Family structure and poverty in the UK: 
An evidence and policy review 

Report to Joseph Rowntree Foundation 

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1 INTRODUCTION

1.1 Background to this report
This report, commissioned by the Joseph Rowntree Foundation as part of devising its anti-poverty strategy for the UK, reviews the evidence around the relationship between family structure and poverty. This Chapter outlines the background to the review while Chapter 2 discusses the definitions used and the methodology adopted. Chapter 3 looks at the risks of different types of families being in poverty in the UK. Chapter 4 considers policies, which can affect the relationship between family structure and policy, and Chapter 5 concludes. The remit of this review was to supply an account of poverty in the UK, but we also draw on international evidence to enable illuminating comparisons and to highlight possibilities for good practice that could inform domestic policy.

This review has been carried out at the same time as several others, each exploring the links between poverty and topics that are closely related. These include gender, employment, childcare, demography and relationships. Where possible, we have drawn on the findings of these reviews. The various aspects of family structure and poverty have been the subject of much research (for example, Holtermann et al. 1999, Millar and Ridge 2001 and Haux 2013). To avoid overlap and duplication the empirical focus is on the past 15 years. The policy areas selected for this review have been chosen on the basis that they directly affect family structure and poverty. These include policies such as child maintenance and married couples tax allowances. However, we have not discussed aspects such as childcare availability and costs in any details, as whilst this is clearly relevant, this area is covered in a separate review. Where possible, cross-reference has been made to other reviews conducted alongside this one.

Hence, the aims of this review are as follows:

- To identify the relationship between the different family structures and the experiences of poverty based on secondary data analysis.

To review policy interventions for ameliorating the experience of poverty in the UK and internationally and establish the efficacy and, where possible, the cost-effectiveness of these interventions.

To identify the precise role, impact and potential of poverty interventions within a wider anti-poverty agenda and under conditions of ‘austerity’.

To identify examples of policy transfer and place them in the context of the wider anti-poverty agenda.

To identify gaps in the evidence base.

1.2 Research on family structures and poverty

Families have long been the subject of sociological research. Feminist and Marxist researchers have highlighted the imbalance of power between men and women, and between those with different levels of material resources, both in the private and the public sphere. Since then family research has increasingly explored other aspects such as emphasising the relational rather than biological bonds, e.g. by looking at families of choice, intimacy, personal lives and friendships and the effect of individualisation on the formation, nature and duration of relationships. Other topics and approaches in current family sociology focus on the different experiences of childhood, the possibility and challenges of reproductive technologies and the interlinking of globalisation and migration on intimate relationships and families (see Chambers, 2012).

The links between family structures and poverty in the UK are well established. The most recent release of the Households Below Average Income (HBAI) statistics confirms the persistence of strong correlations between family structures and relative income poverty in the UK (DWP 2013a). According to the latest HBAI figures for 2011/12 (DWP 2013a), families particularly at risk of poverty in Britain include lone parent families, workless households (plus those with only one adult in paid work) and those with three or more children.

Numerous factors have been shown to mediate the connection between family structure and poverty. For example, the links between family structures, poverty and gender are also well researched (for example, Scott 2008) and are particularly evident with regard to lone parent families, the vast majority of whom are headed by
women (ONS 2012). Interlinked with family structures and poverty is the level of economic activity of the adults in the households, with the poverty risk declining as the number of adults in (full-time) employment in the family increases (DWP 2013a). At the same time, the nature and extent of these links is continually changing as a result of broader demographic, socio-economic and policy developments (see Falkingham et al. forthcoming).

A range of theories has been put forward to explain the links between family structures and poverty. These can be divided into three groups: individual/pathological, cultural or structural/institutional, or a combination of the above (see Corlyon et al., forthcoming). For example, some of these theories highlight the importance of (local/intergenerational) culture and values, which in turn form an ‘underclass’ while others emphasise the importance of rational, economic decisions in responding to the incentive structures of tax and benefit systems (see also Harkness et al. 2012). A number of studies have explored the concept of intergenerational transmission of poverty (Hirsch, 2008; Shildrick et al., 2013) and suggested that there is no evidence of it on the ground (in the strongest formulation of intergenerational worklessness across multiple generations). However there are still important correlations between hat poverty and insecurity between generations of the same family. Yet, a recent review of the evidence on the causal link between family structures and poverty based predominantly on evidence from the US and the UK and from within the field of economics (Stafford and Roberts 2009), suggested that a conclusive, causal link between family structures and poverty could not be established and instead differences in the socio-economic characteristics of the (potential) family members played a substantial role (see also Bhrolcháin and Sigle-Rushton 2005; Bhrolcháin et al. 2002; Crawford et al. 2011).
2 METHODOLOGY AND DEFINITIONS

2.1 Methodology
This report is based on a review of current evidence on family structure and poverty, which is supplemented by original research. We conducted a literature search based on the usual steps of identifying, evaluating, synthesising and extracting information from a wide range of sources. Members of the project team took responsibility for individual policy areas and we used the reference organiser software Mendeley to build a literature base, check for duplication and identify key papers. Additional analyses of survey data are also provided and information from a focus group of people with experience of living in poverty, to fill gaps in the literature. The quantitative data analysis included in this report is facilitated by our extensive experience of interrogating high quality secondary datasets. We focus on key results, rather than providing more in-depth analysis – as seems appropriate within a project based around reviewing the extant literature.

The following data sources are used for the secondary analysis:

- The Family Resources Survey (DWP, NatCen, ONS 2013) is the main government-led vehicle for measuring people’s incomes and benefits. It is conducted annually, with a sample size of around 24,000 households (though was somewhat larger until 2011/12). Data on higher incomes from outside the survey, using a consistent set of processes, are used to generate statistics on the proportions of the population on lower incomes. This data is presented in the annual Households Below Average Income reports (DWP 2013a).
- The Annual Population Survey (ONS 2014) is a large cross-sectional survey of the UK population, which also takes place on a rolling basis. It is most useful for looking at small sub-groups, who are generally only found in small numbers in most surveys – such as civil partnerships, larger families and members of some ethnic minority groups.

Finally, the Poverty Alliance organised a focus group of people with experience of living in poverty in Scotland in November 2013 in connection with JRF and this project. The researchers explored a broad range of issues relating the experience of poverty, aiming to draw out the most important challenges for policy-makers to address.
2.2 Definitions

2.2.1 The ‘two-person’ definition of family

A number of definitions of ‘family’ are possible for this report. According to Bruce and Yearly (2006: 103), ‘At its simplest the family is an intimate domestic group of people related to each other by blood and legal ties and social relations, in which adults are responsible for the care and raising of their children (natural or adopted)’. The Office for National Statistics (ONS) (2012) defines a family as either a couple - married, cohabiting or in a civil partnership, with or without children - or a lone parent with one or more children, dependent or non-dependent. The ONS definition is similar to that used by the US Census Bureau (2011), which regards as a family any household in which two or more people related by blood, marriage or adoption are residing.

According to the US Census definition, families do not necessarily include children and couples do not need to be married, but the individuals concerned must live at the same address. However, as is the case for the other definitions mentioned above, singles living alone do not count as families. This is an important principled exclusion. However, we should acknowledge that there is an increasing number of UK people living in single adult households (ONS 2013:2):

“The proportion of adults living alone almost doubled between 1973 and 2011 (9% and 16%), with the increase occurring in the first thirty years (between 1973 and 1998). … The increase in single adult households has been among adults aged 25-44 – adults in this age group were five times more likely to live alone in 2011 (10%) than in 1973 (2%), again this increase occurred between 1973 and 1998 and then remained stable.”

For the purpose of this report we have decided to adopt a ‘two-person’ definition, in that families are defined as households comprising at least two people who are either related by blood, marriage or civil partnership, or in a cohabiting relationship. A household in which one or more dependent children live with a lone adult is classed as a family under this definition. Therefore, couples without children, including same sex couples, and lone-parents with children are all counted as families. As such our usage is in line with that of the US Census Bureau and ONS, as outlined above. Much academic research in the UK implicitly uses the presence of children as a criterion for being classed as a family, yet does nothing to interrogate or even discuss the definition itself. We include couples without children in our working definition.
ONS (2012) figures suggest an increase in this type of family over recent years, and including such families creates greater scope for comparisons with other types of family structure. This will help to develop a more comprehensive account of the relationship between poverty and the many different family structures of today. As outlined in Falkingham et al.’s review, family structures are often dynamic, with rates of partnership dissolution mostly rising over time – albeit with perhaps a reduction in the youngest cohorts.

2.2.2 Diverse family structures

Before discussing the measurement of poverty, we want to acknowledge the increasingly diverse family structures found in the UK today. As far back as 1989, eight per cent of live births were to women who had been married previously (De’Ath 1994:94). Within five years of separation and divorce, up to half of parents will have remarried. This results in a range of different care arrangements, some of which can lead to children effectively being members of two households (De’Ath 1994:93). It follows that categorising families according to adult relationship history is increasingly complex. While the majority of data presented in this report draws on the annual HBAI survey, which does not distinguish (in its published reports) between the manifold family formations created by breakups and subsequent relationships, formal or informal, it is worth providing a brief overview of some family structures that remain in the minority but are growing in number.

One of the fastest growing family types in Britain is the stepfamily (Ferri and Smith 1997, Beaumont 2011). In 2007, 86 per cent of stepfamilies comprised a mother and stepfather, ten per cent were formed of a natural father and stepmother, while four per cent consisted of two adults both of whom had stepchildren living with them (ONS 2010). Ermisch and Francesconi (2000) found that around 30 per cent of mothers would spend time in a stepfamily before the age of 45. As research rarely focuses on this type of family, analysis of the likelihood of them being in poverty is scarce. Collishaw et al. (2007: 2581) used longitudinal data from 1974, 1986 and 1999 to argue that fewer stepfamilies were in deprived socioeconomic circumstances than single parent families. They also found that the proportion of stepfamilies on low incomes, the main measure of poverty used in existing studies and throughout this report, were only slightly lower than for ‘intact’ families. This is unsurprising as it
echoes one of the main messages emerging from this review: that families with two adults are rather less likely to be poor than lone parent families.

Extended families and children living with grandparents as opposed to their mother or father are relatively uncommon overall but their frequency varies according to ethnicity. More than one quarter of Indian families live with their children’s paternal grandparents (Grandparents Plus 2009:34), and over 30 per cent of Indian grandparents live in a multigenerational household (Griggs 2010:4). One in ten black Caribbean families live with their maternal grandparents (Grandparents Plus 2009:34). Analysis of the Millennium Cohort Survey revealed that in 6.2 per cent of UK families, a grandparent was residing in the household. This rose to 18.6 per cent in wards with high minority ethnic populations. Grandparents were also more likely to live with families in disadvantaged wards than in advantaged wards, whether this is the family residing with the grandparent or the other way round (Dex and Hawkes 2004:25). Again this demonstrates how significant complexity is uncovered by looking beyond typologies defining families solely by the number of adults and children present. Adult working class women are twice as likely to be grandmothers compared to middle class counterparts. The proportion of all grandparents with grandchildren aged under 16 and living on a very low household income grew by a third from 1998 (18%) to 2007 (26%), so grandparents are becoming poorer (Griggs 2009:10-11).

