



Thomas Wernham, IFS

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Online event

@TheIFS

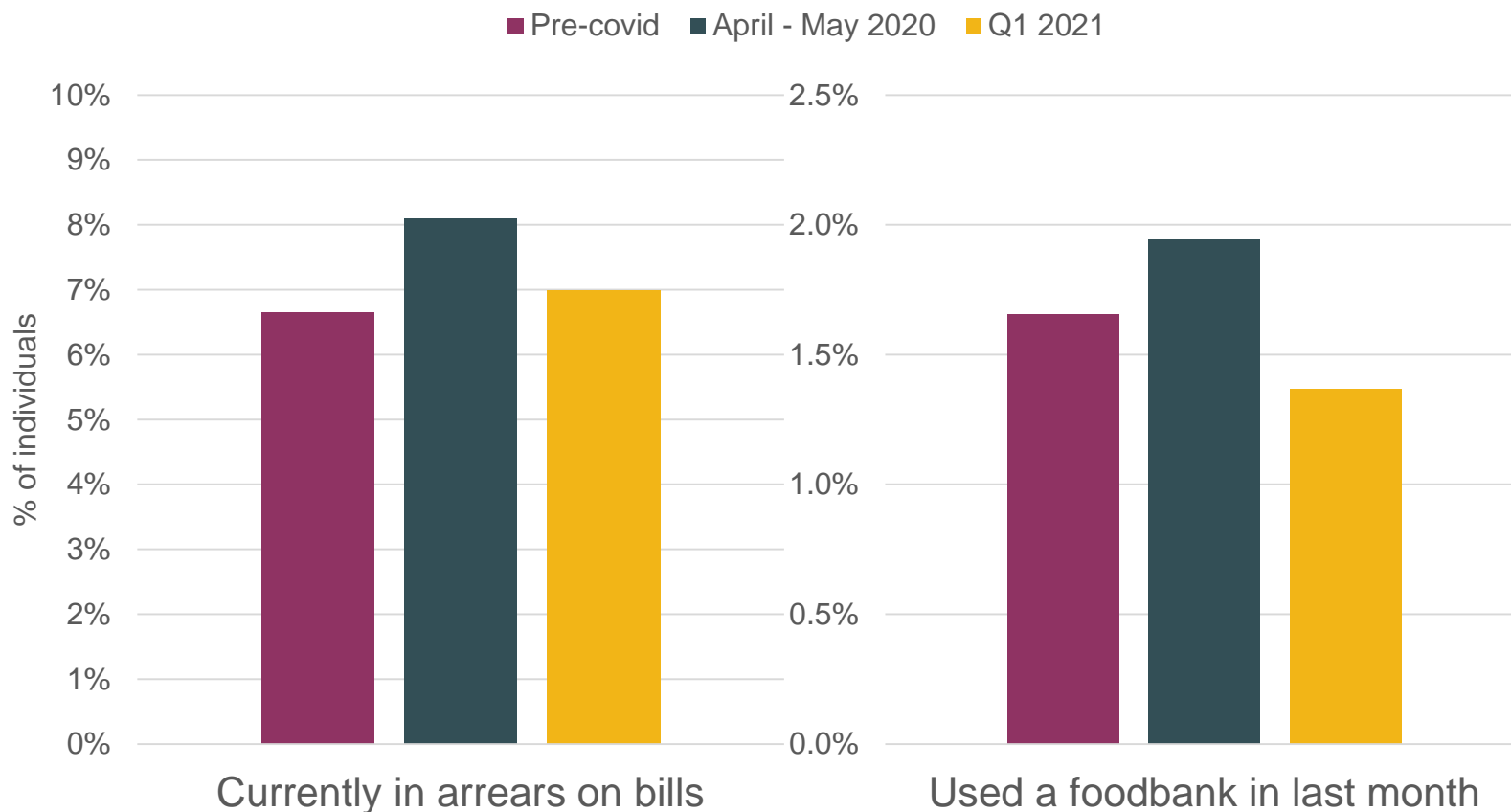
How have measures of material deprivation changed during the pandemic?

