

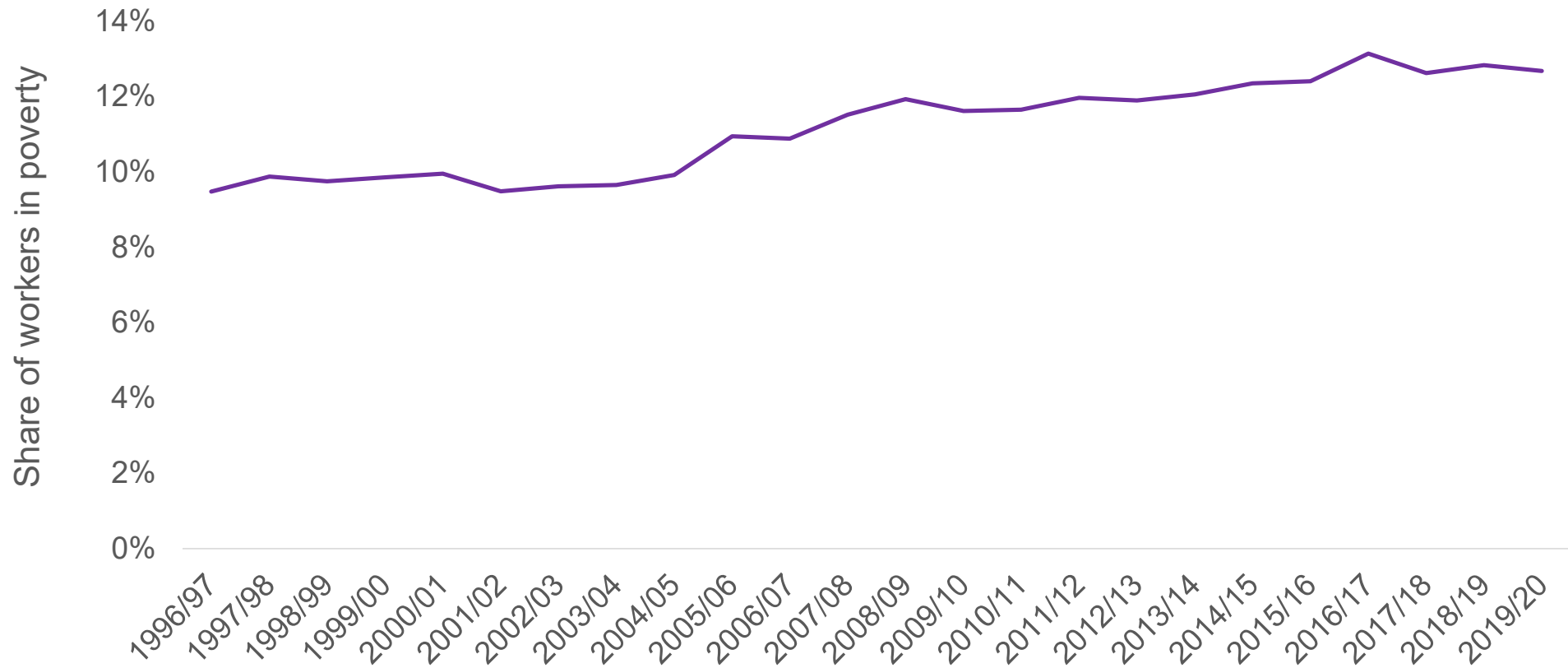
# The rising tide of in-work poverty: will Covid-19 change its course?