Another important issue is the role grandparents play in supplying informal childcare and therefore enabling mothers to work. Some 20 per cent of mothers with children aged under four years, who also have mothers, work full-time compared with six per cent of those without mothers. This rises to 25 per cent and 16 per cent where children are under 13 (Griggs 2009:16). However, this still does not tell us about the incidence of poverty among those who are living in extended family households, or acting as primary carers for grandchildren. Previous research does not provide answers to these questions.

We use HBAI data for the detailed information it provides on poverty in relation to family structure, as per the project brief. A major limitation of this source is that families are defined by the number of adults and children, without further
consideration of the precise nature of these relationships (in the published reports). However, we felt it necessary at this stage to show recognition that family structures are more variable than simple counts of adults and children might suggest.

2.2.3 Measuring poverty

We assume that many readers will be familiar with the measurement and calculation of poverty in the UK, so we provide only a brief recap. Fuller details are available in the annual publications of DWP (2013a), and in the external commentaries that are regularly produced (including by JRF itself, for example MacInnes et al. 2013). The Joseph Rowntree Foundation defines poverty as when a person’s resources (mainly their material resources) are not sufficient to meet their minimum needs (including social participation). Measuring resources and needs can be complex, so income is normally used as a proxy.

Poverty in the UK context is generally measured by individuals living in a household with an income below 60 per cent of median equivalised income. This measure is used by the annual government Households Below Average Incomes (HBAI) report and is known as relative poverty, as the threshold for being classed as poor is set according to the midpoint of incomes in the population overall\(^1\). While there are problems with this income-based definition, it is one useful indicator, especially when comparing different countries.

The Child Poverty Act 2010 also introduced three other measures:

\[\text{\footnotesize \hspace{1cm} }\]

\(^1\) The HBAI is based on the OECD equivalent scales and the series adjusts for Retail Price Index (RPI), despite benefits now being indexed to Consumer Price Index (CPI) in the welfare reforms implemented in 2010-11 (DWP, 2013a). The RPI measure of inflation is retained to allow for continued comparisons with data from previous years, when RPI was also used, as opposed to switching to CPI which would make retrospective and longitudinal analysis more difficult (DWP 2013a:15).
• **Combined low income and material deprivation**: children who experience material deprivation, defined as lacking the basic goods and services needed, and living in households with incomes below 70 per cent of median.

• **Absolute low income**: household income below 60 per cent of 2010/11 median income adjusted for prices.

• **Persistent poverty**: household income below 60 per cent of current median income for at least three out of the previous four years (HM Government 2012:14).

Updates on how government is performing against those measures are reported annually by the Social Mobility and Child Poverty Commission (see 2013 report).

A recent government consultation on measuring child poverty was premised on the putative need to ‘develop a better way of measuring child poverty which reflects the reality of growing up experiencing poverty in the UK today’ (HM Government 2012:12). Whilst the report from this consultation has been strongly criticised for confusing measures of poverty with factors that are more like characteristics or predictors of being poor, and for adducing questionable evidence (see Bradshaw 2013), it does raise questions over whether such emphasis on income produces a more narrow account that needed. However, the HBAI series also publishes data on material deprivation, defined as a whether people lack certain goods and services (which differ for children, working-age adults and pensioners – see DWP 2013a:268-271, 276-277 for a more detailed discussion), suggesting that the importance of including other indicators has already been acknowledged.

**2.2.4 Equivalence scales**

Where measures of poverty rely on income lines, as they generally do in part or wholly, a judgement must be made about the level of income equating to the poverty line for families with different numbers of adults and children. If £X implies poverty for a childless couple, what income level is equivalent for a lone parent with one child, or

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2 We also report data from HBAI on ‘severe low income and material deprivation’, referring to individuals living in households lacking basic goods and services and with income below 50 per cent of median.
This process of comparing incomes is generally known as ‘equivalisation’. The approach of simply taking per capita income (income/persons) ignores economies of scale in consumption, and differences between different people (e.g. adults and children).

There are a number of different ways of coming up with values for equivalence scales. One might consult expert judgement, or survey the views of the general population. Often equivalence scales are constructed after analysis of patterns of household spending. In the early work on this topic, families were regarded as having similar living standards when they spent the same proportions of their incomes on food. Thus models of food spending were derived, and based on family type (the Engel approach). An alternative approach sought to compare spending on adult goods, in families that did and did not contain children (the Rothbart approach). Later research has turned to looking at the full range of spending, to help measure the indirect economic concept of utility – though there remain technical limitations (Deaton 1997).

Current UK publications on poverty and low incomes use the ‘modified OECD’ equivalence scale, in which an adult couple with no dependent children is taken as the benchmark with an equivalence scale of one. The equivalence scales for other types of households can be calculated by adding together the numbers for each household member from the list below:

- Head of household 0.67
- Subsequent adults 0.33
- Each child aged 0-13 0.20
- Each child aged 14-18 0.33

For example, a single adult household adult will have an equivalence scale of 0.67. This means that we assume he or she can attain the same standard of living as a childless couple on 67 percent of their income. For a couple with one child aged 13 or younger, the head of the household counts as 0.67, the spouse 0.33, and the child 0.20, for a total equivalence scale of 1.20. This household needs an income 20 percent higher than a childless couple to have the same standard of living. No weights are attached to disability (whether of the adult or child), nor to older ages in
general. Using this scale, the addition of a third or fourth child has the same kind of magnitude of change to the income needs of the household as adding the first child.

The choice of equivalence scale may do little to affect the overall proportion of a population that is poor, but it will affect the *composition* of those who are poor. A systematic comparison of different approaches appeared in the 2001 HBAI report (DWP 2002), with Appendix 2 showing that the number of poor lone parents, in particular, was strongly affected by the choice of scale. It seems sensible to keep the selection of a particular equivalence scale under review. The current system seems to be very firmly entrenched in current UK (and much OECD) poverty research, although other scales (such as $\sqrt{\text{family size}}$) are also used.

**Definitions**

Family is defined as a household containing two adults that are related by blood, marriage or civil partnership, or in a cohabiting relationship.

Poverty has been defined as below 60 per cent of the median equivalised income for most of the empirical data presented here.
3 FAMILIES AND POVERTY

3.1 Introduction
In the previous chapter, we discussed different approaches to defining family structure and provided an overview of some of the issues surrounding the measurement of poverty. In the UK, a relative measure of poverty is most commonly used, with households deemed to be poor if their income falls below 60 per cent of the median, subject to adjustments for prices and household composition. Of course, this means that the level of income required for a family to be out of poverty changes over time. Table 3.1 shows the poverty line in 2011/12 for different family structures. These figures use the household as the unit of analysis. The poverty line for a couple with no children is £256 per week before housing costs, for a lone parent with two children aged under 14 it is £308 per week, and for a couple with two children of this age it is £392 per week. We have presented figures before and after housing costs initially to highlight the importance of accommodation prices in household budgeting. However, thereafter we focus on AHC when analysing the links between other socio-economic characteristics and family structures.3

Table 3.1: Poverty line thresholds in 2011/12

<table>
<thead>
<tr>
<th>Family composition</th>
<th>Poverty line threshold BHC £ per week</th>
<th>Poverty line threshold AHC £ per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couple no children</td>
<td>256</td>
<td>220</td>
</tr>
<tr>
<td>Single no children</td>
<td>172</td>
<td>128</td>
</tr>
<tr>
<td>Couple with two children aged 5 and 14</td>
<td>392</td>
<td>357</td>
</tr>
<tr>
<td>Lone parent with two children aged 5 and 14</td>
<td>308</td>
<td>264</td>
</tr>
</tbody>
</table>

Source: HBAI 2011/12.

3 There is some discussion as to whether BHC or AHC is the more appropriate measure – on which there may be no definitive answer. However, given the high cost of housing in the UK, and the lack of control over housing costs (rents) for those on low incomes, we argue that AHC better captures levels of poverty. Economists, who see housing spending as just another kind of spending, tend to regard the BHC measure as superior.
3.2 Who is in poverty now?

In this section, we provide data on poverty in the UK using the most recent figures available. We use data from the Family Resources Survey (FRS) as presented in the HBAI series, which is a comprehensive annual government report on poverty in the UK. In addition, we have included original analysis using the Annual Population Study and the FRS.

To begin, we discuss the representation of individuals across the income distribution according to family type and household characteristics. We then look at the picture once economic and marital status of family members is taken into account. Next, we discuss the proportion of various family types in poverty using different income thresholds, and with material deprivation also included. The final section documents trends over time.

Before housing costs, only 18 per cent of pensioner couples are in the lowest income quintile, compared to 26 per cent of pensioner couples. Singles have been included in these tables to demonstrate their greater chance of being in poverty relative to couples. Among single pensioners, 21 per cent of males are in the bottom quintile, while 28 per cent of females are in this poorest group (Table 3.2). Table 3.3 shows that pensioners fare better after housing costs, with only 11 per cent of couples and 16 per cent of singles in the lowest income quintile. This is likely to be the result of older people being more likely to have bought houses for lower prices, and/or own their property outright.
### Table 3.2  Quintile distribution of income for individuals by various family and household characteristics, United Kingdom (before housing costs)

<table>
<thead>
<tr>
<th>Family type</th>
<th>Bottom quintile</th>
<th>Second quintile</th>
<th>Middle quintile</th>
<th>Fourth quintile</th>
<th>Top quintile</th>
<th>Individuals (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensioner couple</td>
<td>18</td>
<td>23</td>
<td>21</td>
<td>20</td>
<td>18</td>
<td>8.3</td>
</tr>
<tr>
<td>Single pensioner (all)</td>
<td>26</td>
<td>30</td>
<td>20</td>
<td>16</td>
<td>7</td>
<td>4.5</td>
</tr>
<tr>
<td>Single pensioner (male)</td>
<td>21</td>
<td>32</td>
<td>21</td>
<td>16</td>
<td>10</td>
<td>1.2</td>
</tr>
<tr>
<td>Single pensioner (female)</td>
<td>28</td>
<td>29</td>
<td>20</td>
<td>16</td>
<td>6</td>
<td>3.3</td>
</tr>
<tr>
<td>Couple with children</td>
<td>19</td>
<td>21</td>
<td>21</td>
<td>20</td>
<td>20</td>
<td>21.8</td>
</tr>
<tr>
<td>Couple without children</td>
<td>13</td>
<td>9</td>
<td>16</td>
<td>27</td>
<td>35</td>
<td>11.0</td>
</tr>
<tr>
<td>Single with children</td>
<td>31</td>
<td>35</td>
<td>22</td>
<td>9</td>
<td>3</td>
<td>4.9</td>
</tr>
<tr>
<td>Single without children (all)</td>
<td>24</td>
<td>17</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>11.0</td>
</tr>
<tr>
<td>Single male</td>
<td>24</td>
<td>16</td>
<td>19</td>
<td>20</td>
<td>21</td>
<td>6.8</td>
</tr>
<tr>
<td>Single female</td>
<td>23</td>
<td>18</td>
<td>21</td>
<td>20</td>
<td>18</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Taken from HBAI 1994/5-2011-2, page 62, table 3.1db (Source: FRS 2011/12)

The comparison between family types is based on the equivalence scales used, as discussed in section 2.2.4. It is also worth noting that the composition of income is, of course, quite different between these groups, with varying proportions of earnings and state benefits.