- We have seen the pandemic's impact on the labour market
- Government policy has tried to alleviate the impact on incomes
 - Furlough scheme
 - Self-Employed Income Support Scheme (SEISS)
 - Temporary uplifts to Universal Credit and Working Tax Credit
- So we need to investigate the impact on living standards directly

Changing living standards

- Here we focus on a set of measures of financial deprivation, available from the Understanding Society survey
- These allow us to measure financial hardship directly, and compare the experiences of different demographic groups
- We use four key measures, and see how they have changed for different groups and overall

Objective measures

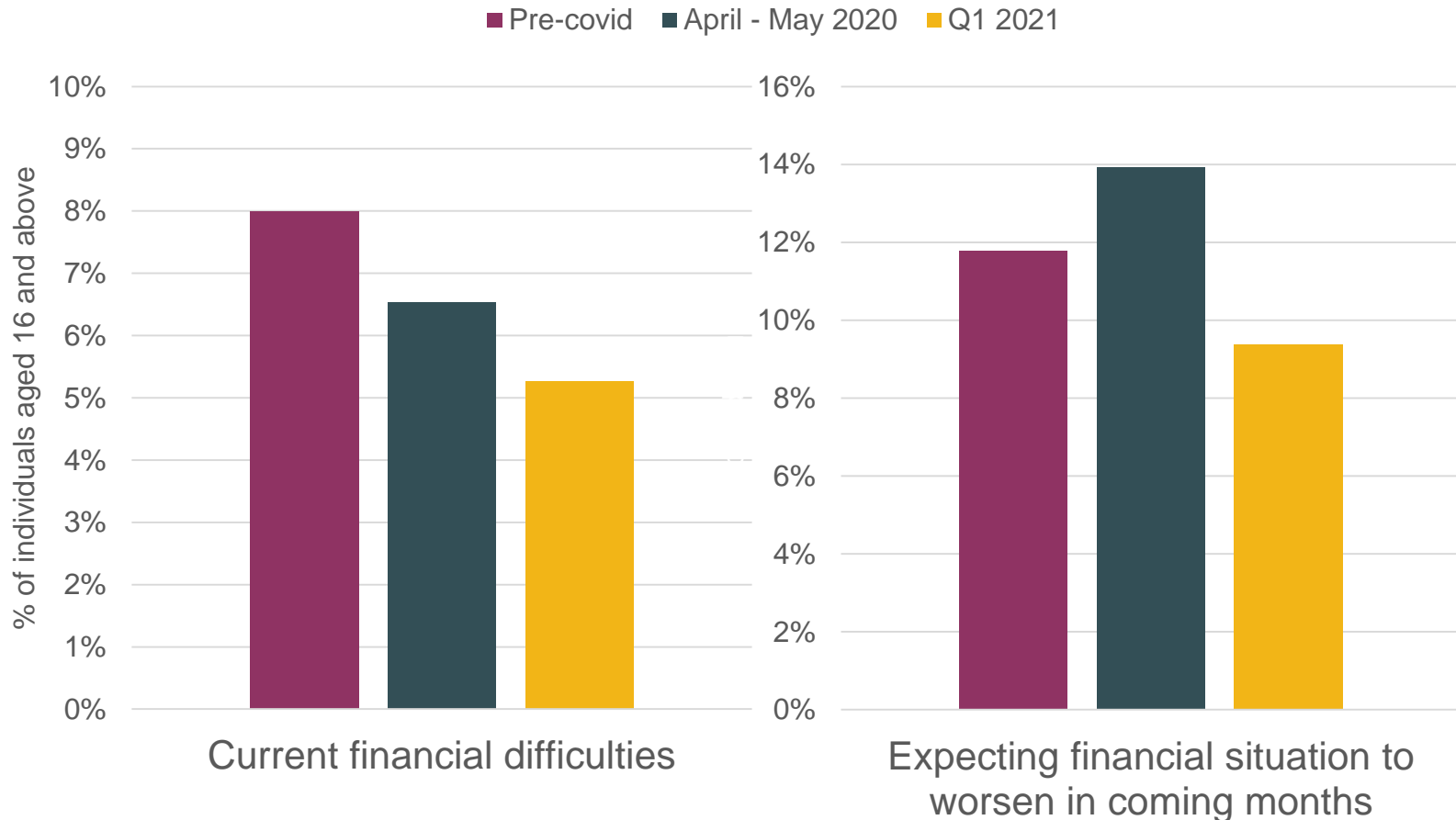


Note: Percentages are of individuals living in a household in each category. The 'pre-Covid' bills data were collected in 2018–19 for the bills measure, - the foodbank measure is for February 2020, as recalled in Summer 2020. The 'April–May 2020' data point is an average from the surveys in each of these months. 'Q1 2021' refers to March 2021 for the bills measure and January 2021 for the foodbank measure

