as Manning and Petrongolo (2005, p 6) conclude, ‘more research is needed on whether there are good reasons for why employers do not make certain jobs available on a part-time basis or whether some combination of inertia, lack or imagination and prejudice is also involved’.

1.5 Part-time work in Europe

In terms of its contribution to overall employment growth, part-time work in the UK was not noticeably different from the EU average for both men and women between 1989 and 1994 (Fagan et al., 1999). The Netherlands has the highest rates of part-time work, as table 1.10 shows, for both men (19 per cent) and women (66 per cent). The UK has relatively high levels of part-time work, especially among women, and lower weekly hours. Thus in the UK 54 per cent of women work in full-time jobs of 35 or more hours per week, 27 per cent work in part-time jobs of 20 to 34 hours per week, and 21 per cent work in part-time jobs of up to 19 hours per week. This contrasts with, for example, Sweden where there is also a relatively high level of part-time working (37 per cent) but mostly in the 20-34 hours range.

Table 1.10 Employment in EU15 countries, proportions of full-time and part-time work among employees, 2002

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FT35+</td>
<td>PT 20–34</td>
</tr>
<tr>
<td>Austria</td>
<td>95</td>
<td>3</td>
</tr>
<tr>
<td>Belgium</td>
<td>91</td>
<td>8</td>
</tr>
<tr>
<td>Denmark</td>
<td>89</td>
<td>6</td>
</tr>
<tr>
<td>Finland</td>
<td>96</td>
<td>4</td>
</tr>
<tr>
<td>France</td>
<td>91</td>
<td>8</td>
</tr>
<tr>
<td>Germany</td>
<td>92</td>
<td>4</td>
</tr>
<tr>
<td>Greece</td>
<td>90</td>
<td>6</td>
</tr>
<tr>
<td>Ireland</td>
<td>88</td>
<td>9</td>
</tr>
<tr>
<td>Italy</td>
<td>88</td>
<td>9</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>94</td>
<td>7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>92</td>
<td>10</td>
</tr>
<tr>
<td>Portugal</td>
<td>93</td>
<td>4</td>
</tr>
<tr>
<td>Spain</td>
<td>91</td>
<td>9</td>
</tr>
<tr>
<td>Sweden</td>
<td>90</td>
<td>7</td>
</tr>
<tr>
<td>UK</td>
<td>89</td>
<td>7</td>
</tr>
<tr>
<td>EU15</td>
<td>91</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: European Foundation for the Improvement of Living and Working Conditions (2005), Table 3.
Weekly hours tend to be more dispersed – more long hours and more short hours – in the UK than in other countries. Across the EU15 most full-time employees tend to work around 40 hours per week, but the hours worked by UK full-timers are notably higher at around 43 hours (the lowest hours are found in France and Italy at around 38). Conversely, among part-time workers, the UK tends toward the lower end of the hours distribution with an average of around 18.5 hours (similar to Ireland and the Netherlands and only higher than Spain and Portugal). Part-timers in the rest of the EU15 work an average of 20 to 25 hours per week (HMT/DTI, 2003).

However, although the incidence of part-time working varies across EU countries, the characteristics of women part-time workers tend to be similar: lower levels of education, married, with dependent children and working in lower-level occupations (Manning and Petrongolo, 2005). The part-time pay penalty tends to be higher for women in the UK compared with other EU countries, as does downward social mobility associated with a move to part-time work. But Manning and Petrongolo also point to ‘something of a paradox’ in that British women working part-time tend to be more satisfied with their jobs, including their pay.

The European Foundation for the Improvement of Living and Working Conditions (2005) shows that, throughout the EU15 countries, part-time employment tends to be concentrated in the service sector (especially retail/repairs and hotel/catering) and in lower status occupational categories (white collar clerical and blue-collar manual). Part-time jobs are less likely to have access to training, are more monotonous, have fewer supervisory responsibilities, fewer opportunities for advancement, and less job tenure. They also note that part-time workers often work outside the standard workday. On the positive side, part-time workers are less exposed to hazards at work, have fewer health problems and are better able to reconcile work and family life. Thus the situation in the UK is not dissimilar to that of many other EU countries, although the UK does have a higher level of part-time, especially short weekly hours, work among women.

1.6 Part-time work as an option for non-workers

There is a substantial literature about the ‘barriers’ to work for non-employed people (see Millar and Ridge, 2001 for a review) but the available research mainly focuses on work in general, and perhaps even with the implicit assumption that work means full-time work, and there is only limited information specifically on part-time work. Here we try and draw out what we do know about part-time work in this context. We start by considering work aspirations, then attitudes to part-time work while on benefit and the possibilities for part-time work as a ‘stepping stone’ to more full-time employment.
1.6.1 Work aspirations

As we have seen above, part-time jobs are mainly held by women or by younger or older men. This gender divide is mirrored in the expectations and aspirations of non-working people. Non-working men are more likely to be looking for work than non-working women. Men seeking work are usually looking for full-time work. Women, especially women with children, are often looking for part-time work. Bonjour and Dorsett (2002) found that, among workless couples in 2000, 64 per cent of men were either unemployed or inactive but seeking work compared with 35 per cent of women. Among those seeking work, 85 per cent of the men were seeking full-time jobs, just four per cent were seeking part-time jobs, and 12 per cent had no preference. Among the women, 43 per cent were seeking full-time work, 34 per cent were seeking part-time work and 23 per cent had no preference.

Other studies also show that most unemployed men who are looking for work are looking for full-time work (Bottomley et al., 1997) and that in couples where both partners are looking for work the most common job search pattern is for the man to seek full-time work and the woman to seek part-time work (McKay et al., 1999; Dorsett, 2001). Thus when one or both partners in a workless couple move into work, the men most often move into full-time jobs and the women into part-time jobs (Arrowsmith, 2004).

There is a large literature on the attitudes of non-employed lone mothers to work and reasons for non-employment but, perhaps surprisingly, there is very little information on whether lone mothers would prefer full-time or part-time work. Most of the Families and Children Studies (FACS), for example, focus on work of 16 hours plus per week and do not separate this into full-time and part-time. Hales et al. (2000) found that about two-thirds of their sample of lone parents who entered 16 hours plus jobs from Income Support were in jobs of 16 to 29 hours. Bell et al. (2005), in their qualitative study found a ‘strong desire among lone parents for part-time work, particularly during school hours’, but they also note that part-time work is not necessarily flexible work:

‘it is important to note that, while lone parents could benefit hugely from opportunities to work part-time (and indeed, for some, such opportunities meant the difference between working and non working) they were often not in a position to take advantage of “flexible” working arrangements in the sense of “flexi-time” schemes whereby working hours can be altered on an ad hoc or spontaneous basis, largely due to the inflexibility of childcare services’ (op. cit., p75).

7 There is increasing evidence that the labour supply decisions of men and women in couples are closely related (eg Iacovou and Berthoud, 2000; Bonjour and Dorsett, 2002; Dorsett and Kasparova, 2004; Bewley et al., 2005). However not all of these studies consider part-time work separately from full-time work.
It might be expected that disabled people would be more likely to want part-time jobs and this is true to some extent. Rowlingson and Berthoud (1996) found that 30 per cent of people receiving disability benefits who were looking for work were looking for part-time work and 66 per cent were looking for full-time work. However, of those judged to be in the strongest position to find work, 72 per cent preferred full-time jobs. Goldstone and Douglas (2003) found that some Incapacity Benefit recipients said they would prefer to start with part-time jobs to ‘help build up strength and confidence’ (p 49), but that part-time jobs were rarely available and not financially viable.

Thus it seems that most non-working people would prefer full-time to part-time jobs, except women partners, some disabled people and some lone mothers.

1.6.2 Working part-time while receiving benefits

Working part-time while receiving benefits is relatively uncommon, with fewer than five per cent of people reporting such earnings. An in-depth study of attitudes to part-time working while on benefits was carried out by Elam and Thomas (1997), including both men and women in different family circumstances. Some of the sample had had experience of working part-time while receiving benefit. The financial gains of this were small (the level of earning disregard was perceived to be very low) and most said that the main benefits were personal (getting out of the house, meeting people, enjoying work). Some were hoping to use part-time work as a stepping stone to full-time jobs, but others (especially lone mothers and partners) were not seeking full-time work, usually for caring or health reasons or because they were engaged in training.

However, most people were reluctant to consider part-time work while receiving benefits. Their views were influenced by two key factors: the perceived barriers to part-time working, and the extent to which they thought that part-time work would be ‘worthwhile’. There were three main types of perceived barriers. First, there were barriers that were thought to apply to any work, including age, lack of skills and experience, lack of confidence and motivation, and lack of acceptable, affordable and flexible childcare. Secondly, there were barriers that people thought applied more to part-time than to full-time jobs, including employer preferences (‘part-time work is women’s work’), the cost of child care relative to earnings, and a mismatch between times available for work and employers’ requirements. Finally, there were barriers that applied specifically to working part-time while receiving benefits, including work expenses exceeding earnings disregards, and lack of knowledge about how the benefits system works.

The issue of whether part-time work was considered to be worthwhile or not related to financial issues (people were not keen to ‘work for nothing’) but also to non-financial factors, such as the possible disruption to family life, and whether or not they thought that part-time work would open up future opportunities. Many thought that it would not because part-time jobs are ‘permanently designated as such’ and part-time work was associated with ‘low status work and poor job
prospects…potentially exploitative, involving work in poor or hazardous conditions, or at anti-social hours’ (op. cit., p 25). Thomas et al. (1999) also found that jobseekers often felt that part-time work was of low quality and low paid. Men were particularly likely to view part-time work in this way while women were more positive about being able to combine part-time work with childcare.

In general, non-working people do seem to think that part-time work can provide a route into full-time work, but only under some circumstances and for some people. Ashworth and Youngs (2000) found that 71 per cent of their sample of unemployed people agreed that working part-time would increase their likelihood of finding a full-time job, with older and longer-term unemployed people somewhat less likely to agree with this. However this did not necessarily mean that they would accept a part-time job if offered one, even with the opportunity of the back to work bonus. Indeed many said they would not, and they did not. Single women were the only ones to both say they would be more willing to accept part-time work and to actually do so. Moreover, the qualitative research shows a rather mixed and ambivalent picture about working while claiming. Some thought that part-time work would be a diversion from their real and longer-term job aspirations and would reduce the time available for job search. Others thought that part-time work could provide a route into work by providing experience or training (Elam and Thomas, 1997, Thomas et al., 1999). But in practice combining part-time work and training can be difficult to manage because of low pay and poorly matched schedules, as Barnes et al. (2005) found for some of the men taking part in the Ethnic Minority Outreach programme.

So although some people thought that part-time work might help them find full-time jobs, others were not so sure, and even if they did think working part-time would help, it was not always possible or feasible for them to do so.

1.6.3 Part-time work as ‘stepping stone’ to full-time work

There are various reasons in theory why part-time work experience may help people into full-time jobs (Iacovou and Berthoud, 2000). They can provide a way of ‘testing the water’, providing a chance to get used to new work routines and new childcare and other arrangements. They can help people to update skills and human capital more generally. They may also increase social capital, providing an increased chance for work-related contacts. They may also act as a signal of reliability and motivation to employers. Iacovou and Berthoud (2000) found that, taking other factors affecting employment into account, having a mini-job (less than 16 hours) was associated with moving into a job with more hours the following year, and that the more hours in the mini-job the stronger the effect. This was true for both men and women in couples and for lone parents. However, men more often moved from mini-jobs into full-time jobs than women, who more often moved into longer part-time jobs. As we might expect from what we know about mobility between part-time and full-time work, they found that ‘many moves from mini-jobs to jobs involve moving to a different employer, or a different job, or both’ (p 47).
Ashworth and Youngs (2000) found that people who had been working part-time on benefit were more likely to have left benefit at the follow-up interview eight months later. However they also found that they were more likely than others who left benefit to have moved into part-time or temporary jobs. Dewson et al. (2004) found that some evidence that disabled people working part-time under the ‘permitted work rules’ were more likely than non-workers to move off benefits and into work. Kasparova et al. (2003) found that lone parents working under 16 hours per week in 1999 were more than twice as likely to be in work of 16 hours plus in 2001 than those not working in 1999 (54 per cent compared with 21 per cent). However they did not include mini-jobs in their regression analysis of moves into work, so they did not test the importance of this against the other factors associated with taking work.

There is also some evidence from the British Household Panel Survey (BHPS) that temporary jobs can act as a stepping stone to permanent work. Booth et al. (2000) found that seasonal-casual jobs have a median duration of about three months, compared with 12 months for fixed-term contracts. About 28 per cent of men in seasonal-casual jobs became permanent workers, as did 38 per cent of men on fixed-term contracts. The median duration in work before becoming permanent was about 18 months for seasonal-casual work and three years for fixed-term contracts. For women seasonal-casual led to permanent jobs for 28 per cent, after a median duration of 26 months. Fixed-contract led to permanent work for 36 per cent of women, after a median duration of about 3.5 years. About 70 per cent of workers who became permanent stayed with the same employers, leading the authors to conclude that temporary employment is used by some employers ‘as a form of probation’. Pay is lower in temporary jobs than in permanent jobs but women catch up more quickly than men, perhaps because the men who take temporary jobs are less qualified and able than men who take permanent jobs, which is not the case for women.

