The role of work in low income families with children – a longitudinal qualitative study

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A report of research carried out by the National Centre for Social Research on behalf of the Department for Work and Pensions
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Abbreviations

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<td>ChB</td>
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<td>Council Tax Benefit Run-on</td>
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<td>CTC</td>
<td>Child Tax Credit</td>
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<td>DWP</td>
<td>Department for Work and Pensions</td>
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<td>Employment Zones</td>
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<td>National Centre for Social Research</td>
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Summary

Chapter 1 – Introduction and research design

This report presents the findings of a qualitative study that explores the longer-term effects of working on families with children. The research was carried out by the National Centre for Social Research (NatCen) on behalf of the Department for Work and Pensions.

The study was longitudinal and followed up a sub-sample of two earlier studies conducted by NatCen on behalf of the Department. These were ‘Easing the Transition to Work’ (Harries and Woodfield, 2002) and ‘Low-Income Families and Household Spending’ (Farrell and O’Connor, 2003). Both focused on the effects of moving from benefit to work.

Research has generated considerable insight into what makes for a successful transition between benefits and work. The key factors implicated include the level of earnings, the existence of pre-work debt, the level and make up of financial support from Government, and family type or size. Much of the focus of existing research has been on families’ initial moves into work, however, we know surprisingly little about how families fare over the longer-term. In particular, little qualitative research exists that explores the factors sustaining work over time or that prompt a return to benefits. This study, therefore, sought to explore the role of work amongst low income families in the longer-term, to understand the factors that influence it, and to explore the effect of work involvement on financial, material and psychological well-being.

The sample for this study was derived from respondents to the ‘easing the transitions’ and ‘low income families’ research, the fieldwork for which took place between November 2001 and August 2002. The combination of both samples offered a unique opportunity to explore the longer-term effects of work. Following an initial approach, 37 people gave consent in principle for involvement in this follow-up study, from which 29 eligible interviews were conducted. Interviews were generally conducted in respondents’ homes and tape recorded with their permission.
The data from this interview and the initial interview for each case were then analysed together using Framework, a thematic content analysis method for analysing qualitative research.

Chapter 2 – Sample description and context

The sample comprised 29 respondents, all of whom were from families with dependent children. Respondents were predominantly white, female, and most were aged in their thirties or forties.

Two-thirds of the sample were couple families while the other third comprised lone parent families. Some families had undergone a change in family type. The number of dependent children ranged from just one child to a maximum of five children and just over half of the families had a youngest child aged over eleven. The number of dependent children had also fluctuated over time – four families had new children born to them and two others had children who had departed the family home.

The experiences of work recounted during the study demonstrate a diversity of labour market experience in the intervening period, for the main household respondent. The vast majority of the sample (23) were still in paid work at the time of interview. Of these, roughly half (12) were still in the same job and the others (11) were in a different job. The experiences of job mobility varied, ranging from one job move to six, and the move between jobs was not always seamless, with experiences of worklessness ranging in duration. Among the six respondents who were out of work, there was a diversity of perspectives on their future relationships with the labour market.

Lone parents were usually the sole breadwinner in their households, while in couple households there was potential for greater adult involvement in work, even if this was not always exercised.

Jobs were in a variety of sectors including the service industry, social care, education, administration and manufacturing and were rarely at a senior level. Job mobility happened both within and between sectors. The majority of those in work (14 out of 23) were in full-time work of 30 hours or more. Nine worked part-time.

Household income was derived from a range of different sources. Nearly two-thirds of the sample relied on wages and tax credits, while a further four (out of 29) households were also in receipt of other benefits such as Housing Benefit (HB) and Council Tax Benefit (CTB). Wages were the sole source of household income for five households. The remainder were those households without involvement in work who lived solely on benefits. The value of household net income ranged from under £500 a month to sums in excess of £1,500 per month, though almost two-thirds earned between £500 and £1,500.
Chapter 3 – The factors that influence work

There is much consistency across the two waves of research on the factors that sustain involvement in work. Six factors feature in the experiences described at both waves: financial gain; better living standards; psychological benefit; motivation to work or escape benefit; childcare; and support from family and friends. However, in this subsequent wave, childcare was considered less important where children were older, and there was reduced reliance on the financial and material support of families and friends by those who had sustained work without interruption. Desire to escape benefit had ceased to be a motivating force for all but those who had made recurrent moves between work and benefit.

While there are factors common to both waves of research, sustainability at Wave Two appears to be governed by a broader set of considerations specific to the nature of the job and working conditions. Of key importance in making people stay in a job long-term were the:

- nature of the job and work activities;
- relationship with colleagues and employer;
- possibility of progression at work;
- ‘fit’ of the job with other commitments and aspirations.

Important as it is to understand the factors involved in sustaining work, it is equally imperative to comprehend the factors that bring about a change in work circumstances. People left a job in two distinct ways: through resignation or because a job came to an end. Unsurprisingly, the factors that can lead an individual to leave their job correspond with the kinds of factors that sustain work, except here they have the opposite effect.

Job mobility happened either with a gap between employment or a seamless transition into a new position. The tools people used to find work included Jobcentre Plus, personal or professional network contacts, local media, commercial employment agencies, and by making speculative applications to local employers.

There was similarity in the characteristics of those who moved seamlessly between jobs. Moves were generally planned and, moreover, they rarely identified any barriers to work or any serious work constraints. They also expressed perhaps the most positive attitudes towards work. Where gaps occurred in people’s involvement with work, they were undoubtedly affected by the presence of barriers to, or constraints on, work, including:

- limited work experience;
- age;
- location;
- nature of caring responsibilities;
ill-health or disability;
low desire or motivation to work.

Chapter 4 – The role of Government support

The families in the study had experienced a wide range of Government support before, during and after their ‘initial’ transition into work.

Receipt of tax credits was a common experience. Many families who had sustained work between the two interviews reported continued reliance on tax credits. There were also families who were not claiming tax credits at the time of interview, those who were not claiming at the initial interview as a result of higher incomes, and those who had fallen out of work.

Tax credit receipt was clearly distinguished from other forms of benefits received in the past. While there was acknowledgement that they of course were a form of Government assistance – they were viewed more commonly as a composite part of household income and more akin to wages than benefits.

Change to the level of tax credits received was a subject of much discussion. This is perhaps not surprising given that tax credits are a vital support to those families on the lowest income and an important component of household income for many of the families interviewed. While there were examples of smooth changes, people’s experiences of changing levels of tax credits could be onerous. Critical issues were the time taken to administer change and the potential for miscalculation.

There was considerable variation in how any change to the level of tax credits received was interpreted. This was guided by an understanding of how tax credits are calculated and how changes in tax credits corresponded with broader financial circumstances.

The role of tax credits in sustaining work depended largely on the proportion of income they comprised. It is hardly surprising that they were viewed with greater importance by households with lower levels of earnings from work. Without the income supplements received through tax credits, these families felt it would be hard to survive financially.

The continued receipt of HB and CTB played a significant role in making work financially viable for households that had a minimal involvement in work. However, delays in the administration of these benefits compromised their usefulness for some.

In periods of worklessness, families relied on a range of different types of financial support from the Government. In the absence of income from work this financial support played a central role in meeting households’ basic needs.

The Department provides a range of advice services used to support those out of work in their search for future employment. These are provided by Jobcentre Plus, sometimes in partnership with other agencies. Not everyone needed to use these
services. Some were well-equipped to make successful moves between jobs themselves, had few barriers, keen job search skills, and generally knew where and how to target their efforts to find replacement work. However, where there was a need, usage was still inconsistent. People’s use of the services available was guided largely by the impressions formed during previous encounters – those with more positive encounters returned, while those with negative ones did not, or delayed their use of these service by exhausting other avenues first. Two aspects of the service provided seemed particularly salient in influencing views:

- the relationship with staff or more particularly with advisers;
- the ability of the service to locate the ‘right jobs’.

Chapter 5 – The financial implications of work

Household income was generally drawn from a range of common sources: wages, tax credits and benefits. As entitlement to benefits and tax credits is based largely on income, fluctuations in this led to corresponding change in other components of income. This meant that for some families, there was change in the value of the different components, but little overall change in their net income. However, some families did experience either net gain or net loss of income for a variety of reasons.

Sustained work was a key influence and recurrently led to retained or increased levels of income. Where work was interrupted, it led to corresponding decreases in income for many families. Changes to the nature and size of families also produced fluctuations in income. Furthermore, increases in income sometimes resulted from windfalls or other one-off payments such as inheritances or redundancy payments.

While the level of income was important, the skill with which households managed their income determined the extent of other financial change within the household, specifically expenditure, the level of savings and the accumulation of debt. There were markedly different levels of financial skill amongst the families interviewed. Where it was effective, it meant that families were able to respond swiftly to change in income and avoid deleterious impacts. Key influences on the degree of financial skill exercised included current or past experience of dealing with money, access to financial services, family type and involvement with work.

Household expenditure was generally seen to fall into two categories – core or essential expenditure and spending on luxuries – though the precise definition of these categories varied across families. Perceptions of income, rather than actual income, guided expenditure decisions. The more financially skilled gauged this better and, consequently, made more astute choices about where to direct their income.

Involvement in work has led to greater use of financial services generally, and more access to (if not use of) sources of credit and debt such as bank overdrafts, hire purchase agreements, and credit or store cards. Other noticeable patterns included
a move away from credit sources charging high levels of interest to more reputable sources such as banks. While work involvement led to expanded access, falling out of work did not necessarily lead to reduced access immediately. This led some to utilise forms of credit in times of need and thus accumulate debt that they would not have had access to had they remained on benefits.

Changes in income coupled with levels of financial skill affected not just the sources of debt but also the levels accrued over time. There were distinct patterns among the sample:

- Avoidance of debt. There was a strong aversion to debt among this group born out of past experiences or attitudes inherited from parents. This was retained regardless of the financial circumstances.

- Reduction of debt. Families in this group generally exhibited an increased resolve not to use debt. This was often as a consequence of bad experiences of their own or of family and friends. Sustaining work was a key driver of reduced levels of debt.

- Increased reliance on debt. This happened for a variety of reasons including improved access to sources of debt and credit, increased financial confidence in a household’s financial security as a result of sustained work, and movement out of work for longer periods.

There was little, if any, saving reported by families at the first interview. This has unquestionably changed over time for some families. Those who had sustained work, managed the income from work well, and reduced or avoided debt had begun to show increased willingness and ability to save.

Chapter 6 – The material impacts of working patterns over time

The previous ‘low income families’ research explored the impact of work on living standards, noting implications for food, housing, clothing and luxuries. It identified households that were significantly or moderately better off, who experienced the greatest impacts to living standards, and families who were only slightly better off or even worse off in work who experienced very few, if any, positive material impacts.

The relationship between families’ financial well-being and their associated material circumstances was not necessarily a straightforward one. Where households experienced a rise in disposable income this could give them more money to spend on material things. However, households who sustained working but did not experience any significant rise in disposable income could also find their material circumstances affected by improved access to credit and debit agreements.

Financial priorities appeared to have changed little since families moved into work. People still cited housing costs and food as taking precedence over other forms of
expenditure. However, families whose financial circumstances had much improved additionally cited savings and home improvements as financial priorities.

Human priorities were predominantly unchanged too. Children were still the stated priority. However, where children were older, and families’ financial circumstances allowed it, parents were more able to fulfil their own needs and desires.

Families continued to experience change to their living standards in relation to housing (home improvements and tenure), food (quality and quantity), and clothing. These effects were either positive or negative depending on other financial circumstances.

The ability to afford luxuries was a further illustration of changes to a family’s well-being. Such effects tended to be felt after any changes to financial status, priorities for spending and living standards.

The range of circumstances leading to a change in material well-being were wide and varied. Positive implications were often apparent where a lone parent had sustained full-time work, or where at least one adult in a couple family had sustained working. Where people had fallen out of, and had moved back into, work they were beginning to feel material benefits similar to those reported at the ‘initial’ transition into work. Where a decline in material well-being was reported, families tended to have experienced a move out of the labour market either permanently or for extended periods of time. Good financial skill helped to mediate the effect of not working on living standards.

**Chapter 7 – The psychological impacts of work**

In as much as work has a range of financial and material effects, it was also at the root of a range of psychological impacts for adults and their children.

The ‘low income families’ research highlighted a range of psychological effects originating from a transition from benefit into work. These were shown to make an important contribution to people’s lives and to be key in encouraging them to stay in work. In the interviews for this study, the role of work in generating a range of psychological effects was again apparent, in broadly the same ways. Indeed, there is a great degree of consistency described at both waves, indicating that the types of benefits and drawbacks experienced in the early stages of work continue to be felt over time.

Work created positive psychological impacts for adults in two ways: how a person viewed, or felt about, themselves (increased self-confidence and self-esteem, feeling of purpose or worth, sense of achievement, independence, and feeling ‘normal’) and how they related to, and interacted with, others (at work, with partners, and with children). Work however was not seen to be without its drawbacks and there was recurrent discussion of the negative psychological effects of being in work. These related to the pressures of juggling work and home life, the
stress arising from work itself and the financial uncertainty that can result from managing on a low income, work mobility or both.

How psychological effect was experienced did vary and the combined effect for respondents ranged from those who experienced a high level of positive psychological benefit from work, to those who experienced only partial benefit, to those whose experience was dominated by negative psychological effects.

The degree of psychological benefit derived from work is not fixed and is influenced by a variety of factors including the work itself, the financial and material implications and the shape and nature of family commitments. In as much as these factors are likely to change, the range and nature of psychological effects can also change, such that individuals can derive more or less psychological benefits over time. To assume, however, that psychological well-being was dictated only by the presence or absence of work would be incorrect, perhaps more important is the fit of the job with family responsibilities and wider work aspirations.

In as much as work was felt to have a psychological effect on the adults involved, it was also portrayed as having significant psychological ramifications for children in the household. The ‘low income families’ research focused specifically on the psychological benefit of work for children and there was very little evidence of change in the range of effects experienced in the longer-term. Children were said to be happier because of the material benefits afforded by adult involvement in work. Income from work meant that they could do more and fit in better with their peers. It was also seen to be beneficial for relationships between children and their parents. Work was also seen to have negative repercussions for children because it meant a reduction in parental involvement or attention. This was said to foster a resentment of parent’s work amongst some children.

There was an apparent trade off in parents’ minds between the positive material benefits of work for children and the negative psychological effects of work. Where the perceived ill effects were considered too great then they reduced parental involvement in work.

The experience of work or, more accurately, the experience of combining work and family responsibilities, had a clear influence on future aspirations for adults. It also influenced their hopes that their children’s future would be successful and free from reliance on benefit.

Chapter 8 – Conclusion

The experiences recounted over the two waves of research suggest an experience of ongoing flux, rather than simple ‘transition’, which is exacerbated and mediated by a wide variety of circumstance. Work status, family size and composition and financial skill are uppermost in the range of ‘variables’.
There are core factors that influence sustainability, with financial, material and psychological benefit being the most important. However, continued involvement in work has changed people’s expectations of work. In the second interviews there was much more emphasis on the job itself, the income it generates and how it matches with family commitments and obligations. This finding underscores the importance of matching people with work that, as far as possible, meets with their broad aspirations and their family commitments. It also supports employment policies that aim to create more family friendly work environments.

This research demonstrates that the support provided by Government has an important role to play in sustaining involvement in work and in helping people to re-enter the labour market following job loss.

Tax credits appear from the evidence collected to have the sort of beneficial effect on household finance that was envisaged at their inception and, in the main, are embraced as a form of support that is distinct from benefit. However, their effectiveness as a mechanism of support for low income families had been hampered by apparent delay and miscalculation. There was a lack of awareness of the different components of tax credits and a concomitant lack of knowledge of how the value of different components are determined, and this can only serve to obfuscate their role and compromise their usefulness. Tackling these issues is undoubtedly a primary objective of the Inland Revenue, but until it is achieved, the utility of tax credits will continue to be compromised for some.

The variable use of Jobcentre Plus underscores the importance of real engagement with the needs and aspirations of jobseekers, so that realistic expectations can be met where possible, and unrealistic ones can be openly acknowledged as such.

Comparing the experiences of those who sustained and did not sustain jobs shows that there may be a role for Jobcentre Plus to offer those who have a history of worklessness or labour market mobility the option of a more ongoing mentoring or support facility. There may also be a role for employers here in pinpointing who might benefit most from such support and in facilitating the provision of such support through the workplace.

The financial and material benefits of work have a decisive role to play in its sustainability. The crucial role played by financial skill in ensuring that families experience benefit and minimise detriment cannot be underestimated and can only prompt us to consider how these skills can be better supported where they exist, and engendered where they are absent. A slightly broader set of aims for Jobcentre Plus could help here in acting as a gateway to potential sources of advice or support in navigating the financial instability that can be associated with recurrent moves into and out of work. More generally, this research supports any initiative – by Government or otherwise – that aims to increase financial skill amongst those living on a low income.
This research again highlights the psychological effect of work on adults and children. Maximising the experience of psychological benefit is important because it is one of the primary drivers of sustained involvement in work, particularly where the work itself is neither financially nor materially beneficial. Again, employment policies that create better workplaces and make it easier to combine work and family life are important here.

The experiences of adults undoubtedly have an effect on what they hope for and demonstrate to their children. The positive effect of such role modelling on the future lives of young people should not be underestimated.
1 Introduction

This report presents the findings of a qualitative study that explores the longer-term effects of work on families with children. The research was carried out by the National Centre for Social Research (NatCen) on behalf of the Department for Work and Pensions.

The study was longitudinal in nature and followed up a sub-sample of respondents to two earlier qualitative studies conducted by NatCen on behalf of the Department. Both earlier studies focused on the effects of moving from benefit into work. The first, entitled ‘Easing the Transition to Work’, evaluated the ‘Job Grant’ initiative within the broader context of other back to work support measures with a range of family types, including those with children (Harries & Woodfield, 2002). The second, bearing the title ‘Low-Income Families and Household Spending’, explored how low income families with children spent any increase in income generated by a move from benefit into work (Farrell & O’Connor, 2003). The samples generated by these studies afforded a unique opportunity to explore the effect of work over the longer-term and so a further piece of research was commissioned by the Department. This report reflects the key findings suggested by both waves of data.

This chapter gives some background to the research, outlines the precise objectives of the study, and gives a description of the research methods used to conduct it.

1.1 Background

Over its life course, the Government have designed and implemented a wealth of policies and initiatives to increase participation in work. Central to these have been programmes to support people in finding work (such as the so-called ‘welfare to work’ programmes like New Deal for Lone Parents), and assistance to facilitate a smooth transition from benefit into work – such as various benefit ‘run-ons’. Much has been written about the effect of these policies (see for example – Graham et al, 2004; Evans et al, 2003; Hasluck et al, 2004 and Buchanan et al, 2004). In addition, we now know a great deal about the initial transition into work. Indeed, the two earlier studies, to which this study is a follow up, have generated considerable insight into what makes for a successful transition between benefit and work. For
instance, Harries & Woodfield (2002) identified a broad range of factors that affected households in the first four weeks of work, including:

- whether there were dependent children in a household;
- whether there were relatives willing to provide financial support;
- the timing and delivery of the first wage;
- the timing and content of transitional support;
- the nature of pre-existing debt and repayment schedules;
- household cycles for bill payments;
- the availability of informal support through family and friends;
- access to formal financial support, such as credit arrangements or loans, to bridge the gap;
- existing confidence or nervousness around household budgeting; and
- the extent to which new unexpected expenditure accompanied the move into work and upset household budgets.

The ‘low income families’ research (Farrell & O’Connor, 2002) examined a slightly longer period following the move into work – up to 24 months in some cases – and pinpointed some of the same factors, particularly the additional costs associated with a move to work, the degree of financial skill a household possesses and the existence of pre-work debt. It also emphasised the role played by these factors in mediating the actual level of income increase following a move into work. Moreover, the ‘low income families’ research also highlighted a range of material and psychological effects derived by adults and children from involvement in work.

The findings of these two qualitative studies both reflect and are supported by a range of other research in the field of low income and poverty. Jenkins and Rigg (2001) found that characteristics associated with shorter spells of poverty were having fewer dependent children in a household, not having a child under five in the household, having more adults in the household, having one or more adults in paid work, and the shorter time that the spell of poverty had been in progress. Indeed, Jenkins et al (2001) also emphasise the importance of changes in household earnings for households to exit poverty. The presence and level of debt has also been an issue implicated by other research as affecting the transition into work (Graham et al, 2004). In particular, analysis of the Families and Children Study conducted by Kasparova et al (2003) found that lone parents without problem debts were more likely to move into work. Those lone parents who moved into working 30 hours or more a week saw the greatest reduction in their debt level. In contrast, couples with debts were more likely to enter work than those without such debts. This suggests that whereas lone parent problem debts may prevent movement into work, this is less true for couples. The role of family type in gaining or sustaining work is not entirely clear. Kasparova et al (2003) suggests that lone parents who re-partner are more likely than those on their own to increase working hours, but are also more likely to decrease or move out of work completely.
1.2 Objectives of the study

Much of the focus of these studies is on families initial move into work and the factors that precipitate or sustain that. We know surprisingly little about whether these issues continue to be important to families in the longer-term – either in sustaining them in work and/or in preserving an adequate standard of living. In particular, little qualitative research exists that explores the factors that sustain work over time, or that prompt a return to benefit receipt. The aim of this research was to bridge some of these gaps in knowledge. By examining families’ experiences between the two interviews, the study sought to explore the role of work in their lives, specifically to understand:

- the nature and length of the transition period following a move into work;
- the dynamics of work following the ‘initial move’ and the factors that influenced these;
- the nature of career progression;
- the receipt of, and role played by, support over time;
- the nature of ongoing changes in income and expenditure and the effect of financial status;
- ongoing use of, and access to, financial products and services;
- the level and nature of debt experienced;
- the material benefits of a sustained move into work for parents and children; and
- the continued psychological benefits of being in work.

1.3 Research method

The study used qualitative research because of its exploratory and explanatory power. Qualitative methods set in context the experiences of respondents, thus helping the research identify and explore factors affecting working life over time. This section gives an overview of the research design and methods used.

1.3.1 Sample design

As noted above, the sample frame was drawn from two earlier studies conducted by NatCen on behalf of the Department. The original ‘easing the transitions’ sample was derived from various administrative databases held by the Department and the Inland Revenue. The ‘low income families’ sample was derived from the panel of families that make up the Families and Children Study (FACS). The fieldwork for ‘easing the transitions’ study was conducted in winter 2001/2002, while interviews with those in the ‘low income families’ study was slightly later in August 2002.
As an initial step, NatCen undertook a feasibility exercise to establish whether the samples from both studies would be sufficiently rich and diverse to meet the aims of this second wave of research. Also, and perhaps more importantly, this preliminary stage aimed to identify whether families were willing to participate in a follow-up interview. Respondents to the two studies were recontacted by letter between late January to early March 2004. Those who did not opt out at this point were telephoned and a screening questionnaire was administered by a member of the research team to check for eligibility. Only families with children were considered eligible for inclusion in this follow-up study.

The ‘easing the transitions’ sample had 61 original members (Table 1.1). 21 of these were uncontactable at the most recent address available. A further six respondents opted out or refused when contacted, leaving 34 in scope for further screening. Of these, 16 were ineligible for participation in this study because they did not have children. Thus, the ‘easing the transitions’ sample generated a total of 18 eligible respondents who consented to participate in further research. The original ‘low income families’ sample had 37 families with children. Of these, three had refused any further participation in research at the last round of FACS and were not contacted. A further four were untraced during the last wave of FACS. Contact was made with the remaining 20 respondents, 19 of whom were eligible and agreed in principle to participate in further research. The combined total of eligible and willing participants was 37.

### Table 1.1 Outcome of sample screening exercise

<table>
<thead>
<tr>
<th></th>
<th>‘Transitions’</th>
<th>‘Low Income’</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original sample frame</td>
<td>61</td>
<td>37</td>
<td>98</td>
</tr>
<tr>
<td>Untraceable or uncontactable</td>
<td>21</td>
<td>14</td>
<td>35</td>
</tr>
<tr>
<td>Total in scope</td>
<td>40</td>
<td>23</td>
<td>63</td>
</tr>
<tr>
<td>Opt out/refusal</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Total screened</td>
<td>34</td>
<td>20</td>
<td>54</td>
</tr>
<tr>
<td>Ineligible</td>
<td>16</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>Total screened and eligible</td>
<td>18</td>
<td>19</td>
<td>37</td>
</tr>
</tbody>
</table>

The two most important sample dimensions in addressing the research question were seen to be ‘family type’ and ‘work status’ and the screened sample provided good coverage of both. In this, and in other respects, the achieved sample was felt to be a rich enough in circumstance and characteristics to meet the objectives of the study.

1 While the low-income families study was comprised entirely of families with children, the easing the transitions sample included families without children and single person households. However all families were screened to ensure that any changes in the nature and composition of families were accounted for.
There was little or no geographical clustering to the 37 families because they were derived from previous studies, which focused on diverse areas of Britain. The families included, therefore, were located throughout England, Scotland and Wales, in rural and urban areas with different labour market characteristics.