Source: Authors' calculations using Understanding Society data.

How have measures of deprivation changed during the pandemic?

Subjective measures



Note: Percentages are of individuals aged 16 and above falling into each category. Data from before the pandemic were collected in 2018–19. The 'April–May 2020' data point is an average from the surveys in each of these months. 'Q1 2021' refers to March 2021.

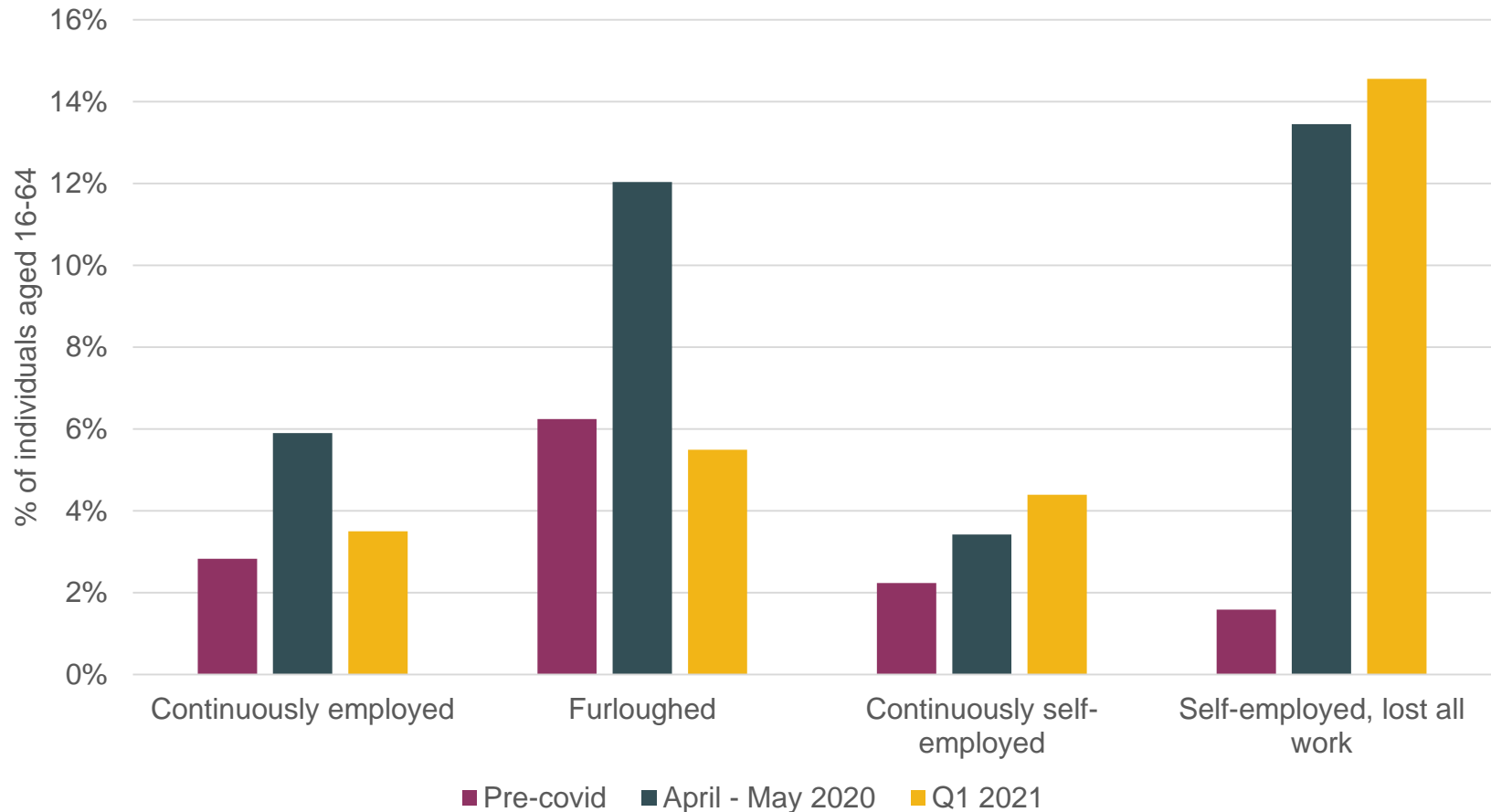
Source: Authors' calculations using Understanding Society data.

