



Work as a route out of Poverty: Contexts

David Gordon

Director

Bristol Poverty Institute &

Townsend Centre for International Poverty Research

University of Bristol, UK

e-mail: dave.gordon@bristol.ac.uk

BPI Seminar

Dismantling 'work as a route out of poverty':

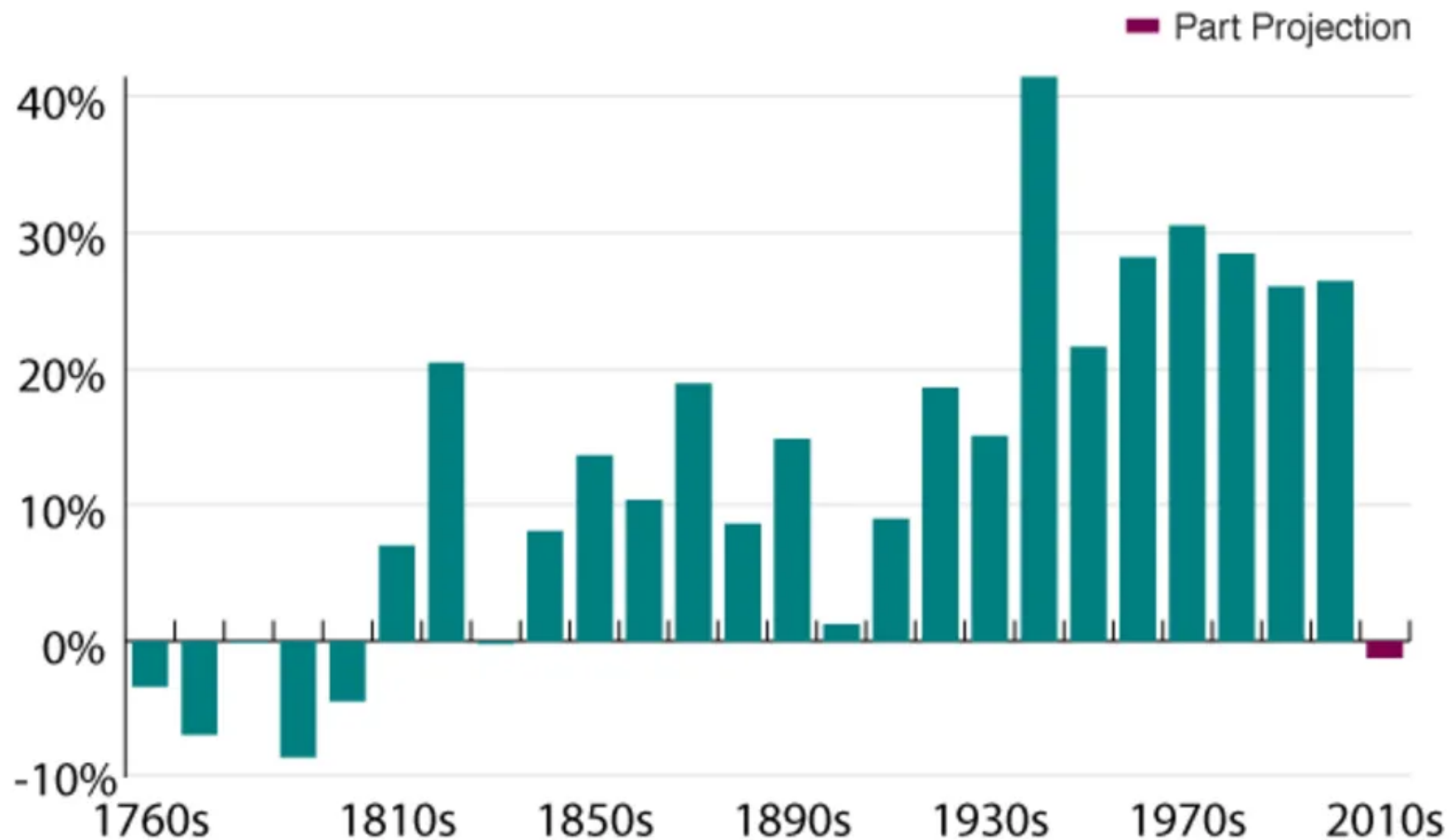
exploring experiences of underemployment and active labour market policy