A greater proportion of lone parents are in the bottom income quintile than any other group featuring in this data. Before housing costs, 31 per cent of lone parents are in the poorest fifth, compared to 19 per cent of couples with children, and 24 per cent of singles without children. After housing costs, 40 per cent of lone parents are in the lowest quintile, as are 20 per cent of couples with children, and 27 per cent of singles without children, with all of these groups faring worse once accommodation costs are accounted for.
Table 3.3  
Quintile distribution of income for individuals by various family and household characteristics, United Kingdom (after housing costs)

<table>
<thead>
<tr>
<th>Family type</th>
<th>Bottom quintile</th>
<th>Second quintile</th>
<th>Middle quintile</th>
<th>Fourth quintile</th>
<th>Top quintile</th>
<th>Individuals (million)</th>
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</thead>
<tbody>
<tr>
<td>Pensioner couple</td>
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<td>23</td>
<td>21</td>
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</tr>
<tr>
<td>Single pensioner (all)</td>
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<td>24</td>
<td>20</td>
<td>11</td>
<td>4.5</td>
</tr>
<tr>
<td>Single pensioner (male)</td>
<td>15</td>
<td>27</td>
<td>23</td>
<td>21</td>
<td>14</td>
<td>1.2</td>
</tr>
<tr>
<td>Single pensioner (female)</td>
<td>16</td>
<td>30</td>
<td>24</td>
<td>19</td>
<td>10</td>
<td>3.3</td>
</tr>
<tr>
<td>Couple with children</td>
<td>20</td>
<td>21</td>
<td>21</td>
<td>19</td>
<td>19</td>
<td>21.8</td>
</tr>
<tr>
<td>Couple without children</td>
<td>13</td>
<td>11</td>
<td>16</td>
<td>26</td>
<td>34</td>
<td>11.0</td>
</tr>
<tr>
<td>Single with children</td>
<td>40</td>
<td>31</td>
<td>19</td>
<td>7</td>
<td>3</td>
<td>4.9</td>
</tr>
<tr>
<td>Single without children (all)</td>
<td>27</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td>19</td>
<td>11.0</td>
</tr>
<tr>
<td>Single male</td>
<td>27</td>
<td>15</td>
<td>18</td>
<td>20</td>
<td>20</td>
<td>6.8</td>
</tr>
<tr>
<td>Single female</td>
<td>27</td>
<td>17</td>
<td>19</td>
<td>20</td>
<td>17</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Taken from HBAI 1994/5-2011-2, page 62, table 3.1db (Source: FRS 2011/12)

Table 3.4 looks at the income distribution of working age adults according to family type. Overall, 19 per cent of couples with children are in the lowest income quintile. The percentage of married or civil partnered couples with children in the poorest fifth is 17 per cent, yet for cohabiting couples the figure is 27 per cent and for singles it is 40 per cent. Regardless of their marital status, individuals without children are less likely to be in poverty and also substantially more likely to be in the top income quintile. This applies particularly to cohabiting couples and singles/s single parents.
Table 3.4  Quintile distribution of income for working-age adults by family type and marital status, United Kingdom (AHC)

<table>
<thead>
<tr>
<th>Family type and marital status AHC</th>
<th>Bottom quintile</th>
<th>Second quintile</th>
<th>Middle quintile</th>
<th>Fourth quintile</th>
<th>Top quintile</th>
<th>All individuals (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All couples</td>
<td>16</td>
<td>16</td>
<td>19</td>
<td>23</td>
<td>27</td>
<td>23.9</td>
</tr>
<tr>
<td>Married or civil partnered</td>
<td>15</td>
<td>15</td>
<td>19</td>
<td>23</td>
<td>28</td>
<td>18.1</td>
</tr>
<tr>
<td>Cohabitng</td>
<td>19</td>
<td>18</td>
<td>19</td>
<td>22</td>
<td>22</td>
<td>5.8</td>
</tr>
<tr>
<td>Singles</td>
<td>29</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>16</td>
<td>12.9</td>
</tr>
<tr>
<td>All working age adults with children</td>
<td>22</td>
<td>22</td>
<td>21</td>
<td>18</td>
<td>17</td>
<td>13.7</td>
</tr>
<tr>
<td>Couple (all)</td>
<td>19</td>
<td>21</td>
<td>21</td>
<td>20</td>
<td>19</td>
<td>11.8</td>
</tr>
<tr>
<td>: Married or civil partnered</td>
<td>17</td>
<td>19</td>
<td>21</td>
<td>21</td>
<td>22</td>
<td>9.4</td>
</tr>
<tr>
<td>: Cohabitng</td>
<td>27</td>
<td>26</td>
<td>22</td>
<td>16</td>
<td>9</td>
<td>2.4</td>
</tr>
<tr>
<td>Single with children</td>
<td>40</td>
<td>30</td>
<td>19</td>
<td>8</td>
<td>3</td>
<td>1.9</td>
</tr>
<tr>
<td>All working age adults without children</td>
<td>20</td>
<td>14</td>
<td>17</td>
<td>23</td>
<td>27</td>
<td>23.2</td>
</tr>
<tr>
<td>Couple (all)</td>
<td>13</td>
<td>12</td>
<td>17</td>
<td>26</td>
<td>34</td>
<td>12.1</td>
</tr>
<tr>
<td>: Married or civil partnered</td>
<td>12</td>
<td>11</td>
<td>16</td>
<td>25</td>
<td>35</td>
<td>8.7</td>
</tr>
<tr>
<td>: Cohabitng</td>
<td>14</td>
<td>12</td>
<td>17</td>
<td>26</td>
<td>31</td>
<td>3.5</td>
</tr>
<tr>
<td>Singles (all)</td>
<td>27</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td>19</td>
<td>11.0</td>
</tr>
<tr>
<td>: Male</td>
<td>27</td>
<td>15</td>
<td>18</td>
<td>20</td>
<td>20</td>
<td>6.8</td>
</tr>
<tr>
<td>: Female</td>
<td>27</td>
<td>17</td>
<td>19</td>
<td>20</td>
<td>17</td>
<td>4.2</td>
</tr>
<tr>
<td>All working age adults</td>
<td>21</td>
<td>17</td>
<td>19</td>
<td>21</td>
<td>23</td>
<td>36.9</td>
</tr>
</tbody>
</table>

Source: HBAI 1994/5-2011-2, page 165, table 5.1db

3.2.1  Same-sex couples and employment

In most published analysis same-sex and opposite sex couples are grouped together. Therefore, the tables below are a rare comparison between the two groups. The analysis of the most recent Annual Population Survey shows that employment rates for same sex couples tend to be similar to those of opposite sex couples, whether in formal partnerships or not (Table 3.5). If anything, rates of employment are higher for women in same sex couples than in opposite sex couples. This may, of course, be related to other factors such as differential qualifications, or the presence of children. Rates for men are relatively similar, and somewhat more similar when looking at those of the same ages.
Table 3.5: Proportion in work by family type and gender

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Percentage in paid work</th>
<th>Unweighted base</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>In formal unions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>90</td>
<td>74</td>
</tr>
<tr>
<td>Civil partnership</td>
<td>87</td>
<td>82</td>
</tr>
<tr>
<td>Not in formal unions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cohabiting (opposite sex)</td>
<td>86</td>
<td>77</td>
</tr>
<tr>
<td>Same sex couple</td>
<td>89</td>
<td>81</td>
</tr>
</tbody>
</table>


It is also worth noting that the same sex couples are somewhat more likely to be cohabiting than in a civil partnership, whereas most of the opposite sex couples are married. It is only with very large sources of data, like the Annual Population Survey, that it is even possible to look at same sex couples as a group. Even then, sample numbers remain relatively small, particularly when broken down by gender. This makes it difficult to conduct more detailed analysis taking account of other characteristics, such as age (same sex couples are 41 on average, younger than the median age of 44 for other couples, in this age-restricted sample) and location (17 per cent of same sex couples were living in London, compared with 9 per cent of other couples).

Using home ownership as a proxy for income, the following table shows the proportion of individuals in opposite or same sex unions (Table 3.6). Overall, the rates of home-ownership are high for those in formal unions and less so for those in informal unions, but quite similar for both groups in both cases. In other words, the differences between marital statuses are greater than differences between sexual orientations. However, individuals in same sex couples were more likely to be a home owner if they were not in a formal union than opposite sex couples but less so if they were in formal unions.
Table 3.6: Proportion in owner-occupation by family type and gender

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Percentage home-owners</th>
<th>Unweighted base</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>In formal unions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>76</td>
<td>77</td>
<td>39,197</td>
<td>43,657</td>
</tr>
<tr>
<td>Civil partnership</td>
<td>72</td>
<td>68</td>
<td>234</td>
<td>293</td>
</tr>
<tr>
<td>Not in formal unions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cohabitng (opposite sex)</td>
<td>49</td>
<td>50</td>
<td>11,649</td>
<td>12,090</td>
</tr>
<tr>
<td>Same sex couple</td>
<td>57</td>
<td>54</td>
<td>349</td>
<td>304</td>
</tr>
</tbody>
</table>


3.2.2 Children in low income groups

Table 3.7 further emphasises the points made above, mainly the importance of at least one adult being in full-time work. Nearly twice as many children in two-parent families (59 per cent) are below the poverty line if one or more adults are in part-time work, but none are in full-time work, than where one adult works full-time and the other adult is not working (30 per cent). This effect is equally pronounced for children in lone parent families, with 31 per cent of children in such families falling below the poverty line if the parent is working part-time compared to 17 per cent if the parent is working full-time. This observation is particularly relevant at a time when the proportion of individuals wanting to work longer hours and not being able to is at its highest for 20 years (Ray et al. forthcoming).