1.3.2 Sampling and recruitment

Once the decision to carry out the follow-up study had been made, potential respondents were contacted again in May 2004. While the research team sought to contact and secure informed consent for participation from as many of the 37 screened respondents as possible, only 31 interviews were achieved, of which only 29 were considered eligible. The two excluded interviews were conducted with respondents who it transpired no longer had dependent children in their household. The six other households either refused on recontact or moved and became uncontactable.

1.3.3 Conduct of interviews

The interviews were conducted using responsive questioning and probing to ensure that all relevant issues were fully explored. Interviews were conducted using a topic guide to ensure that a similar set of issues was explored with each respondent. This guide was designed in collaboration with the Department. Researchers prepared for each interview by reviewing the transcript of the original interview and by adapting the topic guide with relevant issues that should be covered in the follow-up interview. The first interviews were conducted by researchers working in pairs, which allowed the research team to reflect on fieldwork approaches and strategies and pinpoint any slight changes that were needed to the content or structure of the topic guide. A copy of the final topic guide is shown in Appendix A.

Interviews were conducted between May and August 2004. Each of the previous two studies involved an interview with a single respondent within each household – generally the person who received some sort of DWP benefit on behalf of the household when they were out of work. It was this person who was contacted for this study and who is referred to throughout the report as the ‘main respondent’. Couple households in this wave were given the option of both partners being involved in the interview. This occurred but did not happen consistently for two important reasons. The first of these is very practical. It was not always possible to arrange the interview at a time that was convenient for both partners. The second appeared to relate to established views or behaviours about how couples present their relationship to the outside world. Though some couples were happy for one of them to be the spokesperson, it appeared very important to others for both partners to be involved and to share perspectives. Where this happened, interviews undoubtedly had a rounder first hand picture of the dynamics of family change, and both partners were able to share their insights about the changes that had happened to them and their family over time. It also facilitated recall of events because partners were able to prompt each other about particular events that had occurred or the specific details of income, expenditure, debt and so forth at particular times in the past.
Interviews took place in respondents’ homes or workplaces and generally lasted from one and a half to two hours. They were tape recorded with the permission of respondents and transcribed verbatim. All respondents were guaranteed anonymity and confidentiality at all stages of the research. £20 was given for each interview as a token of appreciation for participation and to cover any expenses incurred by taking part.

1.3.4 Analysis of data
Verbatim transcripts of the 29 interviews were analysed using ‘Framework’, a method developed by the Qualitative Research Unit at NatCen (Ritchie, Spencer & O’Connor, 2003). The first stage involves familiarisation with the transcribed data and identification of emerging issues to inform the development of a thematic framework. This is a series of thematic matrices or charts, each chart representing one key theme. The column headings on each theme chart relate to key sub-topics and the rows to individual respondents. Data from each case is then summarised in the relevant cell. The context of the information is retained and the page of the transcript from which it comes is noted so that it is possible to return to a transcript to explore a point in more detail or extract verbatim quotation.

This approach ensures that the analysis is comprehensive, consistent and that links with the verbatim data are retained. Organising the data in this way enables views and experiences to be compared and contrasted and for patterns and themes to be identified and explored within a common analytical framework which is both grounded in and driven by respondents’ own accounts. The final stage involves classificatory and interpretative analysis of the charted data to identify patterns, explanations and hypotheses.

Longitudinal qualitative data places additional demands on the analytical process. Our approach was to combine data from the first and subsequent interview(s) within a common analytical framework. This approach facilitated easy exploration of themes and cases across the two waves of the research and ensured that change (or lack of it) and the factors underpinning this could be easily identified and explained.

1.4 Report coverage
This report is divided into seven further chapters. Chapter 2 gives a profile of the sample and describes the changes in the contexts of the families over time. This chapter also describes patterns of involvement with work, the nature of jobs and sources and levels of household income. Chapter 3 explores and explains the factors influencing involvement in work over time while Chapter 4 examines the role of Government provided support in this regard. The following three chapters then look at the ongoing effects of work on families. Chapter 5 considers the implications of work for financial circumstance, Chapter 6 explores material well-being, and Chapter 7 examines the psychological effects of work. Finally Chapter 8 draws together some of the key findings of the study and reflects on their implications for policy in this area.
The report uses verbatim quotations throughout and case examples. Where necessary the details of contributors or their subjects have been moderately changed to protect anonymity. Pseudonyms have been used in all case examples.

Throughout the report, findings from the previous two studies are reiterated where appropriate to give context or to illuminate change. These studies are referred to as the ‘easing the transitions’ study and the ‘low income families’ study respectively and for brevity the reports themselves are not continually referenced. In addition, in order to distinguish the various transitions that have occurred in some families, and to identify the different tranches of research we have used the following terms:

- the ‘initial’ move into work refers to the move discussed in the previous two studies;
- the ‘initial’ interview refers to the interview carried out as part of either the ‘easing the transitions’ or ‘low income families’ studies;
- Wave One or ‘the earlier wave’ also refers to that tranche of the research;
- the ‘subsequent’ or ‘second interview’ refers to the most recently completed interview for this study.

The study was qualitative in design and this has made it possible to describe the nature and range of perspectives and experiences of participants in the research. It has also been possible to identify the factors involved in differing experiences. However, the study cannot provide any statistical data relating to the prevalence of views, experiences or factors involved in experiences. Where any such conclusions are suggested by the data, they are presented only as hypotheses to be tested.
2 Sample description and context

The role of this chapter is to provide relevant background for the remainder of the report by describing key information about the sample. It begins with an overview of socio-demographic characteristics and then explores the types of families represented in the sample, as well as how, if at all, they have changed between the two interviews. The nature of individual and household involvement in work is then described, as are the types of jobs and the hours worked. Finally, a brief overview of household sources and levels of income is given.

In the sections that follow, numerical data are shown in places when describing key sample characteristics. However, due to the small size of the sample and the purposive basis of selection, no statistical significance should be attached to these figures. They are included here only to provide an overview of the composition of the sample and context to the chapters that follow.

2.1 Socio-demographic background

This study comprised interviews with 29 eligible respondents who had taken part in the ‘easing the transitions’ and ‘low income families’ studies. All respondents were adults from families with children. They were predominantly female (22 of the 29), and usually aged under 50, though over half were in their late thirties or forties (Table 2.1). The sample was largely white though 3 respondents came from minority ethnic groups.
Table 2.1  Socio-demographic characteristics

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender of main respondent</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>22</td>
</tr>
<tr>
<td>Male</td>
<td>7</td>
</tr>
<tr>
<td>Age of main respondent</td>
<td></td>
</tr>
<tr>
<td>20 – 35</td>
<td>11</td>
</tr>
<tr>
<td>36 – 49</td>
<td>17</td>
</tr>
<tr>
<td>50+</td>
<td>1</td>
</tr>
<tr>
<td>Ethnicity of main respondent</td>
<td></td>
</tr>
<tr>
<td>White (British)</td>
<td>26</td>
</tr>
<tr>
<td>White (other)</td>
<td>1</td>
</tr>
<tr>
<td>African Caribbean</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
</tr>
</tbody>
</table>

Table 2.2  Housing tenure at interview

<table>
<thead>
<tr>
<th>Housing tenure</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage/owner occupier</td>
<td>12</td>
</tr>
<tr>
<td>Housing Association/council tenancy</td>
<td>14</td>
</tr>
<tr>
<td>Private rental tenancy</td>
<td>2</td>
</tr>
<tr>
<td>Living with parents</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
</tr>
</tbody>
</table>

Families were housed in a diversity of tenure types. Twelve were owner occupiers, though usually with a mortgage. Just under half (14 of the 29) were local authority or Housing Association tenants. The remainder were either private tenants or lived with parents. There was very little change in tenure type between the two interviews. One family had become home owners since the initial interviews, a further one had received approval for their mortgage and were looking for a property, although were still renting at the time of the interview. Two of the renters had moved properties, one within the same geographical area, and another to a new area.

2.2  Family circumstance

Those interviewed were diverse in terms of family type. Approximately two-thirds were couple families, while the other third comprised lone parent families (Table 2.3). Some had undergone a change in family type between the two interviews. Four of the couple families in this study had been lone parent families at the time of the initial interview. Also, one couple within the sample were in the early stages of
separating at the time of second interview. Family change brought change to the household composition with the arrival or (pending) departure of partners. Changes in the extended family also affected the families concerned. Sometimes this was a direct impact on the household composition when, for example, a grandparent came to stay for an extended period of time. Alternatively, grandparents moved in or out of the local area or, less commonly, passed away.

Table 2.3  Family composition and characteristics

<table>
<thead>
<tr>
<th>Family type</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lone parent families</td>
<td>10</td>
</tr>
<tr>
<td>Couple families</td>
<td>19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of children</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One child</td>
<td>10</td>
</tr>
<tr>
<td>Two children</td>
<td>10</td>
</tr>
<tr>
<td>Three or more children</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age of youngest child</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Five or under</td>
<td>8</td>
</tr>
<tr>
<td>Between six and ten</td>
<td>7</td>
</tr>
<tr>
<td>11 or over</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
</tr>
</tbody>
</table>

The number of children in households ranged from just one child to a maximum of five children, although two-thirds of the sample had two children or less (Table 2.3). About half of the sample had a youngest child aged under 11, while the other half had a youngest child aged 11 or over. This rather large proportion of families with ‘older’ children is a consequence of the longitudinal nature of this sample. When first interviewed, the age profile of children would have been substantially younger.

The number of dependent children also fluctuated. Four families had new children born to them in the intervening period. Other transitions experienced by young people also affected the household composition. Two families had a child that had moved out of the family home: one to live with her other parent, the other to live independently. One family had a child that lived away from home during the week while studying in college. In addition, two families had a young person that had moved out of the family home for a short period as a result of conflict with their parent(s). At the time of interview both young people had returned to their respective homes.

Four families had a child who had left full-time education by the second interview. Younger children throughout the sample had made transitions into full-time primary school education or to secondary school.
Finally, families within the study described a range of difficult issues in the period between the two interviews – which the respondent themselves experienced or a member of their immediate or close extended family had undergone. These encompassed:

- physical ill-health (sporadic and chronic long-term) or impairment;
- mental health difficulties (such as depression and anxiety);
- conflict between partners or between parents and children within the household;
- criminal behaviour by a young person;
- truancy amongst children;
- bullying either perpetrated by, or experienced by, children;
- bereavement.

These issues are important because they often increased the caring responsibilities of adults in the household, or alternatively, made continuing in work more or less possible. This is discussed further in Chapter 3.

2.3 Work

The purpose of this study, as outlined in Chapter 1, was to explore how those who had achieved work after a period in receipt of benefit fared in the longer-term. Thus, only those who were in work when they were interviewed for the original studies were included for interview in this follow-up study. This section gives an overview of the main patterns of involvement in work since the initial interview before moving on to describe the types of positions held and the hours worked.

2.3.1 Work involvement for the main respondent

The experiences recounted during this study demonstrate a diversity of labour market experience in the intervening period, for the main household respondent. Of the twenty-nine people interviewed, the vast majority (23) were still in work. Roughly half of these (12) were still in the same job; the others (11) were in a different job. Those who sustained the same job between the two interviews had now been employed for between two and a half and four years.

The experience of job mobility was varied. For instance, the number of moves ranged from just one to a maximum of six. The move between jobs was not always a seamless one. While some made the transition between jobs without any time out of work, for others this transition involved some time out of the labour market, of assorted duration. Six respondents were not working at the time of the interview. There was again a diversity of experience here and, perhaps more importantly, varied perspectives on their future relationship to the labour market. The chief distinction that can be drawn is that some considered themselves to be between jobs and available for work, while others believed themselves to have moved out of
the labour market, either temporarily or for a longer period. The factors underpinning sustainability and mobility are discussed in Chapter 3.

### Table 2.4 Working status at interview

<table>
<thead>
<tr>
<th>Working status of main respondent</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working</td>
<td>23</td>
</tr>
<tr>
<td>in same job</td>
<td>12</td>
</tr>
<tr>
<td>in different job</td>
<td>11</td>
</tr>
<tr>
<td>Not working</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
</tr>
</tbody>
</table>

#### 2.3.2 Household involvement in work

Limiting the analysis of work involvement to the respondent interviewed, however, masks the true nature of change in a household’s relationship with work. The study included a mix of family types, both lone parent and couple families. While it was usual for lone parents to be the sole breadwinner within their household, the nature of couple households meant that there was potential for additional adult involvement in work. That is not to say that both partners in couple households were always available for work. While it was clearly the aim of some couples to maximise the involvement in work as much as possible, work ambition was for other couples more limited to a single breadwinner. The overriding influence on these ambitions within households was a traditional interpretation of gender roles. It was typical in such households for men to be seen as the sole or main breadwinner and for women’s involvement in work outside the home to be severely or completely curtailed.

Thus the different possibilities of adult involvement in work led to more complex patterns of household engagement with the labour market. Three broad patterns can be identified:

- **Households that have sustained work**
  All adults considered eligible for work in the household have remained in the same job, or have moved between jobs but with no time out of work in between jobs.

- **Households that have moved in and out of work**
  At least one of the adults in the household considered eligible for work has been out of work at some point.

- **Households that have moved out of work**
  Where there is now no adult in work. Households in the sample where both adults are considered eligible for work do not feature here. Rather, this pattern of change is limited to lone parent households and couple households where there is a designated single breadwinner. There were no instances of where both partners of a couple household moved out of work at the same time.
While individual labour market experience is important, it is overall household involvement that appears to have the more salient implications for the family. Couple families where both partners have a foothold in the labour market have the potential to benefit financially and materially because of this. In simple terms, two incomes are often better than one and, consequently, couple families where both are involved in work tend to exhibit a greater feeling of financial security. Transitions between jobs are also apparently easier for each partner because, if timed correctly, they have another stable income on which to rely upon if there is an interruption or gap in wage receipt. This ‘safety net’ meant that couple families sometimes appeared more willing to entertain (if not always execute) movement between jobs. Lone parent households or single breadwinner couple households were, by contrast, sometimes without this feeling of financial security. This undoubtedly affected their decision making about work. The impact of work on financial and material circumstances is discussed in more detail in Chapters 5 and 6 respectively.

One further aspect of household change is also important in the exploration of work circumstances. Some of the families (both couples and lone parents) had older children who had left school or college since the last interview and had entered employment. Alternatively, some older children had taken on part-time work while continuing with their education. The contribution made by, and the interpretation of, ‘children’s’ work is interesting – though outside of the scope this study. However, some observations can be made from the interviews completed. Where children were engaged in part-time work, and still in education, it was generally considered to be little more than ‘work experience’ and the money derived described as little more than ‘pocket money’. In this sense it was felt to have little impact on the financial or material circumstances of the household. Some considered such work to be an important aspect of the household’s overall working profile, and a portion of the income derived was counted upon within the overall household budget. For such households this new found source of income was seen as a welcome boost or, alternatively, as compensation for a reduction in Child Benefit (ChB) or Child Tax Credit (CTC). However, not all relied on the funds generated in this way. Moreover, while some accepted a financial contribution from their working children, they did it not because they all wanted or needed the money but because they felt it was an important way to teach financial responsibility to young adults.

2.3.3 Type of current work

The main respondent interviewed was engaged in a wide variety of different types of jobs, at various levels of seniority, and attracted different rates of pay. The types of jobs can be categorised into five broad sectors:

- **Service industry:**
  This work incorporated a diverse range of work in shops, pubs, cafes as well as security guard work and taxi-driving. Work in shops, pubs and cafes ranged from working face-to-face with customers, stacking and unloading goods, or work in kitchens. The level of seniority ranged from being a relatively junior member of staff (for example a barmaid with no financial or managerial
responsibility) to management of a café, or heading up a specialised service delivered by a small independent shop.

- **Social care:**
  The jobs held within this sector were based in childcare or adult care in residential or nursing homes. These jobs were not at a senior level.

- **Education:**
  A number of respondents were involved in support roles within schools including learning support assistants and classroom support assistants.

- **Administration:**
  This involved general office work, work as a personal assistant, and sometimes bookkeeping tasks. At a more senior level this group also included a qualified accountant and a site manager.

- **Manufacturing:**
  This sort of work ranged from unskilled to semi-skilled. Work settings included factories and equipment repair workshops. The jobs held were not usually that senior; no sample member had any managerial responsibility for other colleagues.

As discussed earlier, there was movement between jobs over time for a significant proportion of the sample. In addition, there was also change within the jobs sustained over time by some sample members. When moving jobs main respondents either moved to a:

- **similar job within the same sector:**
  This type of movement often resulted in improvements in working conditions such as increased pay or working hours.

- **different job in another sector:**
  The nature of this shift varied. For some it constituted a sideways or even upward move (to a more skilled job or to a more senior position). Alternatively, it was an apparently backward step to jobs which required less skill or had less responsibility. An example of this type of change is moving from a job as a registered childcare worker to a job in the service industry – such as waitressing or bar work. It usually involved a corresponding change in the level of wages or pay earned. Some had no choice in this sort of move – they took whatever job they could when they were out of work. However, others willingly opted for this type of move, generally because the fit of the job with family and childcare commitments was better.

### 2.3.4 Type of contracts and hours worked

The hours worked varied throughout the sample. Nine were working part-time (less than 30 hours per week) while 14 were working full-time. Not everyone worked a fixed number of hours every week, but most had a minimum number of hours that they could or would do – usually to ensure eligibility for tax credits. Two people were self-employed and worked full-time.
It was common for sample members, in particular women, to work hours that ‘fitted’ as much as possible with their family and caring commitments. Though what was considered to ‘fit’ varied. For some, work needed to happen while the children were at school, and thus evening work was never considered feasible. Others did not mind evening work so long as they could access adequate childcare, and placed more emphasis on being there for children at the start of the day.

There was some change in the level of involvement in work over time. Some increased the hours they worked, while others reduced them. As with changes in the type of work there were different degrees of choice exercised in such decisions. To secure a job during a period out of work, some took more or less than their ideal number of hours. Others specifically altered their working hours to fit with their family and childcare commitments.

2.4 Household income

Household income was derived from a range of different sources (Table 2.5). Almost three-fifths of the sample (17 of the 29) relied upon a combination of wages and tax credits, while a further four respondents were also in receipt of other benefits such as Housing Benefit (HB) and Council Tax Benefit (CTB). Wages were the sole source of income for just under one-sixth of the sample (5 of the 29 interviewed), while the remainder survived on income from benefit only. These were the households where there was currently no one in work.

The value of net household income ranged from under £500 per month to sums in excess of £1,500 per month, though almost two-thirds of the sample earned between £500 and £1,500. This includes the income of both partners where there were two but excludes Child Benefit (ChB).

Table 2.5 Household income

<table>
<thead>
<tr>
<th>Main sources of income</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages only</td>
<td>5*</td>
</tr>
<tr>
<td>Wages and New Tax Credits (NTCs)</td>
<td>17</td>
</tr>
<tr>
<td>Wages, NTCs and other financial benefits/support (such as HB or CTB)</td>
<td>4</td>
</tr>
<tr>
<td>Benefits only (Income Support (IS), Jobseeker’s Allowance (JSA))</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net household income</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under £500 a month</td>
<td>4</td>
</tr>
<tr>
<td>£500-£1,000 a month</td>
<td>10</td>
</tr>
<tr>
<td>Over £1,000-£1,500 a month</td>
<td>9</td>
</tr>
<tr>
<td>Over £1,500</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
</tr>
</tbody>
</table>

*This includes 2 couple families who received either Disability Living Allowance or Incapacity Benefit in addition to wages, but who did not receive tax credits of any kind.
There were other aspects of income such as Child Maintenance Payments, one-off gifts from family and friends, redundancy payments and money derived from inheritance which are not included here. Also it does not include any income derived from children’s involvement in work because where this occurred it was generally treated and viewed in different ways. The changing financial profile of families interviewed is discussed in more detail in Chapter 5.

The remaining chapters of the report explore work, the factors affecting it, and its implications in more detail.
3 The factors that influence work

The purpose of this chapter is to describe the range of factors underpinning work involvement and to explain how they contributed to different work experiences amongst those interviewed. It comprises three main sections. The first explores the sustainability of work, specifically what has helped to maintain involvement in work over time. The second examines work mobility, and delves into the aspects of people’s experience that triggered a change in work status, such as a move to a different job, or a move out of work. The third and final section looks at the barriers and facilitators to regaining work once a job has come to an end.

3.1 Sustaining work

Maximising labour market participation is an important Government objective and numerous initiatives and programmes have aimed to facilitate a sustained movement from benefit into work for those who are able to work. All of the respondents in this current study made a move from benefit into work sometime between autumn 2000 and the spring of 2002. In the ‘easing the transitions’ study, interviews were conducted soon after this move into work (up to six weeks afterwards). Consequently, the findings of that study generated little insight into the actual sustainability of work; however, there was some discussion throughout the interviews of factors that were felt to contribute to longer-term sustainability. Respondents in the ‘low income families’ study had been in work for varying lengths of time at the point of their first interview, generally between six and twenty four months. There was in this study more opportunity to explore actual sustainability in the initial stages of work, and the circumstances supporting it.
3.1.1 Factors sustaining work in the initial stages of work

Re-analysis of that initial Wave One data from both studies shows surprising similarity in the range of factors that were felt to underpin sustainability following the initial move into work. While these are understandably more developed in the ‘low income families’ study, there are consistent views between the two studies. Six main factors were felt to generate more sustainable employment in the early stages of work. These encompassed:

- **Financial gain:**
  While the quest for financial gain was a primary motivation to work in both previous studies, being better off financially was also a prominent factor in helping people to sustain work. In the ‘easing the transitions’ study, people who could perceive financial gain were more inclined to see a future in their job. In the ‘low income families’ study, those who were significantly or moderately better off than they were on benefit cited this as a major driver in helping them to stay in work. Just having money in their pocket or bank account was sufficient motivation for some. Increased ability to cover outgoings and to pay household bills was also an important illustration of increased financial gain. A further illustration of this was a reduced reliance on debt or, alternatively, the belief that, through the income derived from work, debt would decrease in the future. Conversely, where the costs of moving into work were high (such as transitional costs or high housing costs), where the opportunity costs of work were large (for example large childcare cost), or where there was a high level of pre-existing debt then this made sustaining work more difficult for those in the low income families study.

- **Better standard of living:**
  Participants in the ‘easing the transitions’ study were interviewed soon after their move into work and were less able to elucidate the material benefits of being in work – often because their income was still in a state of flux. However, there was much anticipation of increased living standards and this was for many a factor underpinning their continued involvement in work. The ‘low income families’ study described a range of material benefits that were seen to arise from sustained work. These encompassed increased spending on food (meaning more food for the household and better quality products), improvements in housing conditions, increased ability to buy clothing, and more spending on luxuries such as holidays, electrical goods, social outings and so forth. There was emphasis in this study on material benefits for children and for parents within the household. These benefits in turn helped people to sustain their job even in the face of other difficulties – such as low satisfaction with the type of work, worries about combining work and family responsibilities or practical difficulties surrounding the access to or provision of childcare.

- **Psychological and emotional benefit:**
  The psychological benefits of being in work were emphasised by respondents in both studies as being critical to their ability to sustain it in the early days and months. A broad range of impacts were outlined including increased confidence,
self-esteem and self-worth, independence, increased social interaction, temporary ‘freedom’ (from children, from the demands of the home and also sometimes from partners) and hope in the future (that things would continue to improve financially and materially, and that career progression was possible). A range of emotional benefits were derived from increased social interaction, and this point was particularly emphasised by lone parents who hitherto had spent long spells on Income Support (IS) and were somewhat bereft of adult interaction and conversation. Work itself, whatever the activity involved, was seen as an antidote to the boredom experienced when unemployed. All of these benefits served to underscore the importance of sustaining work and were felt to be a core reason for sustaining work, even where there was sometimes little actual material or financial gain involved.

- **Motivation to work or escape benefits:**
  Respondents in both previous studies placed considerable emphasis on their desire to work or their wish to escape the world of benefit receipt. This is unsurprising given that benefit receipt was a very recent experience for the ‘easing the transitions’ study participants, and a fairly recent one for those interviewed in the ‘low income families’ study. Moreover, some had had lengthy spells on benefit – particularly the lone parents interviewed in both studies who had typically spent many years in receipt of IS. Staying in work was portrayed as a way of escaping not only benefits but also of expunging the stigma and shame associated with the receipt of financial support from the state.