Wills Memorial Building

22nd May 2024

Earnings Growth in 2010s was the lowest since the Napoleonic Wars

Earnings growth between decades

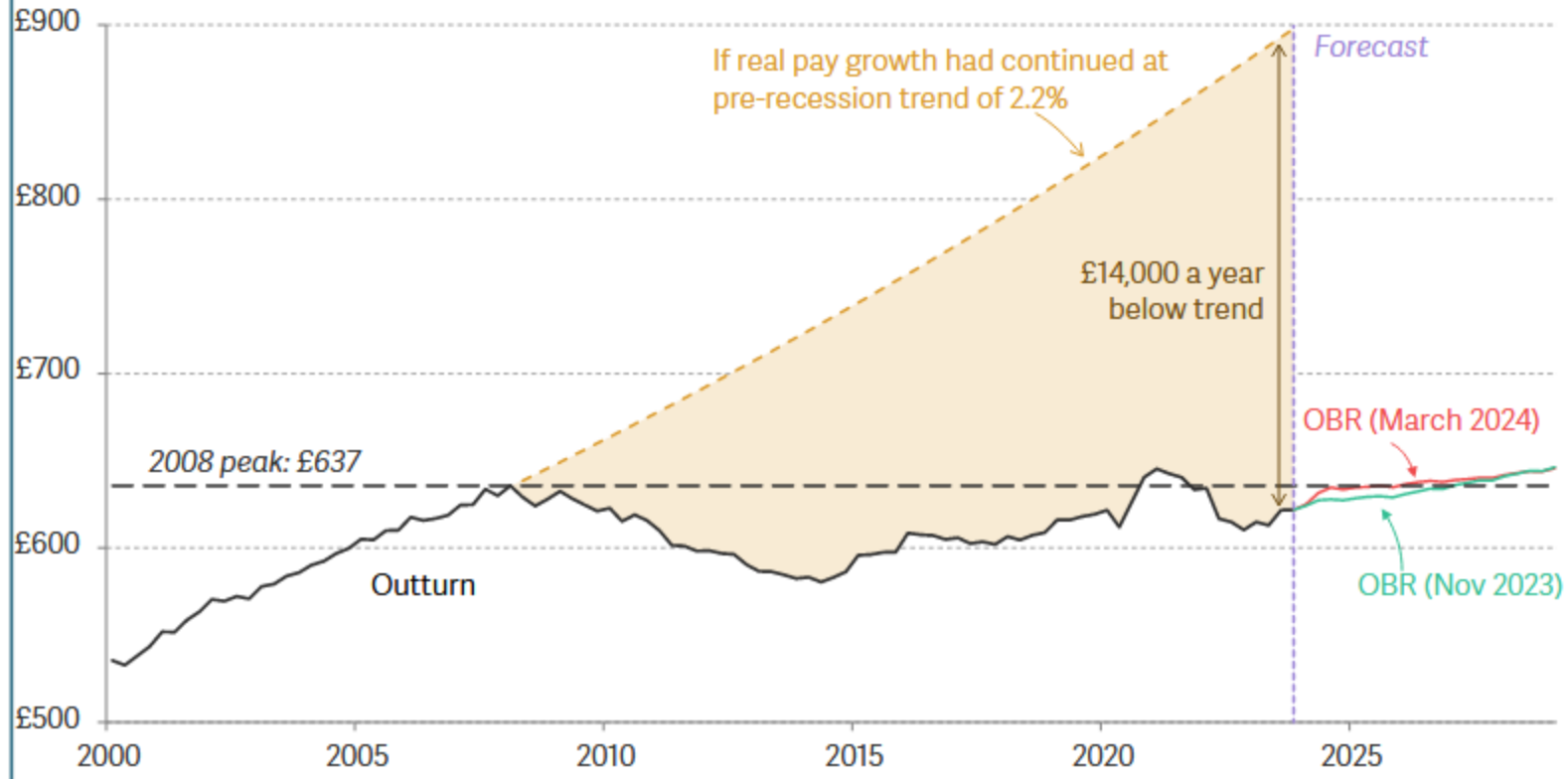


*Inflation adjusted

Source: Resolution Foundation analysis of ONS, OBR & Bank of England data

FIGURE 4: Lower inflation means the real wage outlook has improved, but it will still take until 2026 for real wages return to their 2008 level

Real average weekly earnings, outturn, successive OBR forecasts, and extrapolation of pre-recession trend: GB/UK



Aref-Adib et al (2024) Back for more? Putting the 2024 Spring Budget in context.

<https://www.resolutionfoundation.org/publications/back-for-more/>

The £540 Billion Pound UK Austerity Spending Cuts: 2010-2019

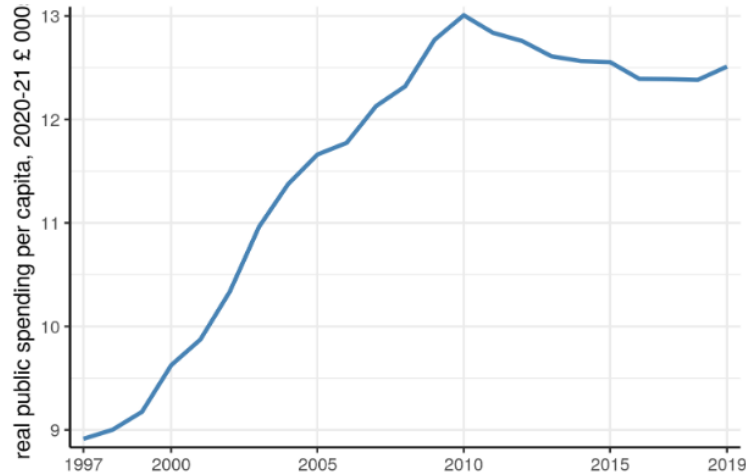


Figure 3. Government current spending per person, £000s in 2020-21 prices.