The Table 3.7 below shows the increase in families falling below the poverty line once there are three or more children in the household (from around 24 per cent for children in families with one or two children to 36 per cent with three or more children). It also displays the difference between poverty levels according to marital status, with children of cohabiting couples being at greater risk of poverty (30 per cent below the poverty line) compared to those of married couples and those of civil partnerships (22 and 21 per cent respectively). However, the risk of poverty is greater for children in lone parent families (43 per cent).
Table 3.7 Percentage of children in low-income groups by various family and household characteristics, United Kingdom

<table>
<thead>
<tr>
<th>Economic status of the family</th>
<th>Material deprivation and low income</th>
<th>Material deprivation and severe low income</th>
<th>Below 60% of median (AHC)</th>
<th>All children (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least one adult in work</td>
<td>7</td>
<td>2</td>
<td>20</td>
<td>11.1</td>
</tr>
<tr>
<td>Workless families</td>
<td>42</td>
<td>11</td>
<td>67</td>
<td>2.0</td>
</tr>
</tbody>
</table>

**Economic status of family and family type**

<table>
<thead>
<tr>
<th></th>
<th>Material deprivation and low income</th>
<th>Material deprivation and severe low income</th>
<th>Below 60% of median (AHC)</th>
<th>All children (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lone parent:</td>
<td>23</td>
<td>6</td>
<td>43</td>
<td>3.0</td>
</tr>
<tr>
<td>In full-time work</td>
<td>6</td>
<td>2</td>
<td>17</td>
<td>0.8</td>
</tr>
<tr>
<td>In part-time work</td>
<td>14</td>
<td>5</td>
<td>31</td>
<td>0.8</td>
</tr>
<tr>
<td>Not working</td>
<td>39</td>
<td>9</td>
<td>65</td>
<td>1.4</td>
</tr>
<tr>
<td>Couple with children</td>
<td>8</td>
<td>3</td>
<td>22</td>
<td>10.1</td>
</tr>
<tr>
<td>Self-employed</td>
<td>6</td>
<td>3</td>
<td>29</td>
<td>1.5</td>
</tr>
<tr>
<td>Both in full-time work</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>2.3</td>
</tr>
<tr>
<td>One in FT work, one in PT work</td>
<td>1</td>
<td>-</td>
<td>10</td>
<td>3.0</td>
</tr>
<tr>
<td>One in FT work, one not working</td>
<td>10</td>
<td>3</td>
<td>30</td>
<td>2.1</td>
</tr>
<tr>
<td>One of more in PT work</td>
<td>29</td>
<td>7</td>
<td>59</td>
<td>0.6</td>
</tr>
<tr>
<td>Both not in work</td>
<td>48</td>
<td>15</td>
<td>69</td>
<td>0.6</td>
</tr>
</tbody>
</table>

**Marital status**

<table>
<thead>
<tr>
<th></th>
<th>Material deprivation and low income</th>
<th>Material deprivation and severe low income</th>
<th>Below 60% of median (AHC)</th>
<th>All children (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couple</td>
<td>8</td>
<td>3</td>
<td>22</td>
<td>10.1</td>
</tr>
<tr>
<td>Married/civil partner</td>
<td>7</td>
<td>2</td>
<td>21</td>
<td>8.3</td>
</tr>
<tr>
<td>Cohabiting</td>
<td>14</td>
<td>4</td>
<td>30</td>
<td>1.9</td>
</tr>
<tr>
<td>Single</td>
<td>23</td>
<td>6</td>
<td>43</td>
<td>3.0</td>
</tr>
</tbody>
</table>

**No. of children in family**

<table>
<thead>
<tr>
<th></th>
<th>Material deprivation and low income</th>
<th>Material deprivation and severe low income</th>
<th>Below 60% of median (AHC)</th>
<th>All children (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>10</td>
<td>3</td>
<td>25</td>
<td>3.9</td>
</tr>
<tr>
<td>Two</td>
<td>9</td>
<td>3</td>
<td>24</td>
<td>6.0</td>
</tr>
<tr>
<td>Three or more</td>
<td>19</td>
<td>5</td>
<td>36</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: HBAI 1994/5-2011-2, page 114, table 4.5db

**3.2.3 Material deprivation**

The poorest category represented in Table 3.8 is those living in material deprivation (defined as lacking the goods and services needed for a decent standard of living, see chapter 2) and severe low income. Eleven per cent of children in workless families fall into this group, compared to only two per cent of children in families with at least one adult working. In two-parent families where both adults are in full-time employment, only one per cent of children live in material deprivation combined with severe low income. For families where one adult works full-time and the other part-time, less than one per cent of children are in this group. This is probably a reflection of greater income from the main earner reducing the need for the second adult to work longer hours. By way of contrast, in families where both adults are not in work, 15 per cent of children live in materially deprived households with severe low income, and almost half (48 per cent) are materially deprived in a low income household.
The effect of employment for lone parents is also noticeable. Only two per cent of children in lone parent families are in the most deprived category if the adult is working full-time. This increases to five per cent if the adult is employed part-time, and nine per cent if the adult is not working at all. It should be noted that, as mentioned above, the figure for children in two-parent families where neither adult is working are worse, with 15 per cent of this group materially deprived and in a severe low income household. However, 39 per cent of children in lone parent families where the adult is not working are in material deprivation and in low income households, as are six per cent of children with lone parents working full-time, and 14 per cent of those whose lone-parents are in part-time jobs.

Children in families where the parents are married are less likely to be both materially deprived and in low (seven per cent) or severe low (two per cent) families than children with cohabiting parents (14 per cent low income, and four per cent severe low income) or lone parents (23 per cent and six per cent). There appears to be little difference between having one or two children, but having three or more children increases the risk of them living in material deprivation and on low or severe low income.
### Table 3.8  Percentage of children in low-income groups by various family and household characteristics, United Kingdom

<table>
<thead>
<tr>
<th>Economic status of the family</th>
<th>Material deprivation and low income</th>
<th>Material deprivation and severe low income</th>
<th>All children (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least one adult in work</td>
<td>7</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Workless families</td>
<td>42</td>
<td>11</td>
<td>2.0</td>
</tr>
</tbody>
</table>

**Economic status of family and family type**

<table>
<thead>
<tr>
<th>Economic status of family and family type</th>
<th>Material deprivation and low income</th>
<th>Material deprivation and severe low income</th>
<th>All children (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lone parent:</td>
<td>23</td>
<td>6</td>
<td>3.0</td>
</tr>
<tr>
<td>In full-time work</td>
<td>6</td>
<td>2</td>
<td>0.8</td>
</tr>
<tr>
<td>In part-time work</td>
<td>14</td>
<td>5</td>
<td>0.8</td>
</tr>
<tr>
<td>Not working</td>
<td>39</td>
<td>9</td>
<td>1.4</td>
</tr>
<tr>
<td>Couple with children</td>
<td>8</td>
<td>3</td>
<td>10.1</td>
</tr>
<tr>
<td>Self-employed</td>
<td>6</td>
<td>3</td>
<td>1.5</td>
</tr>
<tr>
<td>Both in full-time work</td>
<td>1</td>
<td>1</td>
<td>2.3</td>
</tr>
<tr>
<td>One in FT work, one in PT work</td>
<td>1</td>
<td>-</td>
<td>3.0</td>
</tr>
<tr>
<td>One in FT work, one not working</td>
<td>10</td>
<td>3</td>
<td>2.1</td>
</tr>
<tr>
<td>One of more in PT work</td>
<td>29</td>
<td>7</td>
<td>0.6</td>
</tr>
<tr>
<td>Both not in work</td>
<td>48</td>
<td>15</td>
<td>0.6</td>
</tr>
</tbody>
</table>

**Marital status**

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Material deprivation and low income</th>
<th>Material deprivation and severe low income</th>
<th>All children (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couple</td>
<td>8</td>
<td>3</td>
<td>10.1</td>
</tr>
<tr>
<td>Married/civil partner</td>
<td>7</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>Cohabiting</td>
<td>14</td>
<td>4</td>
<td>1.9</td>
</tr>
<tr>
<td>Single</td>
<td>23</td>
<td>6</td>
<td>3.0</td>
</tr>
</tbody>
</table>

**No. of children in family**

<table>
<thead>
<tr>
<th>No. of children in family</th>
<th>Material deprivation and low income</th>
<th>Material deprivation and severe low income</th>
<th>All children (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>10</td>
<td>3</td>
<td>3.9</td>
</tr>
<tr>
<td>Two</td>
<td>9</td>
<td>3</td>
<td>6.0</td>
</tr>
<tr>
<td>Three or more</td>
<td>19</td>
<td>5</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: HBAI 1994/5-2011-2, page 114, table 4.5db

### 3.3 Trends over time

One of the key trends over the last couple of decades has been a convergence of poverty risks between different family types (see Figure 3.1). Whilst at the start of this period (1994/95) there were significant differences in the poverty risks of the family types shown, by the most recent time period (2011/12) these risks have become more similar. Overall the proportion of individuals living in low income household fell from 19 per cent to 16 per cent. Between 1994/95 and 2011/12, the risk of lone parents having a low income fell from 41 per cent to 22 per cent. This is related to the increasing levels of lone parents in work, and the increased levels of support for both
working lone parents and for children more generally. That may also be expressed as a shift from being some 22 percentage points above the population average, to only six percentage points above average. There was also a large reduction in rates of poverty, though not of the same magnitude as for lone parents, for another group with above-average risks of low income, single female pensioners. That is likely to be related to increased resources going to Pension Credit. Conversely the proportion of couples without children, the group least likely to be poor, who were in low income households increased from eight per cent to 11 per cent. The greatest increases in risks of low income, in terms of percentage point rises, were among single people without children. This group experienced little or no real increases in levels of out of work benefits, unlike most other groups of benefit recipients. Overall, then, risks of poverty fell among older people and within families with children, whilst rising for working age adults without children. As a result the rather diverse risks of poverty within each group at the start of this time period were somewhat attenuated by the end.

Figure 3.1 Poverty risk by family type, over time.

As a result of these trends, and changes in the demography of families in the UK, the composition of those in low income households has also changed (see Figure 3.2). In
1994/95 around one in six individuals living in poverty was in a lone parent family, this rose to 20 per cent by 1999/2000, but by 2011/12 had dropped back to 11 per cent. There was also a reduction in the proportion of couples with children in the low income figures, from 38 to 33 per cent. These two sets of figures attest to the strategy adopted by New Labour of having a particular emphasis on child poverty. Over this period, the proportion of poor individuals who were children dropped from 31 per cent to 23 per cent. Since these figures show the composition of low income individuals, these reductions are by definition offset by increases elsewhere. The reduction in the proportion of children in poverty has occurred whilst more of the poor population consists of working age adults without children. In particular in 1994/95 only nine per cent of the poor were single men without children; by 2011/12 this had reached 14 per cent.

Figure 3.2  Composition of people in low income households, by family type

Over time, the differentially high poverty rate among larger families seems to have been greatly reduced. In 1994/95, more than half of children in households with four or more children were living on a low income (below 60% median, before housing costs) (see figure 3.3). By the time of the most recent data (2011/12), the poverty rate for households with 4 or more children had fallen to around 30 per cent. Overall,
during this period the poverty rate of children in the largest families (4 or more dependent children) fell by 20 percentage points, compared with 10 percentage points for households with three dependent children, and more modest reductions for families with either one or two children. This shows a continuation of trends identified by Bradshaw et al. (2006), using data up to 2004/05. These figures should perhaps give pause for those who think that social security benefits ought to be restricted on the grounds of family size, because large families are still at a higher risk of poverty despite recent reductions in poverty levels. The next section looks at child poverty across the EU and OECD.

**Figure 3.3:** Child poverty rates, by number of dependent children in household

[Graph showing child poverty rates by number of dependent children in household, with data from 1994/95 to 2011/12.]

Source: Households Below Average Income dataset 1994/95-2011/12. Weighted by GS_NEWCH.