1.6.4 Lone parents moving into employment

Current policy offers lone parents the opportunity, and encouragement, to work part-time for between 16 and 29 hours per week. Lone parents can combine earnings, tax credits, child support, Child Benefit and possibly Housing Benefit to make up their total income, and although there is a 30-hours bonus in the tax credit system those working less than 30 hours can still achieve an adequate income. As noted earlier in this paper, lone-parent employment rates have risen in recent years and there is some evidence that part-time employment has become more attractive and more feasible for these women. The process of moving into work for lone parents is explored in Millar’s (2006) qualitative study of 50 lone mothers who left Income Support for work and tax credits. Over half of these lone mothers had some experience of working part-time, doing voluntary work or training while on Income Support. For some women this provided a direct route into work – voluntary work led to paid work and training placements led to jobs. These women had often been planning ahead, and using their time on Income Support to try and improve their job
prospects. The availability, and the level, of tax credits played an important role in making work financially viable and so being able to get the 16 hours was very important, and sometimes required substantial time and effort. Some women had to take on second jobs to do this (for example, working 15 hours as a school assistant and one or two hours cleaning) or had to persuade employers to let them have 16 hours.

Temporary jobs, and job changes, were relatively common in the first 12 to 18 months after leaving Income Support for tax credits, often in an attempt to get more suitable work hours or schedules. Thus there seems to have been a process of gradual engagement with employment over time rather than there being a single jump from no-work to work, or even a double jump via a mini-job. Getting secure work in particular may take time, but managing temporary work may be particularly problematic in relation to tax credits. It was the lone mothers in temporary jobs, or with other job changes, who had the most problems with their tax credit payments.

The research also included interviews with the children (aged 8 to 14) to explore their experiences of their mothers’ employment (Ridge, 2006). This showed that the children and young people were often playing a significant role in helping their mothers to manage, and thus stay in, employment. For example, children had various home responsibilities. Most were taking part in domestic chores, and some were providing child care for siblings, or self care. There was a substantial time pressure, with long days at childcare and school and some very complex and dense time schedules. This had an impact on the time the children could spend with their mothers, and on their social lives more generally. The children felt that their family circumstances were much better than when the family was on Income Support, and so were willing to accept the necessary care arrangements. Their preferences would generally have been for their mothers to work part-time school hours, but they recognised that this was not always possible, and tried to help to support their mothers in managing work and home.

1.6.5 Barriers to part-time work

The available evidence suggests that there are some significant barriers to part-time work. For people receiving benefits, the low level of disregards reduces the financial incentives and the potential disruption to benefits makes part-time work a risky option. There is also concern that working part-time would get in the way of finding full-time work. This is especially the case for unemployed men, who generally say they would prefer full-time work. They view part-time work as poor quality jobs, and are concerned that this might hinder, rather than help, them to find full-time work. There is some evidence that part-time and temporary work can act as a stepping stone into full-time work, although this usually would also mean a change of job.
However, much of our information about attitudes of non-working people to part-time work is somewhat out of date and rather limited. For example, we know surprisingly little about lone mothers’ views about part-time work, nor much about ethnic minorities (including partners), nor whether men have become more open to part-time work in the context of the trend towards two-earner families. An update of the Elam and Thomas study would be useful, to provide a more detailed picture of views about part-time work – both alongside benefits and alongside tax credits – in the current policy context. The role of both part-time and temporary work as a possible route into full-time employment also needs more investigation.
2 Part-time work and social security

Fran Bennett

2.1 Introduction

This chapter builds on analysis of the part-time labour market in Chapter 1 to examine how the social security (benefits and tax credits) system hinders or supports part-time working and to explore what would need to be changed to ensure that it more effectively encourages and supports part-time working. As noted above, this is particularly important in the context of the Government’s goals for higher labour market participation, both overall and for specific groups. The five-year strategy of the Department for Work and Pensions (DWP), for example, suggests that these goals could include an extra 300,000 lone parents and around a million disabled people in employment, together with an increase in older workers (DWP, 2005b). Most aims expressed in terms of achieving a certain percentage of working age people in employment do not specify any outcome in terms of weekly hours of work, and could therefore in theory be achieved by persuading people into part-time work.

The Inquiry into Income and Wealth (1995), supported by the Joseph Rowntree Foundation, recommended that comprehensive reviews of the social security system as it applied to part-time and self-employed workers should be carried out. To date, no government has followed this suggestion. There are both conceptual and practical difficulties in carrying out such a review of social security provision for part-time work:

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8 Note: this paper draws in part on a presentation made to the Women and Work Commission by the author on 24 November 2004. This was followed up by the submission of notes and references to the Commission staff, but no paper has been published from this preliminary scoping work, and its focus was primarily on investigating whether the tax/benefits system creates an incentive to move from full-time to part-time work.
Firstly, there is often lack of clarity about what is being discussed. For example, commentators often lump together part-time work with temporary work, self-employment and other forms of potentially insecure work. But in the UK, part-time work is not necessarily short-term or insecure work, and many of the issues raised by it are different. There is also a tendency to ignore short working hours jobs altogether. For example, in most of the analyses from the Families and Children Study (FACS), ‘non-working families’ are defined to include people working 1-15 hours per week. In 2002, 11 per cent of women and six per cent of men in ‘workless’ couples were working 1-16 hours per week (Dorsett and Kasparova, 2004). And, as noted above, there can also be confusion between part-time work and part-time workers. Some people combine hours from more than one job to reach the 16-hour tax credit threshold, for example, which may not be obvious from the tax credit statistics.

Secondly, while ‘part-time’ is a common category in terms of the labour market, when it comes to social security provision the more usual categorisation is in terms of benefit status (lone parent, disabled person, carer etc.), rather than part-time or full-time worker. This can make it difficult to identify part-time workers among social security benefit categories. In addition, when part-time workers or potential part-time workers have been considered in terms of their entitlement to benefits, this is often done separately for different types of benefits (national insurance, categorical, means-tested etc.), rather than painting a complete picture of their situation.

Furthermore, in policy discussions part-time workers are also often only considered as part of couples or households, rather than as individuals. It has become the conventional wisdom that an important factor in the polarisation of work between ‘work-rich’ and ‘work-poor’ households has been the tendency for the new part-time jobs to be taken by people (or more specifically women) with partners already in the labour market (Gregg and Wadsworth, 1999). This can be interpreted as meaning that no effort should be made to help those with working partners into employment. But if government goals are wider than reducing the numbers of workless households on benefit, and include the creation of employment opportunities for all and the promotion of gender equity (as they do), the situation of individuals in households which already have an earner is also relevant. In addition, such individuals do not necessarily remain permanently in this situation. The long-term effects of lack of individual social protection often become apparent when households break up.

The chapter sets out to provide an overview of social security and part-time work. It focuses in particular on social security provision for part-time workers of working age, because of the government’s concern about labour market participation.

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9 There is some brief discussion here of income tax; but the focus is primarily on social security, including tax credits. Private (personal or occupational) benefits are not covered in this initial scoping study. Provisions for self-employed people working part-time will be covered when they are similar to those for employees (for example, tax credit entitlement).
described above. But it also makes the case for a longer-term perspective which includes protection for part-time workers in the future, including in particular through pension provision. This chapter is divided into three main sections: current policy, some cross-national examples of policy approaches, and a discussion of possible future policy options.

2.2 Part-time work and social security in the UK: the current situation

The inter-relationship between the benefits/tax credits system and part-time work is not a straightforward issue. Even if we look only at whether the system provides an incentive to take part-time work, our judgement may depend on:

- the counter-factual (whether the alternative is full-time work or no work at all);
- the unit of analysis (whether we are considering the individual or the family); and
- the goal (whether to support people in part-time work, and/or help them move on).

There are also gaps in many studies evaluating incentives for engaging in paid employment, including part-time work. In particular, they tend not to look at the incentive to (for example) maintain a national insurance record, or qualify for national insurance benefits or a pension, or at recent policy changes in these areas. It is also important to avoid assuming that the social security system is the all-important factor in people’s (inevitably constrained) choices about employment, rather than these decisions being influenced by a range of factors.

Moreover, the groups whom the DWP may wish to help into (part-time) work are not necessarily synonymous with the main groups who are already in part-time work. The latter include many young people and partners of employed people who may not have been claiming benefits prior to entering part-time work. The DWP’s main interest is in those groups who are currently workless, and claiming benefits, but who might potentially be able to move into work, including part-time work in some circumstances.

This section examines how the social security and tax credits system currently treats part-time work, and how we have arrived at this point.

2.2.1 What hours of work do we expect?

In the first Green Paper on welfare reform, the Government set out its policy goals including ‘work for those who can’. (DSS, 1998). ‘Those who can’ seem to be an ever expanding group. But there may be some people who only ‘can’ if the work is part-time.
As the Organisation for Economic Cooperation and Development (OECD) (2003) notes, benefit eligibility criteria for unemployment benefits can make explicit allowance for childcare responsibilities or partial disability by, for example, specifying that such claimants need only make themselves available for part-time jobs. In the UK, the usual rule is that those claiming benefits whilst unemployed must be willing and able to take up work of at least 40 hours per week, though they must also be willing to work less than 40 hours per week if required to do so (Child Poverty Action Group (CPAG), 2005). You are allowed to refuse a job formally notified to you which would be for less than 24 hours per week. (If you are working part-time whilst unemployed and a suitable job is found for you, you must be willing and able to take up work immediately after the notice period.)

If you are not able to be available for full-time work measured in this way, you may not be eligible to claim benefit (unless, of course, you are a partner of a claimant rather than the claimant, and are not subject to joint claims for Jobseeker’s Allowance (JSA)). However, people with disabilities, those caring for others and short-time workers can restrict the number of hours they are prepared to work to less than 40 hours per week, as long as they have a reasonable prospect of obtaining employment (waived for those whose physical or mental condition means that this would be unreasonable). If it has been agreed that you can restrict your hours, you should be available for as many hours as your responsibilities permit, and in any case for at least 16 hours a week; you can refuse a job under 16 hours a week.

The concession for those caring for others is interesting, as it could be argued that both parents are caring for children and could therefore be allowed to restrict their availability. In practice, this is likely only to apply to the person receiving Child Benefit/Child Tax Credit for the child, who is likely to be the dependant and therefore not subject to availability rules of any kind. (Joint claims only apply to income-based JSA, and only to childless couples.)

Prior to the introduction of JSA, the availability rules for the unemployed were different for contributory and means-tested benefits. Contributory Unemployment Benefit was technically paid as a daily rate for up to six days per week (not Sunday), and so availability and earnings rules were calculated on that basis; means-tested benefits, on the other hand, have always been weekly subsistence benefits. When Unemployment Benefit was abolished, JSA rules, including the rules for contribution-based JSA, were largely aligned with the means-tested benefit rather than with the contributory benefit.

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10 Factual information about benefits and tax credits rules for the current situation (i.e. 2005/06) is taken from this source unless otherwise specified. Not all the detailed information is repeated here, however. The description here should therefore not be treated as a comprehensive explanation of the rules.
Recipients of other social security benefits, and partners, have no availability rules. Lone parents, for example, in contrast to the situation in many other countries, do not have to be available for work until their youngest child is aged 16 (or 19 if in full-time education). Partners used not to have to ‘sign on’, whether or not they had children. This has changed for childless couples now subject to joint claims for income based JSA. Recently Work Focused Interviews have been introduced for many lone parents and other people, including partners of claimants of certain benefits after six months of a claim.

This is a fast-moving policy area, with the direction of change being firmly to bring increasing numbers into contact with the labour market. Partners with children are generally treated in the same way as lone parents. For those without children, policies on partners so far seems to have varied depending on whether the claiming partner is unemployed or on another benefit. Recent evaluation of Work Focused Interviews for partners and the enhanced New Deal for Partners (Thomas and Griffiths, 2005) records some negative reaction to work-focused interviews from partners who were carers of benefit claimants and those who were already working part-time (either as a long-established element of the household’s survival strategy, or because the main household income had recently been lost due to the claimant’s unemployment). Many partners were only able or willing to work part-time ‘reducing the benefits of working still further’, as the authors note (p. 103).\footnote{See House of Commons \textit{Hansard} Written Answers 19.12.05, cols. 2451W-2452W, for a description of the advice given by Jobcentres on the effect on household incomes of moving from unemployment to part-time work.}

\subsection*{2.2.2 Combining benefit and part-time work}

For those on Income Support or income-based JSA, the income disregards (the amounts of income which are ignored for different groups when their benefit entitlement is calculated) are small and have seen hardly any increases over recent years:

\begin{quote}
\textit{‘The earnings disregard has not increased for more than 25 years for individuals and only marginally for lone parents.’}
\end{quote}

(Watson, 2004, p. 7)

Current disregards for these benefits in 2005/06 (CPAG, 2005) are £5 per week for single people, £20 per week for lone parents (£15 per week in 1998) and certain disabled people (from April 2001), and £20 per week for couples (£10 per week in 1998).\footnote{This does not cover all cases. For more details of these rules see CPAG, 2005, pp. 964-965} Any earnings above that level (including a partner’s earnings) mean that benefits are reduced pound for pound. This means that it is unlikely to be financially worthwhile for many lone parents, for example, to work between four and 16 hours per week, because of the operation of the disregard. With the alignment of
contribution-based and income-based JSA on the abolition of Unemployment Benefit, contribution-based JSA now only has a disregard of £5 per week for most claimants, rather than the previous daily rate combined with a weekly earnings rule for Unemployment Benefit, which was more generous.

Many commentators (eg Barbour, 2005) have argued that the low level of the disregards discourages claimants from engaging in ‘tasters’ in the world of work, and may for example force people to work informally in the hidden economy. Moreover, as Watson (2004, p. 7) also argues, it can be a disincentive to setting up a business, especially for some groups:

‘the low level of earnings disregard...creates disincentives for anyone wishing to start their business in the cautious and tentative route which large numbers of women choose to follow’.

But the marginal deduction rates (in this case 100 per cent) imposed on out of work benefits in respect of any earnings above a certain amount are not usually included in calculations of the numbers subject to high implicit marginal tax rates, which tend instead to focus on the effects on those already in employment (and on means-tested benefits/tax credits) of earning additional income.