- **Childcare arrangements:**
  The adequacy of childcare arrangements was a crucial factor for many interviewed in the previous two studies. This encompassed a range of issues including the cost, the type of provision (whether registered childcare, or provided informally, for example by a relative or neighbour); the hours that childcare was available, the flexibility of provision – to cover unexpected work requirements, such as changing shift patterns; and the location (whether it was convenient to home, schools, or workplace, or ideally all three) – all of which have been outlined repeatedly in the literature (see for example: Woodland et al 2002 or Bell and Finch 2004). Where the fit of childcare provision with family requirements or preferences was good, then this generally helped in the sustainability of work. Where it was less ideal, then it generally meant that work was more difficult to sustain. Alternatively, where childcare was not required, either because the children were considered old enough to look after themselves or each other, or where working hours fell within school hours, then this also helped to sustain people in work, or make it less likely that work was complicated by childcare arrangements. Childcare as a factor that sustained work was generally only mentioned by lone parents within both samples, and by female respondents’ in couple households. Men in couple households rarely mentioned childcare as a factor that affected the sustainability of their work, even where their partner was also employed.
• **The support of family and friends:**
The help of family and friends was a crucial support to some people in sustaining work, especially in the first few weeks or months. This support was financial, material or emotional in nature. Financial support enabled individuals to manage the transition from benefit into work more easily – particularly where the associated costs of the transition were high or where it involved a change in the frequency with which income was received (e.g. a change from fortnightly to monthly). Small cash gifts or loans ensured that this was easier for some people. Material help was also important in this regard – there were numerous instances where an individual had been helped in their transition into work by gifts of food and other household essentials from family members or even neighbours. Emotional support from family, friends and even children was deemed important in helping to leave behind the relative security of benefit and enter the world of work. However, the experience of such support – particularly the financial and material assistance – was not universal. Some who made the transition appeared either not to need it, or did not have the personal networks to furnish it even if they did.

### 3.1.2 Factors sustaining work in the longer-term

Comparing data from both waves of research, it is clear that there is much consistency over time in what sustains people in work. The factors sustaining work in both waves are summarised in Figure 3.1. Three of the same six factors in sustaining work – financial, material and psychological benefit – are given equal emphasis in the accounts of those who have either remained in the same job, or who have remained in work since they were last interviewed. These three sets of factors are clearly the bedrock on which the foundations of sustained work rest. Later chapters of this report go on to explore the nature of these benefits and demonstrate how when people profit from work in these three ways it serves to sustain their involvement. You are referred to Chapters 5, 6 and 7 respectively for a detailed discussion of this.
Figure 3.1  Factors underpinning the sustainability of work

<table>
<thead>
<tr>
<th>Sustaining work</th>
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</thead>
<tbody>
<tr>
<td><strong>Key factors at Wave One</strong></td>
</tr>
<tr>
<td>• Financial gain</td>
</tr>
<tr>
<td>• Better standard of living</td>
</tr>
<tr>
<td>• Psychological and emotional benefit</td>
</tr>
<tr>
<td>• Strong motivation to work and escape benefits</td>
</tr>
<tr>
<td>• Childcare arrangements</td>
</tr>
<tr>
<td>• Support from family and friends</td>
</tr>
<tr>
<td><strong>Key factors at Wave Two</strong></td>
</tr>
<tr>
<td>• Financial gain</td>
</tr>
<tr>
<td>• Better standard of living</td>
</tr>
<tr>
<td>• Psychological and emotional benefit</td>
</tr>
<tr>
<td>• Strong motivation to work and escape benefits</td>
</tr>
<tr>
<td>• Childcare arrangements</td>
</tr>
<tr>
<td>• Support from family and friends</td>
</tr>
<tr>
<td>• Nature of job and work activities</td>
</tr>
<tr>
<td>• Relationship with colleagues</td>
</tr>
<tr>
<td>• Relationship with employer</td>
</tr>
<tr>
<td>• Progression at work</td>
</tr>
<tr>
<td>• Fit of job with other commitments and aspirations</td>
</tr>
</tbody>
</table>

The fit of childcare arrangements is also given continued emphasis by some of those interviewed in this study and, in the main, appears to be as much a support to sustaining work later on as it is in the early stages of entering work:

‘If it wasn’t for my Nan and my mother… babysitting I would have to give it (the job) up. I know people say you can get childminders, but there are not many that want to work Friday and Saturday and Sunday evening, that is usually their night off as well. That would be the main problem, the babysitter.’

(barwork) (female, 23 years old, lone parent, sustained work with gaps)

There is, however, a noticeable reduction in the emphasis placed by some respondents on childcare as a factor affecting the sustainability of their work. The age profile of children in many families has increased in the period between the two interviews. Some were considered to be mature enough to look after themselves or, alternatively, older children were now involved in caring for younger siblings while their parents worked. This has lessened or obviated the need for childcare in some families or in others it has meant that there is less of a reliance on agencies or individuals outside the control of the family (like childminders, childcare agencies etc):
'I’ve done maths GCSE this year…it is at college [near work], so I just stay an extra hour and do an extra hour’s work. I just carry on working and then get home just after 9 o’clock, but the girls are older so I can do some things for myself now…that’s been since a couple of years, since [name of youngest child] was older and the oldest ones got old enough to look after her’.

(female, 39 years old, lone parent, sustained work)

Similarly, the emphasis on escape from benefit as an incentive for sustaining work has understandably diminished over time, broadly in line with how long an individual has been away from the benefits system. In this respect, those who have sustained the same job since the first interview place much less emphasis on this as a factor for sustaining work in the longer-term, while those who have had periods out of work since then, or are currently out of the labour market, retain this as an incentive for finding and sustaining work, presumably because the experience of benefit is fresher in their minds. It would appear that as a motivation for sustaining work, this is much more prominent in the early stages of work. However, that said, while not a primary motivation for sustaining work, some still expressed abhorrence at their time spent in receipt of benefit.

The support of family and friends – so crucial in the early stages of work – also seemed to have diminished in its importance as a factor sustaining work. Where in the earlier two studies some individuals pinpointed financial or material support as key to making ends meet in the early days of work, those who had sustained work in the longer-term were now more self-sufficient and independent. Some even remembered such support with a tinge of embarrassment. The views and experiences of those who moved in and out of work also confirm that this sort of support is more associated with work transitions rather than sustained work experience. In these circumstances there was still some reliance on support from family or friends.

Emotional support was, for some, equally important to sustaining work even in the longer-term. Partners, friends and children were all cited as important sources of this and support of this kind was seen as key in helping an individual navigate difficult times at work, as this extract illustrates:

**Respondent:** I would come home every day and cry and cry and cry, and go to bed and just sob and think I’m not going back [to work] tonight, I’ve had it, I can’t do it, I can’t do it.

**Interviewer:** What kept you going back?

**Respondent:** My boyfriend, he keeps my feet on the ground and [he] says ‘go, go and be a shelf stacker. [and I say] I don’t want to be a shelf stacker’, [and he says] ‘well then carry on’…it [the problems experienced at work] was hellish, the six weeks were hellish, and I wasn’t budging an inch, although I was coming home every day saying, I can’t do this, I can’t cope no more’.

(female, 37 years old, lone parent, sustained work)
Interestingly, the discussion of sustainability in the interviews for this study involves a much broader set of considerations. In addition to the core factors affecting sustainability outlined above, respondents have pinpointed a broader set of influences on work sustainability that were either absent from, or given much less prominence within the initial interviews. This new set of factors mainly encompass issues to do with the job itself, or more broadly, with the quality of life within the workplace. Indeed, this broadening of emphasis suggests that it is no longer considered sufficient to sustain any job as an alternative to life on benefit, and as a way of achieving financial, material and psychological benefit, but that the job itself, and all it entails, is now equally important. This is displayed by the equal emphasis shown to the following issues as factors that sustain current work:

- **Nature of job and work activities:**
  Enjoyment of work and work activities is a recurrent concern for those who have sustained work. Unsurprisingly perhaps, where the work activities are considered ‘interesting’, ‘stimulating’, ‘challenging’ or just ‘varied’, it generated an enthusiasm that sustained people in their job. The fit of work activities with broader work aspirations was also a key factor in sustaining work. For example, Joan who works as a carer in a residential home and hoped to stay at her current job, at least until she completed her NVQ 2 in Care. She would consider a move after that only if she could find a better job in the care sector that paid more money. Mike worked as a fitter for a manufacturing company and this, he felt, was the kind of job he was best suited to. He had sustained the job for three years and hoped to stay there until retirement. Similarly, Daryl had, after some movement in and out of work, found a job as a stockman in a cash and carry company. He had been there about eighteen months and enjoyed the nature of his work so much that he hoped to continue in the job ‘for another eighteen years’. The emphasis for others was less on the fit with aspirations and more on the satisfaction they derived from the particular job that they did. Jeanette for example felt that she was making a difference to children’s lives as a learning support assistant, while Rebecca achieved a similarly high level of job satisfaction as a childminder:

  ‘They come with a bad cold or nasty nappy rash, and you’ve been really caring and looked after the child well, and you see an end result, the nappy rash is gone, the mum is really happy that you work so well, yes. Their encouragement keeps you going.’

  (female, 45 years old, couple family, sustained working)

- **Relationship with colleagues:**
  Another area of work life that was said to help sustainability was relationships with colleagues and more broadly the general working atmosphere. Where work involved some element of teamwork, for example, which most of the jobs did, the nature and quality of that team experience was crucial to enjoyment at work, and therefore, sustainability. Some of this resonates with the types of psychological benefits derived by parents when they first move into work – they enjoy adult company and conversation. However, in the interviews for this study
the emphasis was less the social interaction in itself and more on the quality of those relationships. So, it was common for those who sustained work to talk of the friendships they had developed at work and to describe a ‘great’ or ‘relaxed atmosphere’ at work:

‘I enjoy the work. I enjoy the company, the lads down there…it can be a stressful job, if you let it, but none of us let it…we do look out each other’.

(male, 61 years old, couple family, sustained work with gaps)

It was not just the convivial environment that meant that people were more likely to stay in a particular job. Rather, these relationships often provided essential support in helping someone mitigate difficult issues that can jeopardise their job or career. For example, in the months before her eventual departure from the workplace because of poor health, Alice had received a lot of support from her colleagues in helping her to sustain work. She considered that support to be crucial, even if it could not forestall the eventual outcome.

- **Relationship with employer:**
  The relationship with the employer is important in three distinct ways. First and foremost, a good quality day-to-day relationship with one’s employer was seen to be crucial in fostering a good work environment. Where an employee felt respected or ‘treated like an individual’ it undoubtedly increased their willingness to stay in a job. This, combined with a good relationship with employees, was seen to make most jobs more palatable. Second, the degree of trust a manager displayed in a person, and related to this, the degree of autonomy they were then prepared to give that person, were key influences on people’s commitment to their job:

  ‘She [the employer] does trust me with everything…it makes you feel good when you know that…she trusts me 110 per cent really, and I wouldn’t do anything to abuse that trust.’

  (female, 46 years old, couple family, sustained work)

The final and perhaps most important aspect of the relationship with an employer was the quality of support received around issues that could, without support, lead to work being unmanageable and probably not sustained. Employer recognition of the difficulties of combining work and family life was a key way in which this support was seen to be communicated – especially by women interviewed. For example, Caroline described how her employer was sympathetic to her in the scheduling of shifts during school holidays, allowing her as much time as possible with her daughter, and eliminating the cost of childcare. Displays of empathy during difficult personal issues – such as bereavement or a child’s illness – and a guarantee of flexibility about working hours or work activities was another important aspect of this. Jess described how it was her employer’s understanding of the pressure placed on her by her daughter’s illness that meant she was able to stay in that job:
'They’re understanding at work as well you know. If she [her daughter] is poorly and I need to come out of work they’re quite understanding and they’ll let me come out of work...It’s a lot easier because I know some employers won’t put up with that but they’re quite good where I am.’

(female, 23 years old, lone parent, sustained work)

Alternatively, the support that individuals received from employers around their own health needs was also crucial keeping them in work. This ranged from quite intensive support around debilitating conditions, to simply making adaptations to the working environment to increase comfort. For example Len, who has a bad back problem, which was a worry to him, told how his employer got a specific chair to suit his needs.

Progression at work

Actual progression within a job undoubtedly increased the likelihood that a job was sustained. However, the potential for progression in the future was also an important factor for some in sustaining work. Laura who has worked in the same company for the last three years spoke of how the progress she had made so far, and the potential for further progression meant that she was likely to stay with her current employer for the foreseeable future:

‘Their policy is that they would rather promote people from inside...They would rather take from who they have in...What was going to happen is that they are building a [name of company] in [name of city], so I’m going to go there – going to go to the one in [name of city] and be the number two there and work up to be manager’.

(female, 40 years old, couple family, sustained work)

Issues such as increased pay and increased hours were clearly important in helping to sustain work. Also important was a sense of increased responsibility and seniority within the workplace (though too much responsibility was also seen to jeopardise work – see Section 3.2.1 below). Progression was also measured in the investment an employer made in an individual – particularly by creating or facilitating work related training opportunities, such as NVQs. However, an individual’s own assessment of increased skill and expertise was sometimes sufficient to sustain them in their current job – even if this was not rewarded by the employer, or certified by qualifications.

Fit of job with other commitments and aspirations

As discussed above, the fit of work commitments with childcare arrangements is a core factor in sustaining work. However, more broadly than just childcare, there was emphasis in the interviews on the fit of the job, and particularly the working hours, with family obligations more broadly. This was mainly a concern of women interviewed. Where work did not infringe too much on the level or standard of care that they could give to their family, then it was felt to be more sustainable. Women who sustained work spoke of how their work commitments still allowed them to
fulfil housework obligations, to prepare meals or at least be at home at meal times, and to just ‘be there for the children’.

Those in couples – both men and women – talked of how important it was that work fit with their aspirations for a good work-life balance – allowing them to spend sufficient time with their partner and also their children.

It is worth emphasising that the factors that sustain work do not operate in isolation. They are described as distinct forces here for obvious reasons, but in practice they operate as a somewhat complex blend of factors that all serve to sustain an individual in work.

3.2 Movement out of work

As much as it is important to understand the factors that sustain work, it is equally imperative to comprehend the factors that bring about a change in work circumstances. In simple terms, change to work circumstances happened in two distinct ways: people either resigned from their job, or their job came to an end. Each of these situations is brought about by a different set of factors, and to an extent, different degrees of choice or control on the part of the individual concerned. The factors that caused an individual to resign from their job, and the reasons for job loss are discussed in this section.

3.2.1 Resignation from a job

Those who resigned from their job fall into three distinct groups:

- those who leave to take another job immediately;
- those who leave, without another job arranged;
- those who leave a job, and leave the labour market.

There are few distinguishing features between the first two of these groups, other than the degree of forward planning executed – the first group avoided any gap in work, while the second group often experienced some gap in working, and consequently income from work (discussed further in Chapter 5). However, there was some evidence to suggest that those who sustained work until they managed to find another job had slightly better levels of perseverance or survival mechanisms than those who left a job without another one to go to. However, having said this, the dissatisfaction experienced by those who left without any future work plans was also sometimes greater, and this contributed to a speedier exit. The third group are markedly different in circumstance and experience – since their departure is not just from a job but also from the labour market – either permanently or temporarily.
Leaving work but remaining in the labour market

Unsurprisingly, the factors that lead an individual to leave their job correspond with the kinds of factors that sustain work, except here they have the opposite effect. Again these factors are described separately here, however, they often combined to create job loss, as will be evident from some of the case examples that have been threaded through the sections below. The key factors related to:

- **Level of pay:**
  In much the same way as financial gain was an important motive for sustaining work, perceived low levels of pay caused individuals to give up their job. Low pay was one factor that made it difficult to make work pay (discussed below). Alternatively, it was the first step in a positive move towards higher pay. For example one of the principal reasons why Deena left her job in a supermarket was to move to a café where the pay was £2 more an hour. Similarly, one of the factors that motivated Michelle to leave her job was her level of pay, especially compared with colleagues who she felt were less experienced than her.

- **Ability to make work pay:**
  The ability to make work pay, or put another way, to be better off in work, is a result of a complex interaction of a range of factors – the level of income (from wages, tax credits and benefits), financial management, expenditure and the presence of debt – and this relationship is explained in greater detail in Chapter 5. However, it is mentioned here because an individual’s assessment about whether they were able to make work pay often had a direct effect on their willingness to remain in a particular job. For instance, Liz worked as an advertising sales person for a local newspaper but left after six months. One of the primary reasons she gave for this was her inability to cover housing and childcare costs from the salary and tax credits she received. She had also accumulated a range of debts in the initial transition to work that made it difficult for her to make ends meet. Similarly, Rhona terminated her own childminding business because of the difficulties she experienced in generating sufficient income. This was due to a combination of factors including an apparently low demand for childcare services in her areas, and the failure of one longstanding client to pay her fee.

- **Nature of work:**
  As important as the nature of work was to sustaining people in a job, dissatisfaction with work activities was a key factor in why people left their job. The fit between the individual and what was required of them was the key issue here but the circumstances that led to less than ideal fit were diverse. It was sometimes as simple as not liking day-to-day work activities. Alternatively, where work was felt to lack any kind of stimulation or excitement this was a cause of much dissatisfaction. Various types of work – such as operating a supermarket checkout or doing security work – were described as ‘boring’. Conversely, where a job was considered too taxing or too demanding this could equally lead to a person to abandon it.
• **Fit of work with family and other commitments:**
Where the requirements of a job did not fit with family responsibilities or commitments then this sometimes made the job untenable. This was sometimes a reflection of a lack of adequate childcare arrangements (either because it was not available when needed, or because it was considered too expensive). Sarah for instance, left her job as a waitress because the shifts she was offered did not fit with the childcare she had available from a family member – and she was determined not to use another form of childcare. Alternatively, the demands of a job were considered by some to be incongruous with a happy home life and therefore led to its abandonment. For example, another factor influencing Deena’s decision to leave her supermarket job was that there was no consistency to the shifts offered her, which made it difficult to plan time with her partner and child. Others abandoned jobs that mainly took place during unsocial hours for similar reasons. Finally, the fit with wider commitments – outside the home – was equally important to some. Martin left his job at a care home because he could not get shifts that would allow him to continue with his college course.

• **Relationship with employer:**
Some departures from a job were simply the product of a less than convivial relationship with the employer. After terminating her childminding business, Rhona took a job as a waitress at a local restaurant. However she left after two weeks because she ‘didn’t get on with the boss’. Similarly, Len left his job as a barman in a pub soon after it was bought because he did not take to the new managers. The source of such conflict was not always stated, though some did claim that they felt unfairly treated compared to other employees. There are numerous other examples of how changes in management can lead a person to leave a job. Where one employer might be flexible and supportive of an employee, their replacement was sometimes less so, causing the person to leave rather than work in an environment that did not take their needs into account.

• **Career progression or development**
The final reason that people gave for leaving a job related to career or job aspirations. As important as the opportunity to progress was a key factor sustaining people in work, the lack of potential caused the more ambitious person to depart. For instance, one of the contributing factors leading Michelle to leave her job at a printers was the belief that there was a lack of encouragement to further develop her skills in the trade and a perceived lack of opportunity to progress to more senior levels in the company. This, coupled with other factors, caused her to leave without another job to go to. However, she soon found a job in another printing company, and a deciding factor in this was the extra training she would be given and the potential for her to progress within the company.

People also left a job in order to fulfil broader work aspirations. For instance, Jerome left his job as a taxi driver, to take up a position as a youth worker, something he had always wanted to do. Similarly, Liz gave up her job as a media sales person because the job did not fit with her ultimate ambition to work in the theatre. At the time of interview she was studying drama at university.
Sometimes movement was to guarantee security rather than to progress in any kind of ambitious way. For example, Debbie left her job as a temporary administrator because she could not get her employer to agree to a more permanent arrangement – despite the fact that her ‘temporary’ contract was continually renewed. She left for another job where her job was permanent and she felt her future was more secure.

**Leaving work and the labour market**

Resignation from a job also occurred because circumstances forced an individual to leave the labour market. This was, in the main, brought about by two different causes. First, individuals were sometimes forced to resign their job because of ill-health. The nature of this illness was usually either serious or persistent and meant that a person was no longer fit to undertake their normal work duties. This was sometimes felt to be a long-term or permanent departure from work. For instance, after a period of being unwell and intermittently out of work for over a year, Alice was diagnosed with MS. Her doctor eventually declared her unfit for work and she terminated her employment. She felt she would like to return to work in the future but said ‘I know within myself that I can’t’. However, in other cases, resignation because of illness only resulted in a temporary absence from the labour market. Serious depression forced Louise to terminate her temporary contract with an accountancy firm that she secured through an agency. Serious or persistent illness did not always force an individual to leave their job. The nature of some people’s employment conditions enabled them to take extended periods of leave to regain fitness. For instance, Joan had a similar period of time off for depression from her job as a carer, but because her job was full-time and permanent she did not have to leave her job. The difference between these two cases illustrates, perhaps, the more unstable nature of temporary employment, or employment secured through an employment agency. This is discussed further below.

The second reason prompting a departure from the labour market was a perceived increase in the nature of an individual’s caring responsibilities. Just as achieving the right fit between a job and caring responsibilities can cause a person to change their job, an increase in such responsibilities to the point that they are felt to be incompatible with work, meant that a person left their job and also gave up the idea of work, even if just temporarily. The circumstances surrounding such increases were various. The necessity to deal with a child’s behavioural problem, for instance, was one reason why an individual gave up work. Catherine gave up work in part because of her son’s drug use, criminal behaviour and recurrent court appearances. These difficulties only occurred in this sample amongst lone parents, which may suggest that children’s behavioural problems may be more deleterious for their careers. Changes to caring responsibilities were not, however, limited to increased childcare responsibilities. Illness or bereavement (or a combination of both) could also increase the burden of caring on an individual to a point that that they felt work of any kind was untenable.
Sarah had worked day shifts for several years. Her mother cared for the children around school until she returned home. This informal childcare was an important part of making work sustainable and economically viable. When her mother died suddenly, Sarah felt unable to continue in her job. Not only was she faced with childcare difficulties but she now had the added responsibility of caring for her father and grandmother, something her mother had previously done.

### 3.2.2 Job loss

The circumstances surrounding job loss are relatively straightforward. It happened for two reasons – either a person’s employment contract came to an end, or the person was made redundant. Where job loss was a result of an end of contract, the degree to which a person was aware of this as a possibility, and consequently prepared for it, varied considerably. Those employed in temporary contracts through an employment agency appeared to be the most vulnerable in this respect. They were sometimes unaware of how long their job could last for and given little notice of the contract being terminated. For instance, Daryl started a job in a factory as a packer that he secured through an agency. Despite assurances that this was a relatively long-term position, the work came to an end within two weeks, at a day’s notice. Circumstances like this made future planning difficult and it was impossible to find replacement work immediately. Daryl, for instance, returned to the unemployment register for three weeks, before he signed off again to start a new job as a store man in a cash and carry.

Not all agency work was so transient; others had been employed for relatively longer periods. Robert was employed via an account clerk for two consecutive six-month contracts. However, at the end of the second contract he, along with many others, was not offered a further contract. While the nature of such longer-term contracts meant a little more security for the individual concerned, the notice period given was also short, making it difficult to know whether or when future job search should begin. Thus the end of such contracts generally resulted in a gap in employment status and a return to claiming benefit.

Redundancy, where it occurred, was generally the result of the employer going out of business. Again there was variation in the degree to which individuals were prepared for this event. Where individuals were given notice of this, it increased their chances of securing another job before their current one came to an end. For example, Jerome was given three months notice of his redundancy from the voluntary organisation that employed him as a youth worker. He used the time to investigate and organise a return to taxi driving – the job he had been in prior to becoming involved in youth work. By contrast, others had far less notice and this sometimes meant that they were unable to secure alternative employment quickly.

Another possible explanation for job loss would be where an individual had had their employment terminated by an employer for disciplinary reasons, however there were no reported instances of this amongst the people interviewed.
3.3 Regaining work

Job mobility, as has been pointed out in the previous section, occurred in two ways. Either an individual moved directly from one job to another without any gap in employment, or they experienced some time unemployed. The tools employed for finding work were broadly similar in both situations. People generally undertook a personal job search that involved the use of Jobcentre Plus services, the use of personal or professional networks or contacts, the interrogation of local media, making speculative applications to local employers by phone, post and in person and by using the assistance of commercial employment agencies. The use of Jobcentre Plus services and other DWP services in transition between jobs is discussed in detail in Chapter 4.

The circumstances surrounding these two experiences are different and warrant some discussion. There is surprising similarity in the characteristics of those individuals who moved seamlessly between jobs. Their move between jobs was generally a planned one. Moreover, they rarely identified any barriers to work or any serious work constraints, and expressed perhaps the most positive attitudes towards work and laid particular emphasis in their interviews on the importance of being in work. The combination of the opportunity to conduct a job search prior to the end of the previous job, the relative absence of barriers or constraints and a strong personal motivation to work is undoubtedly key to their success within the labour market.

Where gaps in employment status were experienced, then they have generally occurred because circumstances have been less ideal than those described above. The previous section outlined how job loss can often be unplanned, and this undoubtedly affected how prepared an individual was to find another job and, consequently, the ease with which they could continue involvement in work.

Similarly the presence of barriers to, or constraints on, work undoubtedly affected the transition between jobs. Those who experienced gaps between jobs were more likely to pinpoint specific barriers or constraints that made it more difficult to secure work. There is nothing remarkably new about these barriers – they are recurrent in much of the literature surrounding the labour market mobility of unemployed people. The barriers experienced in this sample included:

- **Work experience:**
  Despite the fact that all had been involved in work, some people felt that the nature of their work experience still made it difficult for them to secure employment. This was sometimes because the time spent in work was short in comparison to the total time out of work. Alternatively, where an individual had work experience, but it was comprised of lots of short-term temporary jobs, this was felt to make it difficult to secure future employment.
The factors that influence work

• Age:
Older respondents (men and women in their forties and fifties), felt that their age made them unattractive to employers and that this made it more difficult to get work.

