

# In Work Poverty and Health Inequalities

PHINS Seminar  
10 October 2014

# In-Work Poverty & Health Inequalities

- The Growth of In-work Poverty
- Low Pay in the UK: trends and issues
- The Links Between In-Work Poverty & Health Inequalities
- Responding to In-Work Poverty

# In-work Poverty

- Proportion of poor households accounted for by working households has been increasing in the UK for last 10 years.
- In 1997 70% of poor h/h were either not working or retired, by 2011/12 they accounted for 48%
- In 1999 47% of poor children had working parents, by 2011/12 it was 66%.
- Number of working age adults in poverty has increased by almost 1 million since 2001.
- 800,000 are in employment (2009/10)
- Around 1million workers in the UK are paid at the rate of the National Minimum Wage

# Causes of In-work Poverty

- **Low Pay:** low minimum wage; stagnant wages; endemic in some sectors
- **Poor Quality work:** growth in temporary employment, zero hours contracts, low paid part-time work, lack of progression within labour market; underemployment
- **Household composition:** number of income-less dependents; single parents at increased risk; requiring support from tax credits
- **Discrimination:** key groups particularly hit: women, self-employed, people with a disability, young people, less qualified, migrants and minorities

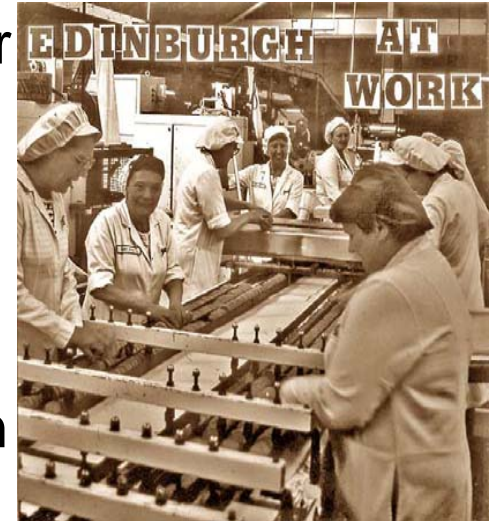
# Who is Low Paid?

- In 2011 26 % of women and 14% of male employees in the UK were paid less than £7.50 an hour. Down by 11% and 3% respectively since 2000. Most of the fall came up to 2006
- In 2011 62% of those employees paid less than the LW were women
- Around 13-15% of people aged 31 – 60 were paid less than the LW in 2011, 27% of 21-30 year olds
- Although 76% of 16-20 year olds were paid less than the LW, they account for only 17% of all workers paid less than the LW



# Where the Low Paid Work?

- In 2011 59% of workers in sales in customer services, 57% in 'elementary' occupations and 32% of personal services occupations were paid less than the living wage.
- Only 4% of Managers and senior officials and 1% of professionals were paid less than the LW.
- 41% of part-time workers were paid less than LW and accounted for 58% of those paid less than the LW
- 65% of workers in Hotels & Restaurants, 38% in Wholesale and 37% in Administration were paid less than the LW in 2011



# Poverty and Employment

- Growth of in-work poverty reflects the dynamic nature of poverty – around 1/5 of poverty is recurrent where people move out of poverty temporarily
- In-work poverty is not just about low pay – it also depends on who a low paid worker lives with, the costs that they face, and the benefits they receive.
- Low pay and in-work poverty is associated with increased precarious work – underemployment, temporary work, part time jobs
- There is a need to go well beyond a ‘work first’ approach to addressing poverty

# Health Inequalities & In-Work Poverty

- Association between poverty and ill health is well established. We can expect there to be similar links between in-work poverty and ill-health.
- ‘Distinct lack of evidence on influence of in-work poverty on health and wellbeing’, Harkins & Egan (2013)
- Employment has an important impact on health. ‘Bad’ jobs can have a negative impact on health. Jobs with high stress, low control, ‘less skilled’, can have a negative impact on mental health
- Part-time work can be associated with poor health outcomes, as can temporary employment. Job insecurity also can have a negative impact on health. Again the impact is associated with mental ill health



# Responding to In-Work Poverty

- Issue has moved up political and policy agenda in recent years. Much attention has been focused on the raising the NMW and paying the living wage.
- Other comprehensive approaches to addressing in-work poverty have not been pursued – Tax Credits and other in-work support has been frozen or cut since 2010.
- ‘Single best action local authorities can take to reduce health inequalities is to implement a living wage policy’ (Kate Pickett, 2014)



# Action on In-work Poverty

- ✓ Introducing and spreading the living wage amongst all employers
- ✓ Developing programmes to encourage and support progression in the labour market
- ✓ Reducing the use of un-necessary atypical employment contracts
- ✓ Increasing the level of the NMW and improving enforcement
- ✓ Ensuring that Tax Credits and other in-work benefits are uprated and genuinely lift people out of poverty

# References

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- The rise of in-work poverty & the changing nature of poverty and work in Scotland, (2013) C.Harkins & J. Eagan, GCPH
- Future of the UK Labour Market (2014) K. Schmeucker, JRF
- [www.scottishlivingwage.org](http://www.scottishlivingwage.org) Scottish Living Wage Accreditation Initiative
- [www.slw.povertyalliance.org](http://www.slw.povertyalliance.org) Scottish Living Wage Campaign

# DECENT WORK DIGNIFIED LIVES



A Just Scotland Conference

'A Just Scotland – Decent work, Dignified lives'

15th October: Hilton Hotel, Glasgow

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MARCH & RALLY

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