The numbers of income-based JSA claimants or their partners declaring part-time earnings from employment or self-employment has declined dramatically over the years since 1997, when there were 53,100 doing so in August, to August 2002, when there were only 19,800 (House of Commons Hansard, Written Answers 13.3.03, cols. 414W-415W). The latest figures (for November 2004) show a further significant decline, to 13,200. The numbers on Income Support declaring income from part-time earnings has decreased from 80,900 in November 2000 to 64,200 in November 2004 (House of Commons Hansard, Written Answers 21.6.05, cols. 941-942W). The relevant minister suggested that the main reasons for the fall, at least to 2002, were the reduction in claimant unemployment and the impact of government policies over the past five years (House of Commons Hansard, Written Answers 14.4.03, col 633W). However, the low levels of income disregard and the absence of new policies facilitating the combination of part-time work and benefit receipt are likely also to have been contributory factors.

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13 These figures are based on a five per cent sample and are therefore subject to a degree of sampling variation. They have been rounded to the nearest hundred. They are taken from the Jobseeker’s Allowance Quarterly Statistical Enquiries, August 1997 to August 2002.

14 Information Directorate, five per cent sample.
The Government has acknowledged the policy dilemma:

‘We need to balance the benefits of encouraging people into part-time work and maintaining contact with the labour market, against any possible disincentives to full-time work. If the earnings disregard is set too high, then the gap between in-work income and out-of-work benefits becomes so narrow as to discourage people from taking up full-time work.’

(House of Commons Hansard, Written Answers 26.11.02, col. 210W)

The back to work bonus (introduced in January 1996 and abolished in October 2004) represented one attempt by government to reconcile the twin aims of helping claimants back into the labour market whilst not encouraging them to subsist on a mix of benefits and part-time wages in the long term. Unemployed people and their partners could build up the bonus through part-time work whilst receiving income-based JSA or Income Support (for under 60s) (CPAG, 2005). There was a waiting period. Half of any earnings above the disregard were put into the bonus and, when the claimant moved off benefit into work, they could receive up to £1,000 tax-free (Millar and Ridge (2001), note 48).

Some 200,000 claims for back to work bonus were paid to Income Support/Pension Credit and JSA recipients in total over these years, with an average amount of bonus of over £300 (House of Commons Hansard, Written Answers 27.10.04, cols. 1281W-1282W). The evaluation (Ashworth and Youns, 2000) found that the bonus scheme had little impact on the levels of part-time work amongst claimants. But it also found – as did Iacovou and Berthoud (2000) – that part-time work did seem to help some people move off benefits and into longer hours (though not always permanent) jobs.15

There may be concern about the incentives not only for benefit claimants when out of work but also for their partners. This is particularly relevant for the Government’s aim to increase the employment rate and also for its concern about workless households. When McLaughlin (1993) was investigating whether the tax/benefit system encouraged or discouraged part-time, casual and temporary work for the Commission on Social Justice, she highlighted the impact of the low level of the disregards, some of which were at a similar level then. She argued that this meant that in unemployed couples the woman tended to remain out of employment, leaving the man to seek as near to a ‘family wage’ in employment as possible to maintain both of them. Thus she argued that ‘responsibilities for financial provision for other family members limit just how low paying a job can be’ (p. 17), and linked the benefits regime for those out of work with men’s labour market behaviour. She recommended that reforms should ‘encourage and enable all those whose potential earnings are low to take any form of paid work eg full-time, part-time (whether long or short hours), casual, fixed term or “own account”’ (p.4).

15 Iacovou and Berthoud were looking at parents only.
McGinnity (2002) found in comparative analysis of longitudinal data in West Germany and Britain that in West Germany the wife was more likely to enter employment when her husband was out of work than when he was in work. In Britain the reverse was true; the wife was less likely to enter part-time employment in particular. Millar and Ridge (2001), reviewing the evidence, say that the consensus seems to be that the benefits system, whilst it may play a part in the problem, is not the only, or even the main, reason for the existence of disproportionate numbers of workless households in the UK. However, this does not mean that any problems it creates should be ignored.

Whilst claimants of Income Support and income-based JSA can only work for under 16 hours per week and still be entitled to benefit, their partners can now work for up to 24 hours per week before entitlement to Income Support or income-based JSA is lost (leaving aside income rules) (CPAG, 2005). In some cases people are treated as not being in work for this number of hours, even if their hours are technically over the limit. (The rule for partners used to be 16 hours per week maximum, and was increased to 24 hours in 1996.)

The issue is not just relevant to unemployment benefits. Buddelmeyer et al. (2004) suggest that what they call ‘child benefits’ can potentially have a disincentive effect on working part-time, especially if such benefits are means-tested. Even though the Child Tax Credit is intended to meet the direct costs of children, it is not clear whether the increased amount, together with payment direct to the main carer, may affect labour market participation. But no evidence is yet available, and the transfer from out of work benefits to Child Tax Credit has not yet been completed. (This may mean that incentives/disincentives are being experienced differently by out of work families at different stages of the transition from benefit allowances for children to Child Tax Credit. But see also the comment from Hills (2004) cited on page 53 below.)

The Housing Benefit system also includes some earnings disregards: £5 per week for a single person, £10 for a couple, £20 for people in certain circumstances such as carers, and £25 for lone parents. These have also largely been frozen since their introduction in the late 1980s/1990; the lone parent rate would now be £38 had it been uprated in line with inflation, for example (House of Commons Hansard, Written Answers 30.11.05, cols. 613W-614W). Council Tax Benefit has similar rules. (There has recently been an extension of the additional £14.50 weekly Housing Benefit and Council Tax Benefit disregard from full-time to part-time workers on Working Tax Credit, however; see below.)

Non-means-tested benefits which perform an income replacement function also have earnings rules. Non-contributory non-means-tested benefits (such as Carer’s Allowance) are paid at a lower level than contributory benefits. Those on Incapacity Benefit can do ‘permitted work’ as part of a treatment programme as long as they earn less than £78 per week; or for an unlimited period as long as they earn less than £20 per week (lower limit); or in supported work for an unlimited period for under £78 per week; or for up to 26 weeks as long as they work on average under 16 hours...
per week and do not earn more than £78 per week (higher limit) (CPAG, 2005). The same rules apply to severe disablement allowance, which is being phased out to be replaced by non-contributory Incapacity Benefit. These rules have been reformed to be more generous recently. But the Government now has an ‘action plan’ under which (amongst other reforms) it will consider people’s prospects of a move to full-time work:

‘A flexible and responsive welfare system will enable people to explore part-time work, volunteering or other opportunities, which may lead to full-time opportunity’

(Principles of Welfare Reform, DWP (2005c), p.5)

The new ‘permitted work’ rules already include a much greater emphasis on helping people on incapacity benefits to progress to full-time work over time (Dewson et al., 2005).

Someone on Carer’s Allowance is not entitled to any benefit if their earnings exceed £82 per week (net of allowable expenses, including help with the cost of care of the disabled person in certain circumstances); there is no ‘taper’ of benefit reduction above this. This limit has also been reformed to be more generous recently. But recent research (Arksey et al., 2005) reported that carers and professionals associated with carers thought that both Carer’s Allowance and the earnings limit were too low, and that the operation of the limit was too restrictive (e.g. being unable to accommodate higher part-time earnings, such as supply teaching). There was evidence that Carer’s Allowance could act as a barrier to working more hours. If a carer’s premium is being claimed on Income Support or income-based JSA instead, a disregard of £20 per week will apply to the carer’s earnings.

The earnings rule for the State Pension was abolished in 1989, and pensioners can now earn additional income without it affecting their (contributory) pension; this means that we now have an old-age pension rather than a retirement pension. Means-tested pensions are of course still affected by additional income, from earnings or elsewhere, although the savings element of the pension credit has altered this relationship to some extent. Abolition of the earnings rule, according to Disney and Smith (2001), raised working hours of older male workers by around four hours a week, though it had no significant impact on men’s labour market participation or on women’s behaviour.

The non-means-tested benefits which allow entitlement to dependants’ additions for adults, at least under age 60, have been reduced in number over recent years. But increases are still available for Incapacity Benefit, Carer’s Allowance and Pension. This means that there are earnings rules for spouses/partners for these benefits too.

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16 Increases are usually available only for spouses and in future the partners of same sex couples who are registered. But you can claim extra for an adult dependant who is looking after a child for whom you are responsible. This means that some cohabiting partners with children, but also people in other living arrangements, can sometimes claim additions as well.
For most claimants of long-term Incapacity Benefit, Severe Disablement Allowance and certain categories of pension,\(^{17}\) no addition is paid if the spouse earned more than £56.20 in the previous week. For other non-means-tested benefits, no increase is paid if earnings exceed the amount of the adult increase. In the case of Carer’s Allowance, this is £27.30 per week, and therefore is considerably lower than the cut-off for those other benefits.

However, the main relevant policy point is that unlike means-tested benefits, all these non-means-tested benefits remain available to a claimant him/herself, regardless of the existence or extent of their spouse’s/partner’s labour market activity.

There has been a more or less explicit goal, at least in some areas of policy, to encourage workless people to move into full-time work. For example, the evaluation of joint claims for JSA (Bewley et al., 2005) suggests:

‘joint claims for jobseeker’s allowance was introduced with the aim of raising the standard of living of households by encouraging people in workless households to move into full-time employment and away from JSA.’

Indeed, the formulation of the phrase ‘welfare to work’ suggests that the Government’s goal is to move people from dependence on benefit into a form of paid employment which involves them leaving welfare behind. This may not be the case if people only supplement their benefits with small amounts of part-time earnings. However, as discussed in the previous chapter, small jobs may be a stepping-stone to longer hours of work, and some groups, lone parents for example, may find it easier to manage short-hours part-time work. But, as figures from Households Below Average Income (DWP, 2004) show, part-time work for lone parents often leaves them trapped in poverty: 70 per cent of those with a lone parent in part-time work remained in the bottom two quintiles of the income distribution (after housing costs) in 2002/03. Lone parents in London have particular problems (McKay, 2004; Bivand et al., 2003), which may be related to higher costs and/or fewer part-time job opportunities. Rafferty (2003) also notes that a proportion of lone mothers, including four out of ten of those not in paid employment and three out of ten of those working under 16 hours per week, did not think that ‘work pays’. He argues:

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\(^{17}\) Claimants who were entitled to these benefits before 14 September 1985, and still are, benefit from the more generous earnings rules for dependent adults that were in force before then.
'Below 16 hours employment could also act as a stepping-stone to more beneficial forms of employment and longer hours work. A re-examination of the financial support offered to lone mothers working fewer than 16 hours per week therefore offers a potential line of policy exploration. Yet the benefits of increasing such support need to be weighed against the possibility that such added help could encourage some mothers working more than sixteen hours per week to reduce their working hours.'

(Rafferty, 2003, pp. 7-8)

The Government does provide some support to those taking up ‘mini-jobs’ in some circumstances. For example, if lone parents are on the New Deal for Lone Parents and take up work for under 16 hours per week, they can now get their childcare costs subsidised for the first year. The same is now true for partners on the New Deal for Partners. This was relaunched in April 2004 to resemble the New Deal for Lone Parents (Dorsett and Kasparova, 2004).

However, some commentators have been critical of what seems to be a ‘work first’ approach in the New Deal for Lone Parents (OPF, 2005), because it prioritises entry to employment above long-term sustainable progression in the labour market. The limitation of funding for training to NVQ Level 2, for example, was one element which was criticised from this perspective. This is now being tackled through the Government’s more recent focus on progression and retention, with pilots of funding for more extensive training and other measures. Whether this is likely to lead to more lone parents entering full-time rather than part-time employment remains to be seen. But it may improve the quality of the jobs they enter.

2.2.3 Making (part-time) work pay

Improving financial incentives to work is likely to be a key policy focus for a government wanting to increase employment rates. However, this is a difficult and uncertain area of policy. Women do seem to be more sensitive to financial incentives/disincentives than men – meaning that the ‘rational economic man’ is in practice more likely to be a woman. But women are more likely to be looking for part-time jobs; so the conventional measures of incentives used by many economists, which have traditionally calculated ‘replacement rates’ of benefit in comparison with a full-time job, may be inappropriate. Many other factors, besides the mathematical calculation of whether someone will be better off in work, may enter the equation, especially for women. Even when only looking at income, reliability and security may be just as important as amount, especially for those with children. It could be argued that calling this ‘an equation’ also simplifies the complex process of individual and family thinking and decision-making which takes place.

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18 Rafferty did note that the new Child Tax Credit to be implemented in April 2003 would change the situation of such lone parents.
In addition, in this area as in others, many policy measures have an impact on part-time work even though that may not be their main focus. In general, most ‘make work pay’ policies are of this nature, that is they are usually not about part-time work explicitly or directly, but they are about part-time work (and part-time workers) in terms of their impact. And when part-time workers are not considered explicitly as a group affected by policies, unintended consequences may arise.

Critical issues in studies about incentives include the difference between the way in which part-time pay is usually measured (on an individual gross hourly basis) compared with the way in which incentives are usually measured (on a family basis, looking at net weekly income). This difference tends to be overlooked in claims that the national minimum wage in effect pays a much higher hourly rate than its nominal amount because of the addition of in-work means-tested benefits/tax credits. In addition, most studies on incentives implicitly assume that a couple is ‘one unit’, rather than recognising that they may have different as well as similar interests, and may see income from different sources differently (Bennett, 2005). HM Treasury (2005), for example, sets the impact of deductions such as income tax and national insurance contributions from individuals’ wages against the receipt of jointly assessed means-tested benefits/tax credits for the family as a whole, to arrive at a so-called ‘net tax rate’ for the family unit, which may often be negative. This confuses individual and family.