Rebecca McDonald

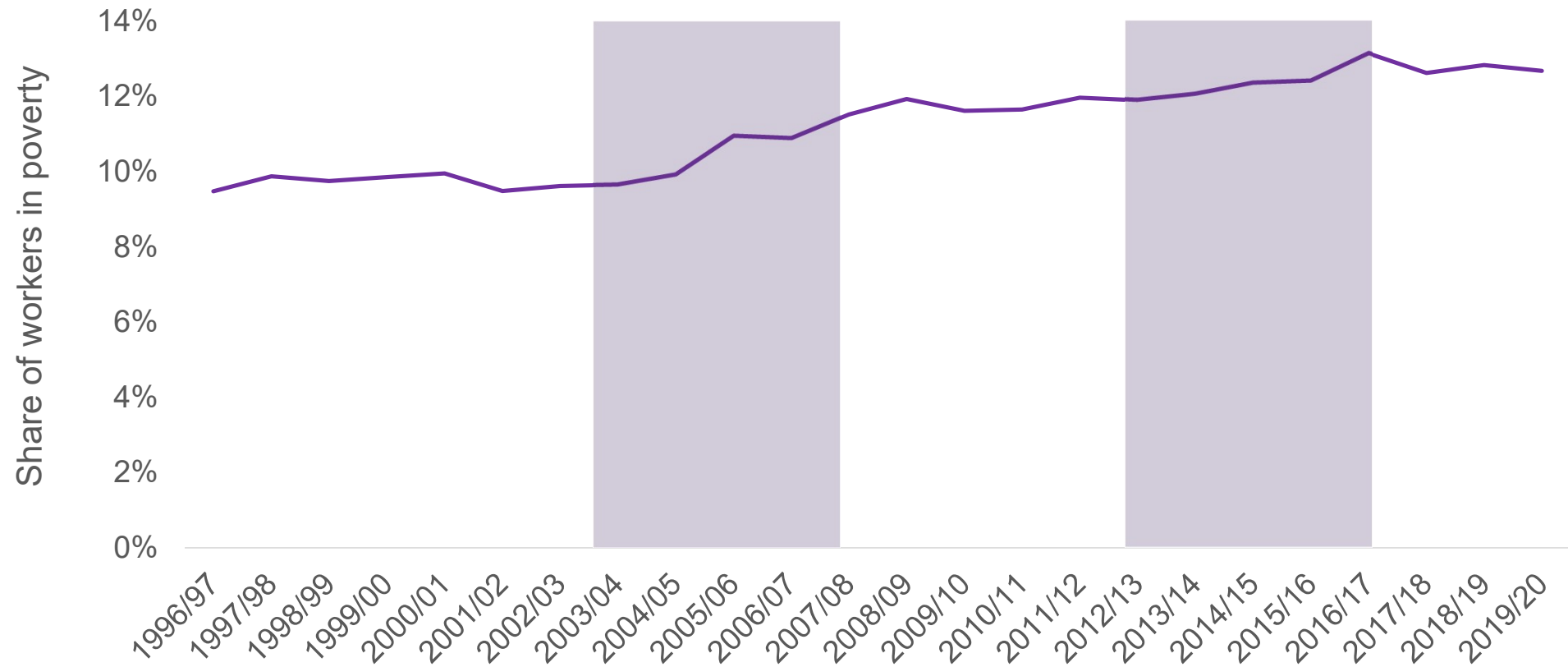
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The story up to March 2020