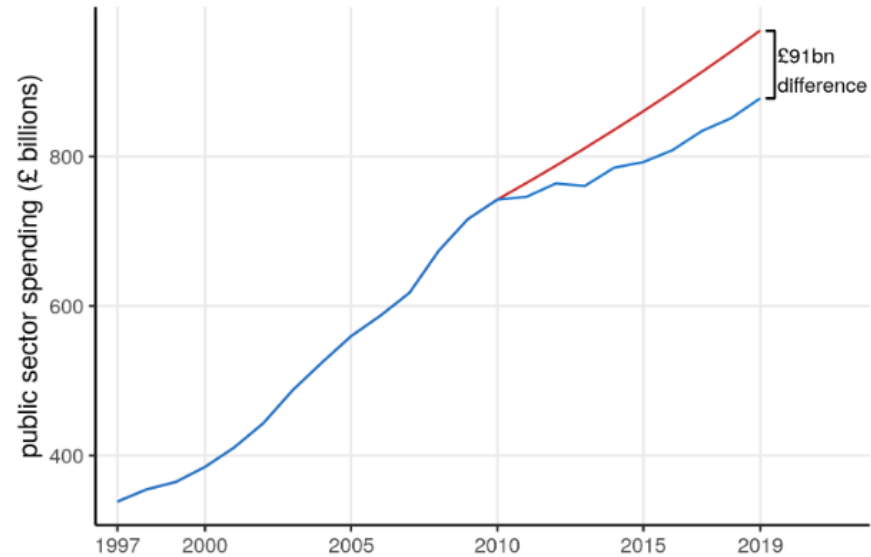


Figure 13: Public sector spending counterfactual (actual in blue; 3% growth balanced budget scenario in red).



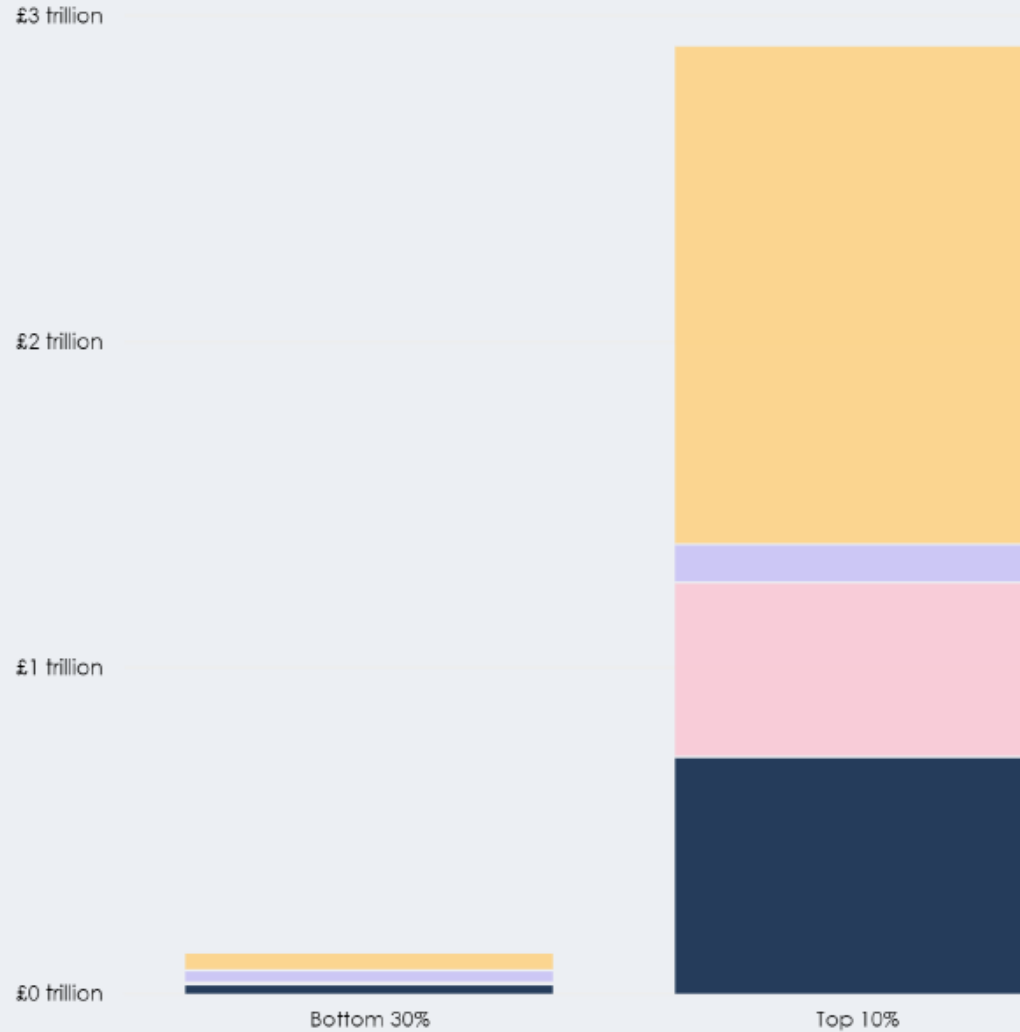
The cost of austerity spending cuts in public spending growth, came to **£91bn** of lost public expenditure in the final year of the austerity programme, or **£540bn** over 2010-19.

