

## People facing acute poverty 'take cash-in-hand jobs'

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People who take up cash-in-hand jobs while on benefits do so as a last resort because they are facing acute poverty, according to a report out today.

The Joseph Rowntree Foundation said it was "need not greed" that caused people to do low-paid work they did not declare, with claimants often taking on informal work simply to pay for food, heating or mounting debts.

It said informal work was generally taken on in response to poverty and at times of crisis, such as family breakdown.

It found that low benefit rates, low wages and rules which limit the hours some groups can work were the main drivers causing people to resort to working cash-in-hand.

The research, based on six years of work by East London community project Community Links, found those who took part in its study often had a wide range of under-used skills and abilities.

But they felt there were more opportunities for them to work informally because they did not have formal qualifications.

At the same time many said working informally helped to increase their confidence and experience, and offered routes into formal work.

But some also cited the complicated and inefficient tax and benefits system for keeping them in informal jobs.

Despite the introduction of initiatives such as tax credits, many felt the system trapped them in a cycle of poverty, with few financial incentives to work formally.

The research found that people often worked for below the minimum wage informally because they felt they had no other option, often afraid they would lose benefits if they declared their work, leaving them unable to afford things such as council tax and rent.

Others, including those with medical conditions, felt they could not rely on inefficient bureaucratic systems which might leave them without money for extended periods.

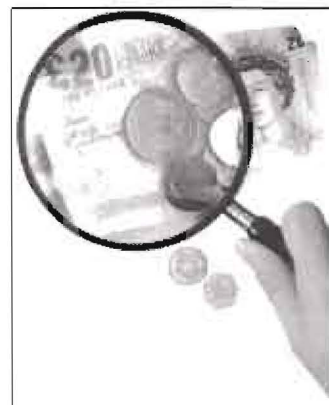
Author of the report Aaron Barbour, Community Links' research and policy development manager, said: "People in deprived areas are resorting to informal paid work because they are trying to support, feed and clothe their families.

"They are hard-working, ordinary people trying to survive day by day.

"The Government needs to understand and include the informal economy in all its strategies if it is to reach its employment, anti-poverty and regeneration targets."

He said the Government should harness the assets of people working informally, such as their effort, skills and willingness to work, rather than seeing them as a problem.

The report called for there to be more support, training and development for people who wanted to move into formal work.



A new Joseph Rowntree Foundation report

It added that there also needed to be tax and benefit reform based on an understanding of why people worked cash-in-hand, as well as more employment flexibility to accommodate childcare and health issues.

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