

# Working, Parenting and Struggling?

An analysis of the employment  
and living conditions of  
one parent families in Ireland



Society of St Vincent de Paul



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A Report by the Society of St Vincent de Paul

EXECUTIVE SUMMARY

March 2019



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## Introduction

As a group most at risk of poverty in Ireland today, lone parents represent the largest group seeking assistance from the Society of St Vincent de Paul (SVP). It is SVP members' experience that one parent families have been hit hardest by the recession and the austerity measures that have followed and have been unable to take advantage of the recent economic improvements.

In 2014, SVP published a research report entitled "It's the hardest job in the world" which sought a better understanding of the needs and circumstances of the one parent families being assisted by the Society. The families who took part in this research were feeling the brunt of previous cutbacks and were fearful about further cuts to income supports and services occurring in the near future. Since this report was published, the reforms of the One Parent Family Payment, which aimed to get more lone parents into employment, were fully implemented. The reforms have been subject to much criticism, specifically that the changes were introduced during a period of recession and high unemployment, in the absence of good quality affordable childcare, and without recognising the additional practical and financial challenges of parenting alone. The decision to abolish the features of the One Parent Family Payment which support lone parents to take up part-time employment was widely criticised. It is SVP's experience that this has made it more difficult for lone parents with low earnings potential and high levels of caring responsibilities to access employment, education or training, and reduced the income of those already in employment. It is therefore likely that the situation of working families who took part in the research in 2013 has worsened since the data was collected.

It is within this context, we present up-to-date information on the income, employment and living conditions of one parent families in Ireland and Europe, critically analyse current policy responses and set out medium-to-longer-term policy objectives for Government aimed at improving the standard of living of one parent families both in and out of work.

## Data

The primary source of data for this analysis is the European Survey of Income and Living Conditions (EU-SILC), which includes information on poverty, income inequality, living conditions and accessibility of services in European countries. We also include data from the Labour Force Survey, the OECD Tax and Benefit model, and the Department of Employment Affairs and Social Protection to track trends in labour market participation and the role of in-work income support in making work pay and reducing poverty.

## Summary of Key Findings

### Poverty and Deprivation in a European Context<sup>1</sup>

- Lone parents in Ireland have the second highest rate of income poverty, persistent poverty, and severe deprivation among all EU-15 countries.
- On average across Europe, one parent families are three times more likely than two parent families to experience deprivation. However, in Ireland, this risk is higher as lone parents are five times more likely to experience deprivation.
- In terms of purchasing power, lone parents in Ireland have the fourth lowest household income among EU-15 countries – only lone parents in Spain, Portugal and Greece had lower levels of income in 2017. Furthermore, while the household income of the general population in Ireland has recovered to pre-crisis levels, the income of one parent households was lower in 2017 than in 2007.
- In 2017, 84% of lone parents in Ireland were unable to meet unexpected expenses – the highest rate among all EU-15 and EU-28 countries. Additionally, 30% of lone parents in Ireland were having great difficulties in making ends meet, and this compares to an EU-15 average of 19%.

### Employment, In-Work Poverty and the Role of Income Supports

- The employment rate of lone parents is the lowest in EU-15 countries at 58%. However, the analysis shows that lone parents with lower childcare needs have much higher rates of employment. For example, those with children over the age of 12 had an employment rate of 66%. Additionally, 62% of those with one child were working in 2017 compared to 47% of those with three or more children.
- Employment rates among lone parents increased from 46% in 2012 to 58% in 2017, but worryingly there has been a simultaneous increase in working poverty. In 2012, 8.9% of working lone parents were living in poverty; by 2017 this had increased to 20.8%. The rate of in-work poverty among lone parents was five times higher than other households with children (20.8% compared to 4.2%). It is also important to note that the measure of in-work poverty does not account for childcare or housing costs. Therefore, working lone parents in countries with lower levels of income but better services than in Ireland can benefit from an improved standard of living if they have access to affordable childcare and housing.
- Data from the Department of Employment Affairs and Social Protection suggests that the increase in employment rates among lone parents has been primarily among low-income/ low-hours workers. In recent years, the number of families in receipt of the Working Family Payment (WFP) (formerly known as Family Income Supplement) has doubled, and in 2009 6% of lone parents in receipt of the payment were earning less than €300 per week, but by 2017 this increased to 30%. This pattern may also be explained by the transfer of One-Parent Family Payment recipients engaged in low paid and/or low hours work to the WFP once their youngest child reached age seven.
- While there has been a welcome decline in the proportion of workers employed in