### 3.4 Child poverty across the EU and OECD

Child poverty varies considerably across the EU. The level of child poverty in the UK is exactly that of the EU average. Scandinavian and continental countries have child poverty rates below the UK, while Eastern and Southern European countries tend to have higher child poverty rates (Eurostat 2013). Family composition, especially being a (young) lone parent or having a large family, employment, and the level and
composition of social transfers are the three major determinants of the risk of being in poverty for families in EU countries (Eurostat 2013). In nearly all OECD countries, poverty rates for lone parents not in employment are at least double the rates for those in paid work. Poverty rates for two-adult families with children where neither parent is working are, at least, three times greater on average than for families where one parent is employed (Whiteford and Adema 2007).

There are significant cross-country differences in lone parent employment rates (Chzhen and Bradshaw 2013; OECD 2007). Just over 50 per cent of lone parents in the UK are working, compared to more than 70 per cent in Canada and Finland, and 82 per cent in Sweden, according to the OECD (2005:161). The poverty rate for non-employed lone parent families in Canada was 90 per cent compared to 28 per cent for working lone parent families. Poverty rates for non-employed lone parent families in Finland (25 per cent) and Sweden (34 per cent) are much lower, as the level of benefits paid in those two countries are higher. This is a result of gross social expenditure and net spending on family benefits being higher in both countries. Employment further reduces the risk of poverty for one-parent families to seven per cent in Finland and six per cent in Sweden (OECD 2005:135).

However, high proportions of children living in lone-parent households or large families do not always lead to greater risks of child poverty. If the labour market and social policies are sufficiently supportive, with access to affordable childcare, decent wages for reasonable hours, and generous benefit payments, such family structures do not necessarily increase the chance of being in poverty. For instance, Denmark and Sweden have child poverty rates among the lowest in the EU. They also have high shares of children living in one-parent households - 17 per cent and 19 per cent respectively, against the EU average of 13 per cent - and in large families - 26 per cent and 28 per cent, against the EU average of 21 per cent (European Commission 2008:22). This is due to high levels of spending on social transfers, which reduce the risk of poverty for children by over 60 per cent in both nations, compared with an EU average of 44 per cent (European Commission 2008:39). Investment in welfare can clearly be successful at removing families from poverty.
The composition of social transfers is important. For example, Bradshaw and Finch found that the UK treats one-child families more generously than large families when the total package of taxes and benefits is taken into account (2002:152). This is due to child benefit in the UK being paid at a higher rate for the first child than for subsequent children. This is relatively unusual and in many other countries included in their research, larger families received more than those with only one child, usually as a result of child-related benefits being higher or, at least, the same value rather than lower for the second child.

For families with only one low-earner (with pay at half of average male earnings), France, Austria and Luxembourg are particularly generous to larger families. In Austria, a couple with three children receives more than double the amount given to a two-parent family with two children, and almost five times more than a couple with one child. In Luxembourg, a lone parent on earnings amounting to half of male average pay receives more than four times as much for two children as for one child. Two-parent families with three children receive over four times more than couples with one child. France pays almost 25 times more to families with three children than to those with only one child. Payment levels remain the same if family income increases from half of average male earnings to average male earnings. Austria and Luxembourg pay less when income rises in this way, yet still pay more for second and third children than for the first child. All three countries continue to pay more to families with two and three children even when family income is equivalent to average male earnings plus half of average female earnings (Bradshaw and Finch 2002:59-62).

The age of the mother when giving birth to her first child is a significant predictor of being in poverty, with those aged 14 to 19 at the time of their baby’s birth almost seven times likelier to experience poverty than older mothers (Bradshaw 2005:38). This also applies beyond the UK, as poor children in EU are more likely to have young parents overall (European Commission 2008:25). A number of countries have therefore introduced policies to reduce teenage pregnancy and to enable young parents to stay in education.
3.5 Insights from a meeting organised by the Poverty Alliance with people experiencing poverty

The sections in this chapter so far have been based on statistics to present the overall picture and draw out the links between family structures, characteristics and different welfare settings. In addition to this analysis of secondary data, we collaborated with The Poverty Alliance to participate in a focus group with people who have experience of living in poverty to explore the complexities and challenges in more depth. The findings from this focus group are presented in box 1 below.

Box 1: The experience of being in poverty – what matters

A range of interesting points were made at the meeting and some clear parallels emerged between people with substantial disabilities and lone parents looking for work. However, three points are most relevant in this context:

The first point made is not new but remains a big stumbling block: the cost of childcare. The practice of many private nurseries to charge for a full-day when parents are using part of the morning and part of the afternoon session to work around their shift patterns or school hours of older children means that it is often not an option. The issues surrounding childcare in the UK are discussed in more detail in another review. However, it is important to highlight the central role formal childcare plays in facilitating or hindering lone parents in finding and staying in employment.

The second point concerns the motivation of lone parents to move into work. It was argued that it was difficult to be motivated to apply for jobs for which the lone parents usually were not qualified, especially when they would not have earned much more money than from benefits\(^4\). Perhaps in these straitened times, there is less sympathy for jobseekers wanting to be better off in work than on the dole. However, in the case of lone parents it would mean doing a job (often with limited career prospects) for the same amount as staying on JSA while their own children are being looked after by

\(^4\) It is rare for paid work to provide less income than benefits, and the comment may be based on misconceptions about how much they would be better off in work. Nevertheless it may be the perceptions rather than the reality that drives behavior.
other people. The desire to undertake training that would enable lone parents to enter professions such as nursing or social work has been expressed in many studies. And yet in the UK since 2013, once lone parents are moved onto JSA when their youngest child reaches the age of five, they are not allowed to partake in full-time training and any part-time training has to be compatible with their work search and work availability obligations.

However, the point that resonated most strongly with all those attending the event was the increasing levels of insecure work and under-employment. It was felt that the current social security system is not designed to cope with such employment and income patterns that often change from week to week. Universal Credit is designed to deal with precisely these changes in a more reliable and time-efficient manner. However, it remains to be seen whether this ambitious reform will be able to meet these aims.
Summary: Family structure and poverty empirical trends

Three main trends emerge when looking at poverty levels of families over time. Firstly, in general poverty rates for families with children have decreased and, in particular, for lone parent families and families with three or more children over the past 15 years. However, these two groups are still most at risk of being in poverty together with households from minority ethnic groups and with one disabled adult. Secondly, the rise of in-work poverty raises questions over whether employment is a certain route out of poverty. The decline in income security among people with experience of poverty should be better addressed by Universal Credit than by current policy arrangements as long as the responsive element of Universal Credit functions properly. Finally, our analysis suggests cohabiting couples are more likely to be poor than both married couples and those in civil partnerships. This last result is likely to be reflecting the different kinds of people who opt for informal rather than formal arrangements (i.e. a ‘selection effect’).
4 POLICIES THAT AFFECT THE LINKS BETWEEN FAMILY STRUCTURE AND POVERTY

4.1 Introduction:
The relationship between family structures and poverty is complex and multifaceted. Key issues are the degree of the state involvement, in terms of the nature and extent of financial redistribution between families, and also behavioural policies. Demographic changes such as separation and re-partnering add to the complexity of this policy area (see results in the reviews covering demography and family relationships). A number of these issues are also addressed in other reviews, such as the reviews on employment and poverty, childcare and poverty, and gender and poverty.

In chapter two, some of the key links between family structure and poverty in the UK today were discussed. As outlined in the previous chapter, the risk of poverty in the UK increases substantially if one or more of the following factors come together:

- Workless household
- Lone parent families
- Having three or more children
- Being from particular minority ethnic background
- One or more members of the family with health impairments
- Only one adult in (part-time) work

In 1999, the then Prime Minister Tony Blair pledged to end child poverty within 20 years (Bradshaw 2005:36). In order to meet this target, the previous Labour government (1997 to 2010) introduced a range of measures including a National Childcare Strategy, Sure Start, the New Deals, tax credits and later Lone Parent Obligation (hereafter LPO), and improvements to work-life balance policies, as well as above-inflation increases to child related benefits (see Waldfogel 2013). Child poverty fell substantially during these years due to a combination of positive economic growth and policy interventions (Brewer et al., 2012). However, slow wage
growth, increasing living costs and austerity measures caused it to rise again. As such, it is forecast that child poverty will continue to rise until 2020 (ibid).

However, the phased introduction of a major reform, namely Universal Credit, combining six existing benefits into a single monthly payment makes forecasting child poverty over the medium term more difficult, not least because of the phased implementation. The effect of launching Universal Credit with no transitional protection or phase-in period in 2014 would be to reduce relative child poverty by 450,000 and relative poverty among adults of working-age by 600,000 (Brewer et al 2011:13-14). In other words, once Universal Credit is fully operational it should reduce the overall poverty levels of families. Despite this, child poverty is expected to rise due to the effects of other policies. It has been suggested that the most significant of these is the decision to index benefits in line with the Consumer Prices Index (CPI), which replaced the Retail Prices Index in April 2013 as the inflation measure used to calculate benefit levels (Brewer et al. 2011:18).

4.2 Incentivising particular family forms
With the evidence that relationships between family structures and poverty do exist, albeit in varying forms according to policy and historical context, it follows that the impact of policy on family structure itself is of interest. If lone parents in the UK have a greater chance of being in poverty, can policy affect the likelihood of partnership formation or dissolution? This then raises the question of how far it is desirable for politicians and policy-makers to get involved in this issue, which tends to be regarded as belonging to the private sphere.

Stafford and Roberts (2009), in a review of international literature, found ‘no consistent and robust evidence to support claims that the welfare system has a significant impact upon family structure’ (Stafford and Roberts 2009: 6). The review focused on welfare policies affecting union formation, union dissolution and lone parenthood/ additional children. The research base for the UK is small; research is mostly observational rather than based on experimental designs (with greater problems of disentangling causal relationships). One of the factors that seemed to emerge is that couples where the male partner has low earnings power are more vulnerable to dissolution if income is higher up for the female partner (ibid).
Conversely, increasing financial incentives to have more children seems to have had the desired effect of raising the birth rate in France (Laroque and Salanie 2008), whilst the US retains high fertility (including among the white population) despite having very low financial support for families with children.

As an example of inconclusiveness concerning one policy initiative, the Canadian Self-Sufficiency Project, an earnings supplement paid to single parents in receipt of benefits upon entering full-time employment, decreased the probability of being ever married or cohabitating in British Columbia by 2.5 percentage points, a 16 per cent decline, but increased the chance of being ever married or cohabitating in New Brunswick by 4.3 percentage points, a 22 per cent rise (Stafford and Roberts 2009:3). This proves how policy effects can be subject to regional or international variation, as the effects of the same policy seem to vary across different provinces within the same country.

Stafford and Roberts (2009) found that following the introduction of WFTC, single parents were less likely (by 2.4 percentage points) to form a union than single childless women. This effect was greater for women with younger children (two to three percentage points). In contrast, recipients of the predecessor of WFTC, Family Credit, (hereafter FC), were more likely to marry or begin cohabitating than non-recipients. The difference in UK findings might be due to WFTC being more generous than FC, reducing the opportunity cost of being a single parent (ibid), or to unobserved factors.