Changes by employment status



- Government support packages have differed considerably for different employment types
- We consider four groups, based on pre-pandemic status:
 - Employees, split by:
 - Still working in April 2020 (continuously employed)
 - Furloughed in April 2020 (furloughed)
 - Self-employed people, split by:
 - Those working in April 2020 (continuously self-employed)
 - Those working no hours in April 2020 (self-employed, lost all work)

Currently in arrears on bills, by employment status



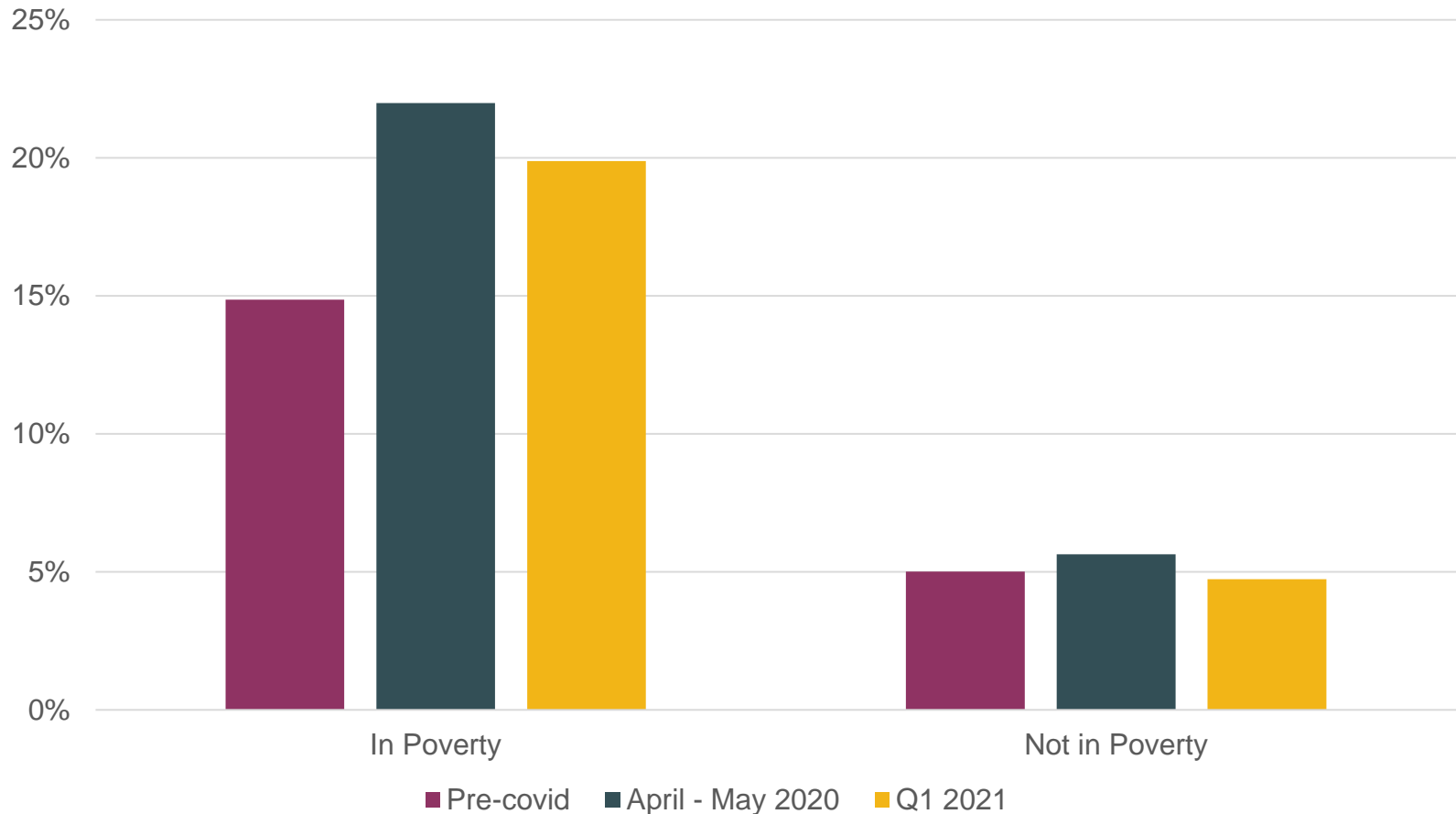
Note: Percentages are of individuals aged 16–64 falling in a household in each category. Data from before the pandemic were collected in 2017–18. The 'April–May 2020' data point is an average from the surveys in each of these months. 'Q1 2021' refers to March 2021.