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<sup>1</sup> Please refer to section 3 “data and definitions” in the main report for an overview of the differences in the measures of income and deprivation used by the Central Statistics Office and Eurostat.

temporary contracts since 2012, lone parents still have a high propensity to be engaged in more precarious work. In 2017, lone parents are much more likely to be employed on a temporary contract when compared to adults in two parent families (7.6% compared to 4.6%). No data is currently available on the proportion of lone parents engaged in variable hours employment.

- Levels of social welfare support in Ireland are lower than the EU average and do not act as a disincentive to employment, particularly if workers have access to a Differential Rent scheme.<sup>2</sup> However, childcare costs significantly reduce the returns from low paid work for both one and two parent families in Ireland.

### **Access to Services**

- The analysis indicates that the main drivers of high levels of deprivation among these families in Ireland is a combination of low income and a high cost of living.
- Almost 60% of lone parents could not access childcare services for financial reasons – the second highest rate among all EU-15 countries, and three times higher than two parent families.
- 45% of lone parents report a heavy financial burden due to housing costs compared to 30% of two parent families. The proportion of lone parents in arrears on their rent or mortgage repayments was 18% in 2017, compared to 8% of other households with children. The greater burden of housing costs on one parent families is reflected in Department of Housing statistics which show that 62% of homeless families are headed by one parent.
- Lone parents with third level education are three times more likely to be in employment, but 1-in-5 lone parents could not access formal education due to cost. This was the third highest rate among all EU-15 countries. A similar proportion of adults in two parent families reported financial barriers to formal education.

### **Conclusion**

This report clearly shows that Ireland is failing to meet the needs of lone parents and their children and protect them from the adverse effects of poverty. In 2017, the living standards of lone parents in Ireland were among the worst in Europe. They are not only more likely to be living on a very low income but also experience high levels of deprivation, find it difficult to make ends meet and be unable to pay for unexpected expenses. Of particular concern, is the growing issue of in-work poverty among these families. In 2012, 1-in-11 working lone parents were living in poverty; by 2017 this had increased to 1-in-5. High housing and childcare costs combined with low levels of income, mean that it is challenging for many families with children to make ends meet. These factors significantly reduce the standard of living of working lone parents who face additional challenges as both the primary earner and primary caregiver for their families. It also creates additional barriers to employment for those who want to take up work or increase their working hours.

These findings confirm the experience of SVP members who are meeting more and more working families struggling to make ends meet. They are seeing the strain on working lone parents who are trying to combine spending time with their children and fulfilling their caring responsibilities with

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<sup>2</sup> Local authority rents are based on a system called 'differential rents'. This means that the amount of rent you pay depends on the amount of your total household income.

jobs which can be inflexible and insecure and often do not provide a sufficient income to meet all of the household need.

Previous research from other European countries shows that this pattern is not unique to Ireland and that increases in the labour market attachment of lone parents does not necessarily reduce their poverty risk.<sup>3</sup> This is primarily due to a higher propensity for lone parents to be employed in low paid, variable hours and insecure employment. Furthermore, while low replacement rates and low marginal tax rates are linked to higher employment rates among lone parents (in some countries), they do not enable access to higher paid employment.<sup>4</sup> In countries where there are lower wage differentials, more flexible working arrangements, and subsidised childcare is available, the labour market attachment of lone parents is higher, and rates of poverty are lower.<sup>5</sup>

It is therefore clear that efforts to increase employment rates among households with children cannot occur in a vacuum. Changes in the social welfare system need to be considered alongside other policy changes such as childcare and family-friendly employment practices, and employment legislation such as the minimum wage and precarious work. Policy decisions in these areas should be firmly rooted in a solid understanding of the employment, social welfare and parenting nexus of lone parents.