Anderberg (2008b:9), analysed data from the Family Resources Survey to determine the effect of couple penalties - defined as the net loss from tax and benefit changes due to being in a couple, as opposed to a couple subsidy, which represents a net gain - on family structure. He looked at benefit entitlements for couples, using descriptive analysis, which included simulating separations to enable comparisons of these couples while living together with the hypothetical situation if separated. A couple penalty of £100 per week was found to reduce the probability of a woman living with a partner by up to seven percentage points, compared to no couple penalty. The effects were weaker for more highly educated women or those with children. Anderberg points out that ‘a decade of benefit reforms has had the same
impact on the aggregate partnership rate as other exogenous trends have had annually’ (2008b:9). The role of welfare benefits in shaping structural changes in society therefore appears quite small. While a corollary of WFTC, which was primarily intended to encourage employment, was to incentivise partnership formation, most of the effect has been reversed by subsequent reform, namely the introduction of WTC and CTC as separate benefits (albeit subject to the same means-testing) to replace WFTC in 2003 (ibid).

A policy to limit child benefit payments to two children for families on benefits has been mooted in the UK. A similar policy, called the family cap, has been introduced in the US. Under such a policy, families receive no increases in benefits for any children that they have whilst receiving benefits. However, the findings from a number of studies either show no effects or contradictory effects over time on the rate of births, including across particular characteristics such as age and minority ethnic group (Kearney 2004; Stafford and Roberts, 2009).

Similarly, the discourse around ‘broken families’ and the effects on child outcomes and society has gained currency under the Coalition government and a DWP review looking at family stability is now in progress. The re-introduction of the Married Couple Allowance (in revised form) by the Coalition government ostensibly supports couples staying together. However, the rather complicated policy design suggests that only a minority of married couples will be able to actually receive money as a result of the Married Couple Allowance and that the majority of those will be older people. A recent in-depth study of the difference between cohabiting and married couples in the UK suggests that cohabiting couples have different characteristics, supporting the hypothesis that couples who get married are different from cohabiting couples. This casts doubt over whether those unions would be more stable if those currently cohabiting were to marry (Crawford et al. 2013).
Summary: incentivising family forms
Overall, we agree with Stafford and Roberts’ (2009) conclusion that the evidence base is patchy and inconclusive, making it difficult to say definitively how different welfare systems affect family structure in terms of both the formal status of the couple and the number of children. We therefore suggest that policy proposals currently under discussion, such as (re-) introducing a married couple tax allowance or limiting the number of children that child benefit is paid for, are unlikely to have a major impact.

4.3 The rise of behavioural policies - Conditional cash transfers
In recent years, policies explicitly linking the receipt of benefits to behavioural changes have been introduced in numerous countries. Conditional Cash Transfers (CCTs) aim to alleviate poverty in the short-term by giving financial support to families, and to encourage longer-term improvements by making cash support conditional upon certain behaviours. These are usually centred on employment, education or health.

CCTs offer immediate assistance in the form of cash payments, which can pull recipients out of poverty or at least temporarily improve their circumstances. However, the main priority of these initiatives is to promote an end goal of sustainable self-sufficiency by incentivising behaviours that in theory would help beneficiaries remain out of poverty in the longer-term. Despite this, CCTs have also faced criticism for neglecting supply-side difficulties. Programme participants are rewarded for engaging in employment, for example, but without investment in job creation it can be difficult to find work (Aber et al. 2012:14). Such structural issues are an important part of the overall picture. CCTs can be viewed as part of a broader trend toward extending conditionality in welfare, which has been the subject of analysis by several commentators in the UK (Dwyer 2004, Barker and Lamble 2009, Grabham and Smith 2010), which we discuss further in section 4.4. Here, we outline some international examples of CCT schemes, which combine cash support for families with various behavioural stipulations.
4.3.1 CCTs: international examples

CCTs have ordinarily been operated in less affluent countries (see table 4.1 below). Here, we briefly outline the *Oportunidades* programme in Mexico as an example of those programmes. However, the reason for including CCTs here is not solely for their apparent effectiveness in poorer countries, as such schemes are also being introduced in OECD nations. New York recently ran its own programme, discussed below, and the *Troubled Families* programme in England operates on similar premises.

Table 4.1: Examples of large-scale cash transfer programmes in operation

<table>
<thead>
<tr>
<th>Country</th>
<th>Scheme</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Oportunidades (began in 1997)</td>
<td>5 million households</td>
</tr>
<tr>
<td>Brazil</td>
<td>Bolsa Família</td>
<td>12 million households</td>
</tr>
<tr>
<td>Brazil</td>
<td>Old Age Pension</td>
<td>2.4 million households (2008)</td>
</tr>
<tr>
<td>South Africa</td>
<td>Child Support Grant</td>
<td>Expected to reach 10 million children by end 2009</td>
</tr>
<tr>
<td>South Africa</td>
<td>Old Age Pension</td>
<td>2.4 million households (2009)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Safety Net Scheme</td>
<td>Expected to reach 15 million households</td>
</tr>
<tr>
<td>India</td>
<td>National Rural Employment Guarantee Scheme</td>
<td>48 million households (2008)</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Productive Safety Nets Programme (PSNP)</td>
<td>1.5 million households (est. 8 million people)</td>
</tr>
</tbody>
</table>

Source: Arnold et al (2011:11), table 2

In Mexico, the *Oportunidades* programme (then called *Progresa*) began in 1997. The aim was to replace the array of existing subsidies with a single, simplified support scheme. At the outset, *Oportunidades* gave around 300,000 families conditional cash transfers for commitment to certain behaviours concerning health and education (Fiszbein and Schady, 2009:31). A set of benefits put into a savings account was later added to the cash payments (ibid). There were around 5 million households engaged with the scheme by 2008. It reduced the poverty gap by 30 per cent among beneficiaries after two years of operation (Arnold et al., 2011:15). *Oportunidades* increased payments by M$120 (about $10) per household in 2008 to compensate for
losses in purchasing power during the economic downturn (Johannsen et al., 2009:19).

Another example of a major conditional cash transfer scheme is the *Opportunity NYC: Family Rewards* programme in New York City, which ran from 2007-2010. Payments were offered for behavioural changes such as better school attendance, weight loss and moving into employment or participating in training programmes. *Family Rewards* transferred an average of over $8,700 to families over its three year lifespan. It lowered poverty and material hardship, increased saving among parents and reduced the need for informal loans. It increased the likelihood of self-reported full-time employment but did not increase employment in (or earnings from) jobs covered by the unemployment insurance system. Interestingly, participants were more likely to divorce, which is possibly a product of their improved financial security (Riccio et al., 2013a: 85-7). The programme therefore had some impact on family structure.

The effects of participation in the programme also varied according to family structure. Limited data is available, but some conclusions can be drawn. The proportion of two parent families at or below the federal poverty level (with payments from *Family Rewards* taken into account) was 17 per cent lower for those partaking in the scheme compared to the control group. Household income for two-parent families was also higher for participating households with programme payments excluded, suggesting that their involvement in the initiative led to increased earnings from employment, although the difference is not statistically significant at the p<.05 level. For lone-parent families, the proportion at or below the federal poverty level was 11 per cent less than the control group with *Family Rewards* transfers factored in. The analysis indicates that non-programme earnings also improved although the difference was again not statistically significant (Riccio et al., 2013b; 3). This shows how the effects of the intervention differed according to the structure of participating families.
Summary
This section has shown that cash transfers to families are used in numerous countries, with programmes running for various durations and targeted at different groups. It has also shown that these transfer schemes have made tangible improvements to poverty by increasing incomes and promoting employment, along with other health and educational behaviours. These programmes have operated in a range of settings, although it should be noted that the Family Rewards programme in New York was the first comprehensive CCT initiative in a developed country.

4.4 Child maintenance
The financial responsibility of absent parents after couples with children have separated is a matter of continuous and contentious debate with clear implications for policy (see Bryson et al. 2013). For the purpose of this review, we focus on collection methods, costs and success, in terms of both coverage and impact on household income levels. Broader issues such as the potential link between child maintenance and child contact, whether shared care arrangements are taken into account adequately, and of fairness to new families and new family members of separated parents, are beyond the remit of this review.

4.4.1 The (in)effectiveness of child maintenance in Britain
Around 300,000 families break up each year in Britain. Parents are separated in an estimated 2.5 million families. Around one quarter of all dependent children live in one-parent households (NAO 2012:12). Child maintenance is one method of ensuring that lone parents receive money from former partners to support dependent children. However, only 1 in 3 lone parents currently receive maintenance payments in the UK (see table 4.1 below).

In 1991, the Child Support Agency was introduced in order to increase the maintenance collected from non-resident parents and in turn reduce the amount of benefits paid to lone parents, as any child maintenance paid to those lone parents would only be passed on to the lone parent if above the rate of Income Support. The CSA was beset with problems from the start. Respective governments failed to establish an effective or efficient system of collecting maintenance (for further detail
on the development and problems of the CSA, see McKay 2013; Bryson et al. 2013). Thus, from November 2013 the Child Support Agency ceased to exist. Responsibility for child maintenance is now with the Department for Work and Pensions. Parents can still make private arrangements or obtain a court order to grant use of the Child Maintenance Service. The latter option will require paying a fee of £20 as of April 2014, and a percentage of the amount collected will be kept by the service (see Gov.UK 2013 and Gingerbread 2013). The latest reform strongly encourages private arrangements (McKay 2013), indicating that the department itself is hoping to raise revenue from this source (Bryson et al. 2013).

In line with other recent policy changes, lone parents on benefits do not have to use the Child Maintenance Service but can make private arrangements. Then, the full amount of child maintenance can be kept even when receiving IS/JSA or, in future, Universal Credit, thereby strengthening the work incentive for parents receiving maintenance (Gov.UK 2013 and CPAG 2013). There are concerns that the time of separation is not always ideal for negotiating terms with former partners, and that maintenance arrangements do not necessarily last (see Bryson et al. 2013). Even where parents agree on maintenance arrangements at the time of separation, this agreement may not hold over the years, for instance when one or both re-partners and/or additional children enter the households.

It is surprisingly difficult to ascertain how many parents are receiving child maintenance (Chalabi 2013). The most recent estimates suggest that between 36 and 52 per cent of lone parents are in receipt of payments (DWP 2012; Bryson et al 2013: 36-37). In other words, between half and two thirds of lone parents are not. A small proportion of those are likely not to be entitled due to having shared care arrangements with their former partner. However, while estimates for the incidence of shared care in the UK vary as well (Fehlberg et al. 2011), it is likely to affect less than ten per cent of parents. Conversely, DWP claim that 70 per cent of maintenance due has been collected (DWP 2013b). The median amount paid is around £23 (Bryson et al. 2013).

The Family Resources Survey (FRS) asks about people both paying and receiving maintenance. Whilst the accounts of absent parents and those eligible for their
support often differ, in the FRS around 750,000 people report paying maintenance, with a similar number in receipt. Figures for the last four years show fairly constant numbers of people receiving maintenance (with some reduction, if anything), and somewhat fewer people saying that they pay maintenance.