• Location:
Those located in rural areas – particularly rural Scotland and Wales – argued that this made it difficult for them to find work. This was articulated in two ways. First, the supply of jobs in rural areas was felt to be low relative to more urban areas – which made the opportunities that were available more sought after and ultimately less attainable. Second, the public transport system in certain areas was felt to preclude easy travel to other labour markets nearby where jobs might be more available.

• Nature of caring responsibilities:
In the same way that the nature of an individual’s caring responsibilities caused them to give up work, it also constrained the type of work that they could take on. This particularly concerned the location of work (it needed to be near school or home in case of childcare difficulties), the number of hours worked (it needed to be part-time to fit in with caring responsibilities) and times when a person was available for working (it had to be at times that would fit with childcare availability).

• Health or disability:
Ill-health or disability was undoubtedly a barrier for some respondents. Some had temporary illnesses that made it difficult for them to contemplate work or conduct job search. Others had impairments that prevented work, or constrained the type of work that they could take on. For example, Colm who lost his job in a leisure centre when it went out of business was prevented from looking for work because of an increase in the severity of his impairment, causing him to have several spells in hospital. However, even when he considered himself fit for work, he found it difficult to do so because he felt his impairment constrained the type of work he could do. Alternatively, the health problems of family members sometimes prevented a search for work or constrained the type of work that a person could take on.
### Figure 3.2 Overview of the human and job related factors influencing work

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<th>Sustaining work</th>
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<th>Facilitating re-entry</th>
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<td>Job search capacity</td>
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<td>Better standard of living</td>
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<td>Nature of work</td>
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<td>Strong motivation to work and escape benefits</td>
<td>Fit of work with family and other</td>
<td>Strong drive or motivation to work</td>
<td>Nature of caring responsibilities</td>
</tr>
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<td>Childcare arrangements</td>
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<td>Health or disability</td>
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<tr>
<td>Support from family and friends. Nature of job and</td>
<td>Relationship with employer</td>
<td></td>
<td>Low desire/motivation to work</td>
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<td>Relationship with colleagues</td>
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A further characteristic of those who experienced gaps in employment was a low desire or motivation to work. This is by no means common to all of those who experienced gaps – some who did were out of work for some time, but retained a strong and determined attitude to regaining work. Others, however, were at times less enthused or less convinced of the value or utility of work for them. For example, after his job in a care home came to an end, Martin spent ten months out of work before finding his current job as an administrator for a charity. He admits that during that time he ‘got stuck in a rut’ and spent a lot of his time ‘vegetating’ and felt that ‘the longer you’re out of work goes against you’. It is difficult to pinpoint the exact source of this change in attitude to work. It was, for some, undoubtedly affected by the range of other barriers they faced. Where they appeared insuperable, it undoubtedly had an effect on a person’s confidence and motivation to work. For example, Robert had been unemployed for the past 18 months following the end of his job as an account clerk. He described an extensive job search process, but felt his work experience and his age all counted against him, especially given the limited number of job vacancies available in the rural location he lived in. While not continually unmotivated, his perception of the barriers he faced had undoubtedly affected his motivation to work at certain times over the 18 months. Finally, failure to make work pay – either because of low wages, or high associated costs of work, such as childcare, also made people less convinced of the value of work, and they were at times, less motivated to work.

3.4 Conclusion

There is, then, a set of interrelated circumstances and factors can lead to different patterns of work involvement amongst families with children. These, in the main, relate to human or job-related factors, which are summarised in Figure 3.2. They concern not only the financial, material or psychological benefits experienced, but also involve the nature of the job and the work environment, how secure the position is, and perhaps more importantly how work fits with family circumstances. Other personal circumstances also play a role – such as health or disability. So too does an individual’s motivation or desire to work.

The next chapter considers the role of Government support in helping to sustain work, to navigate transitions between jobs and as support when people fall out of work, either temporarily or for a longer period of time. The remainder of the report then looks at how different levels of work involvement over time affect individuals and their families more broadly by exploring financial, material and psychological effects.
4 The role of Government support

The previous chapter has outlined a range of personal and labour market related issues that can sustain individuals in work or lead to work mobility. However, one cannot examine these in isolation from the role played by the various Government policies, such as tax credits, designed to support low income families in making work pay, or services like Jobcentre Plus that help those who fall out of work to regain employment. Experiences of and views about this sort of support are clearly a key consideration in exploring the sustainability of work or work mobility in the longer-term and it is this issue which we turn to in this Chapter.

The families within this study experienced a wide range of Government support before, during and after their ‘initial’ transition to work, that is, prior to interviews for the ‘easing the transitions’ and ‘low income families’ studies. These included financial support from Working Families’ Tax Credit (WFTC), Housing Benefit Run-on (HBRO), Council Tax Benefit Run-on (CTBRO), Job Grant, and Back to Work Bonus. The ‘easing the transitions’ study identified this sort of financial support as a key factor in reducing the negative financial experiences of the transition from benefit into work. This chapter will examine experiences of this sort of financial support since the initial interview and also explore the types of financial support accessed by families when they fall out of work. The families also used a range of advice based support in their ‘initial’ move into work, such as the various services offered by the then Employment Service, and targeted programmes such as New Deal for Lone Parents, New Deal for 25+ and Employment Zones. The role of such employment support services – such as Jobcentre Plus – in sustaining work or in helping to support during times of work mobility is also considered here.

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2 The initial interviews took place before the launch of Child Tax Credit and Working Tax Credit in April 2003.
4.1 Financial support for working families

It is a stated Government priority to increase the number of households in paid work. For example, it has set targets to increase the proportion of lone parent households in paid work to 70 per cent by 2010. This has been reinforced by a Government commitment to ‘make work pay’. Tax credits (in addition to policies such as the National Minimum Wage) are a central way of achieving these targets. By supplementing the incomes of low earning families, it is hoped that they can help to make work more financially viable for a larger proportion of families (DWP, 2004). Other financial support is also available to some low income families in paid work in the form Housing Benefit (HB) and Council Tax Benefit (CTB). However this sort of support is limited to those households with the lowest income from work.

Families in the study experienced both sustained work, work mobility and some also had periods out of work. How tax credits, this central pillar of Government support, was experienced in such circumstances is explored in this section. The role of other in-work benefits such as HB and CTB are also considered.

4.1.1 Tax credits

Tax credits are intended as a supplement to income in both low and medium earning households. They were introduced in 1999 in the form of WFTC as a replacement to Family Credit, in part to reinforce the distinction between receipt of in-work assistance and benefit (McKay 2003). Further change to the tax credit system occurred in 2003 when WFTC was replaced by Child Tax Credit (CTC) and Working Tax Credit (WTC). Franses & Thomas (2004) have described a range of administrative difficulties encountered in the transition from WFTC to WTC and CTC. Since this occurred in the period between the two interviews for this study it is likely that some of the views and experiences expressed here reflect these difficulties.

Unsurprisingly, given the income profile of the sample, the receipt of tax credits was a common experience. Many of the families who had sustained work between the two interviews reported continued reliance on tax credits over that time, though the amount received may have changed in line with circumstances. However, there were families who were not claiming tax credits at the time of the second interview. These were generally in two very different sets of circumstances. The first were families who had never claimed tax credits. These were families with a higher level of income (often arising from the fact that they were couples with both partners working and had lower numbers of dependent children). The second were families who had previously received tax credits, but now no longer received such assistance. This was usually because they had moved out of work. However, change in work status was not the only factor which brought about a change in tax credit receipt. The families of lone parents who had re-partnered since the first interview, and whose partners were working, now had an income level which, in some cases, made them ineligible for this type of support.
There was a varied understanding of the recent changes to the tax credits system in April 2003. Some were aware of, and were able to distinguish between, the different components of CTC and WTC, and generally understood the different purpose of each. Where tax credits were used toward the payment of childcare costs there was higher awareness of the separate working tax credits and their purposes. Conversely, others seemed unaware of the changes or even that there were different kinds of tax credits, illustrated in part by their continued use of the term ‘Working Families’ Tax Credit’. Indeed, some used even more outdated terms such as Family Credit or other self-fashioned terms such as ‘working family credit’ or ‘family tax credit’. Even where there was an awareness of the different forms of tax credits, respondents were not always able, with any degree of confidence, to explain the purpose of each one or indeed the amount they received for each.

Notwithstanding this, tax credits were clearly distinguished from other forms of Government financial support received in the past. While there was acknowledgment that they were of course a form of government assistance, they generally had a very different status in people’s minds than benefits such as Income Support (IS) or Jobseeker’s Allowance (JSA). Instead, they were more commonly viewed as a composite part of household income, and more akin to wages earned rather than a supplement or benefit received:

‘I don’t know why because Family [Tax] Credit is a benefit but it doesn’t feel the same as when I was on Income Support. I don’t know why that is because it is a benefit. I suppose it’s because I’m trying to help myself as well, maybe.’

(female, 41 years old, couple family, sustained work)

Changes in the level of tax credits received

Given that tax credits are a vital support to those families on the lowest income, and an important component of household income for many of the families interviewed, it is unsurprising that changes in the amount of tax credits received was a source of much discussion. The level of WTC received depends on the hours worked and the income earned in a household. The amount of CTC received, like Child Benefit (ChB), is largely related to family size. These two key changes – changes in family life (birth of a child or their movement out of the family home) and changes in working status (movement into and out of work, changes in the hours worked, the pay level and so on) were the primary reasons for changes in tax credits. However, while the reasons for change may be obvious, how the changes were experienced by the families interviewed, and how change itself was interpreted is an important area for discussion.

Under the previous system of WFTC (and its predecessor in-work benefit Family Credit), payments were fixed for six months, so the system was completely unresponsive to changes in circumstances. In contrast, both CTC and WTC are designed to support such changes. While there were examples amongst those interviewed of instances where change to tax credits had been smooth and efficient, the experience of others was, by comparison, unsatisfactory. A critical issue here
was the time taken to administer change. Where it was quick, then this resulted in greater satisfaction. For those who were very work mobile, delay in receiving notification of entitlement, as well as the actual payment was said to have particularly negative repercussions. It lent an unwelcome unpredictability to a key element of financial support for those making frequent transitions between jobs, or between work and benefit. Delays in application procedures and recalculation had profoundly negative effects on more financially vulnerable households. For example, there were some instances where respondents reported that income from work had decreased with no timely corresponding change in the amount of tax credits payable. This affected a household’s ability to meet regular expenditure and, for some, brought an increased reliance on the support of family or friends. Alternatively, where such support was not available, delay resulted in increased use of credit facilities and the accumulation of debt.

Furthermore, perceived inefficiency in the tax credits system acted as a disincentive for some in generating extra income through work. Mya, for instance, had worked as a part-time learning support assistant in a primary school for over three years. During this time, she had been offered paid overtime on several occasions to cover staff absences which she declined repeatedly. She refused not because she did not want to work but because of the process she would have to go through to get her tax credits recalculated, and her fear that change could lead to delay in payment.

As detrimental as reported delays were instances where tax credits were allegedly miscalculated. There were a number of reports of perceived over or underpayment of tax credits amongst the respondents interviewed. Underpayments had the same effects attributed to delay in payment. While overpayments did not initially have detrimental effects, the eventual requirement to repay such overpayments could lead to financial difficulty also. A well-developed understanding of the tax credits system, coupled with keen financial acumen, increased an individual’s capacity to deal with or mitigate such difficulties. For example, Debbie, who had changed jobs and whose eldest child had left full-time education, had her claim recalculated. She received a new amount but was suspicious that it was more than her correct entitlement. She queried this with the Inland Revenue and it took several months to establish that she was correct. However, in the intervening period, she avoided using all of the tax credit paid to her. When the overpayment was eventually deducted she was able to use what she had ‘saved’ to compensate for it. Conversely, a lack of understanding of how the system worked and payments were calculated could mean that overpayments were accepted unwittingly and, consequently, led to financial struggle when overpayment was discovered and deducted. For instance, Colm was made redundant and moved into part-time work. He informed the Inland Revenue of this and assumed that the lack of change to WTC meant that he was entitled to the amount received. However, subsequent contact with the Inland Revenue found that he had been overpaid for a considerable length of time. At the time of interview, he was appealing a request to repay at the level of £66 a week to clear the overpayment; an amount that constituted a significant portion of his household’s weekly income.
There was considerable variation in how change to the level of tax credits paid was interpreted. This did not appear to be related to the amount received, since increases and decreases were viewed more or less favourably. Instead it was guided by two issues:

- **Understanding of how tax credits are calculated:**
  Interpretation of change is undoubtedly hampered by lack of comprehension of how tax credits are calculated. The lack of precision in respondents general understanding of tax credits was outlined earlier in this section. In addition to this, there was recurrent misconception about how tax credits were calculated – particularly concerning the amount of WTC payable. These misconceptions centred on the relationship between the amount of tax credit received and the amount of hours worked. For example, Joanna believed that the maximum level of WTC is awarded to those who work only 16 hours per week, while Caroline believed that a bonus amount of WTC was payable to those working for more than 16 hours, which increased in line with the number of extra hours worked. Misconceptions about the role of family size in payment calculations were also recurrent. Lauren experienced a rise in wages around the time her eldest child moved out of full-time education. Consequently, the level of WTC received in the household had dropped. Her understanding of this decrease was that it was a result of the change in her son’s activities and did not understand that it was also likely to be related to her increased income. Circumstances like this illustrate how lack of understanding or misconception were often at the root of people’s disgruntlement of the level of tax credits paid.  

- **How the level of tax credits paid corresponds with broader household financial circumstances:**
  Irrespective of levels of understanding, the guiding principle by which change in tax credits were interpreted was one of fairness. In general, fairness was evaluated on the basis of how well the level of tax credit was felt to correspond with the broader financial profile of a household. Where income from work increased and tax credits decreased, or where tax credits decreased and income from benefits such as HB and CTB increased, then this was broadly seen to be appropriate. For example, Caroline reduced her involvement in work from 35 hours to 16 hours a week with the specific aim of spending more time with her daughter. Consequently, her income and her tax credits fell but she felt this was compensated by the fact that she had become eligible for HB and CTB. Conversely, where changes were felt to be inappropriate or unfair it was because they were seen to be out of step with the overall financial circumstances of a household. This happened in two ways. Where a household moved from benefit into work, it was sometimes felt that the level at which tax credits were paid did not compensate for the loss of HB and CTB. Alternatively, where tax credits (and

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3 The interviews conducted for this study coincided with the renewal period of tax credits. While participants were encouraged to discuss their tax credit receipt since the first interview it is possible that the recency of renewal and the changes therein overshadowed their views about the entire system.
ChB) were reduced because an older child departed from the home or moved into work, it was sometimes felt by respondents that the reduction in tax credits was in excess of the savings brought about by such family change.

Furthermore, where income from work increased (either because people increased hours or got paid more for the hours they worked) and tax credits decreased – this sometimes could lead to little or no net gain in household income. The tax credit taper is supposed to decrease tax credits by 37p in every £1 gross income gained, so families who receive a pay increase do see some positive benefit. There was scant understanding or awareness of this amongst those interviewed. Instead, reductions in tax credits were seen by some to indicate a lack of progress financially and ultimately a lack of achievement. For example, Anna has sustained the same job as a classroom support assistant in a primary school for the past three years. At the first interview her monthly net pay was about £600 a month, which was topped up to £1,000 with tax credits. Since this time Anna’s hours have remained the same in the school but her pay has increased several times. At the time of interview she was receiving around £750 a month net pay, and reported that her tax credits had been adjusted accordingly to keep her income at £1,000 a month. This was a source of some dissatisfaction for her:

‘I sometimes get a bit frustrated because...although my wage goes up, something else goes down, so I don’t feel as though I’m actually earning an awful lot more than I was two or three years ago. I am, I must be, but it doesn’t seem as though I am...’

(female, 43 years old, lone parent, sustained work)

This lack of overall gain detracted from an individual’s sense of achievement in sustaining and increasing involvement in work. In some circumstances, it was used as justification for not increasing the hours worked even where this was possible.

The role of tax credits in sustaining work

The role played by tax credits in sustaining work depended largely on the proportion of income they comprised. It is perhaps hardly surprising that the receipt of tax credits was viewed with greater importance by households with lower levels of earnings from work and, consequently, where tax credits formed a significant proportion of the overall household income. Without the income supplements received through WTC and CTC these families felt it would be hard to survive financially – especially considering the loss of or reduction in benefits such as HB or CTB. Here tax credits were undoubtedly one of the primary justifications for remaining in employment. Interestingly, tax credits themselves are not always explicitly singled out as a key support mechanism by these families. Rather there was sometimes more importance placed on personal or job related factors in sustaining them in work.

Even where tax credits did not constitute a high proportion of income, they were still appreciated. Here, however, they were seen to play a different role, acting as a
welcome ‘top up’ to income from work, rather than a central factor in making work pay. Tax credits were still seen as an important component of the families’ weekly or monthly income, not least in offsetting additional costs of being in work like childcare or increased housing costs. However, there was, undoubtedly, less emphasis placed upon them as a key factor in sustaining work.

Where the amount of tax credits was very low – a matter of a few pounds a week – it had almost no significance for the families concerned and there was almost no emphasis on them as a way of sustaining or maintaining families in work. Moreover, there was some feeling that the amount of time that the application process required did not justify such small amounts, a factor which prompted at least one couple to consider not claiming in the future.

Tax credits play a vital role for people in the transition from benefit into work, and remain as important where that income remains low. Where income from work increases and households have seen a reduction in proportion of their income made up of tax credits then it can lead to less of a reliance on this form of financial support and therefore less emphasis on it as a factor sustaining work or making work pay. Conversely, where income from work decreases – because of change of job or a reduction in hours worked, then the pivotal role of tax credits in making work pay is unquestioned. However, delay or difficulty in accessing this support can undermine their benefits and lead or contribute to financial difficulty for some families.

### 4.1.2 Other in-work financial support

In addition to tax credits, two other forms of Government support were used by those in work.

**Housing Benefit and Council Tax Benefit**

In households who had a minimal involvement in work – for instances a single earner in part-time work, the continued receipt of HB and CTB played a key role in making that work financially viable. However, in as much as delays in the administration of these benefits were a factor in the initial move into work, and discussed at length in the ‘easing the transitions’ research, they also appeared to be a difficulty in work transitions that had occurred since then. There were reports of delays of up to ten weeks to sort out HB and CTB in subsequent transitions from benefit into work, which meant that the period of transition was marred with financial uncertainty and financial difficulty.
Martin had been out of work for a period of ten months when he found new work. This work was a temporary contract. He had worked there for six months by the time of interview, but the contract could end any time. During unemployment Martin’s family had received CTB and HB. On his return to work the rate he needed to pay for rent and Council Tax allegedly took over two months to be confirmed. Although meaning to put money by for this he had found it difficult to save for this in this transitory period. At the time of interview Martin’s family were still in arrears with rent and felt it likely that they would still have outstanding debts when his contract ended. He liked working, but it was for reasons like this that he found working ‘more complicated’ than not working.

Where such delays were combined with delays in the calculation of tax credits, it led to significant difficulty for the household. The effect of this was that housing costs sometimes were not tended to in transitions between benefit and work. While many had received HBRO or CTBRO in their initial move into work, and discussed its many advantages at the last interview, those making subsequent transitions did not appear to receive such assistance, even though they had been in receipt of IS or JSA for the required 26 week period.

Statutory sick pay

The only other form of support received while in work was Statutory Sick Pay (SSP). This was not common within the sample. There was only one instance where an individual was signed off work by a doctor for an extended period of time and received SSP. While the support was appreciated, the level of the support in comparison to her wages, was bemoaned and had resulted in the accumulation of significant debt to compensate.

4.2 Financial support during periods of worklessness

In periods when they were out of work, families relied upon a range of different types of financial support from Government. In the absence of income from work, this financial support played a central role in meeting household’s basic needs. This support largely comprised of JSA and IS along with other passported benefits (such as HB and CTB). IS was more common amongst lone parents while couple households typically claimed JSA. Some families also received Incapacity Benefit (IB) because their exit from work was due to sickness or disability.

The level at which these benefits was paid meant that it was usual for households to experience a significant drop in household income when they were out of work. This led to a series of financial and material ill-effects. However, movement out of work and onto benefit did not always result in reduced financial means. Where income from wages and tax credits had been low when in work, there was often little difference in the amount received on benefit. The impact of fluctuations in income for families is discussed further in Chapter 5.
More rarely, there were some families who continued to rely on tax credits in short periods out of work. Some did this because they felt the income from tax credits was equivalent to the level of income possible from benefit and hoped to avoid unnecessary administration changes while they looked for further work. Conversely, others had attempted to switch from tax credits to benefit but were under the impression from their discussions with either the Inland Revenue or Jobcentre Plus, that this was not possible. Where individuals relied on tax credits for short periods out of work, it was often a source of financial security. However, where it was relied upon for longer periods, it reflected poor financial management skill and, in some circumstances, contributed to the accumulation of debt and arrears.

There were also instances where financial support had not been accessed, not because a person was not eligible, but because they did not perceive a need for it. Where people were out of work for what they considered would be a short period of time, and had been comparatively higher earners, they were less inclined to claim benefits. For example, Louise had worked in a series of temporary contracts since her Wave One interview. Her longest period out of paid work over that time had been five or six weeks. She had been in jobs that were ‘well paid enough’ for her not to claim in-between work. She was glad to have ‘escaped’ IS and found the idea of reapplying daunting. She did, however, feel that she would claim benefits in the future if the gaps between jobs became longer or absence from work made her ‘financially desperate’. Alternatively, in couple households where one partner was still working there was less of a tendency for the second partner to claim any benefit during short periods out of work. However, again for longer periods out of work, there was more use of and reliance upon benefit as a source of household income.

Perceived delay or inefficiency in the provision of benefits was a source of some difficulty for families. Some reported significant delay in receiving their benefit following a move out of work. For example, in Andrew’s household delays of up to three months occurred before benefit amounts were settled, although there had been sporadic and unpredictable payments in this time. This meant that the transition had unnecessary financial problems for them and their families, in some cases leading to the accumulation of debt. The difficulties reported in the administration of out of work benefits were seen to undermine their usefulness as a way of ensuring a minimum standard of living:

‘...it’s been the hardest bit...these periods where you haven’t got any income but you’ve still got all your expenditure to make, that’s the problem. I think when the figures start coming through eventually everything is fair...and I think the Job Centre as such do a very good job...It’s just the financial aspects of things ‘cos when you’re working you tend to...get involved in things and then you have financial commitments and direct debits because you’re able to meet them. As soon as that stops, it becomes extremely difficult’

(male, 36 years old, couple family, sustained working with gaps in employment)
4.3 Department for Work and Pensions advice services

The Department for Work and Pensions (DWP) provides a range of advice services to support those out of work in their search for future employment. These are provided by Jobcentre Plus, sometimes in partnership with other commercial or community based agencies. In their initial move into work, respondents used a variety of standard Employment Service or Benefits Agency services\(^4\) for advice on job vacancies, help with job search and job search skills, and advice on benefits and tax credits. Some had also been in touch to a greater or lesser extent with programmes such as the New Deal for Lone Parents (NDLP), the New Deal for 25+ (ND25+), New Deal for Disabled People (NDDP) and Employment Zones (EZ). Indeed, in the initial interviews for this research, these services were described as providing useful and essential advice and guidance on finding work, and on financial and other issues surrounding the transition into work.

It is clearly important to understand the role played by these services over the longer-term in supporting people in work, in helping them make successful transitions between jobs and in helping them to secure alternative employment should they fall out of work. This section, then, explores the use of these services by respondents between the two interviews. It examines whether and for what purpose such services were used and what sort of help they provided, if any. Finally, respondents views about the service received is discussed.

4.3.1 Overview of service use

In Chapter 3 the various ways in which those who moved out of work sought to regain employment were outlined. It regularly involved the use of a combination of different approaches, of which the services offered by the Department did feature. However, while there was recurrent use by some of the Jobcentre Plus services during transition(s), they were not used, or not mentioned, by others.

*Users of Jobcentre Plus services*

Jobcentre Plus and associated labour market services were utilised mainly when an individual lost or resigned their job, when they were thinking of changing jobs, or knew that they were to be made redundant or their contract was otherwise due to finish. Generally, individuals reported the use of the same range of services as were used in the initial transition. It is perhaps unsurprising that there was scant use of such services by those who had sustained the same job over the longer period. They had no need of the work related advice. Some who had used services such as NDLP or EZ had some contact with their advisers in the early stages of work, but even this was not sustained over the longer-term.

For those who did use these services, there was some diversity in how and why such

\(^{4}\) The initial move into work for most people took place prior to the creation of Jobcentre Plus.
services were reutilised. There were some who specifically sought out such services because of their past experiences. This was generally because of a very positive experience in previous instances of worklessness. Here, several aspects of the initial service received was seen to make them attractive again. In general, people pinpointed the helpful advice received and the opportunity such support held for accessing job vacancies, arranging job interviews and help with preparing job applications or writing CVs. Also, where people had felt that previous encounters had resulted in jobs that they had liked, they appeared more inclined to return for further assistance when they fell out of work. Finally, where individuals had experience of specific programmes like NDLP, NDDP or EZ, they returned because they were aware of their open door policy to previous programme participants. Here the quality of the initial relationship with an adviser also played a role in directing an individual back to that service when work fell through:

Interviewer: ‘Did you have an advisor there [at EZ provider]? Or one person who worked with you?’