The Growth of Wealth Inequality in the UK: 2006/08 to 2018/20

Total wealth for the wealthiest 10% grew by nearly £3 trillion between 2006-2008 and 2018-2020, nearly 25 times more than wealth grew for the bottom 30%

Growth in total wealth and the factors that make it up, 2006-2008 to 2018-2020. Highest wealth decile (top 10%) and lowest 30% wealth decile shown

- Growth in aggregate property wealth
- Growth in aggregate financial wealth
- Growth in aggregate physical wealth
- Growth in aggregate private pension wealth



Source: ONS Data on Household total wealth in Great Britain • The growth in wealth for just Decile 1 is too small to be visible in comparison to the growth in wealth for Decile 10.

The Economic Effects of Austerity and the COVID Pandemic on the UK

The UK has a lower number of hospital beds and doctors per person than other European countries

Hospital beds per 1,000 people vs doctors per 1,000 people by Country for 2020

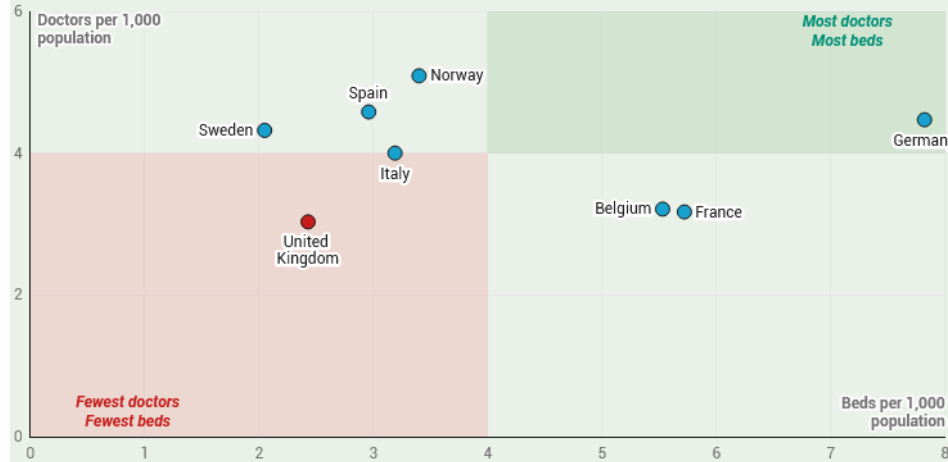


Chart: Bob Hawkins · Source: OECD · Get the data · Created with Datawrapper

The costs of ill-health to the economy are estimated to amount to around £148 billion per year

Estimated economic cost of lost output among working-age people due to ill health: 2023



Chart: Bob Hawkins · Source: Analysis for TIMES Health Commission Report · Get the data · Created with Datawrapper

The number of people economically inactive due to long-term sickness is at a record high of 2.8 million

ONS estimates of economic inactivity due to long-term sickness in the UK: Apr 1993 - Nov 2023

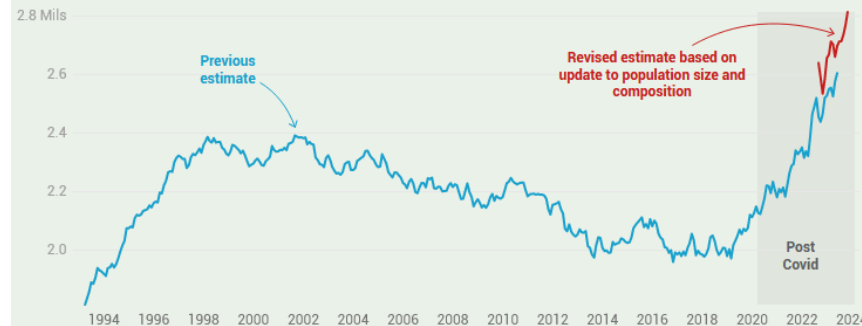


Chart: Bob Hawkins · Source: ONS Labour Force Survey (16-64 year old) · Get the data · Created with Datawrapper

After a decade of falling, the number of people economically inactive started to rise with the advent of Covid

Number of people aged 16-64 years old economically inactive in the UK by quarter: 2000-2023



Chart: Bob Hawkins · Source: ONS Labour Force Survey · Get the data · Created with Datawrapper

Source: Impact of Covid on the UK's Economy and Health Service.