The numbers receiving maintenance in different ways (whether through voluntary agreements or more formally) have also remained rather similar over time at around 36/37 per cent, albeit with a long-term decline in the numbers who mention maintenance being received through court orders.

The proportion of self-identified non-resident parents who say that they pay maintenance has been relatively consistent over time, at around six in ten – though fewer people in the survey are identified as being non-resident parents. The number of lone parents who are receiving child maintenance has also remained stable, at just over one in three.

**Table 4.1: Numbers paying and receiving maintenance**

<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether receiving maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>: CMEC</td>
<td>280,000</td>
<td>270,000</td>
<td>290,000</td>
<td>260,000</td>
</tr>
<tr>
<td>: Court order</td>
<td>70,000</td>
<td>50,000</td>
<td>50,000</td>
<td>40,000</td>
</tr>
<tr>
<td>: Voluntary agreement</td>
<td>430,000</td>
<td>430,000</td>
<td>420,000</td>
<td>430,000</td>
</tr>
<tr>
<td>: Other</td>
<td>20,000</td>
<td>30,000</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>As % of lone parents</td>
<td>36.3</td>
<td>37.2</td>
<td>36.7</td>
<td>37.0</td>
</tr>
<tr>
<td>Whether paying maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Among NRPs (as %)</td>
<td>61.5</td>
<td>62.7</td>
<td>62.8</td>
<td>61.9</td>
</tr>
</tbody>
</table>

Audited accounts for the Child Maintenance and Enforcement Commission, from March 2010, showed that arrears from non-resident parents had reached £3.7 billion, although a financial audit of these arrears identified weaknesses in the underlying data. The Commission estimates that it may be possible to collect around £1 billion of the outstanding arrears, although it only expects to collect £488 million (NAO 2012:5). It is estimated that Britain spent approximately 56 pence for each £1 collected on behalf of parents (DWP 2013c). To compound the challenges the Child
Maintenance Service, in light of the incoming policy changes, their funding is being cut from £560 million in 2010-11 to £399 million in 2014-15 (NAO 2012:5). These figures convey the difficulty of administering child maintenance, and the scale of the costs involved.

In summary then, the policy problem in the UK seems clear: Only 37 per cent of lone parents receive maintenance at all and even fewer are likely to receive the full amount regularly. This is important for those in constrained financial circumstances. Furthermore, maintenance collection has been a rather expensive exercise to date. The current Coalition government has therefore attempted to shift the responsibility toward individuals, encouraging private arrangements by making the alternative routes more expensive.

4.4.2 The effectiveness of child maintenance in reducing poverty – lessons from other countries

The extent to which child maintenance reduces child poverty depends on whether or not actual receipt is taken into account. Hakovirta (2011) compares child maintenance across eight countries using 2004 and 2005 data from the Luxembourg Income Study. She finds that the overall poverty gap - defined as the amount of income needed to bring families level with the poverty line, thereby eliminating poverty - is reduced by 5 per cent in the UK but that this number would increase to 30 per cent if all eligible lone parents received maintenance (2011:258). This corroborates findings from earlier studies by Bradshaw (2006) and Skinner and Davidson (2009). Hakovirta also finds significant variation in the proportion of lone mothers receiving child maintenance between different nations. The figure varies from 22 per cent in the UK, which has the lowest rate of child maintenance reaching lone mothers, to 100 per cent in Sweden (Hakovirta 2011:253). This is due to very different arrangements in the two countries. Sweden, like a number of other continental countries, has a guaranteed maintenance system where the state covers payments in instances where the liable parent does not, hence the 100 per cent receipt rate.

There are significant differences in the maintenance arrangements in the UK and elsewhere (for a review, see Skinner and Davidson 2009). In some countries,
payment of child maintenance is a legal obligation of the non-resident parent or, conversely, receipt is a right of the child (Skinner and Davidson 2009). In line with such legislation, efforts to collect child maintenance tend to be more concerted. Some countries guarantee child maintenance if the non-resident parent does not or cannot pay (Hakovitra 2011). In Denmark, Finland and Norway support is guaranteed regardless of parental income. Support is only guaranteed for those with low income in Belgium and Sweden, and to those who have financial difficulties in Luxembourg (Bradshaw and Finch 2002:55). In addition, some governments/child maintenance agencies have greater powers for recovering unpaid maintenance. These include making deductions from earnings, tax rebates or even accessing bank accounts (NAO 2012).

The Responsible Fatherhood project in the US has taken a rather different approach to increasing maintenance payments. It focused in improving the employment outcomes of non-resident parents, which in turn increased their ability to pay. In contrast, there is insufficient evidence that media campaigns have been successful in increasing child maintenance payments (Center for the Study of Social Policy 2012).

Another possibility for making collection of child maintenance easier is administration through the tax system. This is current practice in New Zealand, where 89 per cent of all child support assessments made since 1992 have been collected, including through the reciprocal arrangement with Australia (Dunne 2010:57). HM Revenue & Customs have expressed doubts about the viability of assuming responsibility for this function (NAO 2012:40), yet there is clear rationale due to the potential effectiveness in collecting monies and access to earnings and tax records.

The extent to which child maintenance payments reduce poverty levels in different countries depends on factors such as the overall income of lone parents prior to receiving maintenance, in terms of both government transfers and earnings, and the relative level of child maintenance. Unfortunately, data on the cost of collecting maintenance is not available for many countries (Skinner and Davidson 2009), therefore making it impossible to recommend the most cost-effective system.
Moving the obligation for arranging child maintenance from the state to parents is likely to be the most cost-effective option in terms of government expenditure. This shift must be considered alongside recent cuts to legal aid, effectively prohibiting many poorer parents from accessing the courts. These changes are likely to relieve pressure on the system and reduce costs. However, they are also likely to reduce the effectiveness of child maintenance on ameliorating child poverty in the UK.

Child maintenance clearly has the potential to substantially reduce child poverty with more effective collection of payments. Removing the charges for using the Child Maintenance Service would be helpful, as these fees are likely to act as a deterrent to applicants. The effectiveness of maintenance collection could be improved by giving the Child Maintenance Service greater powers, such as deducting child maintenance due from earnings, as seen in other countries. However, any government serious about reducing child poverty should look at guaranteed child maintenance schemes as they provide financial security to lone parents in poverty.

**Summary child maintenance**

- Rates of collection and receipt of maintenance in the UK compare unfavourably to other countries.
- However, where families do receive child maintenance in the UK there is a significant positive effect, with the poverty gap reduced by 30 per cent as a result of payments.
- Recent approaches to reform have made child maintenance a more voluntary/agreed process. Given the potential to reduce child poverty, the effects of this approach should be closely monitored.
- Maintenance collection must become more effective; there are examples of good practice from overseas.
- A return to a system with a free to use state system. Since the upfront fee for lone parents is £20, this should not be too costly but could be funded through a combination of taxation and fees. The most recent reform is pushing separating parents to make private arrangements.
- A comparative analysis of the respective cost benefit aspects of the different child maintenance systems is a major gap in the existing evidence.
4.5 Moving (lone) parents into and supporting employment

Work has become the preferred route of policy makers for moving lone-parent families out of poverty. There has been an international trend towards increasing conditionality for lone parents, along with sanctions for non-compliance. The range and generosity of policies to support parents once in work has increased over the past decades. In this section, we begin by detailing the connections between employment status and family poverty, reviewing research and policies from the UK and abroad. We then revisit the notion of conditionality, first mentioned in section 4.2, with specific reference to the policy initiatives implemented in the UK throughout recent years. The following section considers in-work benefits, which are integral to the rights and responsibilities welfare agenda. Finally, we look briefly at childcare costs and policies. Whilst an in-depth examination of this issue, which is inextricably linked to family structure, poverty and employment, is beyond the scope of this paper, it must be mentioned here due to its relevance to the remit of this review.

Employment is a key determinant of income, which is in turn the main criterion by which poverty is defined. Gregg et al (2009) note that the prevalence of poverty among lone parent families is largely explained by low employment rates, although entering work is often not enough for families to exit poverty, as discussed below. Therefore, the international trend to increase in the levels of conditionality for lone parents over the past two decades is not surprising. The most recent countries to introduce stricter work requirements have been Australia and the UK, with Ireland about to follow suit (Haux 2013 - see Table 4.2 below outlining the employment requirements for lone parents in the OECD countries).
Table 4.2  Employment requirements of lone parents in OECD countries

<table>
<thead>
<tr>
<th>Approach</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>General activation</td>
<td>Greece, Hungary, Italy, Korea, Mexico, Poland, Portugal, Slovakia, Slovenia, Spain and Turkey.</td>
</tr>
<tr>
<td>Activation based on conditions</td>
<td>Belgium, Denmark, Finland, Netherlands, New Zealand, Sweden</td>
</tr>
<tr>
<td>Post maternity leave</td>
<td>Some US states and parts of Canada</td>
</tr>
<tr>
<td>Early years education</td>
<td>Austria, Czech Republic, Germany, Norway, France, Switzerland</td>
</tr>
<tr>
<td>Primary school</td>
<td>Australia, Ireland (from 2014), Luxembourg, UK</td>
</tr>
</tbody>
</table>


A number of reviews of developments in a range of countries have been carried out recently (see Haux 2013; Finn and Gloster 2010 and Carcillo and Grubb 2006) The study by Finn and Gloster (2010) is in some ways the most interesting as the authors have included a discussion of success criteria in different countries and linked those to the focus and availability of evaluations. The authors identify the following success criteria/ factors, namely 'caseload and employment impacts, anticipation and signalling effects, employment quality and retention, earnings, family income and poverty, effective employment assistance, sanctions, exemptions and 'disconnected' families, changes in welfare caseloads, children and family life and implementation and devolution' (Finn and Gloster 2010:3-8).

Many of these factors apply to the UK context and have been discussed extensively elsewhere. Nevertheless, some expected and unexpected factors are worth highlighting, namely:

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5 The Finn and Gloster (2010) report had been commissioned by the Department for Work and Pensions as part of a broader programme of evaluating the introduction of the 2008 welfare reform (see Kennedy, 2010). All six reports have now been published (Avram et al., 2013; Coleman and Lanceley, 2011; Lane et al., 2011; Casebourne et al., 2010; Gloster et al., 2010).
• **Econometric evaluations**: The majority of econometric evaluations are still carried out in the UK and the US and thus, discussions about the overall effectiveness of policies are still dominated by policy and literature from those two countries.

• **The role of the economy**: Research from the US suggests that ‘welfare reforms that promote employment magnify the impact of the economy when it is strong and soften its impact during its contractions’ (Finn and Gloster, 2010, p. 4). This being the case, the introduction of LPO during the recession may have mitigated the effects of the downturn.

• **Anticipation and signalling effects**: The authors distinguish between an ‘anticipation effect’, i.e. work-ready/able lone parents moving into work before encountering the reform, and the ‘signalling effect’, which refers to a more general sense of expectation. There is support for both effects taking place in some of the evaluation studies (e.g. Avram et al 2013, Haux et al 2012).