Husband: ‘Yes a lovely woman, she was a very nice woman…’

Interviewer: ‘What sorts of things did she do for you?’

Husband: ‘She advised me how to go about an interview…’

Wife: ‘She sent him for jobs and that.’

Husband: ‘She is a lovely woman, you know, she is very, I respect her.’

Wife: ‘She took an interest in you didn’t she really?’

Husband: ‘…she was absolutely brilliant.’

(male, 41 years old, couple family, sustained work with gaps in employment)

Others, however, had not specifically sought to get advice about work or finance for Jobcentre Plus and were certainly not guided by any positive memories of previous use. They reused the services offered only because they were part and parcel of securing income related benefits when out of work.

Finally, there were some who delayed or forestalled their use of Jobcentre Plus services. In situations where an individual had advance notice of redundancy or end of contract they exhausted other potential sources of employment before contacting Jobcentre Plus service. Indeed, some waited until they were unemployed for a time before making contact. Negative views about such support undoubtedly lay at the root of this delay in use. Alternatively, it could also result from a lack of awareness that such services could be used by those who are still in but near the end of their current job.

**Non-users of Jobcentre Plus services**

The reasons why Jobcentre Plus services were not used are diverse. Undoubtedly there were circumstances in which they were not needed. Some of the work transitions were quite quick, and involved people with a high degree of confidence in finding work, quite advanced personal job search skills or job networks.
Consequently, they generally found work quickly without resorting to Jobcentre Plus services. Also those who did not claim benefit for short gaps in work, were less inclined to enter a Jobcentre, and thus were less likely to have used the services offered.

However, there were also clear instances where a person could have benefited from Jobcentre Plus services around finding work but did not access it, or who avoided such support even where they were receiving in-work benefits. This was almost always due to previous unsatisfactory encounters with the services provided. Poor relationships with the Jobcentre staff were pinpointed as one aspect of this. Alternatively, previous encounters were said not to have resulted in any suitable job vacancies, or had involved pressure to accept a job that was inappropriate or did not match work aspirations. It is perhaps worth pointing out that it did not appear from respondents’ accounts that those who were not using Jobcentre Plus services were not actively seeking work. Rather, instead there was much more reliance on other forms of job search.

4.3.2 Views expressed about the service received

Broadly, the views expressed about the support received from Jobcentre Plus services were quite mixed. Some recounted wholly positive encounters, others completely unsatisfactory ones, but in the main the accounts given were moderate, highlighting more or less positive impressions from their various encounters. It was not always possible to gather precise evaluations of each encounter with the service, however, from the accounts of those who made use of Jobcentre Plus and associated services, two aspects seem particularly salient in influencing views:

- **The relationship with staff or more particularly with advisers:**
  Those recounting positive experiences of the service provided placed particular emphasis on the quality of the rapport and interaction with staff, particularly with advisers. They recurrently highlighted how ‘helpful’ and ‘encouraging’ they found them in their search for work (even in circumstances where work had not been found through Jobcentre Plus). This was a quality that was mostly absent from less satisfactory encounters. Here staff were generally portrayed as unhelpful. Indeed, the attitude of some staff – which was felt not to appreciate the psychological and financial difficulties inherent in being out of work – was berated. While positive encounters praised the encouragement received in finding work, those who berated the service sometimes talked of how they felt judged by the staff involved, and felt that their genuine attempts to find work were disbelieved. Furthermore, less satisfactory encounters were ones in which people described how they felt ‘harassed’ rather than motivated by staff in Jobcentre Plus.
Martin was out of work for ten months in the time since the last interview. Though he admitted having periods during that time where he had low motivation to work, he was, for the most part, actively engaged in finding work. One of the strategies he employed was calling into his local Jobcentre Plus three times a week. He described the advice he received as ‘bullying rather than encouraging’. He felt that the Jobcentre staff could have played a key role in sustaining his motivation to work and could have helped him to deal with ‘all those knock-backs and rejections’ from employers. Instead, his experience of the service made him feel worse about himself and if anything he felt that the approach taken had demotivated him.

- **The ability of the service to locate the ‘right jobs’**: The quality of the job vacancies presented to people also had a strong influence on their views of the service received. Where they matched work aspirations, or even where they were felt to be in some way appropriate if only for a short while, then the views expressed were generally more positive. However, where the vacancies presented were felt not to be acceptable or appropriate – because of the type of work involved, the hours of work or the anticipated level of the job – they generated profoundly negative views of the service. While clearly it is difficult for any service to completely match what can be high expectations, there was a sense from these accounts that the advisers concerned had not fully interacted with the individual and had not tailored their advice and guidance appropriately.

These impressions of the service have important implications. As noted earlier, people did or did not return to services based in part on their impressions of it. If services are seen to be ineffectual or inappropriate then it is unlikely that they will be used in future, and thus the full benefits of Government support to those on the thresholds of work will not be realised.

There is clearly much that current services and support can do in helping low income families in work and on the thresholds of work. Jobcentre Plus services can and do help people who fall out of work to regain employment and, though not without their difficulties, tax credits do help to make work pay. The next chapter now turns to look at this relationship between work and household finance in more detail.
5 The financial implications of work

This chapter examines the families’ financial circumstances to understand the impact of work, and other salient factors, upon it. The previous two studies implicated a range of factors that affected how well families fared in the initial transition from benefit into work: level of income increase; costs associated with the move into and staying in work; household skill at financial management; pre-work debt; and access to formal and informal financial support. The ‘low income families’ research found that the combination of these factors led to variable financial circumstances and depicted four types of families:

- the significantly better off – characterised by an increase in discretionary income, (the income remaining after all essential out-goings were paid) of approximately £250 per week while in work;
- the moderately better off – exemplified by households with additional discretionary income of around £50 to £150 per week while in work;
- those who were neither better nor worse off – where increases in discretionary income because of work were limited to £20 to £30 per week;
- the worse off – households with negligible increases or less discretionary income than when receiving benefits.

The better off households tended to comprise two earners or people had full-time or well paid jobs. Households that fared less well comprised those in low paid jobs and they generally had significant pre-work debt and higher childcare costs.

The discussion here examines financial change since the initial interview, explores whether these factors remain important, and pinpoints what influences financial well-being for low income families in work over the longer-term.

Financial circumstances were affected primarily by fluctuations in income. How families managed these changes through financial management, coupled with the significance of these changes, largely determined how financial change was
experienced by households: specifically the impact on expenditure, debt and savings. Each of these aspects of a household’s financial profile is outlined in turn in the sections that follow. The chapter concludes with a discussion of their combined effect.

5.1 Income

Household income was generally drawn from a range of common sources. Where a household was in work, it usually, but not always, commanded a mix of wages and tax credits. As outlined in Chapter 4, other benefits such as Housing Benefit (HB) and Council Tax Benefit (CTB) were also received by some families, and families generally relied on a range of income related benefits when they fell out of work. These different components of income are not independent of each other. For families in work, the level of wage earned generally dictated entitlement to tax credits and in-work benefits, as well as the level paid. So fluctuations in wage levels – for whatever reason – generally led to corresponding change in the other components. Similarly, an absence of or reduction in wages meant that income from benefit formed a larger part of household income.

This relationship between the different components influenced the way households experienced and perceived financial change. While there was for some considerable change in the value of different components of income over time, there was sometimes little change to their net income. Two examples, given in Chapter 4, illustrate this. First, where income increased but tax credits decreased, this was reported to result in little or no change in some families’ perceived overall financial status. Similarly, in situations where income from wages, tax credits and in work benefits was experienced as equivalent to the value of out of work benefits, then families moved between benefit and work sometimes without any substantial financial change over time.

Notwithstanding this, some families did experience either net gain or net loss of income between the two interviews for a variety of reasons. This section explores how and why changes in total income, or its various components, occurred.

5.1.1 The role of work

Levels and sources of income increased or decreased according to changes in a household’s working status. Significant increases in income from wages were experienced often as a direct result of sustaining work over time. Moving from part-time to full-time working, either within the same role or with a new employer, brought an increase in the number of hours worked and consequently to overall wages. For example, Laura, a café worker, saw her income from wages double when she went from working 20 hours as a part-time employee to 40 hours full-time for the same employer. Sustained working for the same employer also afforded benefits in the form of regular pay rises. Annual pay rises ranged from around three or four per cent of salary up to 11 per cent. Increases in the rate of the minimum wage also translated into increased income from wages for those receiving that level of pay, however, these were generally not perceived to constitute any significant change.
A move into full-time work or sustained work with the same employer sometimes brought financial benefits, in addition to any associated increases in income from wages. These included access to overtime which was previously unavailable, lending the opportunity to earn extra income by working more hours, guaranteed hours (and so a guaranteed income), holiday pay and access to an employer pension scheme, itself signifying even longer-term benefits. The opportunity to earn bonuses based on productivity or performance was also reported.

Mike had retained his job as a fitter in a manufacturing company for the last three years. After his second full year he became eligible for the company’s quarterly bonus scheme, which had netted him an additional £1,600 (gross) in wages over the past 12 months. This was equivalent to approximately eight per cent of his annual gross salary.

Decreases in income from wages were also experienced. The reasons for these were many and various. Income from wages decreased because individuals moved from full to part-time working. Reduced wages were also brought about by prolonged periods off work for illness or pregnancy. Where people had short periods between jobs but did not claim benefit, this led to a fall in income. Also, though not specifically a decrease in wages, fluctuations in the payment of Working Tax Credit (WTC) led to decreases in income from work. Chapter 4 outlined the difficulties experienced by some in the recalculation of the payment of WTC when an individual moved jobs or changed the circumstances of their current work. These sometimes had a profound, if temporary, effect on the level of income generated by work.

Unsurprisingly, households where one or more partners moved out of work, either temporarily or permanently, experienced a corresponding decrease in income from wages. Where income was relatively high, its loss was rarely completely negated by corresponding increases in associated benefit payments.

The type of family (whether couple or lone parent) has a range of impacts for household income. Couple families where both partners are considered eligible to work consequently have greater earning power. Where both experienced increases in income over time, this led to a remarkably better financial status compared to some of the lone parent families interviewed. Also, having two incomes can mean that a reduction or loss of either one of them can be handled more easily, sometimes without any significant impact on the overall financial profile of the household. Finally, couple families can undoubtedly exercise greater choice over who earns and the level at which each partner earns. Some took advantages of increases in income from one partner to reduce the hours worked by the other, so that while they may not have had a net increase in income over time, they were compensated in other ways.
Michelle had sustained work as a printer since moving from benefits to work three years ago. Her husband, Tom, had been employed by the same steel factory for 18 years. She changed employer two months before being interviewed. At this time, the family decided that Tom would take on less overtime. The income lost was made up for by the increase in her hours and rate of pay and they experienced an increased quality of life by being able to spend more time together as a family.

5.1.2 The impact of family change

Changes in the nature and composition of families had corresponding influences on the income commanded by a household. This happened in two ways. First, changes to family type had implications for household income. In the sample there were a number of lone parents who had repartnered by the second interview. Thus, income from wages increased where new partners were working. Also, where these new families produced further children or where new partners brought with them children from previous relationships, this led to changes in entitlement to Child Benefit (ChB) and Child Tax Credit (CTC). However, increased income, where it did occur, frequently meant less entitlement to WTC. Moreover, any net increases in income were commonly negated, or at least significantly reduced, by the additional expenditure associated with such household change.

The second type of family change relates to child development. Changes such as children leaving home, starting work or simply getting older all had implications for a household’s income. The nature of this change, however, was varied. A loss of CB and CTC was experienced by families whose children had reached the age of 16 and had moved out of full-time education. When the child also moved out of the family home, households were usually able to offset this lost income through their reduced expenditure on household essentials such as groceries. When the child remained at home, whether or not they had their own independent source of income dictated the degree to which they constituted a drain on overall household income. For instance, where a child had their own income from work, or where they were claiming benefit in their own right (such as a daughter becoming a lone parent and claiming IS), then they were consequently less of a burden on household income. Contributions to the household from children who moved into work ranged from a £10 per week ‘token’, increasing with the child’s pay rises, to £100 per month. Those in receipt of benefit did not always contribute in this way, though where they did the contributions were usually small. Conversely, when a child generated neither income from work nor from benefit then this usually resulted in a net drop in household income without any corresponding drop in expenditure.

There were further implications for household income where children moved out of education or departed from home. Maintenance payments from an absent parent, which were an important source of income for some families, particularly lone parent families, were lost or reduced in these circumstances. Alternatively, payments which had been made to the parent with care were instead paid directly to the child.
themselves. Where children remained at home, the impact of this decrease in income was most significant when not ‘replaced’ by an alternative source of household income such as a contribution from a child’s wages.

5.1.3 Other influences on household income

Reports of other sources of, or influences on, household income were rare, although they did occur. These generally took the form of one off or lump sum payments which had a profound effect on income, albeit temporarily for some. They included insurance payments following accidents at work, maturing endowment policies, family gambling wins and inheritances. Where people were made redundant from work, they sometimes received redundancy payments of varied size. Alternatively, some families experienced significant increases in assets such as houses or cars, which meant that household expenditure decreased, making it feel like there had been an increase in income. These increases varied in value from a few hundred to tens of thousands of pounds. Whatever their size, their contribution to household income and assets had greatest impact when they were unexpected and so had not been assigned to any part of the household budget in advance. Moreover, where they were significant, they rendered other financial change (such as increases or decreases in wages) insignificant.

Josie lived with her daughter, Danielle, and husband, Dave. Prior to making the original transition into work, Josie had suffered the loss of her mother and, more recently, her aunt. Both relatives had bequeathed her substantial inheritances, the profits from which she had only just begun to receive. Whilst she had sustained work during this time, Dave had been made redundant and took several short-term jobs before settling in his current role. His wages had increased over this time by approximately £50 per week. This relatively significant increase in income from wages was, however, dwarfed by the increased wealth afforded by her inheritances.

5.1.4 Overall change in income

There are, then, different influences on income, of which work and family change are perhaps the most salient. However, as mentioned in the introduction to this section, and as apparent from the examples given throughout, the nature of change in household income is not linear. Rather, different forces can compete with or compliment each other to produce net increases or decreases, or indeed bring about little real change at all.

While changes in family type or size are important it is perhaps the change in work that has the more significant influence. Sustained work was a key influence on financial stability and often led to continuous, if not increasing, levels of income. Households who experienced movement in and out of work tended to experience greater fluctuations in both levels and sources of income, though this did not always mean that they ended up earning more or less than they did at the first interview.
Jess, a lone parent with one child, had been working part-time as a senior carer in a residential care home until roughly six weeks before being interviewed. Her hours at the care home had increased in the past year to 36 hours per week, as had her hourly rate (from £4.20 to £4.50 per hour), and so her income from wages had increased significantly. Upon resigning from the care home, she was unemployed for six weeks whilst she looked after her daughter who required hospital treatment. She was receiving only WTC and ChB during this time. At the time of interview, Jess had just begun working part-time (24 hours per week) behind the bar of a local pub earning £5 per hour. Her income from wages had shown both increases and decreases over time although her income from wages at the time of interview were approximately the same as they had been three years ago.

Finally, when a household moves out of work entirely, then it almost undoubtedly has negative implications for the income it can generate – with one key exception, where income from wages and tax credits is low and equivalent to income from benefit.

5.2 Financial management

How families reacted to and managed these changes to their income, coupled with their relative significance, determined the extent of other financial change within the household – such as changes to expenditure, the accumulation of debt and the propensity to save. This section explores the nature of financial management within the families interviewed and how this either helped to mitigate or exacerbate changes in income.

5.2.1 Variation in financial skill

Families displayed very different levels of financial skill, such that households could be described as sitting somewhere along a continuum of financial skill. At one end, households described sophisticated and sometimes long-standing methods for financial management.

Michelle and her husband Tom, both working, described a highly developed budgeting system for their household. All their regular payments were set up as direct debits or standing orders to come out of their joint account. They kept track of their finances by checking their bank statements on-line daily to ensure they avoided ‘getting in over their heads’. If they overspent one week, they would always try to make up for it the following week.

At the other end of this continuum of skill, people did not perceive themselves to have a formal system of budgeting. At best, they had a patchy idea of the incomings and outgoings.
Anna, a lone parent with two teenage children, described herself as having no formal budgeting system when interviewed three years ago and blamed this on having sufficient money not to have worry about juggling her finances. More recently, she described herself as having a ‘rough idea’ of what was in her bank account without keeping any record of her spending. She felt able to manage her finances this way because she was confident the money was there to pay for things.

Not all households were characterised by these two extremes. Some exhibited pockets of financial skill but it appeared limited to certain circumstances. For instance, some families were skilled at managing or at least keeping on top of their debt repayments, but lacked overall budgeting skills to keep them out of debt. Alternatively, some exhibited financial skill when there was a specific goal in mind. The necessity to provide for Christmas, for example, was a common concern for families and it was usual for them to try to manage this drain on financial resources in some way by planning, saving or budgeting. However, these important skills did not usually translate into or reflect broader approaches to financial management.

5.2.2 Characteristics of financial skill

A range of different characteristics of financial skill came to light in the discussion of how families made ends meet. These were particularly important in helping a family to manage any decreases in income. They were described as:

- **Allocating income to specific financial commitments:**
  Income from different sources, received at different times or frequencies was, in some families, earmarked to pay for specific items of expenditure. For example, people talked about their ‘weekly money’, such as ChB and CTC, paying for shopping and day-to-day living while their ‘monthly money’, usually wages and WTC, paid for bills and other larger, less frequent, payments such as rent or mortgage. In couple households, where both partners generated income, different sources sometimes had a distinct purpose. Where households carried out this kind of financial planning it appeared that they were more financially stable.

- **Exercising keen budgeting skills:**
  As a consequence of their low income, some families had well developed budgeting skills, particularly around food and groceries. Common strategies included buying cheaper food brands and limiting purchases to specific offers such as ‘buy-one-get-one-free’. Some families retained these as they moved into work, even where their financial situation had improved. In times of financial instability this sort of strict budgeting had helped households to manage better and mitigate any difficulty caused by a drop in income.

- **Being able or willing to respond swiftly to change:**
  The ability of a household to react to temporary short-falls in finances or additional demands on their money meant they fared more or less well when their income changed. Cutting back on spending on everyday ‘luxuries’ such as smoking,
drinking and going out was the first way that many families attempted to make reduced income go further. This could be a temporary measure, until the end of their weekly or monthly budgeting cycle, or a strategy for managing longer periods of financial hardship, for example, when between jobs. Cutting back on spending on food by buying non-branded foods, smaller quantities and avoiding ‘luxury’ food items was generally the next step in more limited financial circumstances. These strategies were employed extensively during transitions between work and benefit, and between jobs, and remained important for those families whose financial circumstances had not completely stabilised while in work.

5.2.3 Core influences on financial skill

Given that such skills are critical in responding to change in income, it seems important to understand what contributes to greater or lesser abilities in this regard. Over the course of interviews a range of diverse influences became apparent. These encompassed:

- **Experience of dealing with money:**
  The level of skill displayed by people in managing their finances was underpinned by their experience of managing money. Where people had held jobs requiring them to handle or manage money in the past, or a current job required this, then this seemed to affect how they managed their personal finances. For example, Josie had sustained work for several years organising the paperwork and some of the financial affairs of another household. Prior to this, she had worked in a bank, fitting her skills, which she felt, had equipped her to manage her family’s finances effectively. Others had past or current experiences of self-employment and therefore were more accustomed to budgeting and planning with money. Levels of financial skill were also, in part, determined by past successes or failures in managing money. People sometimes felt that their current financial acumen was a product of lessons learned in the past, particularly by having to manage limited income in hard times.

- **Access to financial services:**
  Increased use of and access to financial products and services sometimes led to increased financial skill. As noted in the ‘low income families’ research, increased involvement in work led to greater access to current accounts or increased use of accounts that previously lay dormant. It illustrated how facilities like direct debits helped families to manage their outgoings more effectively. This was seen to have significant benefits for financial management then, and evidence from this study continues to support this relationship. Furthermore, where people’s access has increased, it generally means that they have more tools at hand to manage their income. However, while increased or continued access to financial
services was generally characteristic of those households who displayed good financial management, it did not guarantee it. Some families had bank accounts but did not appear to use them in a way that helped them. Others had lapsed in the control of their accounts, which had a knock on effect on financial management. This sometimes was a direct result of a change in income sources or levels. For instance, when the frequency or sources of income changed, some did not make corresponding alterations to the demands placed upon that income (through Direct Debits, Standing Orders and so forth) which led to financial difficulty for some. Without such improved access to these products, people used their family as replacements, asking parents or, occasionally, their children, to keep money for them so that they were not able to spend it.

- **Family type:**
  Family type undoubtedly led to different forms of financial management. Lone parents were usually the sole organisers of their household budget, though some did involve their older children in discussions about money. Financial management in couple households was influenced by a range of factors, including how financial decisions were made, who provided the money for certain bills and who paid them. In couple families, the partner who worked (or earned the most if both partners worked) tended to pay the rent or mortgage and any direct debits came from their bank account because the family could be sure that the necessary funds would be available. However, where bills had to be paid in person, responsibility for payment, if not for provision of the money, fell to the partner who did not work or who worked fewer hours. This was more commonly the female partner in the families concerned.

Consequently, family change could have a significant influence on forms of financial management. Gaining a partner, cohabiting or getting married affected how families managed their finances. For example, Joan, a lone-parent, recently repartnered, had accumulated significant debt and was therefore more willing to attempt the method of budgeting suggested by her new partner. This contrasted with Deena, recently married, for whom the general disruption caused by the event, and the influence of her partner, had compromised her once good financial management.

- **Involvement in work:**
  The nature of involvement in work also had implications for how families managed their finances. Families who had sustained or increased working over time sometimes generated greater levels of income which was seen to make it easier to make ends meet. This, for some, brought about a lessening of control over money matters as they got used to having sufficient money for bills and other regular payments. Conversely, as noted earlier, moving out of work caused some to take more control over their financial affairs. In addition, a change in working patterns necessitated or triggered a change in the way households managed their finances. This was a result of changes in the frequency of payment – from weekly to monthly or vice versa.
5.3 Expenditure

Household expenditure was broadly seen to fall into two distinct categories:

- **Core or essential** spending, including rent or mortgage payments, household bills, essential food shopping, travel associated with work, and childcare costs.

- Spending on **luxuries**, including money spent on non-essential items or ‘treats’ like holidays and entertainments such as satellite television packages, dining out and money spent on alcohol or tobacco.

This delineation, however, was not completely static and there was some variation in what was considered to be either core or luxury by different families. For example, subscription to satellite television was treated as a regular household bill by some and so considered to be part of core spending whereas others perceived it as a luxury. Expenditure on alcohol and tobacco was also open to similarly varied interpretation.

It was common for expenditure to change over time, not however in line with actual changes in income, but with perceived changes. The degree of financial skill in a household had an overriding influence on how increases were calculated and recognised, and, consequently, the more financially astute were typically more accurate and precise in the changes they made to their expenditure. For instance, where families perceived their financial situation was poorer over time, having already cut spending on luxuries to a minimum, they decreased their core expenditure, for example by buying supermarket own brand or economy foods or shopping for food less often.

Claire and Richard, who had three children, owned their own small business, run day-to-day by Claire. Richard used to work full-time also, was made redundant, but subsequently found full-time work. They were both skilled at dealing with money, particularly Claire, and monitored the fluctuations in their income carefully. They consequently made several adjustments to their household spending over time, in line with perceived changes in income – such as restricting the quality and quantity of food they bought and the amount spent on treats for their children.

Conversely, poor financial skill often meant that a household’s perception of their income was somewhat misguided. Unsurprisingly where a household thought they had more money than they did, they often spent more, particularly on luxury items. This could have harmful consequences for the family, particularly in the accumulation of debt.
Joan, a lone parent with two children in the household, was working as a carer in a residential home as she had been at the initial interview. She had three months leave from work due to sickness 18 months ago. During this time, she accumulated significant debts in arrears and in loans from private companies. Despite this, Joan continued to spend money on luxury items such as holidays and treats for her children as she had since she started working and recognised that this was causing her severe financial difficulties.

Perception of improved circumstances led to increased spending on luxuries such as family holidays, while perceived decreases led to restrictions on or curtailment of luxury spending. Interestingly, as income was perceived to increase, it also appeared that the parameters of what was considered core or luxury changed for some, so that expenditure on items that had once been categorised as luxuries, like family holidays, became seen as essential. This perhaps reflects how, for those who had sustained work, luxuries were increasingly justified in recognition of their continuing hard work.

