



IN-WORK POVERTY AND COVID-19: TACKLING POVERTY AFTER THE PANDEMIC

Dr Rod Hick

Presentation at the Bristol Poverty Institute

21st October 2021

Cardiff University

e: hickr@cardiff.ac.uk



Economic
and Social
Research Council

Preliminaries – why focus on in-work poverty?

- Not because it's more important but because IWP presents some distinct - as well as some more familiar - challenges
- In-work poverty is a widely-misunderstood problem
- Attempts to promote “work” while cutting “welfare” are not likely to succeed
- Tackling in-work poverty requires addressing multiple challenges – pay, Universal Credit, housing costs, etc.

In-work poverty is widely misunderstood

- 2017 study on in-work poverty (with Dr Alba Lanau)
- In-work poverty differs from low pay in important ways
 - Considers all income sources
 - ...and all family members and their needs
- This has implications for how we understand and try to tackle working poverty

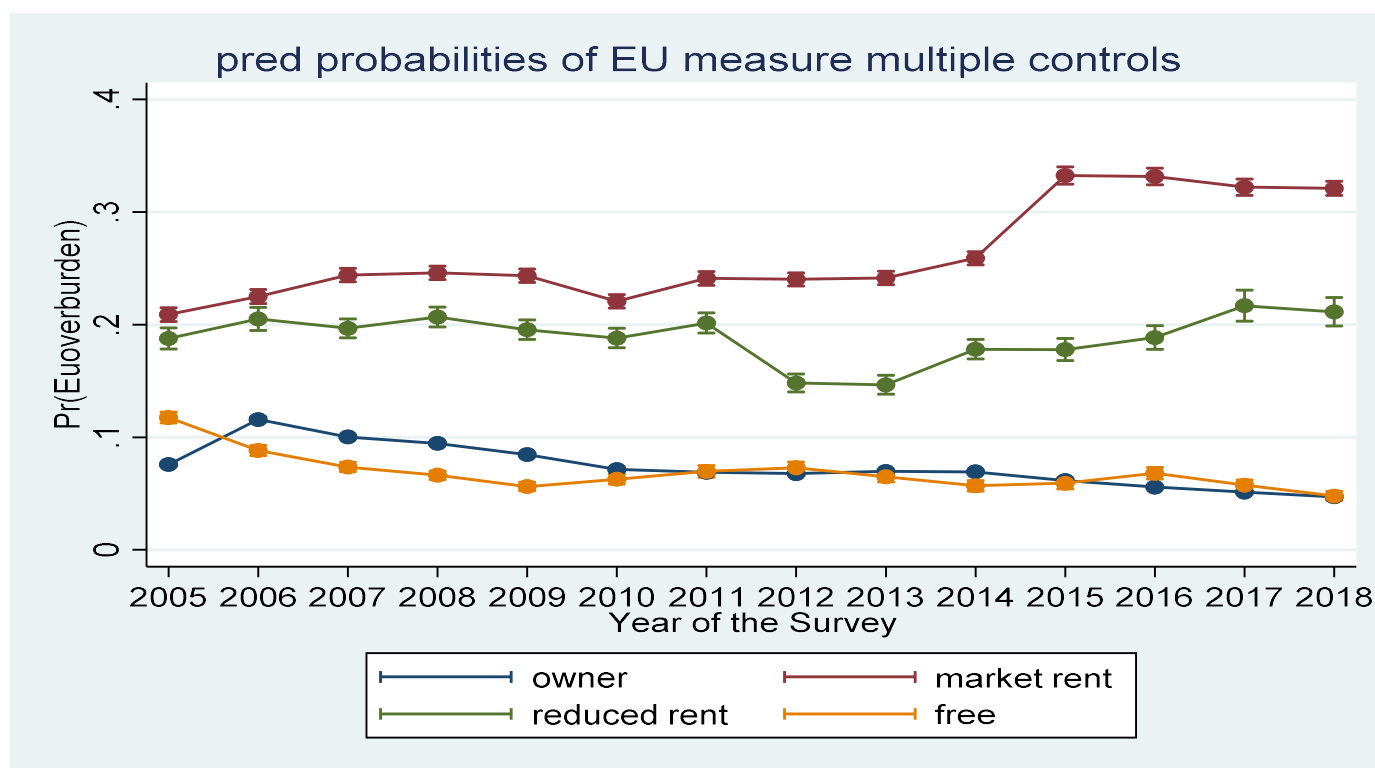


In-work poverty in the UK

- In-work poverty had risen by $\frac{1}{4}$ between 2004/5 and 2014/5
- Tax credits proved effective at reducing in-work poverty
 - About two-thirds of the pre-tax credit poverty gap was filled by these CTC and WTC for recipient households
 - Effectiveness particularly high for larger families (3+ kids)
- In looking at which groups experienced the rise in working poverty, tenure was an important predictor

Housing affordability problems increasingly differentiated by tenure

- Ongoing study on housing and poverty
 - (with Dr Marco Pomati & Prof. Mark Stephens)



COVID schemes

- Furlough & £20 Universal Credit uplift
- Scope for gaps and less generous than other “liberal” nations
 - In Ireland, €350 (~£300) pw - Pandemic Unemployment Payment
 - In Australia, AUS\$550 (~£300) pf – enhanced JobSeeker payment
 - In the USA, \$600 (~£435) pw – unemployment insurance
- Phase-out of UC uplift the latest evidence of weak “commitment to welfare”.

In-work poverty and UK politics

NORTH EAST BYLINES 

HOME

REGION

UK

WORLD

SUPPORT US

Johnson says people should see wages rise “through their own efforts rather than welfare”

[Yvonne Wancke](#)
August 29, 2021

22 June 2015 at 1:24pm

PM: I want a 'higher wage, lower welfare society' in UK

David Cameron has defended the Government's plans to cut a further £12 billion from the welfare bill, saying he was determined to transform Britain into "a higher wage, lower tax, lower welfare society".



Conclusion: Beyond the pandemic

- In the short-term, rising inflation
- How to mitigate cost pressures for renters?
- More generally, continued anti-welfare stance likely to harm prospects for tackling IWP
 - And also, importantly, child poverty



Thank you for listening!

hickr@cardiff.ac.uk

@rodhick

References

- Hick, R. and Lanau, A. (2017), 'In-work poverty in the UK: Problem, policy analysis and platform for action', Cardiff, Cardiff University.
- Hick, R. and Lanau, A. (2018), 'Tax credits and in-work poverty in the UK: An analysis of income packages and anti-poverty performance', *Social Policy & Society*.
- Hick, R. and Lanau, A. (2018), 'Moving in and out of in-work poverty in the UK: An analysis of transitions, trajectories and trigger events', *Journal of Social Policy*.

All available open access at www.rodhick.com