• **Employment retention**: Increasing employment obligations tend to lead to an increase in employment turnover, something that has not been investigated in the UK since the recent reforms even though labour market churn had been traditionally high or lone parents in the UK (see Evans et al 2004),

• **Effect of sanctions**: Unsurprisingly, the effect of sanctions has moved up the political and research agenda (see recent work by Griggs and Evans 2010, and the new research project by Dwyer 2013). Evidence from the US suggests that it tends to be the most disadvantaged groups that are likely to be sanctioned. ‘Positive’ outcomes from this, such as reductions in benefit caseload, can mask other effects such as an increase in working in the informal economy and people taking low-paid/low-skilled jobs, often of short duration.

• **Support for those who cannot work**: The demographic profile of the welfare caseload is likely to change over time, as will their service needs. Lone parents who are furthest away from the labour market likely to constitute the majority of those on JSA in future.

• **Impact of reforms on the well-being of children**: this aspect has remained relatively under-researched, though there is suggestion that the negative
consequences of the reforms mainly affects adults rather than their children. However, the qualitative, longitudinal research of Ridge and Millar (2009) does highlight a certain trade-off for children between more money but less time with the parent, once a lone parent moved into work.

- **Better off**: policy-makers and researchers have traditionally paid attention to whether lone parents are better off financially once they have moved into work.

- **‘Best approach’**: not dissimilar to Carcillo and Grubbs (2006), the authors suggest ‘the cumulative evidence from the studies reviewed points towards the effectiveness of a strong employment-focused ‘message’ delivered through well-trained case managers, with the flexibility to tailor assistance and support services, including work-focused education and training’ (Finn and Gloster, 2010: 6).

The transfer of lone parents from Income Support to Jobseeker’s Allowance since 2008 has increased lone parents’ economic activity, with estimates that lone parent Working Tax Credit rates are up by around four percentage points between 2007 and 2011 as a result of the JSA transfers (Avram et al. 2013). Whilst higher labour market participation is arguably a positive outcome, Whitworth (2012:841-2) highlights three areas of concern:

1) Transferring lone parents with older children from Income Support to JSA as part of the LPO has increased lone parent employment, but unemployment has also risen among this group. Although this is partly technical, as lone parents’ status officially changed from inactive to active, in the current economic context means much of this lone parent unemployment may be long-term. Being labelled as unemployed and pressured to move into paid work in the current labour market and policy context may result in longer-term unemployment, to the detriment of confidence and motivation.

2) Structural factors remain crucial to lone parent un/employment outcomes, especially job availability and childcare costs. Behavioural and attitudinal issues are far less significant, but government policy still downplays geographically situated structural issues, despite evidence of their importance. Welfare-to-Work helping lone parents to overcome barriers to employment is welcome, yet where policy problems
focus erroneously on behaviour, and conditionality is prescribed as a policy solution in response, this serves as a diversion from the real causal factors and does little to help lone parents.

3) Paid work often does not improve the well-being, income levels or security and stability of lone parents and their families. In the UK, 55 per cent of children currently in poverty have at least one working parent (see also Jin et al 2011). Dorsett and Oswald (2014) analysed data from a subsample of 3,500 single mothers who took part in the Employment and Retention Demonstration, a Randomised Control Trial constituting the largest social experiment conducted in Britain. Participants were given in-work support in addition to financial rewards for being in employment. Compared with the control group, they were found to have lower levels of self-reported well-being after the intervention finished, despite their incomes exceeding those of non-participants as a result of their involvement in the programme. Dorsett and Oswald suggest that benefitting from in-work support and reward payments could have fostered unrealistic expectations among the treatment group.

Demonstration programmes to improve job retention and advancement for lone parents have been introduced on both sides of the Atlantic recently. The Employment Retention and Advancement programme, introduced in the UK under the previous Labour government, increased the proportion of lone parents working full-time by ten percentage points and therefore, raised their earnings (Riccio 2013:79).

Furthermore, based on qualitative interviews with benefit recipients, Rolfe (2012) found that sanctions clearly caused hardship, but this did not seem likely to result in changed behaviour in the future. By prompting people into work, sanctions may shorten spells of unemployment, but the longer-term negative effects on job and earnings progression counteract any gains. Inefficiency in administering sanctions is also a problem, and while sanctions can reduce benefits expenditure, factors like spill-over effects on crime rates and higher spending on in-work benefits, offset the savings (Griggs and Evans 2010).
Finally, the relatively poor performance of the *Work Programme*, launched in 2011, has not helped to increase the employment rate of lone parents who are further from the labour market (Whitworth and Griggs 2013:128).

**Summary: Lone parents and conditionality**

Whiteford and Adema argue that employment needs to be combined with effective redistribution in order to achieve low child poverty rates. Thus, they propose that successful anti-poverty strategies should seek a balanced approach combining improved benefits where necessary and improved incentives to work (2007:4). The introduction of increased conditionality for lone parents with older children seems to have had a positive effect on employment despite the difficult economic circumstances. However, there are indications that those lone parents who have moved into work are those closest to the labour market and the policies in place to enable those further away from the labour market, such as the Work Programme, have been much less effective. Furthermore, the impact of LPO on employment retention and progression is less clear.

**4.5.1 In-work poverty and in-work benefits**

Employment cannot guarantee an escape from poverty unless job security, pay and prospects for progression make work sustainable. These issues are less well-researched, perhaps as the implications are, politically, anathema to governments wishing to eschew market regulation and avoid imposing constraints on employers (Newman 2011:105). Over half of people living in poverty in the UK are now in families where at least one member is employed (MacInnes et al 2013:26). Most poor children in the UK live with a working adult and a third of transitions from benefits into paid employment do not lead to increases in income sufficient to raise the family above the poverty threshold. Two-thirds of lone parents entering the labour market take jobs on low pay; their average wages are only marginally higher than the National Minimum Wage. In-work progression tends to be limited while financial instability and debt are also problems. 21 per cent of lone parents working full-time and 27 per cent of those working part-time remain poor (Whitworth and Griggs 2013:132-3).
The majority of research on in-work benefits in the UK has focussed on in-work tax credits. This policy has been reformed on numerous occasions. From 1988 to 1999, it was known as Family Credit (FC), before being re-launched as the Working Families’ Tax Credit (WFTC). The policy was restructured again in April 2003 (along with Income Support) as two separate components: the Working Tax Credit (WTC) and the Child Tax Credit (CTC) (Anderberg 2008b:7). The main aim of these policies was to incentivise employment among parents by offering tax credits to those in work with incomes below a certain level, which differs according to the circumstances of the claimant(s). The amount payable varies by age, family structure and disability, and there is an additional payment for parents with children in approved childcare. Money is paid into recipients’ bank accounts every week or four weeks.

Francesconi and van der Klaauw (2008) found that WFTC led to a five per cent increase in lone mothers working 16 or more hours per week (see also Gregg et al. 2009), most of which was accounted for by full-time employment. This was due to both labour market entry and retention. The strongest effects observed were for mothers with one child under the age of five. Lone mothers were less likely to get married or have children as a result of the reform. WFTC also led to a 35 per cent increase in the use of paid childcare, again as a result of more mothers being in employment (Francesconi and van der Klaauw 2008:28-9). Brewer et al (2006:699) found that without any form of in-work benefit, labour force participation of lone mothers in the UK would be around 45 per cent, rather than the actual level of 55 per cent.

**Summary**

Providing financial incentives to finding and staying in employment, by topping up otherwise low wages and making childcare both more available and more affordable, has been successful in increasing the employment rate of lone parents in the UK. These measures have also had negative consequences for well-being, as seen from the Employment Retention and Advancement Demonstration study. The effects of such policies on family structure have been fairly minor. However, evidence on how these measures have affected poverty rates among lone-parent families remains scarce.
5 CONCLUSIONS

Our investigation has considered links between poverty and family structure, drawing on international evidence but with a focus on the UK. We have used a ‘two-person’ definition of families, including all households comprising at least two people, related by blood, marriage or in a cohabiting relationship. As has been reported elsewhere, the child poverty target for 2020 will be missed (Brewer et al. 2011).

The potential to affect family formation through financial incentives is, at best, limited. Stafford and Roberts (2009) suggest that evidence is inconclusive, making it impossible to say whether different welfare systems impact on family structure. The UK seems to be moving towards introducing more policies affecting family composition. The married couple allowance has recently been re-introduced and ‘family cap’, limiting the number of children for whom child benefit is paid, been discussed. The evidence to date suggests that both these interventions are unlikely to be successful in affecting behaviour.

When looking at poverty levels of families over time, three main patterns emerge. Firstly, Poverty rates for families with children have decreased over the past 15 years, particularly for lone-parent families and families with three or more children. However, these two groups are still at greater risk of being in poverty, together with households from minority ethnic groups and with one disabled adult. Secondly, the expansion of in-work poverty casts doubts over whether employment is the panacea. The decline in income security among low income groups has become more noticeable in recent years. This will be better addressed by Universal Credit than by current policy arrangements provided that the responsive element of Universal Credit is effective.

Thirdly, while there is little prior evidence on poverty rates according to sexual orientation, our analysis has found that marital status seems to have a larger association with poverty, as cohabiting couples (whether same-sex or opposite-sex) are more likely to be poor than both married couples and those in civil partnerships.
Child maintenance in the UK has a troubled history. Rates of collection and receipt compare are below those achieved in other countries. However, where families do receive child maintenance in the UK there is a significant positive effect in terms of poverty reduction (see Skinner and Davidson 2009; Hakovitra 2011). We therefore suggest that investing in this form of support for families would greatly assist the fight against poverty, and have cited examples of good practice for giving the new Child Maintenance Service additional powers to collect monies owed. Recent reforms have made child maintenance a more voluntary process, encouraging agreement between the two parties. The government is shifting responsibility for reaching settlements to the individuals in question. In this context, it will be hard to pull child maintenance up the policy agenda. Nevertheless, we advocate a return to a free to use state system, and a review of methods to improve efficiency.

The final area considered in the report was that of lone parents and employment. Increased conditionality for lone parents with older children seems to have had a positive effect on employment despite difficult economic circumstances. However, there are indications that lone parents who have entered work were already close to the labour market. Policies aimed at finding employment for those further away from the labour market, such as the Work Programme, have been much less effective. Furthermore, the impact of LPO on employment retention and progression is less clear. Providing a financial incentive to employment by topping up low wages and making childcare both more available and more affordable could be successful in further increasing the employment rate of lone parents in the UK. For more specific policy proposals of employment and childcare, we direct readers to the relevant reviews.

In conclusion, the following policy areas are critical factors in the relationship between family structure and poverty:

- Relative value of child-related benefits
- Child Maintenance receipt
- Pay progression for (lone) parents in work, and ALMP for lone parents out of paid work.
• Cost and availability of childcare
• Employment security and (in)stability of incomes

Policies aiming to change the composition of families are less likely to be effective, or, at least, have not been reliably demonstrate to be effective.

Measures to make child maintenance arrangements more personal will lead to untapped anti-poverty potential. However extending access to free childcare, and the introduction of Universal Credit should to some extent address issues of increasing income insecurity.
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