Besides income, one other factor had a profound effect on a household’s expenditure patterns: changes to nature and composition of a household. This was commonly cited as a reason for spending on both essentials and luxuries to fluctuate. The arrival of new children and partners, the arrival of extended family such as grandparents, the departure of older children to go to college, to live with another parent or to become an independent adult, all caused household size to either increase or decrease over time. This had an impact upon expenditure, primarily on essentials like food and household bills. The changing needs of children as they got older also affected expenditure. Specifically, parents faced higher food bills for growing children at all stages of their development. For younger children, increased spending was associated with starting school and the activities, such as children’s birthday parties, accompanying that, and bus fares for children moving between junior and senior schools. Parents with older children spent more on clothes as their teenage children developed an interest in fashion labels, grew into adult sized clothes and became more interested in going out socially.

5.4 Debt

In their ‘initial’ move into work, pre-existing debt was revealed as an important factor in determining a household’s successful transition into work. This section explores the role played by debt in the longer-term.

5.4.1 Sources of credit and debt

The use of credit, and the accumulation of debt, was commonplace amongst the families interviewed. However, there were exceptions and some families exhibited a strong aversion to any form of credit and, consequently, had not accumulated debt at any time in the recent past. However, this was exceptional and many families were reliant on a range of different sources. These encompassed:
• **Bank loans:**
These were for a variety of different amounts and for many different purposes – though generally household related. They also included student loans and career development loans.

• **Bank overdrafts:**
Where families had bank accounts, they sometimes included an overdraft facility. It was not a source of credit used by all. For others, it was heavily and repeatedly relied upon.

• **Mortgages:**
These were less common but some households did have them over the longer-term or had acquired them recently.

• **Loans from private companies or ‘loan sharks’:**
These took the form of either cash loans or vouchers to be redeemed at retail outlets like supermarkets or department stores. They generally had very high interest rates attached.

• **Loans from family or friends:**
Borrowing from family or friends, where available, was an important port of call for households who did not like to use formal debt. The informality and flexibility of borrowing from family or friends is such that some people did not appear to consider this as debt at all.

• **Catalogues:**
Catalogues were a mechanism by which families bought household items or clothes and paid for them over the longer-term. Use did not always imply debt but some did have greater or lesser outstanding balances depending on other financial circumstances.

• **Hire purchase agreements:**
These were generally for household items or other items such as cars or motorbikes.

• **Credit and store cards:**
These were common sources of credit – used for a variety of purposes. Again, they were used differently by different families, which had different implications for levels of debt. Some had them but never used them, or did so rarely, in ‘emergencies’. Others used them only when they knew they could pay them off immediately or quickly. While some had outstanding balances – sometimes large ones – on which they were paying interest.

• **Arrears:**
Some families had a range of arrears on household bills, whereas others did not have this kind of debt.

However, just mapping the range of sources masks some of the change that has taken place over time. Involvement in work, in as much as it has led to greater use of financial services generally, has also led to greater access to, if not use of, sources of
credit and debt. This was characterised by increased access to credit through bank overdrafts, hire purchase agreements, and credit or store cards – which would have been unattainable to people with limited or no work history. Similarly, while some had pre-existing mortgages, involvement in work had enabled others to consider these forms of loans. Other noticeable patterns include a movement away from credit sources that charge high levels of interest, such as doorstep lenders, to more reputable sources such as bank loans. However, while involvement in work certainly has led to expanded access, falling out of work does not necessarily lead immediately to reduced access. Even where people had moved out of work, they retained access to forms of credit that they had only become eligible to by being in work. This, as explained below, led some to utilise these in times of need and thus accumulate debt that they would not have had access to had they remained on benefit.

5.4.2 Changing profiles of debt

In as much as it had impacts on expenditure, change in income, coupled with levels of financial skill, affected not just the sources of credit but also the level of debt a household accrued over time. Experiences of debt over time varied considerably across the sample, from families who had made a concerted effort to and been successful in moving away from debt, to families who had increased their reliance on debt. This explores how levels of debt have changed in the families interviewed and the factors that led to such change.

Avoidance of debt

As noted earlier, those who did not have any debt – at any point – generally had a strong aversion to debt – born out of past experience, or out of attitudes inherited from parents. This was retained regardless of circumstance. That said, some who did not perceive themselves to have any debt, did receive financial or material support or small loans from family and friends.

Reduction of debt

Families that had managed to reduce their reliance on debt, had very distinct attitudes and circumstances. They generally exhibited an increased resolve not to use debt, even when they were in difficult circumstances. This was sometimes a direct consequence of their own bad experiences with debt. Some families took on extra forms of credit when they moved into work initially and had temporarily found it difficult to make ends meet. For instance, Liz had a very bad credit history, and when she moved into work initially, increased her use of credit sources. Things got so bad that she declared herself bankrupt in 2002. While she was prevented from gaining credit, she would not allow her new partner to do so either, out of fear that her family would end up in a similar situation again. Similarly, Jeanette had taken out a loan for £3,000 when she first moved into work to pay for a lifelong dream holiday. However, the repayments led to serious financial difficulty. She had now reduced the debt significantly and resolved not to use credit in this way again. Alternatively, reduction in debt was brought about not by one’s own experience but by witnessing the problems that family and friends had encountered.
Sustaining work was undoubtedly a key driver of reduced levels of debt. Those who sustained work reported increased self-sufficiency and accumulation of savings. Where they did have debt, or used credit, this appeared manageable when their overall financial situations were taken into account. Key here was effective financial management. So, it is not sufficient to sustain work, and the income it provides, but good financial skill can also help to channel that income to reduce debt.

Mike lived with his wife, Emily, and two children. He had retained his job as a fitter in a manufacturing company for the last three years. Since then, he had managed to pay off the rent arrears accrued whilst out of work and was continuing to meet the repayments for his overdraft. Mike had recently undertaken a hire purchase agreement for a new car. He was able to do so having sustained work and because he and his wife had retained a system of managing money similar to that employed when Mike was receiving benefit.

Increased reliance on debt

Increased levels of debt happened for a variety of different reasons:

- **Improved access or availability:**
  Families sometimes undoubtedly became more indebted simply because they had greater access to sources of credit – such as credit cards, hire purchase agreements, bank loans or overdrafts. This was not always a regrettable development. Rather, improved access to forms of credit sometimes meant that a household was able to take out a mortgage which could be said to contribute to household or financial security in the long-term.

- **Increased financial confidence:**
  Where individuals sustained work, this, for some, led to increased confidence or security in their financial status. Again, a household’s financial skill or acumen dictated how grounded this assessment was in financial reality. Also, other people’s confidence in a household’s ability to service debt – illustrated to families by the increased access to facilities – were in part responsible for inflating their own confidence. Whether correct or misguided, the feeling of being better off led households to ‘treat themselves’ to ‘luxuries’ such as holidays and consequently increased levels of debt. This sort of change again encompassed credit cards, hire purchase arrangements and loans but also bigger financial changes such as entering into, or rearranging, mortgage agreements. Where accurate assessments were made, increased use of credit was simply another tool for financial management. However, where financial skill was lacking, increased levels of debt were often unmanageable and adversely affected a household’s financial viability.
• Work transitions:

Families in which one or more of the adults moved out of work were more inclined to report an increased reliance on debt. The longer the period out of work, the more likely that increased debt of some sort was accrued, in the form of arrears or the use of loans and other forms of accessing money. Those with short gaps between jobs were less likely to accumulate debt. Where the gap was more longstanding, or where someone moved out of work more permanently, this resulted in increased levels of debt.

Andrew is a 36-year-old father of five. He had been in full-time work as a sales executive but was made redundant with only one-and-a-half week’s redundancy pay. Having secured places for his children at a local nursery when in work – something that was not easy to do – he was reluctant to remove them when his job came to an end. So, he continued for a short time to pay their childcare fees initially whilst out of work, even though he was no longer receiving the same level of tax credits. He was out of work for 10 months. During that time, the family needed a new heating system that he paid for by credit card. Since the family’s outgoings exceeded their income, they took out a consolidation loan on their existing debts, allowing them to pay £90 rather than £400 per month. This made their repayments more manageable in the short-term but increased their levels of debt in the long run. He did eventually find work, but his new wage was nowhere near what his old one was and resulted in continuing accumulation of arrears.

Where families moved back into work, the costs associated with that move often adversely affected their level of debt, in the same way as it had during the initial move. This was further complicated by administrative difficulties in the termination of out of work benefits – particularly HB and CTB – which caused rent and council tax arrears. Also, delays and errors in the calculation of tax credits and reapplying for tax credits, led to increased use of credit or increased arrears.

The likelihood of increased debt in work transitions, or movement out of work, was lower where a household possessed good financial skills. These households were often more frugal in work, less likely to be confident that their new found income would last, and therefore were less likely to increase their financial commitments as a result. By contrast, families who thought less about the long-term, and who were quick to increase expenditure or debt when in work, suffered most when they moved out of work.

Movement between jobs without a gap could also lead to increased debt, where such a move involved a substantial loss in household income. For example, where people had moved from a better to a less well paid role, there was sometimes increased debt, particularly where they had significant financial commitments. Here again we see that the more frugal in work experience less difficulty.
Finally, it should not be assumed that households experienced either a steady increase or decrease in their levels of debt over time. Change in debt was far more complex for some families who experienced a variety of different forces and pressures on their financial status. Here swiftly changing circumstances meant that debt both increased and decreased between the two interviews. The circumstances of Rhona’s family illustrate this.

Rhona, a lone parent of three young children, reported having rent and council tax arrears at the initial interview. Since then, she had cleared these arrears but, during a period out of work, borrowed money from her family to compensate for problems with claiming IS. She was able to repay her family when she moved back into part-time work and was subsequently able to have a credit card, ‘for emergencies’. However, Rhona had since destroyed this card, having accrued a balance of £1,300 and was paying this off at £40 per week. She reported no other forms of credit or debt at the interview for this study.

5.5 Savings

The final aspect of household financial status addressed by this chapter is savings. This section explores savings behaviour, including the mechanisms used, and outlines the features of household experience that affected the ability or willingness to save.

5.5.1 Saving behaviour

There was little if any saving reported by families at the first interview, not surprising given that many of them had spent significant lengths of time in receipt of benefit. Over time this has undoubtedly changed for some families. Those who have sustained work, who manage the income derived from that well, and who have reduced or avoided debt, had begun to show signs of increased ability and willingness to save. Here, savings had increased in priority as households tried to lend stability to their financial situations. Conversely, saving remained an extravagance to those who had less stability of income and those who professed to be deficient in financial skill. Accumulation of savings over time was reported by households across the sample.

Where people had begun to save, this ranged from regular to more sporadic savings behaviour. Regular savers reported putting aside between £50 and £200 of their income per month. However, the amount was rarely fixed and dependent on families having a ‘good’ week or month. The actual frequency of saving depended on the length of their income and expenditure cycle, but was usually either weekly or monthly. More sporadic savers did so less often and with less consistency. Here people talked about putting aside the occasional £10 whenever it could be spared. Others had savings that they did not add to or take from but held in reserve. These resulted not from any ongoing contribution but from the kinds of lump sum
payments discussed in Section 5.1.3. Those who had accumulated savings reported balances of between £500 and £2,000.

Saving was, on the whole, motivated by two key factors:

- **Specific events – such as Christmas, holidays etc:**
  These sorts of savings were earmarked for specific events or occurrences. Indeed, much of the saving behaviour in evidence had these sort of short-term goals, to pay for annual holidays or more commonly for Christmas.

- **As a safety net:**
  Sometimes individuals saved not with a specific purpose in mind but purely to cushion the otherwise deleterious effects of fluctuations, income or expenditure or to cover unexpected items of household expenditure. The ability to save in this way was an important way of avoiding the accumulation of debt. Amongst people who saved in this way there was greater appreciation of the impermanence of financial status. They understood that just one unexpected financial demand could jeopardise any financial stability afforded by sustained working.

### 5.5.2 The mechanisms for saving

For those who had been able to save, this was achieved through a variety of means. Bank or building society accounts were amongst the more conventional and common ways of accumulating funds. There was also some use of Credit Unions, however, there was limited awareness of such facilities, and not universal access. Within banks and other such institutions, specific savings accounts were sometimes used to save money. Current accounts were also used to accumulate money over time. Some households had more than one current or savings account – one was used for everyday finance and the other for savings. When a surplus formed in one, they transferred it to the other, so that it earned a higher rate of interest or to make it more difficult to access. In couple households, where there was often more than one bank account, the accounts of different partners served distinct purposes also – one partner taking responsibility for everyday outgoings, while the other one contributed to longer-term goals. Alternatively, where a person held two jobs, the wages from one might be paid directly into a savings account and wages from the other, usually the primary job, were paid into the current account. There were little signs that people had opened savings accounts for the specific purpose of savings. More usually they started to use accounts that hitherto had remained dormant.

Instead of, or in addition to, these conventional methods, households reported a variety of budgeting strategies, which they considered to be ‘savings’. This included saving odd change and ‘coppers’ in the house, buying ‘stamps’ at supermarkets that could later on be redeemed for store vouchers, or contributing extra money to household commodities – like coin operated television – when it was available which could be drawn upon at a later date. There were some who ‘saved’ not money but commodities such as food and other household supplies. Others diverted spare money into home improvements. Both were adamant that they were either saving or investing in some way.
Finally, there was some take-up of occupational and private pension schemes amongst those who sustaining work. Even where they had not already done so, those with more stable work histories talked of their plans to set one up. Others had, or were considering, other forms of investment activity such as ISAs.

5.6 Implications of financial change

There are, therefore, many financial implications of work involvement. Many of those factors identified as influencing financial well-being by previous research were found still to influence families’ financial circumstances in the longer-term, particularly the level of income, financial skill and the existence of debt. The level of income derived from work is undoubtedly a driving force of many of the financial circumstances of the families concerned. However, while it is a key ingredient in financial well-being it is not the only one. Good financial skill remains as important in the longer-term as it was in the initial stages of work. How the two elements combine can lead to very different experiences of household expenditure, debt and savings, which in turn have ramifications for a households’ material circumstances and general living standards. This is explored in Chapter 6.

However, before turning to examine these issues, there is one other implication of this combined financial change that warrants attention. Though involvement in work is the central determinant of income, the benefits derived from that income depend not only on the money generated but also on a host of other variables. It follows that in order for a household to derive the full extent of financial benefit from work – and for it to act as a sustaining force – these other variables need to stack up in their favour. When they do not, they can contribute to financial insecurity, or mean that work becomes less financially viable, which in turn can move people out of work. In this sense, the role of good skills in financial management in ensuring that income generated from work is of benefit cannot be underestimated.
6 The material impacts of working patterns over time

This chapter describes the material effects of households’ financial circumstances, to understand how and why families’ spending and living standards have changed over time. The discussion describes the relationships between patterns of working and people’s material circumstances to understand the effect of work involvement.

As described in Chapter 5, there are many factors which affect financial well-being, with changes in income from work being the overriding factor for many families. The impacts of such factors, or their ‘outcomes’, are in part determined by how a family reacts to and manages its changing or stable financial situation. The effect of this on other aspects of households’ financial situations, including their levels of debt, savings and expenditure, has been outlined. These, in turn, have implications for a family’s material well-being.

This chapter therefore outlines the range of material effects experienced by families in the sample. It explores the circumstances within which these material impacts were felt, focusing on work but also other reasons, such as family change. Finally, the discussion looks at who in the family experiences material change.

When considering the impacts on families’ material circumstances, it is important to bear in mind that there were other, non-financial and material implications for sustaining work which, for some, were more important than any material benefits described here. Chapter 7 explores the psychological impacts of work.

6.1 The range of material impacts

The ‘low income families’ research explored the impacts of moving into work on living standards, noting implications for food, housing (both tenure and improvements), clothing and luxuries (including food and clothing treats, and also holidays and other entertainments). It identified households who were significantly or moderately better off, who experienced the greatest impacts to living standards,
and families who were only slightly better off or even worse off in work who experienced very few, if any, positive material impacts. Furthermore, they identified households’ financial and human priorities, describing which areas of families’ expenditure was prioritised. Household bills, including rent payments, took priority but this varied depending on the creditor in terms of the severity of any penalties associated with non-payment.

It is useful here to note that the relationship between families’ financial well-being and their associated material circumstances was not necessarily a straightforward one. Where households experienced a rise in disposable income, defined here as the product of any changes in income coupled with how these changes were managed, this could directly affect their material well-being by giving them more money to spend on material things. However, households who sustained working but did not experience any significant rise in disposable income could also find their material circumstances affected by virtue of their improved access to credit and debit agreements such as hire purchase, credit cards or loans.

6.1.1 Spacing priorities

Financial priorities appeared to have changed little since families first moved into work and people still cited rent or mortgage payments and other household bills such as Council Tax and fuel as taking precedence. The need for security, gained by knowing that housing costs were covered, was a primary reason for this prioritisation:

‘…[You] don’t gamble with your rent, you’d be homeless…All of them [household bills] are compulsory but you’ve got to have your shelter, haven’t you?…Yes, we could do without some light, get some candles if you get cut off, but I’ve seen somebody getting evicted down the way there and like it’s really scared me.’

(female, 45 years old, couple family, sustained work)

Also mentioned was the potential for harassment from the council or landlords and the threat of eviction should payments fall into arrears. People also prioritised housing costs by virtue of them being more expensive than other bills. This allowed households to budget by paying the largest bills at the beginning of the month so they knew how much money they had ‘left to play with’. Following these bills in order of priority was food, reflecting a hierarchy for payment very similar to that described in the earlier interviews. Other household bills such as satellite or cable television packages and phone charges generally took lower priority because families could ‘live without them’.

Whilst many people explicitly described their financial priorities, it was apparent from the way other households organised the payment of certain bills that they prioritised some over others. For example, it was common for rent and mortgage payments to be paid by Standing Order from the bank account of the adult in the household who worked or, where both partners in a couple family worked, who earned the most. Gas and electricity bills were paid similarly by Direct Debit, where such facilities were available, because people then knew that these payments would
be made regularly and on time. Such behaviour implies that these charges remained a priority for people and this was supported by their descriptions of their financial priorities.

Financial priorities tended not to have changed over time where a financial system had been maintained and the same person was in charge of paying household bills or where people’s financial circumstances were very similar. However, families whose financial circumstances were much improved, additionally cited savings and home improvement as financial priorities, in a way that implied that priorities stressed at the first interview were now taken for granted. These families no longer struggled to meet these costs and discussed their financial and material circumstances positively, in terms of what they can, rather than cannot, afford.

Human priorities were also predominantly unchanged and children were stated to be the household’s priority for the most part. Rhona, a mother of three very young children who was working part-time in a bar said ‘I don’t really bother with things for myself. My priorities are the kids, as long as they have everything they want and need, I don’t really care about myself.’ This was particularly true where some or all the children within the household were fairly young and very much dependent on their parents. However, that children remained the family’s priority is not to say that they found providing for them any easier than they did at the last interview.

Where children were older and families’ financial circumstances allowed it, parents appeared to be reclaiming some sense of priority for themselves.

Deena had recently remarried and lived with her husband, Ray. She had a son, Nathan, aged 17, from a previous relationship who lived with them at weekends but during the week attended college some miles away. At weekends, he had a part-time job. At Wave One, Deena had explicitly stated that Nathan was her priority but, perhaps because she had remarried or because of Nathan’s increasing independence and ability to support himself, this emphasis now appeared to be changing.

This is not to say that children did not remain the stated priority for most families but that the balance of this priority seemed to shift to include other family members. For example, Laura and her husband had both sustained working. They had three children aged between 11 and 17. She stated in the initial interview that her children were her priority. In the interview for this study however, this emphasis appeared to have broadened to include rewarding herself for her continued hard work and, consequently, she and her husband had treated themselves to a foreign holiday without their children:

‘I’d never been abroad and I always wanted to go, I went once and really liked it. But I look at it that I went out to work and earned the money and saved it, it might sound selfish but why not treat yourself to something.’

(female, 40 years old, couple family, sustained work)
Human and financial priorities are discussed separately here for clarity, however, for many families they were intertwined. For example, paying the gas bill was essential to ensure that the whole family had heating but particularly to ensure one’s children were not cold.

6.1.2 Living standards

Families also experienced changes to their living standards. This covered a wide range of material effects, particularly for those families who had experienced the greatest improvements to their overall financial circumstances. The impacts described below include both positive and negative material impacts, arranged by type of material effect:

- **Housing:**
  People reported changes to their housing circumstances that included home improvements such as new windows, extensions, cosmetic improvements such as new kitchen and bathroom fittings and also building a new home. This also covered changes to housing tenure where a family was able to secure a mortgage.

- **Food:**
  Implications for the quality and quantity of food were much discussed when families initially moved into work, and these impacts continued to be felt later on, either positively or negatively depending on financial status. People felt able to go food shopping more often and reported spending more on food over time, buying what they wanted without having to think much about it. Conversely, where families were worse off, families also reported negative impacts for their food shopping behaviour. These included shopping at supermarkets in the evening to take advantage of the reduced produce available, shopping at cheaper supermarkets, buying own-brand products, allowing food stores to run down in the home (where before keeping them stocked was a measure of feeling better off), buying less fresh fruit and vegetables and costly convenience foods such as microwave ‘ready meals’. Impacts on food habits were also felt by children when parents felt they could no longer afford to pay for school dinners and provided home-made packed lunches instead.

- **Clothing:**
  Finally, households reported implications for their shopping for essential clothing, both for adults and children, affecting where and how often clothing was purchased. Where behaviour had not changed over time, families still reported relying on hand-me-downs from siblings, shopping in charity shops and being unable to purchase branded clothing and shoes. Where any improvements were felt, children were much more likely to benefit from this than adults who tended to report buying less and often lower quality clothing for themselves. Positive impacts were felt in terms of where families were able to shop for clothes, trading up from supermarkets to high-street stores, and how much they were able to spend.
6.1.3 Luxuries

The ability to afford ‘luxuries’ was a further illustration of changes to a family’s material well-being. Such effects tended to be felt after any changes to financial status, priorities for spending, and living standards.

As discussed in Chapter 5, the definition of ‘luxuries’, and how they were distinguished from core expenditure, was not consistent across households. All those mentioned by families within the sample are discussed here, including some which were not necessarily universally, or consistently, considered ‘luxury’:

- **Holidays:**
  Where positive material impacts were felt, people reported being able to take more family holidays, weekend breaks and day trips where once these had been very infrequent or impossible. This included visits to family, holidays in the UK and holidays abroad, often for the first time. Such improvements had begun to be felt soon after entering work and the frequency, length and cost of holidays continued to increase for these families. However, negative impacts on holidays were also experienced by families within the sample and people reported taking fewer or cheaper holidays or being unable to take them altogether. For some, this was a continuation of their situation from Wave One but for others this represented a decline in their material circumstances. For example, Andrew and Karen had a caravan on which the family was continuing to make repayments until recently. They had used it for short breaks, as a retreat from the financial hardships they were experiencing. However, since Andrew had fallen out of work, they had been unable to keep up repayments and could no longer afford the travel costs associated with using it.

- **Social activities:**
  Both positive and negative impacts for families’ social activities were reported although it was notable that the frequency and variety of activities afforded to children were most protected. Children’s educational and leisure activities included membership of clubs such as tai kwondo, air cadets, cubs and choir. They were also sent to dancing and driving lessons, treated to trips to the cinema, ice-skating and swimming and benefited from being able to attend school trips, for example, to go skiing. Whilst such activities tended to be described as luxuries, parents tried to ensure they did not suffer, even where other aspects of families’ material circumstances were in decline. Adults’ social activities tended to improve only after children’s had done so but ranged from being able to have half-a-pint in the pub on the way home from work to arranging to go for a meal with friends without having to think about it. Where overall material circumstances were deteriorating however, people reported cutting back social activities, including making excuses to friends about not being able to go out and buying alcohol to drink at home rather than in the pub with friends.
• *Luxury items:*
  Financial change also affected the capacity to purchase a range of other ‘luxury items’. People reported being able to afford new cars, beds, video games, videos and books, computers, broadband connections, more satellite or cable television channels and treats such as takeaways and ready meals. Again, however, negative impacts were experienced and what was considered a ‘luxury’ changed. For example, Andrew considered his car a necessity when he was working but after falling out of full-time working and eventually moving into part-time working, considered his car a luxury and tried to use it much less. Material impacts therefore were evident not only in what and when people purchased but also in how they used the material possessions they already owned.

In general, where people’s material circumstances had improved, they reported feeling ‘more like other people’, in terms of how they perceived their own spending behaviour. Debbie talked about how her increased discretionary income made her feel:

> ‘Being able to buy things really because I’ve never been able to. I used to go to Tupperware parties and that sort of thing, and some people would have the money there and then – £30.00 – and I would think ‘wow’. I feel more in line with other people because I can do that now.’

(female, age 39 years, lone parent, sustained work)

People could still identify material effects that were aspirational, however, these were likely to have increased in scale over time in line with any improvement in material circumstances. For example, where families were now able to take holidays in the UK, they aspired to longer holidays or holidays abroad. It did not appear that any household felt they had reached a material situation they were completely satisfied with.