Source: Authors' calculations using Understanding Society data.

Changes by pre-pandemic poverty status

- Households already struggling before the pandemic might have been even more vulnerable to the economic shock
- We compare the experiences of those in income-poverty before the pandemic to those with higher incomes.
- Then, amongst working-age households in poverty, we compare working and workless households.

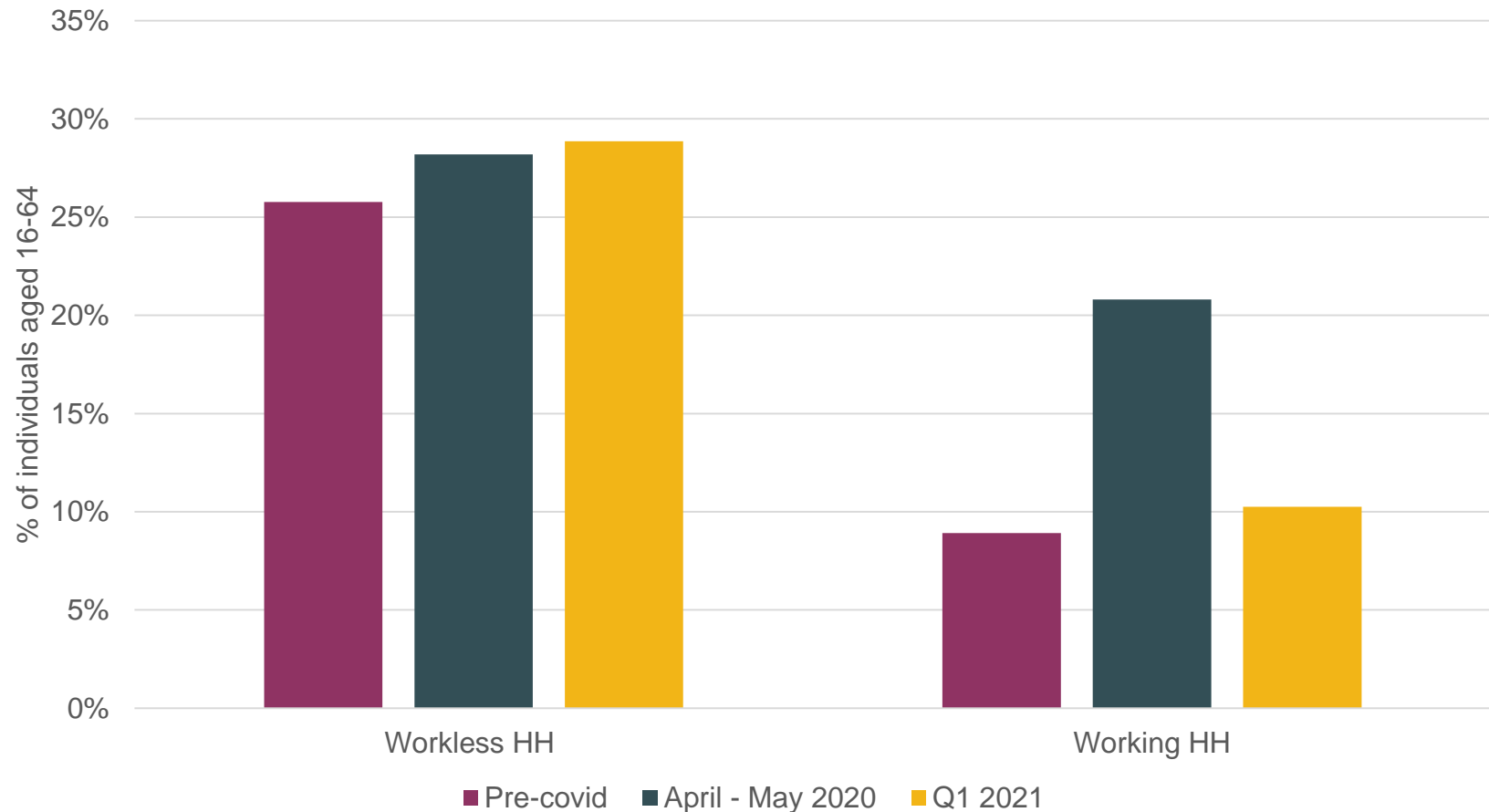
Currently in arrears on bills, by pre-pandemic poverty status



Note: Percentages are of people living in a household in each category.. Data from before the pandemic were collected in 2018–19. The 'April–May 2020' data point is an average from the surveys in each of these months. 'Q1 2021' refers to March 2021.

Source: Authors' calculations using Understanding Society data.