<https://bhawkins3.substack.com/p/impact-of-covid-on-the-uks-economy>

In-work poverty has increased over the last two decades

Percentage of children and working-age adults in poverty from working families by work intensity: UK, 1996/97 to 2021/22

■ High work intensity families ■ Low work intensity families

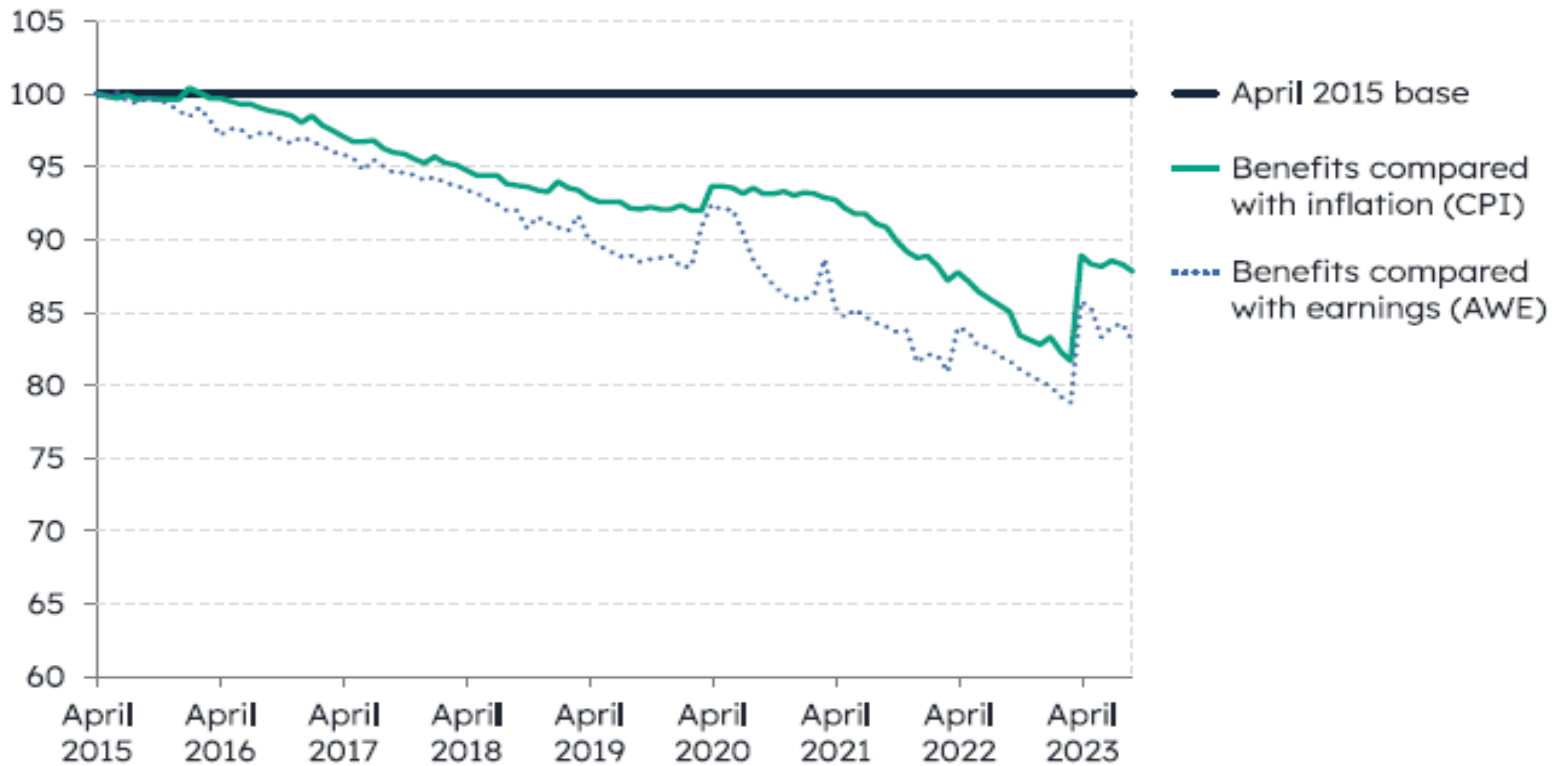


- 62% of children and working-age adults in poverty in 2021/22 lived in families where at least one adult was working part-time or more, up from 44% in 1996/97.

- 15% of children and working-age adults in poverty in 2021/22 lived in families where all adults were working and at least one adult was working full time (i.e. high work intensity families).