But, for example, if we are looking at incentives for potential second earners, they would begin to get a wage in their own right if they moved into part-time employment and thereby increase their own income, whilst the benefit/tax credit income of their partner might go down; it is not clear that this has the same impact in terms of acting as a disincentive as when looking at household income as a whole. We do not know enough about the extent to which members of couples in practice think as individuals or as a couple when considering decisions about their labour market participation and/or their income. But it is clear that each of these factors affecting income is very different in terms of its implications for the individuals in such a couple. And research (e.g. Goode et al., 1998) also suggests that we should consider factors affecting income on an individual basis, albeit within a family context.

Several steps have been taken recently to focus help on low-paid people as individuals, including part-timers (Bennett and Millar, 2005). The starting rate of income tax was reduced to ten per cent in April 1999, replacing a lower band of 20 per cent, and the basic rate was cut to 22 per cent. The Government stated in evidence to the Select Committee on Work and Pensions in 2003/04 that the ten pence starting rate of tax had halved the marginal tax rate of around three million

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19 This is usually calculated for a full-time worker (eg working 35 hours per week).

20 In practice, any disregard of income could of course blunt the impact of this effect, in some cases significantly.
low earners since its introduction in 1999. (This measure, however, was not able to help those below the tax threshold.) The national minimum wage was introduced in April 1999, and has since been increased by more than sufficient to keep up with inflation, although this may be partly because fewer people benefited at first than was intended by the Government. The changed incidence of National Insurance Contributions for employees – the removal of the ‘entry fee’ at the lower earnings limit in April 1999, and the raising of the threshold for starting to pay contributions to the primary threshold (the same level as the personal tax allowance) in April 2001, whilst maintaining benefit rights – has helped low-paid workers, including many part-timers. For lone parents, the disregard of child support for tax credit purposes also provides an incentive for those who are receiving regular payments, including those working 16 hours per week.

The OECD (2005a, p1) argues that ‘policies that remove distortions against part-time work’ will boost female participation, though it also warns that care must be taken to avoid creating a segmented labour market. In many countries (e.g. Japan – see Hiroki, 2002), the structure of income tax works to create disincentives to a second earner within couples and to a more equal sharing of paid and unpaid labour (Buddelmeyer et al., 2004). In the UK this is not the case, because of independent taxation; and this means that there are not the same obstacles to taking up part-time work. However, potential part-time workers can be affected nonetheless by the impact of the tax credits system.

From April 2003, Working Tax Credit, an in-work supplement, has been available – subject to a means test based on family income over a year21 – to parents, disabled people, and some of those entering work aged 50 plus, for paid work of 16 hours per week or more. For other groups, there is no subsidy until work lasts 30 hours per week or more; so there is little or no help available for most able-bodied childless people who want to work part-time. No distinction is made between self-employed people and employees, though it must be more difficult to verify the working hours of self-employed people.

All those working 16 hours per week or more on Working Tax Credit receive a bonus if they work 30 hours per week or longer, which therefore de facto seems to be defined as full-time despite the fact that anything under 31 hours of work per week is still considered to be part-time work, according to the definition used in Households Below Average Income figures (DWP, 2005c). Until recently, it was only those working 30 hours per week or more who received an additional disregard of £14.50 per week of earnings for Housing and Council Tax Benefit (CPAG, 2005);

21 The structure of Working Tax Credit is explained in CPAG, 2005. Details are not given here. Childminders have special arrangements which mean they can choose between Income Support and Working Tax Credit if they do not work for many hours.
this has now been extended to those groups who are eligible for Working Tax Credit with 16 hours’ work or more per week as well. (There is also a means-tested Child Tax Credit, available to parents in or out of work on the same basis, which has both a per family element which goes higher up the income scale, and is doubled for those with a new baby, and a per child element for lower income families only.)

The new tax credits replaced the Working Families’ Tax Credit and Disabled Person’s Tax Credit which had been introduced in October 1999 (alongside various benefit additions for children, and a temporary in-work supplement for some over 50s entering low-paid work). The previous tax credits, and Family Credit which preceded them, were based on a minimum of 16 hours’ work per week, for families with children and disabled people. For the Family Income Supplement, which preceded Family Credit, however, the minimum hours requirement for in-work support for families with children was higher, at 24 hours per week, and there was no equivalent for those without children (though see below, about Earnings Top Up). The OECD (2003), citing other sources, argues that a minimum hours rule has ambiguous effects on labour supply: it can be ineffective in helping those with young children if it is too high, but the prospects for progression are often better in full-time employment. The OECD does note, however, that such a rule does reduce the possibility of manipulation (e.g. by cutting one’s working hours to get more supplement).

Working Families’ Tax Credit, and Family Credit before it, were based on a ‘snapshot’ of income and then paid for a period of six months at a fixed amount (Family Income Supplement, before Family Credit, was originally paid for a year unchanged). There were several criticisms of such an arrangement. Some commentators argued that the ‘snapshot’ means test gave an unrealistic picture of ongoing income levels, and could lead to manipulation of income levels in the assessment period. It was also pointed out that an unchanged award meant that the ‘targeted’ nature of the payments was vitiated – first, because some people’s incomes would have increased beyond the qualifying threshold during the award, and secondly because additional needs could have arisen, meaning that the award was insufficient. The latter problem was mitigated somewhat in Working Families’ Tax Credit by the introduction of a concession allowing people to claim extra for a new baby.

However, the fixed nature of the award did mean that for six months at a time the benefit/tax credit operated in effect as a non-means-tested benefit, allowing claimants to build on the floor of income provided. This kind of administrative arrangement is not usually taken into account in economists’ studies of incentives. But it is possible that for couples this could have allowed some ‘second earners’ to try out part-time work, for example, as well as the primary earner increasing their earnings with no claw back. It was also easy to understand how it worked. The

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22 The Child Tax Credit is not yet available to all out of work families with children but some are receiving equivalent amounts in their benefits.
Government argued that the new tax credits which replaced Working Families' Tax Credit in 2003 were more likely to help potential second earners, especially because of the £2,500 income disregard in the year that it is earned. This is now being increased tenfold from April 2006, to £25,000. But the structure of the new tax credits seems to be more difficult for claimants to understand.

Marsh and others evaluated the pilot scheme of the Earnings Top Up (ETU), which was introduced in October 1996 as a three-year pilot scheme (Marsh, 2001). This was a benefit, rather than a tax credit; but it was an in-work subsidy which ran alongside Family Credit. It was small and only applied to a limited number of people; but this included single people and childless couples working for 16 or more hours per week (i.e. it had different eligibility rules from Working Tax Credit, which restricts the categories of part-time worker included and also applies to families with children). There was a bonus for working 30 hours per week or more.

The evaluation revealed a staggering extent of very low pay (though this was before the minimum wage was introduced). Half of the recipients had no housing costs, mostly because they were living with parents. The ETU seemed to have enabled some people to combine certain activities, such as voluntary work or caring, with working shorter hours in part-time jobs. And it had enabled others to stop doing two jobs or very long hours in one job, and helped many to cope with poor health that limited their employment, or recover from difficult times in their lives. Self-employed people found it useful to start up businesses or shore them up until prospects improved. The evaluation found that ETU had caused a small but significant increase in labour market participation. But it was jointly assessed and means-tested, not well publicised, and with a high deadweight cost (though still lessening hardship in those situations); and some seemed to take jobs at lower pay because of it. The Labour Government decided to go down a different route anyway, i.e. the minimum wage and tax credits, rather than the ETU.

The current government argues that together the national minimum wage and tax credits can also ‘help parents balance work and family life by providing more support to those working fewer hours’ (HM Treasury, 2005, p. 23). Couples with children can, in principle, achieve the bonus for ‘full-time’ work of 30 hours of paid work per week or more by sharing the hours between them; and this was welcomed by many commentators, including women’s organisations. But over 90 per cent of main earners in couples benefiting from tax credits work over 35 hours per week, according to the Government (House of Commons Hansard, Written Answers, 28.10.04, col. 1382W). And some commentators have argued that this arrangement puts lone parents at a disadvantage, because unlike couples they cannot combine two people’s hours.

Marsh has noted that the threshold of 16 hours per week for in-work support means that we are prepared to underwrite half a week’s work with a full week’s income. However, the ‘full week’s income’ is often insufficient to lift its recipients above the ‘poverty line’ (60 per cent of median income), especially for one-earner two-parent
families. Hills and Stewart (2004) argue that one reason for the high poverty rate among working lone parents in the UK may be their greater likelihood of part-time working, with a significant number of employed lone mothers (12 per cent) working under 16 hours per week. Sutherland (2002) also looked at relevant policy changes between 1997 and (those planned for) 2003/04 for one parent families, and found that they reduced family poverty among all categories, but especially for people working 16 hours or more per week, i.e. less for those working lower part-time hours. But this research shows that even work at 16 hours for the minimum wage was only likely to result in a mean gain of some £34 a week in 2003/04 for lone parents, and this was before childcare costs. Even with the increase in the childcare element of Working Tax Credit from 70 to 80 per cent of costs, much of this amount could be swallowed up in childcare costs if formal care is used.\(^{23}\)

As Bennett and Millar (2005) record, mechanisms to ‘make work pay’ are now moving increasingly towards an emphasis on temporary in-work subsidies, targeted to specific groups and with a less complex means test. These are currently being piloted and evaluation of them will be available in due course.

As the Government’s ‘welfare to work’ policies have matured, retention and progression have become increasingly important themes. The Employment Retention and Advancement Demonstration project is targeted not only at those eligible for New Deal 25 Plus and the New Deal for Lone Parents but also at those lone parents working part-time in low-paid jobs and claiming Working Tax Credit (working 16-29 hours per week). It gives them one-to-one support from advisors for up to two years after they have entered employment, with financial incentives to encourage retention and progression in work. A report on the early months of implementation (Hall et al., 2005) described difficulties of recruitment to the scheme, and few of the working people interviewed reported frequent post-employment contact with their advisers. However, One Parent Families (2005) notes that access to financial support during the first few months in work may be particularly helpful in some circumstances.

The Government will be concerned that support for those in part-time work does not act as a disincentive to their progression to full-time work if and when this becomes appropriate. It is important to recognise that economic incentives are by no means the only, or even often the most important, factors which people take into account when making labour market decisions. But the Government will want to avoid conveying mixed messages in terms of its treatment of part-time and full-time work. The most recent document on tax credits (HM Treasury, 2005, p. 23) notes that the weekly ‘minimum income guarantee’ for a lone- or two-parent family with one child and part-time work of 16 hours per week will be £202 in October 2005, but with full-time work of 35 hours per week, it only rises to £260. The guarantee for a single disabled worker working part-time at the minimum wage and getting tax credits rises to £153 per week by October 2005 (HM Treasury, 2005, p. 46).

\(^{23}\) It is worth noting that 30 hours’ work a week at the minimum wage, calculated in the same way, raised the mean gain from work to only twice that amount, i.e. £67.95 per week.
The other policy issue to consider is whether the structure and delivery of current systems of in-work support could cause some people to abandon part-time work and return to out of work benefits, for example because of the unreliability of income in work when derived from a number of different sources. On the other hand, Hills (2004) argues that Child Tax Credit:

‘also changes the options available to some people, notably lone parents, in terms of the incomes that result from working just a few hours, as the requirement of working at least 16 hours per week now only applies to working tax credit, not to the support coming through child tax credit’

(Hills, 2004, p. 176)

In relation to tax credits, there has been particular concern about disincentives for potential second earners. This may affect partners contemplating part-time work in particular, since few couples, both of whom are in full-time work, are likely still to be within reach of Working Tax Credit in terms of joint income level. Brewer and Clark (2002, redrafted in 2003) examine policy changes in the tax and benefits systems from 1997 to 2003. This study is useful because it looks at people working 20 as well as 40 hours a week, so it does not confine itself to the unemployment and poverty traps for those in full-time work (though it does not really look at ‘mini-jobs’). If you were childless and a single part-time worker, your incentives improved over this period – though for couples this was offset by various tax changes. But with children, the situation was more complicated. They conclude that the incentive to enter work increases for the first earner in the family (including lone parents), including those working only 20 hours a week. But for the second earner the incentive is generally dulled (and in couples it is more likely that this would be the part-time worker). Effective marginal tax rates have also generally increased, because tax credits go higher up the income scale (though fewer people face very high rates). The system changed, of course, in 2003, when the new tax credits were introduced.

The Treasury argues that those moving into work part-time do tend to face poorer work incentives than full-time workers; and that the new tax credits enhance work incentives for the second earner in a couple compared with the previous system through ‘a new and fairer assessment of family income’, and a reduction in the rate at which awards are withdrawn (HM Treasury, 2005, pp. 28-29) (see above). The most important measure, which it is difficult to model in simulation exercises, is the disregard of the first £2,500 (increased to £25,000 in April 2006) of additional income in the year in which it is earned. (In addition, a pilot scheme gives a £20 per week ‘work search premium’ to partners of Working Tax Credit recipients in some areas, to encourage them to seek employment. And the New Deal for Partners is also now available to the partners of those on Working Tax Credit or Pension Credit, as long as they are working under 16 or 24 hours per week.) However, the Prime Minister said in a speech to the Daycare Trust on 11 November 2004 (Blair, 2004) that Working Tax Credit had helped half a million mothers to choose to stay at home. There seem therefore to be various different government objectives in this area, which may lead to policy dilemmas (Bennett, 2002).
Brewer and Shephard (2004) looked at whether Labour has ‘made work pay’ for people in families with children in particular. They found that there were more incentives to work for lone parents, and even stronger incentives to work full-time; but for couples the picture was more mixed. In particular, the incentives to become or remain a single earner couple were more attractive than in 1997; there were also reduced incentives to progress for many people. Thus some people were experiencing increased incentives to become part-time workers, whilst others found the opposite.