Currently in arrears on bills (in poverty), by pre-pandemic HH work status



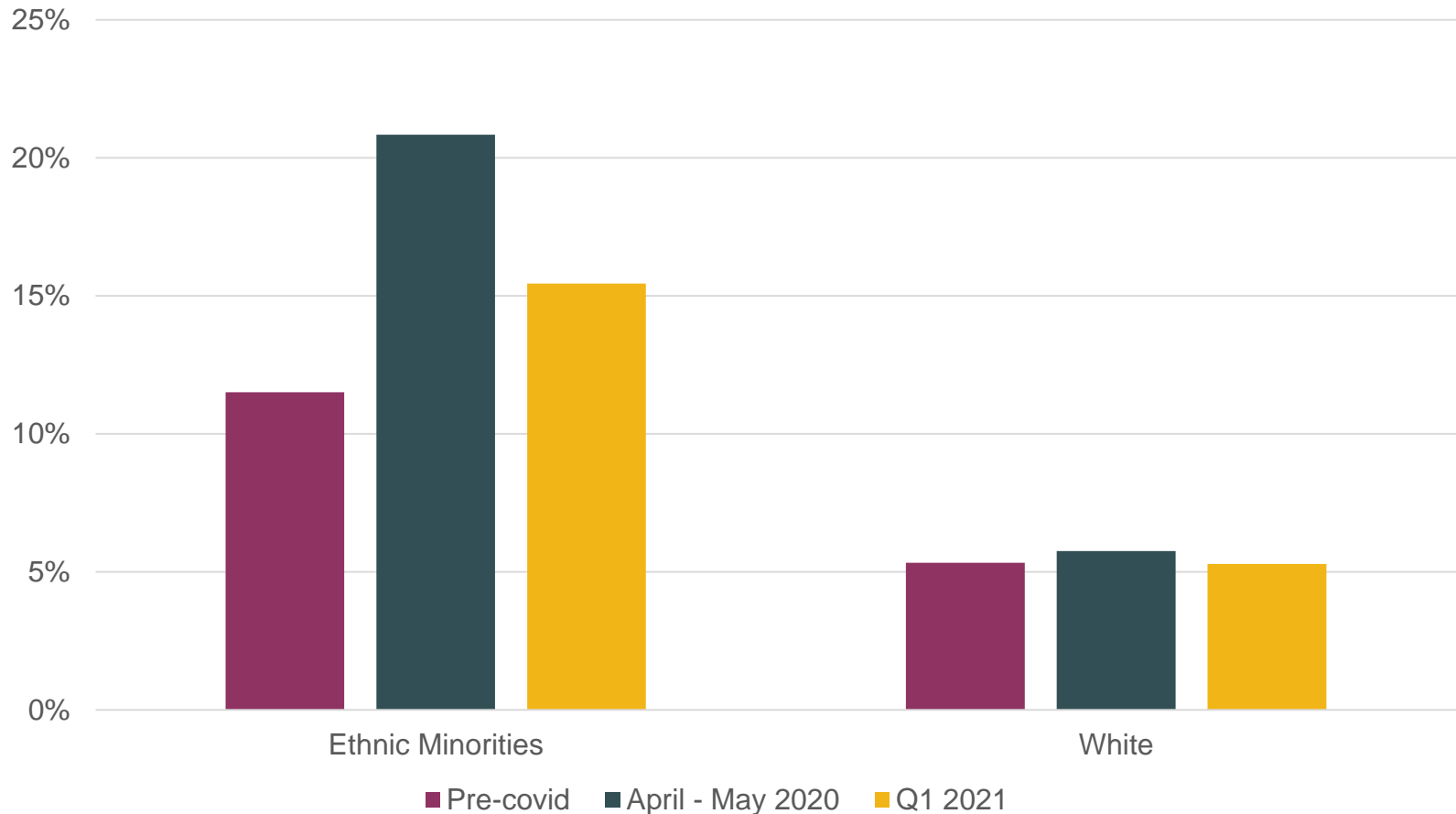
Note: Percentages are of people living in a household in each category. Data from before the pandemic were collected in 2018–19. The 'April–May 2020' data point is an average from the surveys in each of these months. 'Q1 2021' refers to March 2021.

Source: Authors' calculations using Understanding Society data.