Between April 2015 (the last year before the benefits freeze) and the start of the Covid-19 pandemic, the value of benefits consistently declined. Although it increased when inflation and earnings fell at the start of the pandemic and the benefits freeze ended in 2020, it remains below pre-pandemic levels

Ratio of benefits to earnings or inflation



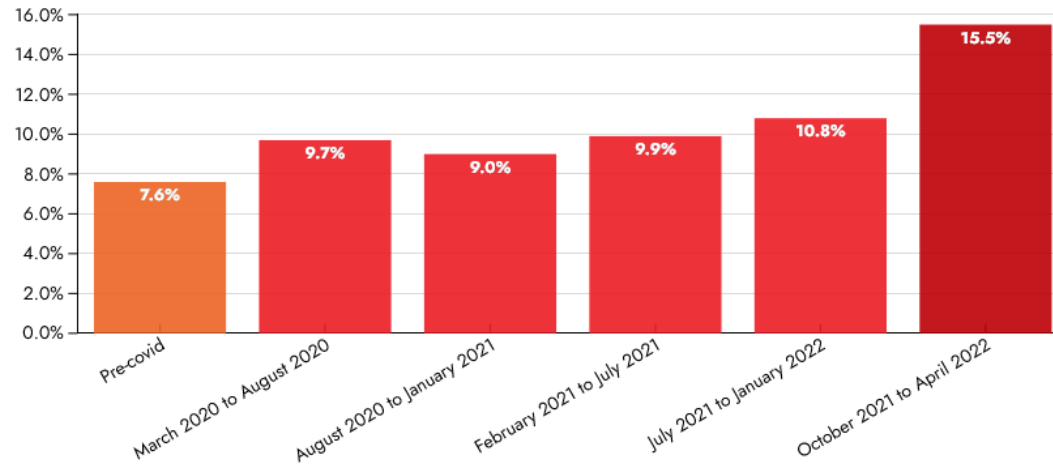
Source: DWP abstract of statistics and ONS inflation and wage data

Source: *UK Poverty 2024*, Joseph Rowntree Foundation.

<https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

Food Insecurity in the UK has doubled since 2018

Percentage of households experiencing food insecurity*:



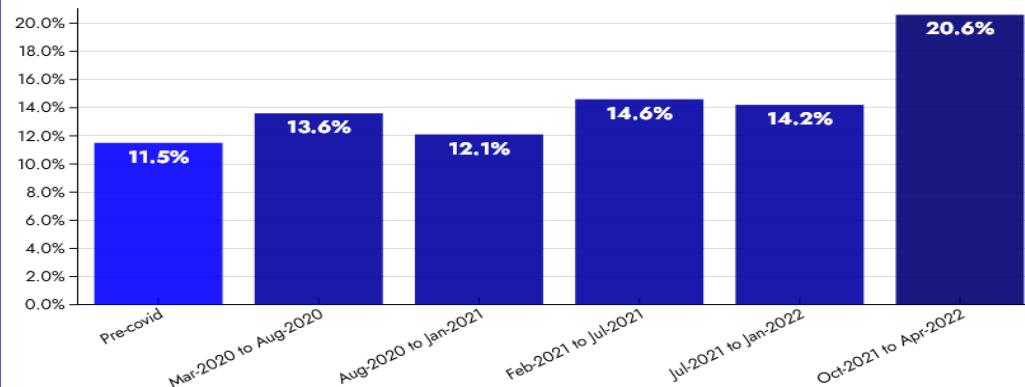
In January 2024, 15% of households experienced Food Insecurity

*Food insecurity during the pandemic (6-month recall period) compared with pre-Covid (12-month recall period).
Pre-covid source: Food Standards Agency, Food and You Survey 2018. Re-analysed to allow direct comparison.



1 in 5 households with children have experienced food insecurity in the past six months

Percentage of households with children experiencing food insecurity*:



In January 2024, 20% of households with children experienced Food Insecurity

*6-month recall period
Pre-covid source: Food Standards Agency, Food and You Survey 2018. Re-analysed (to allow direct comparison).



<https://foodfoundation.org.uk/initiatives/food-insecurity-tracking#tabs/Round-14>

United Nations Committee on the Rights of Persons with Disabilities Report on the UK, 2017

“the Committee considers that there is reliable evidence that the threshold of grave or systematic violations of the rights of persons with disabilities has been crossed”

This was due to austerity measures implemented by the UK Government

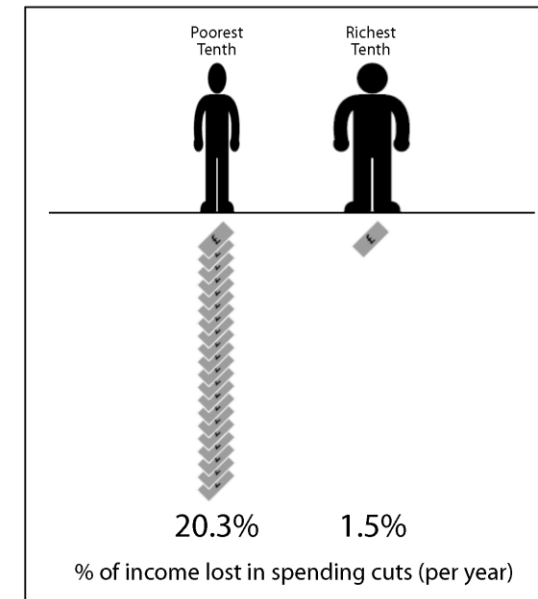
2% of the population - the people with the greatest needs - will bear the burden of 25% of all the cuts’

Source: Duffy, S. (2014) *A Fair Society? How the Cuts Target Disabled People*. Sheffield, Centre for Welfare Reform.

