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Poverty 'motivates' benefit cheats

The practice of people taking 'cash-in-hand' low-paid jobs or not declaring work while on benefits is being used as a last resort response to acute poverty or crises according to a report from the Joseph Rowntree Foundation.

The six-year study carried out by Community Links in east London found that people worked informally to pay for food, heating and to stave off mounting debt.

The report's authors said that it demonstrated how informal work is often a response to poverty and to times of crisis such as family breakdown.

The report's author 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. They should harness the assets of people working informally their effort, skills and willingness to work rather than seeing it as a problem."

The report also made a range of policy recommendations.

These included support, training and development for those who want to move into formal work; tax and benefit reform based on an understanding of why people work informally and employment flexibility to accommodate needs around childcare or health issues.

(SP/CD)