Part of the problem in trying to ‘make work pay’, especially for part-timers, is that different people face different costs of working. Whilst the *Households Below Average Income* (2005) figures are shown before and after housing costs, the same is not done for childcare costs, although there was a discussion in the 2004 report about whether this should be done. Thus the gains for work may be shown as too high for those who use and pay for formal child care. The childcare element of Working Tax Credit refunds 70 per cent (soon to be 80 per cent) of childcare costs up to a ceiling, for up to two children, and is paid to the main carer. It no longer affects Housing Benefit. Those paying rent and/or Council Tax can claim Housing and Council Tax Benefits to help with these costs, although often for those on Working Tax Credit these are cancelled out. However, tenants working part-time should now find the gain from work increased because of the improvement in the interaction between Working Tax Credit and Housing Benefit/Council Tax Benefit (see above and HM Treasury, 2005, para. 4.18).

A group which may be small, but whose members have specific and often costly requirements to be able to work, are severely disabled people. There are policies to help with this via the employer/workplace, including the Access to Work scheme and the Disability Discrimination Act. But there is also some provision for individuals, which consists of the Independent Living Funds (ILF). In April 2002, the ILF provisions were reformed to allow disabled people receiving help from it to have a higher proportion of earnings disregarded.

### 2.2.4 Protection for part-timers

This section of the report argues that we should consider measures which give part-time workers some sustainable security, and protect and enhance their future entitlements, particularly pension provision, as well as those which shore up their current income. Some might say that this issue is irrelevant if the primary objective is to increase participation in the labour market by attracting those who only can, or wish, to work part-time. But it could be argued, first and instrumentally, that a full examination of incentive issues should take account of longer-term considerations as well as the more usual short-term trade-offs. And, secondly, we would argue that we should as a society be concerned about part-time workers’ wellbeing and future prospects more broadly. Women in particular are likely to be affected by the common link between time and social protection, especially for pension entitlement, with men’s labour patterns more likely to meet time preconditions (Rake, 1999, cited in Koopmans *et al.*, 2004). Decreasing emphasis on risk-sharing between different groups is likely to exacerbate such disadvantages.
People earning between the lower earnings limit and the primary threshold can now build up rights to contributory benefits without paying National Insurance Contributions. Other people in certain situations (including those on Working Tax Credit) are credited with contributions, and/or can get home responsibilities protection to protect their rights to a basic state pension. In 2003-04, 4,051,000 women and 5,946,000 men were getting National Insurance Contributions credits (House of Commons Hansard, Written Answers 18.10.05, cols. 941W-942W).

But currently about 1.7 million people, mainly women, are earning below the lower earnings limit (House of Commons Hansard, Written Answers, 20.7.05, col. 1819W), and may therefore not be accruing rights to contributory benefits, although many of them will benefit from contribution credits or home responsibilities protection. The issue of people working simultaneously in two (or more) part-time jobs was raised earlier. Even if someone does more than one job, with earnings adding up to the total which would attract contributions, they may still not be building up entitlement to contributory benefits if each job pays below the weekly lower earnings limit (Mordaunt et al., 2003).

Moreover, if someone pays part of the qualifying contributions for a year but not the whole amount, those contributions may be ‘wasted’, because they do not amount in total to the number of units needed for a year to count towards benefit entitlement. This is less likely now that the primary threshold has replaced the lower earnings limit (which was lower), whilst still allowing earnings above the lower earnings limit to count towards contributory benefits. In addition, individuals can be given the opportunity to make up the shortfall via voluntary contributions; but such contributions only count for pension purposes. Part-time workers are more likely to find that their contributions are ‘wasted’, or to decide that they cannot afford to make up the shortfall (though in some circumstances only small amounts of money are required to make up a full contributions record). Some people may also be concerned that creating a group of workers with no ‘stake’ in paying social security contributions might make the long-term future of the national insurance scheme less secure.

In addition, earnings factors mean higher paid workers can build up contributions to qualify for contributory benefits much more quickly than the lower-paid. This is more likely to affect part-time workers and those whose employment record and/or earnings fluctuate. Under the National Insurance system prior to October 1986, it was possible to receive partial insurance benefits in return for partial contribution records. If contributions were deficient, benefit could be paid, but at a lower rate (75 or 50 per cent of the full amount). This type of scheme could help part-time workers

24 Some people may have both contributions and credits in a year, and may or may not build up a full record and so accrue a qualifying year for state pension purposes. More information is available at: http://www.dwp.gov.uk/asd/asd1/dsu/contsandqualify/Conts_and_Qual_Years_tables05.xls
– for example, those whose earnings might fluctuate above and below the former lower earnings limit. A recent improvement allows women earning £30 per week or more to qualify for Maternity Allowance, though this affects only some 16,000 low-paid women annually, according to the Government (House of Commons Hansard, Written Answers 29.10.02, col. 790W).

One issue which such an extension of benefit rights to low-paid (probably part-time) workers raises is whether some part-time workers may be able to receive more in benefits when they are out of work than they receive in wages when they are working. This has been a continuing policy concern, but is obviously not of so much concern during maternity leave than it may be in periods of unemployment, sickness etc.

2.2.5 Reducing hours of work?

People may reduce their hours of work either as an unintended by-product of certain policies or as the result of deliberate policy intent by the Government.

The issue of more or less inadvertently encouraging people to minimise their hours of work is obviously raised by the existence of an in-work subsidy (evidence about this was examined briefly above). Bryson et al. (1997), for example, argued that lone parents used in-work benefits to enable them to work relatively short hours, rather than to maximise weekly earnings. There is a view that:

‘the other effect of tax credits on work incentives has been to skew the labour market so that many people work exactly 16 hours a week. At this level of hours, tax credits are at their most generous.’

(Giles, Financial Times, 18 March 2005)

On the other hand, the OECD (2003) notes that women who say that they wish to reduce their working time significantly, but are unable to do so, are more likely to leave employment. Hence, supporting part-time work, even as an alternative to full-time work, may have a place in encouraging labour market participation. Qualitative evidence from the Social Exclusion Unit confirms that tax credits were seen as pivotal in enabling people to return to work, especially part-time (Social Exclusion Unit, 2004).

The ability to combine benefits and part-time work, together with social protection for part-timers, might be read in the same light. Moreover, any job with earnings below the primary earnings threshold could be said to be favoured under the social security system, because there will be no deductions. Until the structure of National Insurance Contributions was changed in recent years, employers and employees had a further incentive to collude to keep jobs below the lower earnings limit, so that neither employer nor employee was faced with a bill for contributions from the first pound of earnings (Purcell et al., 1999). The abolition of the lower earnings limit has removed this incentive. The ‘zero rate band’ between the lower earnings limit and the primary threshold operates at least partly like a tax allowance, whereas
previously there was an ‘entry fee’, i.e. once the lower earnings limit was reached, all earnings from the first pound attracted National Insurance Contributions. As Taylor (1998) noted, this meant a marginal ‘tax’ rate of over 100 per cent for some.

The Government notes that ‘the significant bunching of employees with earnings just below the lower earnings limit has diminished over time’ (HM Treasury, 2005, p. 25). However, this may have been replaced by bunching at the tax credit hours threshold, albeit perhaps for a smaller group of workers – see above.

But there are currently few deliberate policy measures in the UK which actively seek to encourage people to reduce their hours of paid employment by using the social security system. And Grant et al. (2005), in their study of women working part-time below their potential, found no evidence that the benefits system plays a role in these women’s decisions about working part-time rather than full-time – although there did appear to be an impression amongst some women that they should not increase their hours because of the potential impact on their entitlements to tax credits/benefits.

2.2.6  Summing up

It is clear from this overview that many social security policies in the UK affect part-time workers. Some are deliberately targeted at them; but others may have an impact on them as a by-product of the Government’s pursuit of other goals.

A social security system which originally saw one of its key functions as replacing income, and understood that income to mean full-time earnings in most cases, was always going to find the inclusion of part-time workers as individuals problematic. The lower earnings limit has been a key dividing line between being included and excluded from the contributory benefits system. People in certain situations have subsequently been able to claim some benefits without a (full) contributions record, although these benefits have often been paid at a lower level. As noted above, the issue of paying people more when they are out of work than when in work has been a policy concern.

More recent developments in the social security system have included a growing emphasis on means-tested benefits and tax credits. This provision does not, as noted above, treat part-time workers as individuals but as part of a family/benefit unit which has a low income. In addition to the well-known problem of incomplete take-up, means-tested support is implicated in disincentive problems, which may include disincentives to part-time workers, especially ‘second earners’.

The final section (see Section 2.4) below suggests some possible directions for policy to try to tackle some of these problems in current social security provision for part-time workers. But first it may be useful to examine some examples of provision for part-time workers in the social security/social protection systems of other countries.
2.3 Some international policy examples

The examples drawn from the social security systems of other countries below are not intended as anything more than a brief discussion of policy directions which have been adopted elsewhere and which may prove informative in discussing future policy measures in the UK. To get a complete picture, it would be necessary to take into account the differences in both the tax and social security systems, as well as the history and politics of each country. This is beyond the scope of this exercise. It is also the case that it is often more difficult to find up-to-date information for other countries. But with these notes of caution, it is hoped that these examples may nonetheless provide useful evidence about the existence of common problems and the possibilities of diverging or converging policy solutions.

This section is divided into three sections: encouraging part-time working; supporting part-time working; and reducing hours of work.

2.3.1 Encouraging part-time working

The OECD gives cross-country information on an annual basis about the interaction of tax and benefit systems for different family types and labour market situations and their impact on household incomes and financial work incentives. This analysis includes an examination of incentives for part-time as well as full-time work (OECD, 2004). The data in the 2004 OECD analysis are based on 2001 and 2002 figures (for 28 countries). The study states that very high average effective tax rates for entering part-time employment can act as a strong disincentive, as Unemployment Benefit is withdrawn once earnings or working hours exceed maxima set at relatively low levels; it cites Germany and Japan amongst others as examples of this problem. Unemployed people may therefore either not take up job opportunities, or they may enter informal instead of formal employment. Austria and Portugal are examples of countries with a disregard of hours or earnings. Switzerland tackles this differently, giving Unemployment Benefit as a percentage of the difference between previous and current earnings.

The OECD study (2004) notes that Denmark has a more gradual phase-out of benefit for unemployed people with earnings. Rasmussen et al. (2003) cite Lind (1998), who argues that changes in unemployment insurance in Denmark have made part-time work more unattractive, and that this helps explain the recent shift to full-time work. They point out, however, that it is not clear how important economic as opposed to social incentives are for women taking up part-time work. The Government in Denmark has also recently passed legislation to remove some obstacles to part-time employment; but Danish women seem to have a greater preference for full-time work.

In Australia, reforms in the 1990s have led to partners in couples each being responsible for claiming out-of-work means-tested benefit themselves (Millar, 2004) and fulfilling the relevant conditions individually. If they are able-bodied, they can qualify either as a jobseeker, or as someone looking after children, or as an older
woman with little recent work experience. The payment of benefit is split between partners. Benefit is still jointly assessed. But there is a partial disregard of a partner’s income, so that anyone whose partner is either out of work and on benefit themselves or in a part-time/low-paid job will still qualify for some benefit on their own account. This is one way of adapting means-tested benefits to be more individually based, without giving up joint assessment, and seems to be more favourable in terms of how part-time earnings are treated for couples. The UK has examined this approach, along with others, as a model of how to move its own system in a more individually-based direction (Bennett, 2005); but fundamental differences, i.e. the absence of non-means-tested benefits in Australia, mean that the two countries’ systems are not really comparable.

In France and Belgium, the co-receipt of benefits and wages when out of work is called ‘cumul’ (Gray, 2004); in the UK we would probably call this ‘disregarded earnings’. The arrangements for legally doing casual or part-time work alongside benefit were extensive in the late 1990s in France and Belgium in particular. Claimants could combine benefits with a part-time low-paid job, take a few days’ casual work without losing benefit, or ‘top up’ wages earned within labour market programmes. In France, jobseekers accepting part-time jobs could claim insurance-based benefits for part of the week. If they were instead on the (means-tested) Revenu Minimum d’Integration or RMI, their allowance was unaffected until their three-month award ran out and they could continue a partial claim for several months after that.

In Belgium, this combination of benefits and work, often part-time, involved one in six of all registered unemployed people in 1999 (Gray, 2004). But this was much lower than in previous years, according to the OECD (2003), which reports that in 1990 about half of all part-time workers were receiving a benefit for involuntary part-time work, following the introduction of certain policy measures in 1983. Moves were made in 1992 to tighten up the conditions and to prevent fraudulent claims, with the aim of bringing about a fall of about 60 per cent in beneficiaries over five years. (In France, part-time employment appeared to have increased in the first half of the 1990s, but this was probably due to the introduction of subsidies to employers rather than these measures (CES, 1997, cited in Bolle, 1997). From 1993 to 2000, social security contribution rebates and reductions were granted to firms hiring part-time workers in France (Buddelmeyer et al., 2004).)

Gray found that Sweden permitted a combination of benefit and part-time work. Germany, Denmark and Spain also allowed this to some extent, but the arrangements in France and Belgium were more extensive (Gray, 2004). However, there is apparently some concern that employers can use this to fill low-paid or short-hours jobs more easily. Gray argues that new arrangements at the time of writing were likely to restrict ‘cumul’ in both France and Belgium, as benefits for workless people became more conditional. However, the OECD (OECD, 2004) reports that Portugal increased benefit entitlements for Unemployment Benefit recipients working part-time in 2003, and that Germany reduced tax and contribution burdens for
unemployed people with limited self-employment incomes or low-wage jobs in 2004. The Netherlands surprisingly, perhaps, given its general position of positive promotion of part-time working, gives a generous lump sum payment to unemployed people entering full-time work (OECD, 2004).