<http://www.centreforwelfarereform.org/uploads/attachment/354/a-fair-society.pdf>

<https://digitallibrary.un.org/record/1311200?ln=en>

Figure 22. The effect of spending cuts on people in Britain, 2010-2016



Source: Oxfam (2012, p.24) *The Perfect Storm: Economic stagnation, the rising cost of living, public spending cuts, and the impact on UK poverty*, Oxford: Oxfam.

The UN asked the UK Government to report on the implementation of its 2017 recommendations in August 2023. The UK Government refused to attend the meeting and eventually reported in March 2024

Alexandra Gowlland (Deputy Director Disability Unit, Cabinet Office) said that the government is committed the “*transforming the benefits system*” by:

- *‘Focusing on what disabled people can do, not what they can’t’.*
- *“Stepping up employment support”.*
- *Ensuring disabled people can “access the right support [from the DWP] at the right time”.*

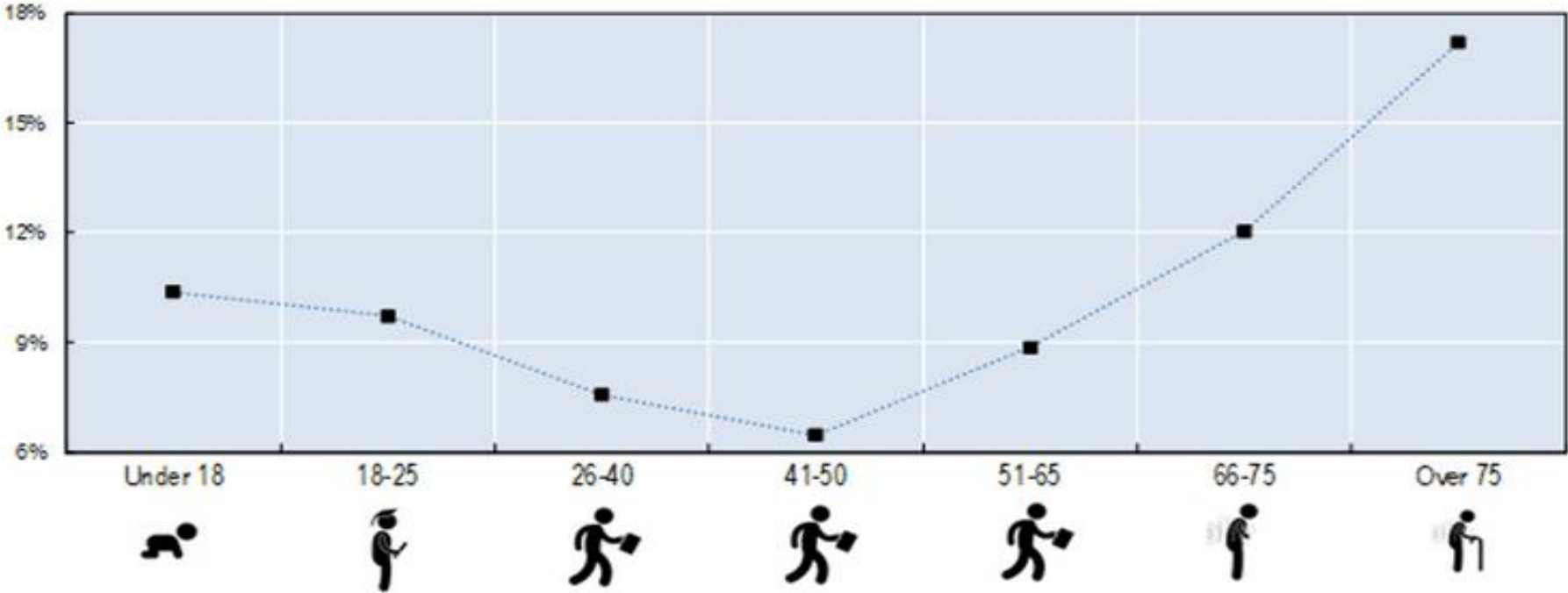
The UN committee on the Rights of Persons with Disabilities members stated:

“We find a pervasive framework and rhetoric that devalues disabled people and undermines their human dignity. Reforms within social welfare benefits are premised on a notion that disabled people are undeserving and skiving off and defrauding the system. This has resulted in hate speech and hostility towards disabled people.”