## Recommendations

The Minister for Employment Affairs and Social Protection has indicated that her Department will seek to “unwind” the cuts and changes to the One Parent Family Payment. While this is welcome, SVP is concerned that there is no comprehensive or strategic articulation of the long-term vision for lone parents and their children in current Government policy. We acknowledge that there are important relevant commitments contained in the *National Strategy for Women and Girls*, and the *Action Plan for Jobless Households* but these commitments lack ambition and are not linked to measurable targets. The forthcoming *National Action Plan for Social Inclusion (2019-2025)* must include ambitious targets for reducing poverty among one parent families, including among those who are working. The new plan is an opportunity to address the structural issues that lock families into poverty and will require supporting actions across Government. It will be critical to;

- Pursue a housing-first approach by increasing the output of built and acquired Local Authority and Approved Housing Bodies social housing units.
- Benchmark the National Minimum Wage and social welfare to the cost of a Minimum Essential Standard of Living so that everyone can access an adequate income.
- Significantly invest in the childcare sector so that state subsidises are set at a level that will deliver accessible quality environments for children, reduce the financial burden on parents and improve pay and conditions for staff.

In the short term, there are additional measures that can improve the living standards of lone parents and their families.

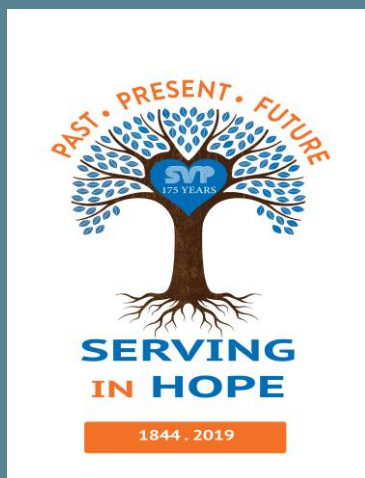
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<sup>3</sup> Jaehrling, K., Kalina, T. and Mesaros, L. (2015) ‘A paradox of activation strategies: why increasing labour market participation among single mothers failed to bring down poverty rates’, *Social Politics*, Vol 22 (1), pp86-110.

<sup>4</sup> Bradshaw, J., N. Finch, E. Mayhew (2003) ‘Financial Incentives and Mother’s Employment: A Comparative Perspective’ paper for the Foundation in International Studies in Social Security. Sigtuna, Sweden June14-17, 2003

<sup>5</sup> OECD (2011) *Doing Better for Families* <https://www.oecd.org/els/family/47719022.pdf>

- Extend the cut off for the Jobseekers Transition Payment until their youngest child reaches the age of 18, so that lone parents can access work full-time or part-time (depending on their caring responsibilities), better in-work income supports, and training opportunities.
- Link earning disregards and in-work income supports to increases in the National Minimum Wage, maintaining the value of these supports year on year.
- Reduce the hours' requirement for the Working Family Payment for lone parents to 15 hours per week.
- Exclude the Working Family Payment from the income assessment for the Differential Rent Scheme across Local Authorities to maximise the returns from work for low income families. Currently, the income assessment for Housing Assistance Payment (HAP) and social housing varies by Local Authority.
- Extend SUSI to students studying part-time allowing lone parents with high caring and work responsibilities to access education.
- Introduce comprehensive financial support to cover the full costs of attending a training course, including childcare and transport, allowing lone parents to improve their skills and future earning potential.
- Roll out the IT system for the Affordable Childcare Scheme and reduce the traps that arise from the current system. The new IT system will also allow low income families not currently in receipt of payments from the Department of Employment Affairs and Social Protection to access state subsidies for childcare.
- Implement the recommendations of the Report of the Working Group on Childminders to increase the capacity of the sector and allow families who currently use childminders as their primary form of childcare to access state subsidies.



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