As the OECD (2003) notes, there are different ways of dealing with earnings for people who receive insurance-based benefits when they are unemployed. Earnings beyond a certain amount can be deducted pound for pound from benefit. (The right to benefit can also, of course, be annulled altogether beyond a certain level of earnings.) Alternatively, however, some countries reduce benefits in proportion to the weekly hours worked instead of the level of earnings. This increases the incentive for working part-time as compared to not working at all or working full-time, according to the OECD study.

Many unemployed or workless people are on means-tested rather than (or as well as) social insurance benefits. In Australia and New Zealand, social assistance can help to subsidise low-paid work because there is no need to be working under 16 hours per week to obtain it, and because withdrawal rates are much lower than in the UK (OECD, 2003). Australia has introduced an additional measure called ‘working credit’ from 2003. To increase the incentive for working age benefit recipients to take up full-time, substantial part-time or irregular casual work for a period, people are allowed to keep more Income Support as long as they have earned sufficient working credits to use as an offset against the earnings which would otherwise reduce benefit entitlement; they get working credits for every two weeks in which they receive income under the disregard limit (OECD, 2004).

Ireland, on the other hand, introduced a measure in 1999 to help those on long-term unemployment assistance leave the benefit for part-time work (OECD, 2003). Instead of allowing a disregard or similar policies, it gives a flat-rate weekly payment as an alternative to unemployment assistance for those finding a part-time job. The payment is not affected by income, is not taxable and can continue indefinitely. In addition, part-time workers become entitled to unemployment insurance benefits on the same basis as full-timers, and they can get unemployment insurance or unemployment assistance for the days that they do not work. (Part-time workers are covered by social insurance where their earnings exceed a certain level, as in the UK) (OECD, 2003).

The OECD (2004) identifies the problems caused by joint assessment for partners earning (i.e. workless people with working spouses). It picks out Australia and New Zealand as examples of countries where unemployment benefits are low and means-tested, and therefore do not cause the same problems of withdrawal, because no benefit would be likely to be available to someone with a working spouse in any case. Finland has recently reduced the amount of spouse’s income taken into account for means-tested benefits, to lessen work disincentives for partners (OECD, 2004).
The position of part-time workers with children is not only affected by the social security system, but also by the tax system and by childcare patterns in combination with job availability. In Italy, for example, according to an OECD analysis, childcare systems do not allow mothers to work full-time, even though part-time job opportunities are limited; but in the Netherlands this is not problematic, given the propensity of women to work part-time (OECD, 2003, p. 136).

The OECD’s analysis of policies which could boost female participation (OECD, 2005a) draws on a report which attempts to quantify the impact of the key factors affecting female participation (Jaumotte, 2004), and to assess the difference if every country adopted the policies of the best performing country in respect of taxes and child care. These include an equal tax treatment of second earners and single individuals, as in Finland, Sweden, Hungary, Mexico and Turkey; such a policy move in the UK would raise the female participation rate by several per cent. High tax incentives to share market work between spouses, as in Finland and Mexico, would increase it by another few percentage points according to this report. However, it is not clear whether this analysis takes into account the impact of tax credits as well as of taxes.

2.3.2 Supporting part-time working

The European Union (EU) has been concerned about ‘atypical’ forms of work and social protection (see, for example, Ferrera, 1996, on the need to revise rules concerning access to and maturation of welfare entitlements to avoid penalising people in atypical employment). One recent study concludes that policy measures in the 15 EU countries that have been geared towards encouraging part-time work, including legal measures, subsidies and social protection, are positively related to actual developments of part-time work (Buddelmeyer et al., 2004). The Part-time Work Directive (97/81/EC, 15 December 1997) recommends that member states take action to adapt their social security systems to accommodate part-time work. Anxo et al. (2004) argue that, contrary to appearances, and despite the fact that part-time workers often derive more than proportional benefit from social security systems, the rise of part-time jobs does not endanger the finances of social security systems because often part-time work is replacing inactivity by women who already had access to universalistic or derived benefits.

The edited volume by Sarfati and Bonoli (2002) identified four potentially problematic areas of interaction between labour market developments and social protection systems, including the provision of decent protection for atypical workers. (Social protection, as in EU debates, includes employment protection rights as well as entitlements to social security benefits.) In part, they suggest that increasingly social protection rights, especially to public pension entitlement, stem from other activities besides paid employment (such as caring or voluntary activities for the community). They highlight the right to return to the same job part-time following childbearing as key to parents being able to combine work and caring.
One section of Sarfati and Bonoli’s findings (2002) focuses on social protection in the labour market. They describe the strategy of both the UK and the US towards the working poor as ‘ex post compensatory’, i.e. this approach accepts the existence of a low-wage sector and job insecurity, whilst trying to redress some of its worst consequences through tax credits. They suggest, however, that this approach creates administrative problems and leads to the exclusion of non-workers, and that an alternative strategy is intelligent regulation, which they recognise that the UK, like New Zealand, has also been practising recently.

The other example of social protection in the labour market which they cite is the Netherlands, where the expansion of part-time work for men and women is being followed by efforts to ensure the inclusion of part-time workers in good quality social protection arrangements, such as occupational pensions (sometimes known as ‘normalisation’). Flexibilisation of work is widely regarded as positive in the Netherlands. However, since social protection measures have been designed around traditional patterns of employment, there was concern about social rights in the new situation. There was, therefore, a recognition that such work had to be regulated, and that social security had to be adapted. Part-time work is not regarded as a form of atypical work in the Netherlands, and social protection is equivalent to that for full-timers. The basic policy line has been to introduce equal treatment for part-time with full-time workers in social security. This has become known as ‘flexicurity’ (Van Oorschot, 2001), an approach which attempts to combine flexibility and security in the labour market. Rasmussen et al. (2003) also examine the Netherlands, and highlight the pro rata social security rights for part-timers, as well as tax reforms and integrated social security charges making it easier for second earners to take up more hours of work, and the introduction of a citizenship pension which favours part-timers. Dutch women rate part-time jobs more highly in terms of social security, as well as other features, than women in the rest of Europe.

Working hours and wage level thresholds were removed in social insurance in the Netherlands in the 1980s (Van Oorschot, 2001). In the Nordic countries, minimum hours thresholds for some benefits, like unemployment insurance, seem to discourage the development of marginal part-time jobs, according to Anxo et al. (2004). But Koopmans and Schippers (2005, citing MISSOC, 2000) criticise Germany for its minimum threshold of 15 hours per week for paying social security contributions and therefore qualifying for insurance benefits.

Several countries reduce employers’ social security contributions if they employ part-time workers. This is done in a way which does not impact on employees’ benefit rights.

Finland and New Zealand have increased the generosity of their in-work support/tax credits recently – but in New Zealand this takes the form of help for unemployed people moving into full-time work (OECD, 2004). The Netherlands has a ‘wastable’ (non-refundable) tax credit (OECD, 2004). France and Belgium both introduced tax credits in 2000-01 (Gray, 2004). In France, this is known as the ‘prime pour l’emploi’, and is refundable and based on family income (OECD, 2004).
In Belgium, the tax credit was modest, but had no conditions attached in terms of minimum hours of work needed to qualify for it (Verbist et al., 2004). It was individual, i.e. dependent only on the earnings of the claimant, and was non-wastable (refundable); additions were available for children. The second earner in a couple was stimulated to work part-time because the tax credit was individually based; but it also helped single people to work part-time if they wanted to (a result which is not possible in the UK for most single people, since Working Tax Credit is only available to able-bodied childless people (aged 25 or over) for ‘full-time’ work, i.e. 30 hours or more per week). There was a threat of a negative impact on wage levels, though none was found. It had a similar structure to the earned income tax credit in the US. This meant that according to Verbist et al. (2004, p. 14):

‘...the tax credit amount is higher for part-time employment than for full-time employment. This low wage trap is avoided with working tax credit [in the UK] through the bonus granted for full-time employment.’

In 2002, the decision was taken to increase the Belgian tax credit by 2004 (OECD, 2004). However, it has now been decided to replace it. This is because it was thought that the incentive offered by the tax credit was impaired by the fact that the recipients did not feel the benefit until later, at the time of settling their tax bill (which could be up to two years later, according to Verbist et al., 2004). So instead, from January 2005, there is an ‘employment bonus’, in the form of a reduction in social security contributions for employees; the income guarantee for part-time workers will also be adapted, so that they can increase their income by working longer hours (Belgian Federal Public Service of Finance, 2005).

Spain also reduced social security contributions for part-time workers as far back as 1994 (Buddelmeyer et al., 2004). In March 2002, Germany replaced means-tested support to the low-waged with families by a phased direct reduction of social security contributions (OECD, 2004).

There is not so much discussion here about the tax credits in English-speaking countries such as Australia, Canada and the United States. This is partly because much of the policy effort, at least in the first two countries, has gone into tax credits for children, rather than in-work supplements, and partly because the earned income tax credit in the US was the first of its kind to be widely analysed and is relatively well-known, at least amongst commentators and policy analysts in the UK.

### 2.3.3 Reducing hours of work

Part-time work is sometimes supported with the goal of reducing unemployment and/or redistributing employment (between men and women or between other groups).

Part-time work is commonly an entry or an exit strategy in relation to the labour market, especially for some groups; young people (often living with parents) may work part-time at first, and older workers may ‘wind down’ their participation on the way to retirement, rather than taking early retirement. Sweden, for example, had a
partial pension scheme between 1976 and 2001 which allowed people to combine pension and work before retirement age, rather than exiting completely from the labour market. It appeared that the numbers continuing to work, albeit on a part-time basis, rather than exiting the labour market completely were larger than those who would have continued to work full-time until normal retirement age (Wadensjo, 2005). The Netherlands also has a scheme to promote part-time work to keep older workers in the labour force. The OECD (OECD, 2003), however, notes that schemes for promoting early retirement on reduced working hours in Belgium and Luxembourg are complex and have had very low take-up.

2.3.4 Summing up

It is difficult to make meaningful comparisons between systems of social security which are very different. The focus of attention in the documents available may also vary, ranging from economic analyses of incentives to studies of the adequacy of social protection. Many continental welfare states find provision for part-time workers quite problematic, because of their emphasis on earnings-related provision and full-time male earnings replacement. Gray (2004) is particularly concerned, on the other hand, about whether some policies may be exacerbating the problem of low-paid, insecure forms of employment which often affect part-time workers. This is a policy issue which is perhaps particularly relevant to the 'liberal' welfare states, as Sarfati and Bonoli (2002) argue, with their combined emphasis on market mechanisms and means-tested social security provision. The Netherlands could be described as the country which has taken the mainstreaming of part-time work most seriously, in terms of equalising social protection for part-time workers. But it has done this in a different policy context from the UK’s current focus on increasing labour market participation, with more emphasis on work-life balance and on more equitable gender roles.

The next section builds on Section 2.2, about the current situation in the UK, and the sample of policy examples from other countries in Section 2.3, to consider some policy options for the future.

2.4 Future policy directions

Buddelmeyer et al. (2004, p17), at the end of their review of policies and institutions affecting part-time work in the 15 EU countries, conclude that ‘targeted policy to facilitate part-time employment represents a promising avenue worthy of further exploration’. However, we do not yet know enough about the barriers to part-time work for different groups and what might be done to overcome them, as this scoping study illustrates. It is therefore premature to put forward detailed policy recommendations. In this section we discuss instead some possible general directions for future policy.

First, a genuine policy dilemma has been identified. On the one hand, there may be a wish to encourage part-time work for those who would otherwise not be able to
enter the labour market. On the other, there may be a desire to avoid encouraging the creation and/or expansion of ‘dead-end’ or bad quality jobs; and to ensure that people do not become trapped in part-time work if they would prefer longer hours of work instead, and would be better off in the longer term if they took up full-time, rather than part-time, work. This is usually taken to mean (for example) imposing shallower rather than steeper tapers in terms of the design of any means-tested support (whether benefits or tax credits). But it could also suggest tailoring help for part-time work to particular categories of people and/or on specific situations or times of life. This is of course the case already for Working Tax Credit for parents, disabled people and some over-50s, as described above. And the transitional forms of in-work support currently being piloted for different groups (Bennett and Millar, 2005) go further in this direction. But support could also perhaps be provided in other ways on the same principle.

Secondly, it could be argued that part-time workers should be treated as individuals as much as possible. This means building up their rights to social protection as individuals, both now and over the longer term. This should not involve assuming that all individuals are able to be economically independent when they have not had the opportunities to build up such capacities in the past. But with the increasing trend towards individualisation in welfare states, as well as the fluid nature of the family, there is a limit to how appropriate an emphasis on jointly assessed benefits and tax credits can be for ensuring part-time workers’ welfare, especially in the longer term. The discussion above has identified problems of disincentives to ‘second earners’ (who will often be part-time) in both out of work benefits and in-work support which are jointly assessed. The Government states that one of its principles for ‘modernisation’ of the tax and benefit system is that financial support should be ‘assessed on a household basis where possible while respecting the principle of independent taxation’ (HM Treasury, 2005, p. 51). However, there does seem to be an inherent tension between a focus on the household for policies on financial support on the one hand and the more individualised basis of the Government’s employment strategy on the other (Bennett, 2002).