Rosemary Kayess, (Vice-chair, UN Committee on the Rights of Disabled People -18th March 2024; Source: 710th meeting, 30th Session CRPD - <https://webtv.un.org/en/asset/k1s/k1svtljvtr> (47min 10 sec)

“we have heard numerous reports of persons with disabilities facing intolerable situations, even death, when trying to comply with the eligibility requirements of the UK government’s benefit regimes, work capability assessments and programmes administering support for independent living within the community.” Professor Laverne Jacobs (UN CRPD member) (710th meeting, 30th Session CRPD - <https://webtv.un.org/en/asset/k1s/k1svtljvtr> (50min 15 sec)

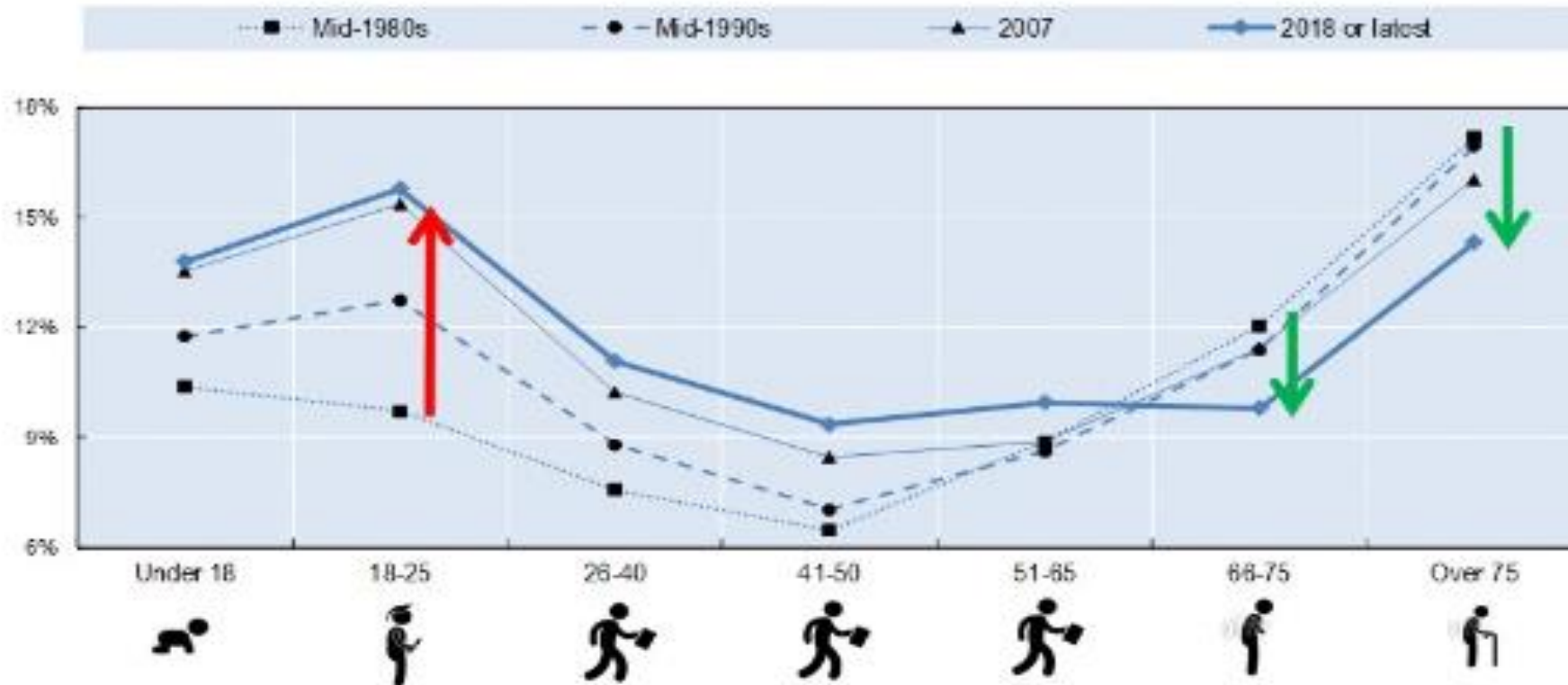
Income Poverty Rates by Age Group in OECD Countries in the mid-1980s



In the mid-1980s, older people were on average more likely to be poor than children or people of working age.

OECD poverty = less than half the median national household income.
<https://www.oecd-forum.org/posts/the-poverty-risk-has-shifted-from-the-elderly-to-young-people>

Changes in Income Poverty Rates by Age Group in OECD Countries 1980s to 2018



Source: OECD Income Distribution Database (<http://oe.cd/idd>).

Poverty amongst older people has declined and child and working age poverty has increased over the past 40 years. This long term trend accelerated considerable after the 2008 financial crisis in OECD countries.

OECD poverty = less than half the median national household income.

<https://www.oecd-forum.org/posts/the-poverty-risk-has-shifted-from-the-elderly-to-young-people>

Estimated Deprivation & Hunger in Bristol: September 2022

constituency	Missed a payment on a household bill	Cut back on the amount of hot water, heating or electricity that me or my household use	Cut back on food spending	Missed meals or gone without food
Bristol East	10	56	52	14
Bristol North West	9	57	45	13
Bristol South	9	54	48	16
Bristol West	11	50	43	13
Bristol Average	10	54	47	14

The Bristol Quality of Life Survey (2023/24) found that;

- 34% reduced spending on other essentials due to high energy prices
- 31% were worried about being able to keep their homes warm in winter
- 13% money problems stopped them getting involved with their community
- 9% financial circumstances prevents them from leaving their home
- 8% suffered from moderate/severe food insecurity in 2022/23 and in 2023/24