### 6.2 Circumstances leading to change in material well-being

Clearly, the range and extent of material effects was wide and varied. This section describes the circumstances which tended to lead to a general improvement or decline in households’ material well-being. Positive implications for material well-being were often apparent where lone parents had sustained full-time working or where at least one adult in a couple family had sustained working. This could be in the same or different jobs but perhaps with increased hours or pay, leading to greater income from wages. Material benefits were also evident where households began to benefit from additional contributions from wages, where older children had moved into work or partners, who had previously been unemployed outside the home, found paid work. Where people had fallen out of work and moved back into employment they were beginning to feel material benefits similar to those reported at the initial transition into work.
Martin had left his job in a care home and spent 10 months out of work before finding employment as an administrator on a temporary contract. He was beginning to feel material benefits such as being able to give his children pocket money that other families had reported following their initial move into work several years ago.

Where people reported a decline in material well-being, families tended to have experienced a move out of the labour market, either permanently or for extended periods of time. In couple families, negative material effects were experienced where both adults had fallen out of work or where only one partner traditionally worked outside the home and they had experienced periods out of work. Financial skill mediated the effect of not working on living standards. Where households showed care in their management of money in work, they tended to retain that prudence out of work and so the decline in material standards was less extreme. Alternatively, where people borrowed money when out of work, this forestalled the effects of any material decline so that it was not immediately apparent.

Joan had been working full-time as a carer in a residential home since she was first interviewed. During this time, she had three months leave from work due to sickness. To compensate for the drop in income experienced at this time, Joan took out loans from private loans companies. At the interview for this study, she continued to report that work had improved the family’s living standards however she also recognised that she had taken on more debt than she should and described herself as having ‘cocked up financially’.

A change in working patterns did not, however, necessarily lead to any change in material circumstances and some families reported feeling no difference in their material well-being between periods in and out of work. For example, Catherine who moved out of work to spend time with her son who had behavioural problems and was regularly getting into trouble with the police, said:

‘It didn’t really make much difference anyway. All the times I was working, I mean I were still probably doing exactly the same and living exactly the same as what I would have been stopping at home anyway...I think working or not, I still carry on exactly the same.’

(female, 37 years old, lone parent, not working)

These tended either to be lone parent families or couple families where only one partner worked and income from working was, or had been, relatively low. Therefore the value of in-work income was very similar to income from benefits, resulting in little real financial change or material outcomes.

It is important to note that it was not only working patterns that governed whether or not a family experienced any change in material circumstances, although this was a primary driver. The other factors influencing material well-being included those discussed in Chapter 5 affecting income and expenditure, such as changes to the
household and the nature and extent of family support, which in turn have implications for material circumstances.

Robert had fallen out of work and returned to benefit although he was doing some voluntary work for which he hoped eventually to be paid. He still had access to some material benefits, notably the support offered by his family. His mother-in-law continued to offer the family household items that she planned to replace, like her old three-piece suite.

6.3 The timing and extent of material effects

Working patterns did not only appear to determine whether material loss or gain was experienced but also the type and extent of material impacts. The nature of material benefit amongst families who sustained working over time was markedly different from other families who had moved in and out of work in the period between interviews. They generally reported more extensive and expensive material gains, such as foreign holidays and significant home improvement.

Debbie, a lone parent, had sustained work for several years. She had moved from a temporary position as an administration assistant to a permanent one with the same organisation and had received an increase in wages. As a result, she had been able to undertake considerable home improvements, including installing a new central heating system and kitchen and moving her bathroom upstairs.

Unsurprisingly, less costly material effects, such as improvements to the quality and quantity of food and the ability to buy branded clothes, appeared to be experienced by families much more quickly. Such benefits were not necessarily new and continued to be felt by families where work had been sustained (alongside other, more extensive benefits) and where people had moved out of and subsequently back into work. Families who had experienced some level of job mobility tended to report that their material circumstances had not changed, in the sense that they were beginning to experience benefits similar to those initially described at Wave One again. The nature of any gap in employment experienced did have implications for the extent of material effects – where periods out of work were longer, families were more likely to experience negative impacts on their living standards.

6.4 Beneficiaries of material impacts

The ‘low income families’ research found that the children in a household were the first to experience any positive material impacts and also benefited the most from them overall. This was evident in the types of material gains reported and also in the household’s priorities for spending. However, they also identified that where there was material loss, children felt the impact of this by virtue of their parents having
directed any discretionary income at them and no longer being able to. Parents did, however, endeavour to protect their children from such negative impacts for as long as possible.

Being able to observe material change over time adds further support to this finding. In the interviews conducted for this study, it was still children who experienced the most benefit from any gain in material circumstances. Again, this is reflected in families’ human and financial priorities where children can be seen to benefit directly from increases in spending on luxuries, such as children’s activities, entertainments and clothes and indirectly on spending on home improvements. Where families were in a position to spend more money on luxuries, children were likely to benefit from this first, if not exclusively. Jess, a lone parent who had sustained work as a senior care worker and then as bar staff with only a six-week gap, sent her daughter to Florida for two weeks last year. She describes how she saved the money by cutting down on spending on herself, such as clothes and going out:

‘You know so I scrimped and I scraped for air flight, er, I could afford it at the time, but you know, I got, I made enough eight months to save it up, but you know I’d rather [name of child] went away herself… I’d rather’d, like, er, I mean if I had £2 in my hand and it was a case that [name of child] needed shoes or I needed cigarettes, she’d get the shoes, you know?’

(female, 36 years old, lone parent, sustained work with gaps in employment)

Evidence from this study continues to support the finding from the ‘low income families’ research that parents worked hard to try to protect their children from any decline in material circumstances.

Robert was made redundant nearly a year ago from his job as an insurance clerk and had not found paid employment since then. He and his wife make many sacrifices, including borrowing DVDs from a friend rather than going out, whilst he makes sure his children can continue attending tai kwondo, chess club and air force cadets. To this extent, parents were controlling, as far as they could, when and how children felt the impacts of any changes to material circumstances.

This is perhaps because parents are reluctant to take benefits away from their children after they have been able to take advantage of them for some time. It also reflects the general tendency for families to prioritise children’s wants and needs.

Even where parents still prioritised their children, they had to sacrifice less to give them what they wanted. Claire, who had continued working in the café she had taken over several years ago, had always ensured her children were able to take part in organised school trips and holidays. However, over time she found that she and her husband had to sacrifice less to be able to provide for this. The material effects felt by children were therefore the same yet the related implications for parents were changing.
7 The psychological impacts of work

In as much as work has a range of financial and material effects, it was also at the root of a range of psychological impacts for adults and their children. As noted in Chapter 3, these psychological effects are key to explaining why some remain in work despite not experiencing significant financial and material benefits, why some people give up jobs which are of financial and material benefit, and how and why different people make different movements into different work situations. This chapter focuses on how psychological or emotional impacts are experienced. It begins by exploring the range of psychological impacts experienced by the adults interviewed and then examines how and why these have changed between the two interviews. This is followed by a discussion of the perceived psychological impact of work on children. The chapter concludes with an overview of how the experience of work has affected future aspirations, for the adults themselves and for their children.

7.1 The psychological impact of work on adults

The ‘low income families’ research highlighted a range of psychological effects originating from a transition from benefit into work. These were shown to make an important contribution to people’s lives and to be key in encouraging them to stay in work. In the interviews for this study, the role of work in generating a range of psychological effects was again apparent, in broadly the same ways as were discussed in the ‘low income families’ research. Indeed, there is a great degree of consistency between the range of psychological effects described at both waves, indicating that the types of benefits and drawbacks experienced in the in the early stages of work continue to be felt over time. This section gives a brief overview of the different impacts, both positive and negative.

7.1.1 Positive psychological impact

Work created positive psychological impacts for adults in two ways: how a person viewed, or felt about, themselves and how they related to and interacted with others. These distinct effects are outlined below.
Self-perception

Work influenced a person’s perception of themselves in a variety of ways. These encompassed:

- **Self-confidence and self-esteem:**
  Work clearly increased confidence, self-esteem and self-worth, though these terms were not always used. Rather, such effects were expressed in quite a general ways such as ‘feeling better mentally’ or simply ‘feeling better in myself’. There were many comparisons with self-view before moving into work and work was said by some to have transformed them from a ‘shy’ personality into one that was ‘confident, ambitious and outgoing’. Others felt that the nature of their role had had beneficial effects in their character. Rebecca described how she had become ‘more assertive’ by dealing with people on a day-to-day basis in her childminding job. Work was also said not to just give confidence but to in some way reveal or uncover hidden strengths. For example, Lauren described how:

  ‘It was going out to work that gave me the confidence… I suppose it was always there, it was hidden somewhere and a lot of it was knocked out of me with the experience that I had through my marriage but, yes, I think it’s got to be what happens to your life that gives you the confidence to want to move forward’.

  (female, 46 years old, lone parent, sustained work)

- **Feeling of worth or purpose:**
  Working outside the family home imbued a sense of worth or purpose for some respondents. Women whose lives had been dominated by parenting in the years prior to moving into work described how work made them feel like more than ‘just somebody’s mum’ or ‘like a different person’. More generally, for men and women, work was equated with being useful, demonstrated by those who claimed to be ‘better off at work than in the house’. Again people contrasted their current situation with previous times and in this respect working was seen to give a ‘new lease of life’.

- **Sense of achievement:**
  Gaining or sustaining work in itself was sufficient to generate a sense of achievement in some. Alternatively, shouldering responsibility at work, or simply meeting expectations or demands created a range of positive emotions in those interviewed. For example, Joan spoke of the positive effect derived from meeting the competing demands of her role as a carer:

  ‘There are days when you can go in there and…you have got a death on the premises… you have got that to deal with. There are other issues to deal with and you have got other people going off to the hospital, and they are like okay, what do I do now? I’m like well you do that, you do that and that’s done, and you think oh God, it gives you such an achievement boost, it is unbelievable and I love days like that’.
Feeling independent or ‘free’:
Achieving ‘independence’ or ‘self-sufficiency’ was another positive impact of working. This was articulated in a range of ways. Freedom from the ‘state’ or from needing to rely on the benefit system was one facet of this. For example, Laura said:

’I feel a lot better about myself with working. I don’t feel as though I’m taking something and not giving it back. I could claim social security, but I’m putting something back in now, because I’m working and paying my national insurance, you know, I think of it that way’.

Feeling ‘normal’:
Work also fostered a sense of inclusion for some by making them feel part of society or simply the same as others, sometimes described as feeling ‘normal’:

’It gives you a sense of belonging doesn’t it? A sense of fitting in a society and providing, you know…and a sense of belonging as well, a sense of fitting in somewhere…which is what we’ve all got to do really, isn’t it?’

Relationships with others:
Work was seen to have positive effects on social interaction and on relationships generally. These were portrayed as good in their own right but also contributed to many of the improvements in self-perception outlined above. Work was seen to affect relationships in two ways: the effect of interaction at work on one’s own emotional well-being and the positive repercussions of working for relationships with partners and children at home.

Relations at work:
Work as a source of social interaction was seen as having a positive impact on life generally. The opportunity to ‘mix with other people’ and ‘get on with people at work’ was seen as one of most positive aspects of being in work for some. For instance, even though Anna had become disillusioned with her job and found much of the work mundane, she talked about the ‘fun’ and the ‘laughs’, and the ‘chats’, and the ‘good times’, and that was what kept her going. These types of interactions were seen as important, especially by parents who otherwise had limited access to adult company and conversation. Where people moved out of work, this was one of the key aspects of the experience that they was
missed most. Sarah, for example, who had to give up work because of an increase in her care responsibilities, discussed how it was difficult to adjust to life not working as she really enjoyed ‘meeting different people’.

Where work was a positive experience for adults, in general this had a knock on effect inside the household for all members:

- **Relationships with partners:**
  Those in couple households talked of the positive impact work had for their relationship with their partner by ‘not being in each others hair’. Others said they had ‘less arguments’ because of being at home ‘twenty four seven’.

- **Relationships with children:**
  Similarly, work was seen to have favourable effects on relationships with children. Whilst work did mean that there was generally less time to spend with children, there was a recurrent view that the time that was spent with children was appreciated more by both adults and children. Some went so far as to say that because they now had less time their children ‘valued’ the time more and the children didn’t ‘take their parents for granted’. Improvements to the quality of their relationship with their children was emphasised by some. Being out at work was said to result in better moods in adults and therefore this meant that they were less ‘ratty’ or less ‘snappy’ with their children. Daryl, for example, contrasted his current good relationship with his children with the times when out of work when he was ‘shouting at them all the time’.

### 7.1.2 Negative psychological impact

Work, however, was not seen to be without its drawbacks and there was recurrent discussion of the negative psychological effects of being in work. These were seen to relate to:

- **Juggling work and home life:**
  Work was seen to produce negative psychological effects where it prevented or complicated the fulfilment of family commitments and responsibilities. There were some who felt that demands of work and home were difficult to combine. Lone parents especially talked of how they now had to ‘cram everything in’ to succeed in work and home life. Where working hours were long, or did not fit well with children’s needs or expectations, then this had negative repercussions for how adults felt about themselves and for their relationships with their children. There was discussion by some women of the guilt they felt because they were not able to see as much of their children as they would like, or because their children were in childcare for significant amounts of time. Others emphasised how they felt that work was getting in the way of family life. Parents generally talked of being over-tired in the evenings and not being able to do what their children wanted of them. For example, Louise found her job as an accountant stressful because of long hours and travelling. When she got home she was so tired she felt like she didn’t have the energy to do anything with her daughter, something that she felt was adversely affecting the quality of their relationship.
Relationships with children were not the only ones seen to suffer from the demands of work. Long hours or work commitments were also seen to put pressure on adult relationships, which suffered due to not spending enough ‘time together’.

Achieving the right fit of work with family life was, as pointed out in earlier chapters, one of the primary causes of job mobility, and of change to the hours worked. Achieving a good fit was generally perceived to increase psychological benefit, or, at the very least, decrease the negative effects of work as much as possible:

- **Stress at work:**
  Actual stress produced by work was another recurrent negative repercussion of work. Stress, for some, was produced by the general demands of work. However, others were able to pinpoint specific aspects of their job that were stressful. The nature of work activities and bad relationships with managers and colleagues were specifically said to be a source of stress in the workplace.

- **Uncertainty:**
  In the ‘low income families’ and the ‘easing the transitions’ research, some of those who had recently made a move into work talked of the negative psychological effects of having to assume financial responsibility – something they had not had to do to the same degree when on benefit. At the root of this was the fear of uncertainty: that work might not pay, that they would not be able to manage all of the new financial demands placed upon them – such as housing costs – or that work would lead to increased reliance on debt. This fear of uncertainty still inhabited the psyche of some respondents at the second wave – however, it was more pronounced, perhaps understandably, amongst the work mobile. It related to the sort of financial doubts described in the earlier wave of the research. However, as well as this uncertainty about sustaining a foothold in work was also something that now was a concern for some. This was a characteristic of those who inhabited temporary or insecure positions.

### 7.1.3 How and why psychological effects change over time

While the range of psychological impacts outlined did not change in any great way between the two waves of the research, people’s experience of them did undergo significant change. Psychological and emotional impacts were not experienced in a uniform way either at this wave or the last. On the contrary, there was considerable variety in the exact range of effects each individual described, and it would be difficult to pinpoint two identical experiences. There are, however, some similarities between the distinct experiences recounted and it is possible to distinguish different degrees or levels of psychological effect. This is best expressed as a continuum ranging from those who experience a high level of positive psychological benefit from work, to those who experience only partial benefit, to those whose experience is dominated by negative psychological effects. Those grouped toward the high end of the continuum, typically reported most of the positive effects outlined earlier such as increased self-esteem and self-confidence and a greater feeling of independence they also emphasised the beneficial role work had on relationships at home, and were more inclined to talk of valued relationships with colleagues and employers.
Laura is 40 years old, lives with her husband and has three children. She has sustained work over time and is financially better off in work. She emphasised the many positive benefits she derived from this, financial independence being a key one. She also emphasised the very positive effects of work on her self-esteem, not least because she felt she was not just ‘taking’ but giving something back by working and paying her National Insurance. She also talked about how she now values the time she spends with her children and this has had a positive effect on her relationship with them.

Not all respondents gained so much psychologically and emotionally from working and the range of impacts experienced was much more mixed.

Caroline is a lone parent with one five year old child. She sustained work in the same job from Wave One and enjoys the independence work brings along with describing her colleagues as friends. For a while Caroline was working full-time and feeling guilty because her mother was providing a significant amount of childcare. She changed from full-time to part-time hours in order to spend more time with her daughter. Her daughter is becoming more independent as she gets older and Caroline is waiting until she is seven years old before she can retrain and become a nurse as she can’t progress any further in her current job. This is frustrating for her. She enjoys her job but has less money than when on full-time hours and needs to manage her money better. This produces a degree of stress. She says without her mum providing childcare she wouldn’t be able to go to work at all and being reliant solely on this form of childcare fostered a feeling of insecurity in her overall position.

Finally, at the other end of the spectrum, there was generally little psychological benefit derived from work; rather work was seen to have an adverse effect on psychological well-being.

Louise is a 36 year old lone parent with a ten year old daughter. She is a qualified accountant who is financially considerably better off in work. For the past few years she has only been able to gain short-term contracts and her work is characterised by chronic instability. Her current job involves a significant journey that adds two hours to her working day. After work she says she is ‘totally shot’ and can’t do anything with her daughter. The thought of having to secure another contract soon is ‘stressful’, and she puts her numerous bouts of illness down to ‘stress’. She feels she can’t ‘fit it all in’ and that she has to be mother and father to her daughter. She feels obliged to provide for her daughter and they have a decent standard of living when Louise is in work. Louise’s ‘stress’ is having a negative impact on both her own psychological and emotional state and her relationship with her daughter.

The degree of psychological benefit derived from work is not fixed and influenced by a variety of factors including the work itself, the financial and material implications
and the shape and nature of family commitments. In as much as these factors are likely to change, the range and nature of psychological effects can also change, such that, individuals can move up and down this continuum of psychological impact. Looking across the two waves of data, there have of course been cases where individuals have continued to derive the same level of psychological benefit. However, perhaps more interestingly, are those for whom the level and range of benefits derived have changed – either increased or decreased. For some this has been a steady boost or decline while others experiences are characterised by recurrent fluctuation.

Joan is a lone parent with two dependent children. She feels she has achieved a lot in her job as a carer in a nursing home and this has given her self-esteem. She also feels she now has friends through work in contrast to before she was working. All these benefits came with the initial move to work. However, when the caring arrangements for Joan’s daughter changed she was forced to go on night shifts which meant leaving the team she had been accustomed too and changing all her working habits. For the initial period she did not feel she had any friends in her new job and used to come home in tears. She felt that her team resented her because she was the new person on the shift and almost left her job. After a certain period of time though, she became an accepted part of team and is now best friends with the people she never used to talk to. She is now very content on night shifts. Joan feels very strongly that she has progressed and now has a wider range of competencies and responsibilities and is studying for an NVQ Level 2.

Similar fluctuations were seen in other cases in the degree of psychological benefits derived over time. These were attributed to a broad range of circumstances and experiences. However, at the root of all of them was a recurrent influence that was striking in the way it shaped the psychological well-being of those interviewed: involvement in work. In very simple terms, sustained involvement with work generally led to sustained or increased levels of psychological and emotional benefit. Those who remained in the same job, who moved with little or no gap in employment, generally described a wide variety of psychological benefits and very few, if any, negative repercussions. For example, Mike is a fitter with a manufacturing company. When he first started at work he enjoyed the stability of his job but found the work boring. After a while, he decided to ask for other things to do and was given an increased variety of tasks to do. He now recognises the self-esteem he has gained from work and he values the relationships he has made at work. He appreciates the opportunities he is given to learn and train and continues to enjoy the stability of his job.

Conversely, a move out of work in general resulted in a reduction or loss of psychological benefit. Where there was a gap in employment when people moved between jobs then there were concomitantly less psychological benefits derived. Where this was a longstanding absence, it was clear that this had a detrimental
effect on an individual’s happiness. For example, Alice was signed off at work after being diagnosed with MS. She had good friends at work and says she ‘never used to be in’. She used to go to the pictures on Friday, and out ‘gallivanting on Saturday’. In contrast, now she says she really has to watch her money, which makes her worried and panicky. She gets very depressed looking at the four walls all day and knowing Friday is coming up and everyone who works is going out.

To assume, however, that psychological well-being was dictated only by the presence or absence of work would be incorrect. While the relationship was that direct and explicit in some cases, in others it was not so straightforward. Involvement in work was no guarantee of psychological benefit. There were examples of those who had sustained involvement in work over time who saw very little emotional or psychological benefits in having done so, illustrated by the case of Laura outlined earlier in this section. Alternatively, movement out of work was not always associated with a decline in psychological benefit. Indeed, there were instances where a move out of work itself led to beneficial psychological effects – because the experience of work itself had been so disagreeable. Such apparent contradictions highlight that it is not involvement in work \textit{per se} that is the key to psychological benefit, rather the job itself has to fit with family responsibilities and wider work aspirations. Those who describe substantial psychological gain from work are usually those who are engaged in work that fits with their family commitments, work aspirations or both. Where there was less than an ideal fit then the psychological effect was correspondingly less beneficial.

7.2 The psychological impact on children

In as much as work was felt to have a psychological effect on the adults involved, it was also portrayed as having significant psychological ramifications for children in the household. It is important to note that children were not interviewed at any point over the two waves, so the perspectives here are garnered from adult interpretations of children’s emotions, rather than the exact perspectives of the children concerned. Notwithstanding this, it does indicate impact and is worthy of discussion.

The ‘low income families’ research focused specifically on psychological benefit for children. This described a range of benefits that children derived, most of them stemming from the material benefits afforded by adult involvement in work. Children liked it when the family could afford to buy them ‘sweets’ or they got extra ‘pocket money’. Some families said that the increased material benefits helped children to ‘fit in’ and that they were not bullied at school because they had ‘named trainers’. Parents also said children were happier because the family could afford to ‘do more entertaining things’, the most significant manifestation of which was being able to afford a family holiday. Children were said to go out with friends more, partly from having the financial means to do so, which increased confidence and gave them greater independence. In as much as work was felt to make for better home relationships, this was felt to have concomitant psychological benefits – in simple terms because parents were happier, so too were their children.
Where impacts described at Wave One were negative, they were attributed to the demands that work placed on parents, which consequently was felt to result in children’s emotional needs not being adequately catered for. Working parents worried that they were not meeting their parental responsibilities at key times like ‘being there’ for the children after school. This was said by some to cause children to resent the time their parents spent in work and altogether lead to more stressful relationships between parents and children. The positive effects of material gain were seen by some to compensate for any reduction in parental attention, however for others it was a persistent worry, and they feared that not giving adequate parental attention would lead to emotional or behavioural difficulties for children in the longer-term.

There was very little difference in the range of psychological impacts on children described in the interviews at Wave Two. The psychological effect of work on children is described in broadly similar ways, and the same sorts of benefits and drawbacks of work were described. There is still an emphasis on material gain and the difference that this makes to children’s lives, as well as on the beneficial effect that work can have on relationships between parents and children. Likewise, parents were still concerned about the negative implications of work on their children’s emotional well-being. Women reported that their children ‘missed’ them or in some ways resented parental involvement in work.

While there is very little evidence of change in the sorts of benefits and drawbacks experienced by children, the longitudinal data can illustrate how psychological impacts on children can influence parental involvement in work. The trade off between negative psychological effects and positive material gains for children is one of the driving factors influencing parental involvement in work. Where the drawbacks for children are felt to be outweighed by the material benefits then this can lead to greater involvement in work (for example by moving from part-time to full-time) and more sustained involvement over time. However, where children are felt to be adversely affected by parents’ involvement in work then this can lead to a change in work patterns. For example, Caroline had placed considerable emphasis on the material benefits derived from her job for both herself and her daughter. However, she experienced increasing difficulties in her relationship with her daughter over time, which she attributed to the level of her involvement in work. By Wave Two, she had changed her hours to work part-time, and reported both she and her daughter as much happier. In extreme circumstances, perceived negative effects of work on children can cause people to leave work, even if just temporarily. As pointed out in Chapter 3, problems with children’s behaviour – for example criminal activity and truancy – caused some mothers to leave their job and concentrate on their parental role.

### 7.3 The impact on aspirations for the future

The experience of work – or probably more accurately – the experience of combining work and family responsibilities had a clear influence on future aspirations – for adults themselves and for what they hoped for their children.
The differing experiences of adults led to remarkably different visions or hopes for the future, although it is fair to say, that all expressed a desire to be in work. Being broadly happy with one’s experiences so far – particularly where a person had a good ‘fit’ between work and other responsibilities – fostered a feeling of contentment among some to carry on in a similar vein of work involvement. Even where it was felt further financial gain was required, it was felt that this was best achieved in sustaining current activities, or more generally sustaining the same type of involvement in work. However, experiences to date – even where they were wholly or broadly positive – was sometimes the driving motivation for future ambitions – better and more senior jobs, better working conditions and better qualifications. This drive to do better had been, and undoubtedly will continue to be, one of the reasons for work mobility.

Unsatisfactory experiences to date were also at the root of future ambitions to do better and to find work that would fit better with broader work aspirations or the demands of families. This was sometimes as exact and specific as those ambitions described above. But not always and some appeared less sure of how they could make improvements but expressed a desire for a job they ‘wanted to do’, that suited them or gave them ‘quality of life’. Women talked of future ambitions in a way that was tempered by their current family responsibilities. Those who had older children expressed aspirations to ‘do more’ and ‘have a career’. Others who had younger children or other substantial caring responsibilities described how their own personal ambitions – be they work or otherwise – would only become clear or operational once their children were old enough to care for themselves. Nevertheless they articulated a clear desire to ‘work more in the future’.