The temporary in-work credits can perhaps be seen as one way of trying to square this circle, as they operate a cruder and more individually based means test to give transitional help to people entering employment. But in principle treating people as individuals would favour the needs of part-time workers being addressed through non-means-tested mechanisms as far as possible. It is easier for non-means-tested benefits to be individually based. It is therefore also easier for them to provide security; for example, child benefit ‘follows the child’, by being paid to the main carer, through changes in benefit unit as well as labour market status, whereas an award for Child Tax Credit must be stopped and reclaimed if the benefit unit changes (for example, through separation or cohabitation).

It is also easier to target net income increases on individual part-time workers in couples, via increases in the personal tax allowance, reduction of social security contributions etc., if these are not likely to be clawed back in reductions of jointly
assessed means-tested benefits/tax credits. Whilst the reporting requirements for the new tax credits were intended to be simpler, and their responsiveness blunted in part to avoid disincentives, it is not clear that this has solved the problems caused by the need to tailor income closely to circumstances in a means-tested system. The administrative burden, for both claimant and official, of reporting occasional or small earnings which then affect the benefit claim is likely to be an incentive for fraud; yet to raise the disregards too much would vitiate the targeted nature of means-tested support (as, arguably, is the case now that the disregard is increasing to £25,000). Moreover, the trade-off for the hike in the disregard is stricter reporting conditions. There are also concerns (for example, expressed in Hills (2004), pp 255-258), about the proliferation of means-tested mechanisms for help with an increasing number of charges, and the lack of an overview of their impact.

In addition, however, it may be possible to adapt means-tested support, to create more of a floor to build on through part-time work. The disregard arrangements are key to this for people on out of work benefits (both claimants and their partners). For in-work support, the fixed awards for Family Credit and Working Families’ Tax Credit had advantages and disadvantages, as explained above. If attracting potential ‘second earners’ into employment were a priority, as well as helping those primary earners who were part-time workers to progress in the labour market, such an arrangement might perhaps be considered again. Most couples with two earners are likely to put themselves outside the range of in-work support (leaving aside additional costs such as childcare). However, there may be a question about how much the government wishes people to receive from state support in proportion to their own earnings, which is likely to arise in relation to lone parents working part-time in particular.

The remainder of this section examines proposals under the same headings as those in Section 2.2 above, and then draws some conclusions.

2.4.1 What hours of work do we expect?

The Commission on Social Justice (1994) suggested that, once a comprehensive strategy was in place for childcare provision etc., lone parents and partners in two-parent families with older children could be expected to register as available for at least part-time employment – albeit with certain exceptions, and ensuring that the risk of unsupervised children was avoided.

However, even for those without visible childcare or other caring responsibilities the issue of availability for work is not a straightforward one. The qualitative evaluation of the extension of joint claims for JSA to an older (childless) age group, for example, recommended that a more flexible signing arrangement should be allowed for partners who are engaged in part-time work (or training or caring for disabled/elderly people) (Tapp and Thomas, 2004). Arrowsmith’s analysis (2004) of the partners of benefit claimants showed that many had joint caring responsibilities for both children and disabled/elderly people, and that many were caring for children even though they themselves were childless.
From April 2004, Work Focused Interviews have been introduced for partners of benefit customers in Jobcentre Plus areas. Partners who are full-time carers with entitlement to Carer’s Allowance are exempt from these (though entitled to help from the New Deal for Partners on a voluntary basis) (House of Commons Hansard, Written Answers 9.1.06, col. 70W). But this still leaves some partners who are carers included in the groups subject to Work Focused Interviews. Perry (2005), in a discussion of ‘partners who care’, notes that ‘discussions of care and work test the limits of welfare to work policy’ (p. 5). She examines policy involving partners of benefit claimants in particular (see the discussion of Work Focused Interviews for partners above), and suggests three options for future reform: retain the status quo; remove all partners with caring responsibilities from the Work Focused Interviews for partners process; or reform this process, and the Government’s general policy towards partners, to ‘take better account of the needs/constraints of partners with caring responsibilities’ (p. 5).

Goode et al. (1998) also suggest that the current names for benefits do not always help. ‘Jobseeker’s Allowance’ suggested to some of the low-income couples with young children whom they interviewed that it was the role of only the person who received JSA (virtually always the man) to be the ‘jobseeker’ in the family. Whilst joint claims for JSA now ensure that this is not the understanding amongst most childless couples, it may still be so amongst some couples with children. Goode et al. (1998, p107) argue that:

‘a more flexible benefits system, that facilitated a dual earner model and made it easier to take part-time work, might better suit some couples on benefit and make it more likely that they would be able to get off benefit altogether.’

This suggests that looking at the names of benefits, and the expectations these convey, more critically might also be worthwhile.

2.4.2 Combining benefit and part-time work

In the recent work of the Minima Sociaux network in several EU countries, 74 per cent of the sample of unemployed claimants in the UK wanted a more relaxed regime of earnings disregards. Gray (2004, p109) states:

‘To bring disregards more into line with the continental systems would help people take part-time and temporary jobs, but how to reconcile conflicting objectives in this area is a major challenge for the future of European benefit systems.’

The Commission on Social Justice (1994) was concerned about the high marginal tax rates for those on means-tested benefits both in and out of work. At the time, Income Support25 was not available if a partner was employed for 16 hours per week or more (later increased to 24 hours per week). It wanted to reduce reliance on

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25 This would now include income-based JSA as well.
means-tested benefits as much as possible, especially by extending social insurance (see below). But it did recommend changes to means-tested benefits as well. The Commission suggested a relaxation of the rules relating to disregarded earnings for workless people on benefits (Commission on Social Justice, 1994). For Income Support, it suggested allowing the rolling up of earnings over a longer period, which would be better for those taking on casual work and could give claimants a lump sum.

Barbour (2005), after gathering evidence from local people in east London and engaging in discussions with think-tanks, academics and voluntary and community sector practitioners, suggests the following measures to improve disregards:

- index-link income disregards in line with inflation;
- increase income disregards for a limited period of time, to act as an incentive to help people move into work; and
- income disregards should be increased for specific types of work in the community (eg contributing towards regeneration).

For those on means-tested out of work benefits, the disincentive problems for partners with part-time jobs, or contemplating them, are also real. One possibility would be to allow a period of grace (of, for example, six months) once someone had lost their job and started to claim means-tested benefits before any earnings of their partner counted against their benefit entitlement. But this would be likely to do more to prevent a partner leaving their job (at least for six months) than to help them decide to enter the labour market. The principle set out above, i.e. that support should as far as possible be on a non-means-tested basis, is more relevant. Now that there are no adult dependant additions to contribution-based JSA, for example, the earnings of a partner do not count against any non-means-tested benefit entitlement. The issue here, however, is that the level of the benefit is so low that many families have to claim income-based JSA in addition to top up the contribution-based element. Even so, they are likely to be in a better position than those with no entitlement to non-means-tested benefit. The halving of the period of contributory benefit on the introduction of JSA may have made it less likely that partners would be in the labour market; but commentators now would probably argue that the level of long-term unemployment is so low that in practice this does not affect high numbers.

Earnings disregards for non-means-tested benefits for those not required to be available for work (i.e. Incapacity Benefit claimants, carers and pensioners) have already been increased over recent years (or abolished, in the case of pensioners). However, there is room for increasing the amounts disregarded in some cases, including contribution-based JSA for claimants and Carer’s Allowance for partners in particular. DWP (2006) proposes reforms for Incapacity Benefit to distinguish
between those more likely to return to the labour market and those more likely to remain on benefit longer term. Lister (2003 p 185) suggests that a new, non-means-tested, parenting allowance could be paid after the end of any parental leave period. This, she argues, would reduce (though not eliminate) disincentives for mothers to take up paid work, but seems less likely in the current context.

### 2.4.3 Making (part-time) work pay

The Commission on Social Justice (1994) recommended that passported benefits should continue to be available for up to two years for people moving into employment or self-employment, to help the poorest families take up part-time and casual jobs. Some measures have already been taken by the current government to improve the transition from benefit to paid work, and the Employment Retention and Advancement Demonstration project is also exploring how best to help people make this transition. Whilst this is relevant to both full-time and part-time job entrants (as many policy initiatives are, as noted above), such initiatives are likely to be particularly valuable to part-time workers.

The major methods of making work pay for part-time workers are currently the national minimum wage and (for some) Working Tax Credit. Given the principles suggested above, including treating part-time workers as individuals in terms of their rights where possible, the importance of the national minimum wage cannot be overstated. But since it is technically not part of the social security system, proposals for reform are not included here.

Debates about future reforms of Working Tax Credit currently focus partly on the discrepancy between its ability to reduce poverty for lone parents and for two-parent families (see, for example, Willetts, 2005). This is because the equivalence scale used in Households Below Average Income (DWP, 2005c) gives more weight to a two-adult family, whilst the structure of Working Tax Credit is based on the same allowances for both lone-parent and two-parent families. This is being used by some to argue for a dependent adult increase in Working Tax Credit. But this is a mistaken view of the structure of Working Tax Credit. As can be seen from Working Tax Credit for those without children, there is a higher amount for two-adult as compared with single-adult families; it is just that this higher amount is extended to lone parents as well. The introduction of an additional dependent adult increase would be likely to worsen the disincentive problems for potential ‘second earners’ in two-parent families.

Another issue raised in discussion of the incentives structure created by Working Tax Credit, which moves in the opposite direction, is whether in-work support should be available on an individual basis, rather than on a jointly assessed family basis. This is in effect how Working Tax Credit already works for single able-bodied people (aged over 25 and working 30 hours per week or more) and for lone parents, and single disabled people and those aged 50 plus, who qualify by working 16 hours per week or more. But on one model, such an individually based tax credit would in all cases be
calculated only on the earner’s earnings, even within a couple household. One example is the former Belgian tax credit (discussed above). In such a form, it would be performing a different function from the Working Tax Credit; rather than supporting low income for benefit units (single people or families) which contained a certain type of earner, it would be supporting low earnings directly. This would make its subsidy role more explicit and visible, and might raise more serious concerns about the threat of influencing wages in a downward direction. The Belgian tax credit has just been abolished, though this may have been more to do with its failure to ‘make work pay’, due both to its low level and to its late payment, than to do with its being individually based. A less radical move would be to introduce a disregard specific to the second earner, rather than the current overall disregard of up to £2,500 (increased to £25,000 from April 2006) earned in the year, which in the case of couples can be earned by either or both adults.

‘Making work pay’ can be achieved by reducing outgoings, as well as by increasing income. Two particularly important items for part-time (and other) workers are childcare costs and housing. The Government’s public support for childcare provision has been a turning point for parents, and in-work support for childcare costs is increasing. The percentage of costs refunded by the childcare element of the Working Tax Credit is rising from 70 to 80 per cent, and the maximum amounts are being increased. There are calls for the coverage to be extended from two to more children. The Government’s Ten Year Childcare Strategy (HM Treasury et al., 2005, para. 4.10) also suggests consultation on whether coverage of the childcare element of Working Tax Credit should be extended to cover work of under 16 hours per week. There may be good reasons for each of these reforms including the latter, which would help many lone parents in ‘mini jobs’ in particular, if they were using formal child care. (Currently, except in the case of special schemes, no allowance is made for any childcare charges which people on Income Support or income-based JSA have to pay when their earnings are being calculated in relation to the disregards) (CPAG, 2005, p. 965). But many commentators are concerned about the increasing trend towards a reliance on demand-side subsidies, and there has been a catalogue of problems with their practical operation as part of the new tax credits scheme (see, for example, Griggs et al., 2005). The OECD (2005) has recently commented on the continuing high cost of childcare provision for parents in the UK in comparison with some other countries.

There is therefore a case for more emphasis on supply-side subsidies to childcare providers, to reduce the direct costs to parents. As with other measures, this would help part-time and full-time workers. It would fit with the idea of childcare as an integral part of a child’s development, rather than merely a work-related service. It would help to reduce the necessity for means-tested support. But it would be opposed by those who believe that demand-side subsidies support parental choice of childcare provider, and that this is the priority.
Another crucial area of costs is housing. Recent reforms described in the previous section have reduced the impact of new tax credits on Housing and Council Tax Benefit. But the direction of change in housing provision is towards more differentiated prices, with the changes in social housing and Housing Benefit. Unless this is reversed, the improvements most likely to increase the security of part-time workers would be in Housing Benefit administration and in debt recovery practices by councils and other landlords. Whilst the Government (HM Treasury, 2005, para. 7.12) says it is continuing to consider the potential for further reform of Housing Benefit, there is currently no detailed programme for change. It is also worth noting that one of the groups most likely to work part-time, i.e. young people, also has lower entitlement to benefits, including Housing Benefit, than other people. This has been justified in the past in relation to the lower pay which younger people may earn, and to the fact that many may still be living at home, and there seem to be no plans for change. But these lower benefit levels are likely to result in low total income levels for some young part-time workers as individuals.

Housing Benefit, however, does raise another issue which is more important to those on low income than many commentators realise: administration. There have been several improvements for people making the transition from out of work benefits to wages and in-work support (see Bennett and Millar, 2005). But the impact of the disruption to people’s lives which can be caused by complex rules, compliance requirements and maladministration is difficult to understand for anyone who does not know about it at first hand. Complex rules about transitions, different ways of treating part-time and full-time work etc., can be very hard to cope with for benefit recipients who are in any case often living on the margins in terms of both income and social support. Such issues can seem mundane to many, but may make more difference to someone contemplating entry into part-time work than many headline-catching reforms of the financial support system.

2.4.4 Protection for part-timers

The OECD (2003) notes that ‘the solution of part-time work entails certain risks and should be backed up by appropriate policies’; this is not only because of its limitations in terms of career prospects, but also because ‘it does not always enable working women to achieve real financial independence from their spouses or the social assistance system’ (p. 136). This report includes not only policy suggestions about making it easier for people to move from worklessness to part-time work but also ideas about bringing part-time work into the mainstream by assuring and improving social protection for part-timers. Pension provision is particularly important here.