Changes by ethnicity



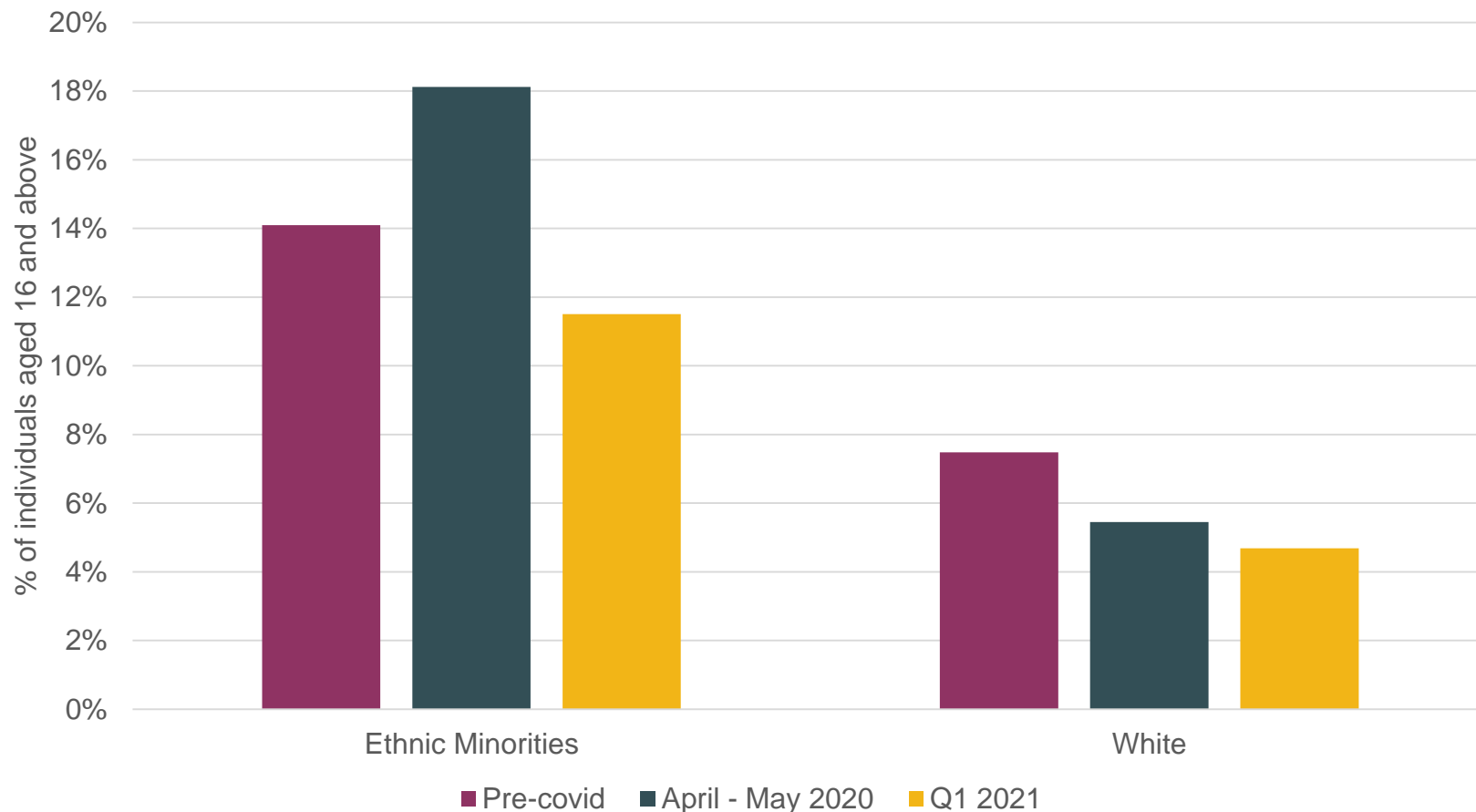
Currently in arrears on bills, by ethnicity



Note: Percentages are of individuals in a household falling into each category. Data from before the pandemic were collected in 2018–19. The ‘April–May 2020’ data point is an average from the surveys in each of these months. ‘Q1 2021’ refers to March 2021.

Source: Authors’ calculations using Understanding Society data.

Current financial difficulties, by ethnicity



Note: Percentages are of individuals aged 16+ falling into each category. Data from before the pandemic were collected in 2018–19. The 'April–May 2020' data point is an average from the surveys in each of these months. 'Q1 2021' refers to March 2021.

Source: Authors' calculations using Understanding Society data.

Changes by age

- We have seen how the pandemic's labour market impact has affected employment of younger adults severely
- We have also seen how the effect on household worklessness for younger adults has been no worse than the general population
- There isn't evidence of younger adults doing worse than older, working-age adults in terms of deprivation
- But the proportion expecting their situation to deteriorate doubled in the first lockdown

Conclusion



- Our indicators show limited change in overall deprivation, but different groups have been impacted unequally
- The self-employed who lost work have particularly struggled compared to employees
- On average, people of ethnic minorities saw far greater increases in hardship than the white majority, for whom there was little change
- Those already in poverty before the pandemic, particularly the working poor, were also harder hit than others

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