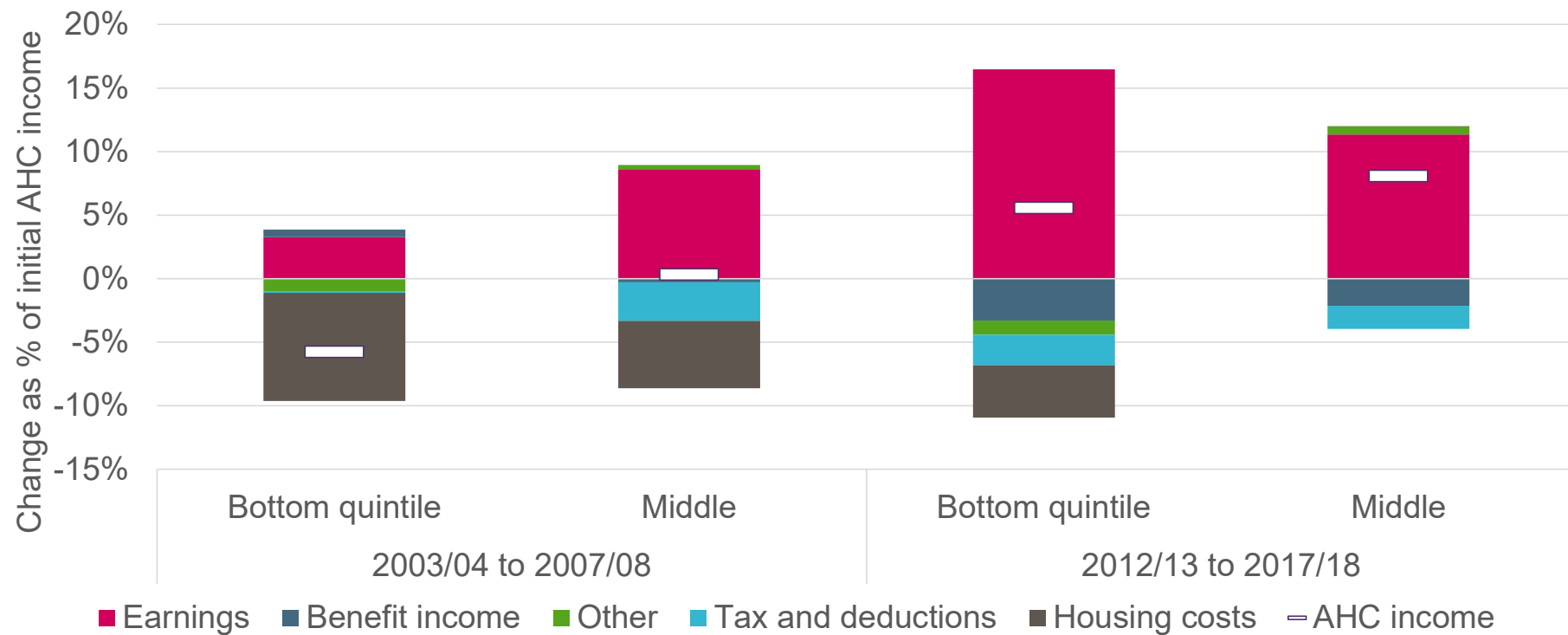
# The rise of in-work poverty



# The rise of in-work poverty



## Two periods of rising in-work poverty

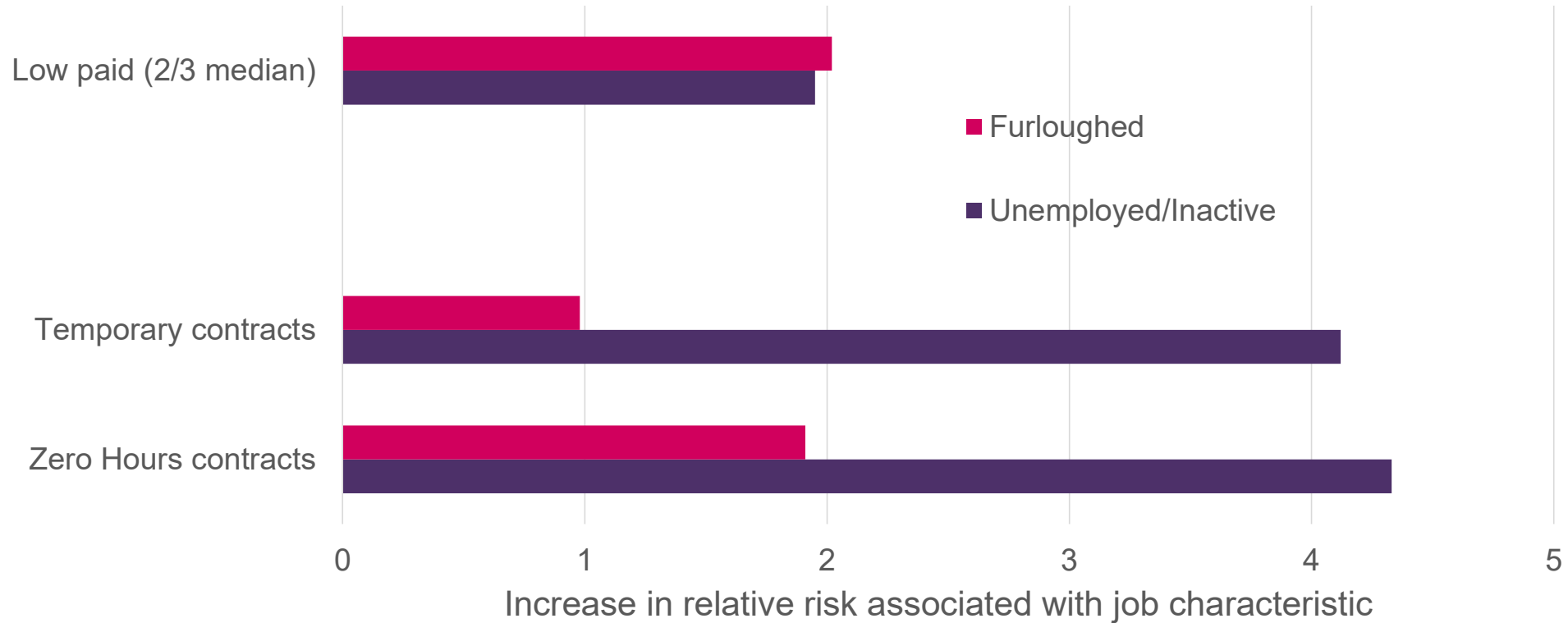


## What's the problem *with the labour market*?

- National Living Wage has meant hourly pay rising fastest at the bottom
- But workers in poverty are much more likely to be:
  - Underemployed
  - In insecure work, with variable hours
  - Have limited opportunity for progression

# Enter Covid

## Workers on low pay and insecure contracts were hardest hit by the Covid labour market shock





## A wage-led recovery?

- A lot of discussion recently about labour shortages driving wage growth
- Clearly rapid wage growth in some sectors e.g. construction, drivers
- ONS think nominal underlying wage growth between 4.1% and 5.6%, with inflation around 3%
- No evidence of improvement in conditions: involuntary part-time and temporary work is up

# Where are we heading?

## What could stem the rise of in-work poverty?

- A restoration of in-work benefits and action on housing costs?
- A step change in labour market policy?
- Will a lower labour supply drive up wages and conditions?

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