The Commission on Social Justice (1994) suggested reforming the national insurance scheme to match the modern labour market better; it wanted ‘a flexible benefits system to match the increasingly flexible labour market’ (p. 156). Whilst the Labour Government has implemented some of its practical suggestions, the importance placed by the Commission on a reformed social insurance scheme as a central plank of the social security system in the UK has not been followed through.
The Commission argued that men found it particularly difficult to take up part-time work, in part because of gender stereotypes, but also in part because they were less likely to have an employed partner. Its report envisaged a new social insurance system which embraced people who worked for part of the week or part of the year, as well as those in permanent full-time jobs. It suggested extending national insurance to cover those working eight hours per week or more, and increasing the use of credited contributions. The Commission also suggested bringing more benefits within the scope of social insurance, including benefits (full or partial) for carers.

A key recommendation of the Commission was the creation of a part-time Unemployment Benefit:

‘Although it is perfectly reasonable to expect people without caring responsibilities to be available for full-time employment, benefit rules should also respect the fact that many people with dependants to care for will actively choose part-time employment; unemployed workers with family responsibilities should therefore be allowed to look for a part-time job without losing their benefit.’

(Report of Commission on Social Justice, 1994, p. 236)

One alternative it suggested was to average the previous hours of work of the unemployed person to determine whether they were entitled to partial or full benefit, and then allow them to continue with partial benefit (time-limited and with an earnings limit) if they took up a part-time job. Another was to give Unemployment Benefit in full to any unemployed person regardless of previous working hours, subject to a maximum percentage of their previous net earnings and allow them to keep their benefit for a certain period (with a limit on total benefit and earnings) if they got a part-time job. A third was to give Unemployment Benefit not on the basis of prior employment record but on current availability for work (with a maximum in terms of their previous earnings if they were looking for full-time work now), but to give part-time benefit if they were looking for part-time work. There would be an overall earnings limit to prevent well-paid part-time workers claiming part-time benefit too. The costs would depend on which approach was adopted, and on savings in means-tested benefits.

Purcell et al. (1999) recommended the inclusion of part-time and low-paid workers in the national insurance system in the longer term. Some steps have already been taken towards this by the current government, as described above. But the Social Security Select Committee’s report into the contributory principle (2000) made several further recommendations to reform the national insurance system to be more appropriate for part-time workers. In particular, it suggested extending the new eligibility threshold for Maternity Allowance of £30 per week to certain other benefits, including Incapacity Benefit, JSA and the basic state pension. It also recommended helping low-paid workers to enter the ‘zero rate band’ for National Insurance Contributions by freezing its lower edge in cash terms, thus allowing
inflation gradually to raise the number and proportion of workers entitled to national insurance benefits (especially pensions). The Equal Opportunities Commission has also called for the lower earnings limit to be reduced to give wider entitlement to the basic pension (and other national insurance benefits). The extra number of jobs entitled to benefit if the lower earnings limit were reduced by £10 per week in 2006-07 would be 90,000 men’s jobs and 280,000 women’s jobs; the cost to the National Insurance Fund of reduced contributions (largely on contracted-out rebates) in 2006-07 would be £360 million (House of Commons Hansard, Written Answers 19.10.05, cols. 1105W-1106W). At a Labour Party National Policy Forum in 2004, it was agreed that the Government would carry out a review of the lower earnings limit in determining access to benefits for low-paid workers to help inform the national pensions debate (House of Commons Hansard, Written Answers 20.7.05, col. 1819W).

It would also be possible to re-examine the way in which National Insurance Contributions are used to qualify for benefits, both to modify the different speed at which higher- and lower-paid workers currently build up entitlement and to ensure that patchy employment records (which may be more likely with part-time than full-time work) do not have such a disadvantageous effect. There is a case for the reintroduction of partial benefit in return for partial contributions, which was abolished in 1986. This would give more partners their own non-means-tested benefit income when out of work, rather than having to rely on their partner.

There is also scope for improving categorical (non-contributory, non-means-tested) benefits in terms of both the numbers qualifying and their levels. For example, the eligibility conditions for Carer’s Allowance could be relaxed considerably to include more people; and the level could be increased to match that of contributory benefits. This would mean that more partners would be in a position to have their own individual benefit and would also be able to earn at least part-time without suffering such a high marginal deduction rate as if they were reliant on means-tested benefits.

2.4.5 Reducing hours of work

Some countries (see Section 2.3 above) have created schemes for people to ‘wind down’ to retirement by subsidising their earnings when they go part-time rather than continuing in a full-time capacity. In the UK, however, the state pension age is being raised for women, and there has been talk of raising it further for both sexes. The main thrust of the Government’s current interest in part-time work and social security is to draw higher numbers into the labour market, rather than to encourage those working full-time to go part-time. It is therefore unlikely that it will adopt such schemes – unless this might be a way of encouraging people to work on beyond retirement age.

27 Some of these jobs will be second jobs, whose occupants are already entitled to benefit from their main job. The Written Answer also gives figures for a reduction in the LEL by other amounts.
However, there is a case for discussing deliberate reductions of working hours for some people, and whether the social security system might have a role to play. The Trades Union Congress (cited in Financial Times, 6 January 2005) suggests that workers put in unpaid overtime worth £23 billion in 2004. The ‘long hours culture’ in the UK is often cited as an obstacle to satisfactory work/life reconciliation and as a contributory factor to work-related stress. Fathers of young children are particularly likely to work long hours. There is a combination of factors at work here, including low hourly pay levels and the high cost of child care in the UK, as well as a traditional gendered division of labour. There has not been much exploration of the implications for benefit provision of moves to deliberately encourage some workers to go part-time rather than full-time; but the issues discussed here about ensuring adequate social protection for part-time workers would be likely to be important.

One major group to whom this might be relevant is parents/carers. The key policy here is geared to the labour market in terms of encouraging flexible hours of work, rather than to social security provision. Parental leave could be used as part of the arrangements for flexible working. This means that it could be used to combine employment and caring, with paid leave for part of each week combined with employment for the rest of the week. (Koopmans and Schippers, 2004, argue that this is now very common in Europe.) Many commentators agree that parental leave must be paid in order to have an impact on labour market behaviour, and that to attract men it would need to be earnings-related. This could be seen as part of social protection, understood in a broader sense.

It must be acknowledged also that some potential policy reforms in the benefits system might mean people leaving part-time work. Duncan et al. (1994) investigated various options for individualising benefits for the Equal Opportunities Commission, and argued that some part-time workers might leave the labour market if some forms of benefit were available to them instead. Debates about the individualisation, or partial individualisation, of means-tested benefits have moved on since then, however, and whether such an outcome occurred could depend on other factors (such as the degree of conditionality attached to the receipt of any such benefits).

2.4.6 More radical reforms?

More radical ideas for reform are sometimes put forward. The extremes of non-means-tested and means-tested support are represented by basic income on the one hand and negative income tax on the other. These were examined by the Commission on Social Justice (1994) in terms of the integration of social security provision and income tax. But they can also be seen as relevant to the debate about supporting part-time workers.

Taylor (1998) recorded that the Government had considered the scope for bringing Income Support/income-based JSA and Family Credit (in-work support) together to ease the transition to work, but were not keen because it risked blurring the distinction between being in and out of work. (Part-time work could of course be said to do the same.) He said the same about basic income and negative income tax, and argued that to provide sufficient income for those out of work they would require high marginal tax rates.
Basic income is the epitome of a ‘floor’ of income for everyone, individually based and unconditional in its pure form, and allowing people to build on it by their own efforts. But its guarantee of income to able-bodied adults regardless of work effort is usually thought unlikely to attract sufficient political support in the UK for it to be paid at an adequate level for those who were unable to work or who could not find jobs. Negative income tax is examined by the Government in a recent report (HM Treasury, 2005) and also found wanting. It would make up income to a certain level, again regardless of work effort but on a jointly assessed, means-tested basis. The Government argues that it blurs the distinction between work and non-work, and that it is not compatible with independent taxation. Neither of these more radical reforms therefore currently appears to provide politically feasible or workable solutions.

Some people would argue that now that an integrated system of support for children regardless of parental employment status has been created, this means that integration of support for adults in and out of paid work should be easier. This may be true in the sense that taking children ‘out of the equation’ may simplify the issues involved.28 However, creating the equivalent of a negative income tax or basic income for children has always been easier than creating one for adults, because issues related to labour market participation do not arise. The ‘blurring’ of the distinction between work and non-work is not a relevant issue when considering benefits for children. In terms of debates about reform, therefore, the main issues have probably not changed.

28 This can be seen as problematic, however, in terms of (for example) there being more scope for sanctions on adults whose out of work benefits will no longer include allowances for children.
3 Conclusion

Jane Millar and Fran Bennett

Part-time workers make up about one-third of the workforce, with seven and a half million people working part-time. Women are much more likely to work part-time than men. Two-fifths of employed women work part-time compared with just over one in ten employed men. Men work part-time when they are younger and studying, or when they are older and starting to reduce their engagement with the labour market. Otherwise men who work part-time are often men who are unable to find full-time work, either because no suitable jobs are available or because they are unable to fill the full-time jobs that are available. By contrast, however, women part-time workers can be found at all ages. Part-time work thus plays a part in women’s lifetime patterns of employment, in a way that does not for men.

There is a strong occupational and industrial divide between part-time and full-time work. Part-time work is concentrated in the service sectors, and is rarely found at management levels. It is generally of poorer quality than full-time work. Part-time work is typically lower-paid, in both the short and longer term. There is usually limited access to training and under-utilisation of skills. Part-time work may involve atypical hours and shift working, the jobs are less stable than full-time jobs and part-time workers are less likely to be represented by trade unions. Part-time jobs with very short hours seem to be of particularly poor quality and more insecure. Part-time work does not necessarily offer flexibility in terms of work schedules, although it is more likely to do so than full-time work. Part-time workers are just as likely to be satisfied with their jobs as full-time workers. Women in part-time jobs are the most likely to be satisfied with their hours and pay, and most say that they choose to work part-time to fit with their family responsibilities. Part-time work can be a trap, however, and moving to full-time work will often involve a change of employer.

Most unemployed people would prefer full-time work, especially unemployed men. They view part-time work as synonymous with poor quality jobs, and are concerned that working part-time might hinder, rather than help, them to find full-time work. There is little incentive, financial or otherwise, for people to take up part-time work while they are in receipt of benefits. Lone parents are one group where there is real
support for part-time work in the 16 hours per week plus range. Tax credits provide a crucial extra element of financial support for this. But the financial gains can still be limited if there are work costs to meet, including childcare costs. Inflexible hours of childcare providers can also be a problem, especially in respect of covering part-time but atypical work schedules.

The relationship of part-time work to social security provision raises some crucial policy issues and dilemmas. Even when part-time work is the specific policy target, the current system is rather piecemeal and ad hoc. But perhaps even more importantly, there are various current policies that have an impact on the social security position of part-time workers although not specifically directed at them. There do not seem to be clear principles or goals underlying some policies, though the policy dilemmas revealed suggest that this could be difficult to achieve.

It is also clear that we need to know more to have a better informed debate about future policy alternatives. This should include research with employers about their use of part-time workers, an update of the research on options for and attitudes to part-time work among people who are currently out of work, and more analysis of the routes into full-employment and the role of part-time and temporary work in this process. Participatory research which starts from the position of those trying to create a sustainable livelihood, and tries to explore their preoccupations and priorities, would be a particularly useful tool in this complex area. One recent exercise of this kind, which engaged with groups of people experiencing poverty around the UK, reported a call for a simplified and more responsive benefits system so that people can take part-time or temporary work where available (Get Heard press release, 31.1.06). It would also be helpful to have a more comprehensive cross-national review to investigate how part-time work of different kinds is treated within the social security systems of different countries.

In considering policy options, it is important to note that there are genuine policy dilemmas that are difficult to resolve. Supporting part-time work may open up opportunities for people who would otherwise not be able to enter the labour market. But it is also important not to place barriers in the way of full-time work for people would prefer longer hours and who would be better off in the longer term if they took up full-time, rather than part-time, work. In addition, the quality of much of the part-time work currently on offer is lower, on a range of indicators, than the quality of full-time work. An increase in ‘dead-end’ or poor quality part-time jobs would not meet the goal of reducing poverty in work, nor would it advance equal opportunities aims. Ongoing wage supplementation may be necessary to make part-time work pay, but this raises questions about how much people should receive from state support in proportion to their own earnings, especially in the long term. And there is also a need for a longer-term perspective in respect of the individual social protection needs of people who spend some, or most, of their working lives in part-time employment.
Raising earnings disregards, providing time-limited in-work support for individuals in part-time jobs, and tailoring support for part-time work to particular categories of people and/or on specific situations or times of life, are among the measures that could increase the opportunities for part-time work. Various ideas have been put forward for ways to reform the national insurance system to make it more appropriate for part-time workers. More radical ideas for reform have also been put forward, for example a basic income scheme which would support part-time workers with an income guarantee, but these have more far-reaching implications.

The latest proposals for welfare reform include measures to encourage work-related activities among lone parents on Income Support and Incapacity Benefit recipients (DWP, 2006). This offers a more flexible approach to part-time work, at least for these two groups, though the Green Paper suggests that for incapacity benefits claimants at least the long-term goal is still full-time work where possible.

Policy reforms can be designed to encourage more people to take up part-time work. But it is also important to recognise that employment, even part-time employment, is not appropriate for everyone at all times, as reflected in the important welfare reform principle of ‘work for those who can, security for those who cannot’.
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