

# The future UK labour market: skills, jobs and poverty

**Investigations**  
Work in progress

Start date: March 2010

**What are the links between people's skills, the labour market and household income in the UK?**

The nature of the UK labour market is a major barrier to further progress on poverty. Its relatively high concentrations of low-paid, low-skilled and insecure jobs, offering little hope for individual progression, hamper attempts to reduce poverty through strategies that rely on paid employment as the 'best route out'. This problem is further shown by the growth in levels of in-work poverty in recent years. Policy would benefit from understanding more about how skills and poverty are or can be linked in practice.

## **This programme:**

- Seeks to understand links between people's skills, the labour market and household income, in order to develop strategies for reducing future poverty and inequality in the UK.

## **We aim to:**

- Analyse and review the links between skills and poverty.
- Review other countries' experiences and suggest how lessons might be applied in the UK.
- Provide a central forecast of poverty and inequality in 2020.
- Suggest a range of different labour market futures with the potential for less poverty and inequality, and how we might achieve them.

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**For the latest information, visit:**  
[www.jrf.org.uk/future-labour-markets](http://www.jrf.org.uk/future-labour-markets)

## At a glance

**Programme title:** The future UK labour market: skills, jobs and poverty

**Aim:** This programme aims to understand the links between people's skills, the labour market and household income in order to develop coherent strategies to minimise future poverty and inequality in the UK

**Timescale:** 2010–2011

**Budget:** £306,000 (JRF is committing £178,000)

**Contact:** Chris Goulden or Helen Barnard (Programme managers)

During 2010 and 2011, the JRF, in partnership with the UK Commission for Employment and Skills, will seek to understand the links between people's skills, the labour market and household income. This work will then enable the development of coherent strategies to minimise future poverty and inequality in the UK. This paper outlines what we are doing, why, and what we hope to achieve through this work.

This information is correct at the start of the programme. However, our programmes of work develop throughout their course. For the most up-to-date information, or to sign up for email alerts for this programme, visit: [www.jrf.org.uk/future-labour-markets](http://www.jrf.org.uk/future-labour-markets)

## What is the issue?

JRF's existing programmes on child poverty, recurrent poverty and *Monitoring Poverty and Social Exclusion* have all highlighted the nature of the UK labour market as a major barrier to further progress on poverty. Its relatively high concentrations of low-paid, low-skilled and insecure jobs, offering little hope for individual progression, hamper attempts to reduce poverty through strategies that rely on paid employment as the 'best route out'. This problem is further shown by the growth in levels of in-work poverty in recent years.

The links between skills, jobs and poverty are far from clear, yet Government policies are based on the assumption that improving qualification levels, especially for those less qualified, will eventually lead to better jobs, and so lower levels of poverty and greater income equality.

There is a strong risk that Government targets on skills and jobs, combined with the expected future shape of the UK labour market with shrinking opportunities for low-skilled and low-paid workers to progress, will not lead to significant improvements in job quality, poverty or income inequality. At an international level, there appears to be no direct relationship between income inequality and the prevalence of low skills in the adult population. There is however a stronger relationship with inequality in the distribution of skills, as opposed to simply the proportions of low-skilled adults. In short, policy would benefit from understanding more about how skills and poverty are or can be linked in practice.

## What do we want to achieve?

We aim to build support for policies and strategies on skills, employment and the labour market that have a demonstrable and beneficial impact on levels of poverty and inequality. Policy areas where this will apply include:

- Anti-poverty
- Benefits and welfare to work
- Skills and training
- Business
- Education
- Employment
- Migration

Governments across the UK have many targets and associated strategies for raising skill levels, increasing employment and lowering poverty. However, these targets and strategies are not as coherent and aligned as they need to be.

This programme aims to understand more about how skills and poverty are or can be linked in practice. It will be relevant to:

Government and opposition politicians; civil servants; employers; QUANGOs; lobby groups; the media; think tanks; researchers and academics; practitioners; and international organisations.

## What are we doing?

In partnership with the UK Commission for Employment and Skills, JRF aims to build an understanding of the relationship between future poverty and inequality in the UK. This will involve:

- Analysis and review of the links between skills and poverty.
- A review of other countries' experiences and how lessons might be applied in the UK.
- A central forecast of poverty and inequality in 2020.

JRF aims to draw on this evidence to influence policy and to suggest a range of different labour market futures with the potential for less poverty and inequality, and how we might achieve them.

## Why is this topic a priority for the JRF?

This programme forms part of JRF's strategic activity on the 'post-recession economy', alongside our Housing Market Taskforce and work on 'communities in recession'. It aims to provide a clear challenge to simply repeating pre-recession models of growth.

This programme builds on the joint expertise of JRF and the UK Commission and fits JRF's strategic aim to search out the underlying causes of poverty and to provide policy solutions.

## What has informed our thinking?

This programme stems from extensive discussions with the UK Commission and other stakeholders: Trades Union Congress, Department for Business, Innovation and Skills, Cabinet Office, Equality and Human Rights Commission, Resolution Foundation, Conservative Policy Unit and the Child Poverty Unit.

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## About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation and the Joseph Rowntree Housing Trust are two independent charities that work together to understand the root causes of social problems, identify ways of overcoming them, and show how social needs can be met in practice.

Our purpose is to influence policy and practice by searching for evidence and demonstrating solutions to improve:

- the circumstances of people experiencing poverty and disadvantage;
- the quality of their homes and communities;
- the nature of the services and support that foster their well-being and citizenship.

Most of our work centres on the interconnected themes of poverty, place and empowerment.

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