



Overcoming barriers to work

Summary briefing for MPs on addressing barriers faced by low-income families

November 2023

Your Work Your Way employment support for mothers in low-income couples

Potential second earners in couple families, usually mothers, face high barriers to employment. Mothers typically face more barriers to work than fathers in couples, particularly because of issues relating to childcare and time spent out of the labour market due to caring responsibilities.¹ To evaluate barriers to work faced by this group and identify solutions to these barriers, Child Poverty Action Group (CPAG) designed and delivered the Your Work Your Way (YWW) project – an employment support scheme that worked with 70 potential second earners in couples, of whom 67 were mothers, to help them find and progress into work. The key components of YWW included:

- Personalised employment support to develop skills and facilitate training and employment opportunities
- Welfare rights advice to maximise benefits and household income
- A personal budget of £2,000 for any costs associated with looking for work or setting up self-employment

All participants faced significant barriers to work at the start of YWW, yet over a period of 6-12 months, the scheme resulted in:

- 54 per cent of participants moving into paid work; 49 per cent achieving sustained work for 6 months or more
- 76 per cent of participants engaging in work-focused training
- 80 per cent of participants increasing their financial confidence

But the scheme also highlighted other barriers, including childcare and the availability of flexible work opportunities, which cannot be addressed by employment support alone.

Summary of barriers to work identified by YWW and solutions to overcome them

Childcare – costs and availability

The UK has one of the most expensive childcare systems in the world.^{2,3} The childcare-related issues include high costs; lack of available places particularly in rural areas; limited availability of provision for children with SEND (special educational needs and disability), wrap-around childcare and holiday provision; and limited availability of

¹ IFS, *The careers and time use of mothers and fathers*, 2021, available at: ifs.org.uk/publications/careers-and-time-use

² OECD, *Net childcare costs (indicator)*, 2023, available at: doi.org/10.1787/e328a9ee-en

³ In England, children aged 2 with parents in receipt of eligible benefits are entitled to 15 hours of childcare for 38 weeks a year, all 3- and 4-year-olds are entitled to 15 hours for 38 weeks or 30 hours if their parents are working. In Wales, 3- and 4-year-olds are entitled to 10 hours a week (12.5 in flying start areas) or 30 hours for 48 weeks if their parents are working. In Scotland, 3- and 4-year-olds are entitled to 30 hours a week during term time, as are 2-year-olds who meet certain vulnerability criteria.

flexible childcare that suits parents working atypical working patterns. Working parents in receipt of universal credit (UC) can get support with childcare costs up to 85 per cent of these costs, but must cover the remaining 15 per cent or all fees above the cap of £951 for one child or £1,630 for two or more children.⁴ For many families these costs are unaffordable. The support with childcare costs in UC is also only available to parents in work and excludes parents accessing training. The flexible support fund (FSF) can be used to support parents in training with childcare costs, but YWYW evidence indicates that knowledge on how the FSF can be used to support parents is low among work coaches and not publicised to claimants.

The expansion of free childcare for working parents announced in March 2023 is a welcome step to bringing down costs for parents, but without a significant increase in funding, fees are unlikely to come down as providers will likely have to cross-subsidise with non-free hours.⁵

To support more parents to work, the government should:

- Increase the amount covered by the UC childcare element from 85 per cent of costs to 100 per cent, and peg the maximum reimbursement cap to the median regional market rate.
- Extend the free childcare offer to parents in training and remove the income eligibility criteria, so parents earning less than the equivalent of 16 hours a week at the minimum wage on average can access free childcare too.
- Increase funding for the childcare sector to support them to operationalise the increase in free hours.
- Ensure that schools have the funding to provide free, before- and after-school care from 8am to 6pm.
- Ensure that families can access affordable or free holiday childcare provision.
- In the long term, commit to reforming childcare to reduce the high costs and improve the quality of childcare for all families by moving towards a universal, publicly-funded system.

Poor financial incentives from working for second earners in low-income couples

For many YWYW clients, particularly those in receipt of UC, there was little financial incentive to re-enter the labour market. The lack of a second earner work allowance in addition to the taper rate mean that for every £1 earned by second earners, 55p was lost in UC. As earnings are also subject to national insurance contributions and income tax, and if coupled with additional costs that entering work can create, such as childcare costs or travel fares, families may gain only a very small increase in household income from the second parent moving into work.

The government should introduce a second earner work allowance for couples on UC.

Lack of specialist employment support for those in a position to work

The majority of YWYW participants had not had a good experience of employment support. Clients who were subject to conditionality reported a lack of meaningful support from their Jobcentre Plus work coach. Many clients who were in the 'intensive work search' regime felt that it had a negative impact on their mental health and that it didn't take into account the additional barriers they faced, for example childcare, transport, ill-health or providing additional unpaid care to disabled or elderly family members.

In contrast, YWYW focused on helping participants to find fulfilling, secure work with the prospect of career progression. The tailored support, built on trust, allowed parents and their support coaches to work together to

⁴ Department for Work and Pensions, *Universal Credit childcare costs*, 2023, available at: gov.uk/guidance/universal-credit-childcare-costs

⁵ Women's Budget Group, 'WBG finds Government funding for early education and childcare falls short by £5.2bn', 2023, available at: wbg.org.uk/media/press-releases/wbg-finds-government-funding-for-early-education-and-childcare-falls-short-by-5-2bn/

find a suitable career path. This often meant that parents moved into higher-paid jobs with the chance of in-work progression.

The government should relax the current punitive conditionality regime for parents until barriers identified here are addressed. The government should provide tailored employment support to parents, focused on the individual circumstances of claimants and their long-term career path.

Training, skills gaps and financial barriers

Over 76 per cent of YWYW participants engaged in work-focused training which subsequently enabled many to move into work. Ninety per cent of courses studied were funded by YWYW. Many parents were also helped with purchasing equipment such as laptops or trade tools. The average budget spent per person was £1,408 and participants felt that access to funding empowered them to take active steps towards employment, for example to gain qualifications or new skills, or set up as self-employed.

Around half of participants identified debt, financial issues and hidden costs such as access to IT and transport as a barrier to employment. YWYW provided welfare rights advice to participants which helped them to improve their financial stability, claim benefits to which they were entitled, and access available financial support, eg, one-off financial grants. This, in combination with access to personal budgets and tailored employment support, empowered participants to take active steps towards employment.

The government should provide financial support to train and gain qualifications, and to facilitate work search and preparation for self-employment (eg, laptops, courses fees, trade equipment). Employment support schemes for parents should provide welfare rights advice and promote greater use of resources available to jobseekers, such as the flexible support fund.

Job opportunities in the right place at the right time

Over half of YWYW participants identified challenges relating to the availability of flexible local employment opportunities that fit around family commitments, such as part-time and term-time job vacancies. This includes in sectors currently experiencing staff shortages.

The government should incentivise employers to provide employment opportunities suitable for parents with childcare responsibilities (eg, part-time, term-time, flexible working), and to develop into-work schemes for parents such as M&S Marks & Start.

Conclusion

Potential second earners in low-income families, particularly mothers, face multiple barriers to accessing employment. YWYW empowered participants to achieve meaningful employment and self-employment outcomes through its combination of trust-based tailored employment support, personal budgets and welfare rights advice. But barriers remain that cannot be addressed by this tailored approach. Parents are also facing increasing conditionality within the social security system. Until the barriers discussed above are addressed, the government should relax the increasingly punitive conditionality regime for parents.

About CPAG

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice, and information to make sure hard-up families get the financial support they need.