Experiences to date also had a significant bearing on what adults wanted for their children’s future. There was – as there is undoubtedly for all parents – an overriding wish to see their children succeed. Parents expressed concern that their children would ‘make something of their life’ and have ‘ambition’. Some parents were concerned to see children happy and to be able to ‘get something they want’ out of life. In general, this was seen to be achievable through education and qualifications or at the very least ‘learning’. There was also a broad aspiration that their own work experiences would have positive repercussions for their children’s attitude to work. Here there were clear expectations that children would realise that getting and keeping a job was not ‘easy’ and that this would make children ‘knuckle down’ in school and when they first enter the labour market.

This general desire for children to succeed was closely related to a desire for children to be financially independent and responsible. The main way that this was expressed was the aspiration that children would realise the value of work and not have to experience life on benefit. Parents were extremely conscious of themselves as role models for their children. Almost universally, parents wanted to demonstrate the importance of working so that their children would not aspire to ‘being on benefits’. Some felt it vitally important that their children understood the value of earnings from work as opposed to income from benefit and hoped that their children would
realise that ‘if you want to have something, you should work for it’. Parents in successful work situations often saw themselves as living proof that aspiring to work, rather than being on benefit, was the ‘correct’ attitude to embody.

The family environment was seen as a critical learning environment. There was belief by some that their own experience of benefit had been a product of their own childhood experiences and, consequently, they were determined that their children would not follow in a similar vein:

‘I think, because I think that most of my family have been on/off benefits, on/off benefits and things like that, and I think you do tend to get used to what your family do, in a, in a sense. But I didn’t, I didn’t want to. I didn’t want to do it. And to be honest with you, it’s like [name of child], she’s been brought up totally different to what I was, but that was what I wanted’

(female, 34 years old, couple family, sustained work)

This aspiration for children to do well was also apparent in how parents judged the somewhat preliminary experiences of older children. Those who had secured part-time or even full-time jobs were portrayed in a very positive light, particularly if this job had been sustained over time. Conversely, some parents would not tolerate, or were ‘appalled by’ offspring who showed a ‘work shy’ attitude or who had at any time claimed benefit themselves.

Finally, those who had experienced financial difficulty – as a result of over-indebtedness – talked of their wish for their children to ‘learn from my mistakes’ and not resort to sources of credit and debt. Others were actively involved in demonstrating the importance of savings to their children in the hope that this would affect their financial skill in the future.
8 Conclusion

This chapter aims to summarise the main findings of the study and to draw out the key implications for policy to support families in sustaining work.

8.1 The nature of transition

The primary aim of this study was to explore the transition into and, where appropriate, out of work and to understand the implications this has for adults and their children. This aim is grounded in the assumption that there is a single definable transition to explore and, that where it occurs, it is somehow distinguishable from other changes and transformations in a family’s circumstances. This research has shown the lives of individuals and families to be much more complex. Work has of course been a dominant force in the lives and circumstances of those interviewed, and their families, however it is by no means the only one. Family change, in a whole variety of ways, also has a strong role to play, and combined with changes in work involvement for adults, can lead to a range of different outcomes. Moreover, the idea that there is an identifiable transition to explore is a concept, in the main, constructed by researchers and by policymakers. While some people of course recognised and even spoke of a transition into or out of work, the experiences recounted over the two waves of research suggest an experience of ongoing flux, exacerbated and mediated by a wide variety of circumstance – work status, family size and composition and financial skill being uppermost in the range of ‘variables’. That, however, is not to suggest that the approach taken is not of value or that it has not yielded a significant amount of insight into the path taken by low income families in work. On the contrary, demonstrating the sometimes continual flux, and elucidating the factors that contribute to it, is one of the single most important contributions of this research.

8.2 What sustains involvement in work?

The importance of work in producing change for families makes it all the more important to understand the factors that influence it. This research has shown some consistency over time in what produces more sustained involvement in work. The
three core factors are financial gain, material improvement and psychological benefit. There are of course others and over the longer-term we can see a lessening emphasis on some and an increased weight on others. The ageing profile of families in this study has meant that childcare is less important as a factor for some families with older children. However, one should not deduce from this that the importance of childcare is reduced for all families. The vital role played by good childcare in sustaining the work of those with younger children is unquestioned. The emotional support provided by family and friends remains important in helping to sustain work. The role played by practical or financial support has diminished amongst those who have sustained work, even if it remains important for those who have experienced some job mobility – particularly when they are out of work, or during a change between jobs. Moreover, the role of job-related factors – particularly the level of pay, the nature of the work and its fit with work aspirations, workplace relationships, the potential for progression and the fit with wider commitments – appears more pronounced over the longer-term. They lie at the root of much of the job mobility reported. It seems that continued involvement in work has changed people’s expectations of work. Whereas in the first wave people placed more emphasis on just being in work, in the second interviews there was much more emphasis on the role itself, the income it generates and how it matches with family commitments and obligations. This underscores the importance of matching people with jobs that as much as possible meet their broad aspirations and their family commitments. It also supports employment policies that aim to create more family friendly work environments.

8.3 The role of Government support

Human or job related factors, however, are not the only determinants of work involvement. This research demonstrates that the support provided by Government has an important role to play in sustaining involvement in work and in helping people to re-enter the labour market following job loss.

8.3.1 Financial support

From the evidence collected, tax credits appear to have the sort of beneficial effect on household finance that was envisaged at their inception and, in the main, are embraced as a form of support that is distinct from benefit. They are an important support to families in making work pay, especially when their earning potential is low, their families are large or both. However, their effectiveness as a mechanism of support for low income families has been hampered by delay and alleged miscalculations in the wake of the recent administration changes. Such setbacks in the delivery of tax credits are not, however, the only impediment to their success. There was a lack of awareness of the different components of tax credits and a concomitant lack of knowledge of how the value of different components are determined, and this can only serve to obfuscate their role and compromise their usefulness. Tackling these issues is undoubtedly a primary objective of the Inland Revenue, but until it is achieved, the utility of tax credits will continue to be compromised for some.
Other in work benefits are also a clear form of support for families, particularly Housing Benefit (HB) and Council Tax Benefit (CTB) where earnings are the lowest. However, administrative difficulties again appear to diminish their effectiveness. Moreover, so called ‘run ons’ of HB and CTB were pinpointed at the first wave of this research as being an important ‘safety net’ or ‘financial cushion’. There were undoubtedly some who had moved out of and back into work between the two interviews who could have benefited from a repeat of such support, yet they did not receive it, even though they had been on Income Support (IS) or Jobseeker’s Allowance (JSA) for the requisite 26 weeks.

It is easy perhaps to forget that Government support is also vital to families who fall out of work, either temporarily or more permanently. The financial support offered by benefits such as IS, JSA and Incapacity Benefit (IB) was without doubt a lifeline to some families. However, again there was some criticism of the delivery of such benefits, particularly of the delay in getting them, which for some families led to financial difficulty, over and above that caused by the loss of income from work.

8.3.2 Department for Work and Pensions work advice services

There was not universal use of Department for Work and Pensions (DWP) services amongst the job mobile to help them to find alternative work. Some clearly had no need for such assistance – they were perfectly equipped to make successful moves between jobs themselves, had few barriers, keen job search skills, and generally knew where and how to target themselves to find replacement work. Interestingly, however, even where they were needed, there was not universal use. Two issues appear to underpin whether those looking for work consider services, such as Jobcentre Plus, worthwhile. The first is the quality of the relationship formed with staff, particularly with advisers. This is by no means new – a plethora of research has shown the fundamental role played by such relationships in producing positive labour market outcomes (see, for example, Lewis et al, 2000; Lewis & Walker, 2000). The second is the impression people form, from their previous experiences, about how the service operates and, more importantly, its motivation for existing. Where people feel that they will be persuaded to take any job rather than the right one, they are less convinced of the usefulness of Jobcentre Plus services and would, it would seem, rather exhaust their own resources first. This is difficult territory. Clearly, the role of such government support is to help people of working age to find work, not necessarily to fulfil every dream or ambition, and those with very high expectations may never be satisfied with the kind of vacancies suggested, and may use this as an excuse for continued avoidance of work and dependence on benefit. That, however, was not the sense from the accounts given here. People in the main wanted to work, had realistic expectations of what they could achieve and welcomed a helping hand in getting there. It would seem that more could be done to convince certain unemployed people of the motives of Jobcentre Plus. Furthermore, this finding underscores the importance of real engagement with the needs and aspirations of jobseekers, so that realistic expectations can be met where possible, and unrealistic ones can be openly acknowledged as such.
There are other recommendations for Jobcentre Plus – and allied services – implied by this research. Comparing those who had gaps in employment with those moved seamlessly between jobs throws up some interesting differences. The latter were, as pointed out above, more skilled at looking for work. They also, crucially, had an awareness of the value of forward planning – which may seem like common sense – that was absent amongst, or not possible for, some of those interviewed. It would be hard to suggest that the Government should aim to provide services that help to make people better planners of their labour market involvement – as helpful as this might be. However, there may be a role for Jobcentre Plus to offer those who have a history of worklessness or labour market mobility the option of a more ongoing mentoring or support facility. This would allow advisers to support a person in their decision-making where work appears fragile, flag up suitable alternatives to their current position if it turns out to be untenable, and help to manage the change in any in-work benefits or financial support. This sort of support, while somewhat radical, could avoid the sorts of gaps in employment that can be financially, materially and psychologically detrimental. Of course, such a service could be portrayed as over-protective or interference by the state in people’s lives. But the same was probably thought of personal advisers twenty years ago, if it had been mooted. If the history of such services can teach us anything, it is that what people require of them can change, and that to be effective, services need to adapt to meet those needs. Such a service might be difficult to administer, likely to depend a lot on the co-operation and willingness of the individual, possibly lead to greater throughput in Jobcentres, and ultimately greater outlay of resources on staff time. However, in this ever-growing age of technology there are undoubtedly other channels that could be used besides face-to-face encounters, and the money invested in such a service could be recouped by reduction in benefit payments. There may also be a role for employers here in pinpointing who might benefit most from such support and in facilitating the provision of such support through the workplace.

8.4 The ongoing impact of work on families

Work is a dominant influence on the lives of those interviewed and, together with family size and composition, it influences the level of income generated. The level of income increase was pinpointed in the ‘low income families’ research as being one of the principal contributors to financial well-being. Unsurprisingly, this research has shown that sustaining or increasing the level of income generated by a family is vital to continued financial self-sufficiency, reduced levels of debt, increased propensity to save, and better living standards (such as better housing, food, clothing, holidays, social activities and other household and personal ‘luxuries’). Conversely, its reduction leads to a corresponding range of opposite effects: the accumulation of debt, the inability to save, and a diminishing of material well-being.

Financial priorities remained largely the same over time for all families – the core items being housing costs and then food. These remain central whether a family was in work or not, and regardless of earnings. However, amongst the higher earners –
who generally were the ones who sustained work longest – there was some broadening of emphasis to include other items that were hitherto considered to be luxuries, such as holidays. The core human priorities – to provide for children – remained identical, especially where the family contained younger children. However, where children were older, and financial circumstances allowed it, parents undoubtedly gave themselves greater priority than they had done in the past, perhaps indicating enhanced financial outlook over time. Where financial circumstances improved, parents appeared to sacrifice less of their own needs to meet their stated priorities around children. However, where they deteriorated, parents sometimes gave up more themselves, or borrowed more, to protect the material standards of their children.

While work and the income it generates is unquestionably key to families’ financial and material circumstances, financial skill is also imperative. This was something which was pinpointed as a factor in making a successful transition into work by the ‘low income families’ and ‘easing the transitions’ research and it remains critical to a family’s success in work. This suggests that while the level of income is of course important, how a family manages, or makes use, of that income is also fundamental in dictating the degree of financial and material benefit derived. Financial skill is important in a range of very simple ways. The better managers of money have a more realistic picture of their income, and their financial commitments. They can, consequently, make better budgeting decisions and, perhaps crucially, they have better knowledge and skills to respond swiftly to any change brought about by increases or decreases in income. This skill is also an important feature in ensuring that income from work leads to reduced or serviceable debt, or increases the propensity to save. Clearly it is important that a family has access to the proper tools to do this, and continued or increased access to financial services undoubtedly played a role in helping families to manage money better. However, the tools alone do not make for better management. Rather there is a range of other circumstances also at the root of good financial skill: experience of dealing with money successfully being a crucial one.

The financial and material benefits of work have a decisive role to play in its sustainability. The crucial role played by financial skill in ensuring that families experience benefit and minimise detriment cannot be underestimated and can only prompt us to consider how these skills can be better supported where they exist, and engendered where they are absent. A slightly broader set of aims for Jobcentre Plus could help here in acting as a gateway to potential sources of advice or support in navigating the financial instability that can be associated with recurrent moves into and out of work. Indeed, there was one instance of where advice given by Jobcentre Plus staff had helped to avert financial difficulty by referring the person involved to his local Citizens Advice Bureau. However, others in similar circumstances were unaware of the possibility of such services. Neither did they think to ask or mention this to staff at the Jobcentre. More generally, this research supports any initiative – by Government or otherwise – that aims to increase financial skill amongst those living on a low income. From the way that people in this study say they learn about
financial skill, there may be some value in peer led education that aims to better equip people to be more effective managers of their financial resources. It is improbable that Jobcentre Plus could do this alone, however there may be a role for it in contracting such services, or otherwise supporting their operation in deprived communities.

This research again highlights the psychological effect of work on adults and children. There is little difference between the two waves of research in the range of benefits or drawbacks highlighted. Interestingly, the level or degree of psychological benefit for adults is determined, in part, by involvement in work, or more accurately by achieving a satisfactory fit between work, family life and work aspirations. Again maximising this psychological benefit is important because it is one of the primary drivers of sustained involvement in work, particularly where the work itself is neither financially nor materially beneficial. Work also has a range of psychological effects on children – both positive and negative – and these are retained, where work is sustained. These are a primary concern for parents, and a considerable influence on parents’ work involvement. There is an apparent trade off for parents between positive material effects and negative psychological effects, and where the deficit is seen to be too large then it can lead to the impermanence of a job, or work more generally. Again, this underscores the importance of employment policies that create better workplaces and make it easier to combine work and family life.

Finally, the experiences recounted in the interviews for this research had led to a range of different future aspirations for adults. Some wanted and expected more from life and were intent on fulfilling these expectations, while others were more content with their current position. More interestingly, it also affected what they wanted for their children – a successful life away from benefit and they were actively involved in emphasising this to the younger members of their family. The positive effect of families’ experiences on the future lives of young people should therefore not be underestimated.
Appendix A
Topic guide

Exploring the longer-term impacts of work on families with children

Research objectives

The central objective of this research is to explore whether the issues identified as critical during the transition from benefits to work* remain so following this period in:

- sustaining the individual in work/triggering mobility between work and benefits;
- preserving an adequate standard of living.

Interviews should focus on both changes and constants in respondents’ life circumstances since they were last interviewed and the reasons for these.

In more detail, DWP wants to understand what are the factors in the longer-term that influence patterns of working, in sustaining work or progressing in work. They are also interested in understanding the factors that cause people to move away from work. To this end these interviews aim to explore:

- the nature and length of the transition period
- the patterns of working and not working since the last interview
- career progression/skill development/prospects for the future
- ongoing support/support needed to sustain working
- the psychological impacts of being in work/not working
Research objectives – continued
- the longer term impacts of income/expenditure changes
- financial and material benefits of sustained move into work
- the level and nature of debt experienced
- ongoing use of and access to financial services & products

* Issues include: level of income increase, costs associated with move into and staying in work, household skill at financial management, pre-work debt, access to financial support

1. Introduction

Aim: to introduce the research and set the context for the proceeding discussion

- Introduce self, NatCen

- Introduce research: briefly re-iterate that this interview is a follow-up to an interview they participated in over the last couple of years concerning patterns of income and expenditure/their experience of moving into or out of work for DWP – who are interested in the longer term experiences of people and what they can do to help people stay in work

- Explain you have read the transcript of the last interview and are therefore familiar with what was happening for them at that time

- Reassure re: confidentiality, tape recording, interview length

- Any questions?

2. Respondent introduction and background

Aim: to introduce respondent and ensure they feel at ease with the interview context. Also, highlight any areas of change/stability to ‘signpost’ potentially important areas for coverage by the moderator.

Household circumstances at last interview:

- Household/family make-up
  - Who living with and ages
  - Relationships, including history
  - Housing tenure – type, length, moves/changes
  - Changes since last interview (e.g. houses, children)
Main activities of household members at last interview:

- Brief overview of current activities of all household members
  - Employment
  - Education
  - Other activities/roles
  - Length of time in current situation
- Ask respondent to think about what their life has been like since last interviewed. Get overview of events/changes respondent sees as key changes in their lives, especially in relation to work, income & family:
  - main events
  - aspects which have changed
  - aspects which have stayed the same

3. Patterns of working and not working

Aim: to identify patterns of work and the factors influencing these since the last interview. This section will also begin to investigate impact of the work dynamic in other aspects of their lives.

Work activities at last interview (individual and other family members):

Remind respondent what they were doing when they were last interviewed and map events since then to the present.....

- Overview of/highlight all changes (if any) in employment status and activities since last interview
- Extent of mobility between work/not working and benefit
• For all periods in work (including current) explore:
  – Type(s) of job(s)
  – Different employment area(s)/career
  – Length of time in job(s)
  – Reasons for leaving
  – Nature of job(s)
  – Hours, f/t vs. p/t
  – Location(s)
  – Pay – level, frequency, variations in level (e.g. overtime, bonuses, etc.)
  – Route to securing
  – Main responsibilities/activities
  – Nature of any progression/promotion/path change e.g. title, responsibilities, payment, how feel about job, other impacts
  – Factors affecting progression within or between jobs

For all periods out of work
• When all periods not working happened
• Length of time
• Reasons
• Plans for working/not working (in that time)
• Steps taken to move back into work
Activities during period(s) of not working

4. Factors underpinning changes in patterns of work
Aim: to explore the factors contributing to sustaining work/returning to benefits/mobility between working and benefit since last interview

Factors easing the transition to work at last interview:
Factors threatening the sustainability of work at last interview:

- Explore factors spontaneously raised, then explore those mentioned at first interview (in boxes above), Then probe through list below.
  - If possible, establish **when** the factors discussed began to have an effect (either positive or negative)
  - Household/family
    - Childcare – availability, cost, quality
    - Family changes – e.g. changes in relationship status
    - Family composition and size – e.g. number of dependants, ages of children, care needs
  - Health
  - Housing circumstances
  - Financial reasons (e.g. tax reasons, benefits reasons etc.)
- Personal circumstances and views
  - Skill development/employment history
  - Education history/level
  - Attitudes toward benefit receipt/working
  - Changing levels of self confidence/self-esteem
- Job-related
  - Individual’s performance
  - Nature of work (e.g. seasonal, company closure)
  - In work support from employer/colleagues
- Other factors

**Support in sustaining work/returning to benefits/mobility between working and benefit**

**Financial support & advice received at first interview (including tax credits, & transitional benefits like benefit run-ons, job grants, New Deals etc.)**
Informal support received around transition into work (i.e. from friends and family)

- Explore any support received since first interview:
  - Financial (e.g. tax credits, transitions benefits, job grants, changes in benefit levels)
  - Advice (e.g. advice from JC+ advisers, NDLP personal advisers, CAB etc)
  - Informal support
- explore the role each kind of support described
- explore the impact/value of each support

- Perceived gaps in support over time since last interview
  - What
  - When
  - For how long
  - From whom

5. Work Outlooks and aspirations
- Establish changes in and explore work aspiration/outlook/skills since last interview
  - skill development (how gained and usefulness)
  - training/education
  - psychological factors e.g. confidence, optimism
  - attitudes towards work vs claiming benefits
  - awareness of job opportunities/networks
  - knowledge of career possibilities/paths
  - beliefs about career progression
• Explore whether similar changes amongst other adult family members (especially partners)
  – Who
  – What sorts of changes
  – Work aspirations
  – Outcomes of work (e.g. successful job applications, sustaining employment)
  – Opportunity to work
  – Explore extent to which these changes relate to those experienced by respondent
  – attitudes towards work vs claiming benefits
• Explore any changes among children in household in
  – Work aspirations
  – Views about the world of work
  – attitudes towards work vs claiming benefits

6. Financial circumstances
Aim: to explore respondents’ financial situation(s) regarding income, expenditure and use of financial services and the impact of their individual work dynamic on their financial situation over time. For the changes respondents describe over time explore the links between changes in financial situations and employment status and activity.

Overview of financial situation at last interview (salary, benefits and tax credits, whether better off and by how much):

A. Income
• Explore any changes in sources and levels of income since last interview, including:
  – Benefits (which types)
  – Tax credits
  – Pensions/minimum income guarantee/pension credit.
  – If working: earnings from paid work
  – Maintenance (ex-partner/-spouse)
- Odd jobs
- Informal help (loans/gifts from friends/relatives)
- Selling items
- Other

• Methods of receiving and storing income
  - Bank account (type, services available/used, how long had one for)
  - Benefits/limitations of account services
  - How does it work otherwise
  - appropriateness
  - Any changes over time & reasons

• Where there is change since last interview, explore reasons for change e.g. employment status/progression, benefit or tax credit changes, change in family/household

B. Storage, control and management of finances

Financial management, storage and control at last interview (e.g. where money is kept, mechanisms for managing bills etc, like direct debit, information around management of money):

• Explore how changes have impacted on how money is managed in relation to income, savings, expenditure and debt:
  - Who is involved in spending/saving decisions
  - Broad influences and priorities
  - Explore any changes and factors contributing to change
C. Expenditure

Main items of expenditure at last interview:

- Explore spending over time since last interview and relationships with other changes:
  - Housing costs
  - Utility bills
  - Childcare
  - Food
  - Clothing
  - Other material possessions
  - Social and leisure spending
  - Debt repayment
  - Savings
  - Other spending

- Explore changes in priorities for expenditure over time and reasons for change

- Explore changes in levels spent on adults compared to children over time and reasons

- Methods/facilities for payment of expenditure (e.g. cash, cards, key cards, direct debit, standing order)
  - Appropriateness

- Where there is change since last interview, explore reasons for change e.g. employment status/progression, benefit or tax credit changes, change in family/household
D. Savings

Details of savings at last interview

- Explore changes in:
  - Ability to save
  - Methods/means of saving
  - Check for use of informal saving schemes, eg. credit unions, savings stamps, saving clubs etc
  - What has enabled them to save/not save

E. Debt and credit

Debt and credit at time of last interview:

- Explore role/usage of credit and debt in respondent’s since last interview.
  - **Formal loans** (e.g. bank loans, overdraft, credit/store cards, catalogues, HP, social fund, credit unions, work advance, student loans)
  - **Informal loans** (e.g. private companies/money lenders, ‘tallyman’/‘tick’, pawnbrokers, cheque cashing companies, family/friends)
  - **Arrears** (e.g. rent/mortgage interest, Council Tax, gas, electricity, water, court fines, benefit overpayments, child support)

- For each probe:
  - Amount
  - When taken out
  - Purpose
  - Links to other aspects of financial circumstances/changes
7. Impact of work/income changes

Aim: to understand fully the impact of the respondent’s individual work and income changes on all areas of their life.

- Explore feelings about financial situation over time
  - Better off/worse off over time since last interview
  - Easier/more difficult to make ends meet over time since last interview
  - Points at which felt better/worse-off
  - What illustrates or explains being better/worse off
  - Relationships of those feelings to financial and work/activity changes

- Explore impact of work/income dynamics on each of the following domains (taking those mentioned spontaneously first):
  - **Material circumstances**
    - Food – quantity and quality
    - Clothing
    - Housing – improvements, changes
    - Leisure and treats
    - Furniture
    - Appliances
    - Holidays/trips

- **Financial circumstances**
  - Credit
  - Debt
  - Savings
  - Products, services, support
  - Financial priorities

- **Personal circumstances/well-being**
  - Self-esteem/self-confidence/self-worth
  - Work/life aspirations
  - Views about self (including self as a parent)
  - Relationships
  - Access to friendship and community networks
  - Health
If not already covered;

Main impacts of being in work at last interview:

- Explore
  - Which of these have been sustained
  - Which have not been sustained and why
  - Highlight new impacts

Thinking about all of the effects we’ve mentioned…

- Explore where work/income dynamics have had greatest impact
  - Probe separately for adults and children

8. Summary

Aim: to round off discussion, ensure coverage of all topics relevant to respondent and to gain respondent’s suggestions for improvement in supporting the transitions into work and sustaining of work.

- Overall views of current situation
- Feelings about the future (work, income, family life)
- Explore kinds of support that would have made sustaining work easier
  - Financial
  - Advice
  - Informal
  - For each suggestion
    - Nature of support
    - When would have benefited from it
    - How long it would be needed
- Anything else respondent wants to mention
Thank respondent and close
Give £20 incentive payment
Explore interest in participating in future research
References


