



Ethnic Inequalities in Britain: Focus on the 2015 Budget, Housing and London

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About Runnymede

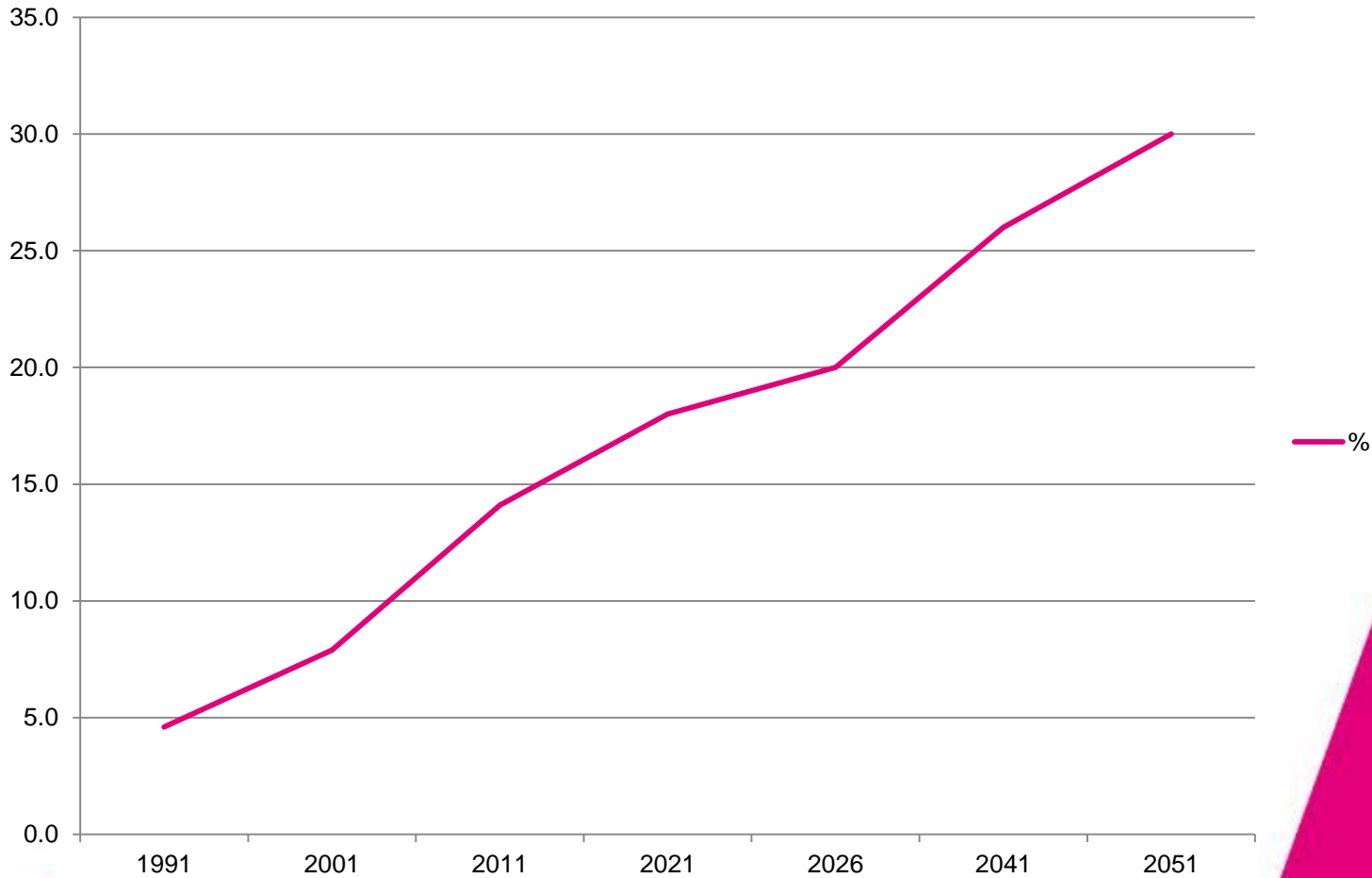
Runnymede is the UK's leading independent race equality think tank. We work through:

- High quality research and analysis
- Engaging communities
- Influencing policy

Summary of presentation

- Effect of budget on BME households
- Summary of local ethnic inequalities, including
 - Education
 - Employment
 - Housing

Growth of BME population, 1991-2051



Persistent poverty by ethnic group

Persistent poverty rates (2009-2012)*



*Poor in all years 2009/10-2011/12

Summary of budget findings (1)

- Black and minority ethnic (BME) people are more likely to be negatively impacted by the 2015 summer budget
- More than 1.25 million BME households and more than 4 million BME people could be worse off
- Inequality in the affected areas is likely to worsen for BME people, meaning the cumulative effect of the budget may become even more unfair with time

Summary of findings (2)

- Bangladeshi & Pakistani households are particularly affected, with half of Bangladeshi households out by £1,000 or more
- Black African households will also be worse off, but even Indian and Chinese households are more likely to be affected because they have higher rates of low income households
- The Government have been unable to point to measures that will clearly benefit BME people
- The Government urgently need to carry out a formal audit, or a full Equality Impact Assessment on the budget, including its effect on BME people

Why BME people more affected

- Tax credits
- Part time working
- Low pay
- Minimum wage, living wage
- BME people living in London
- Child poverty
- BME young people
- Apprenticeships
- Benefit cap
- Households type, including three or more children
- Inheritance tax

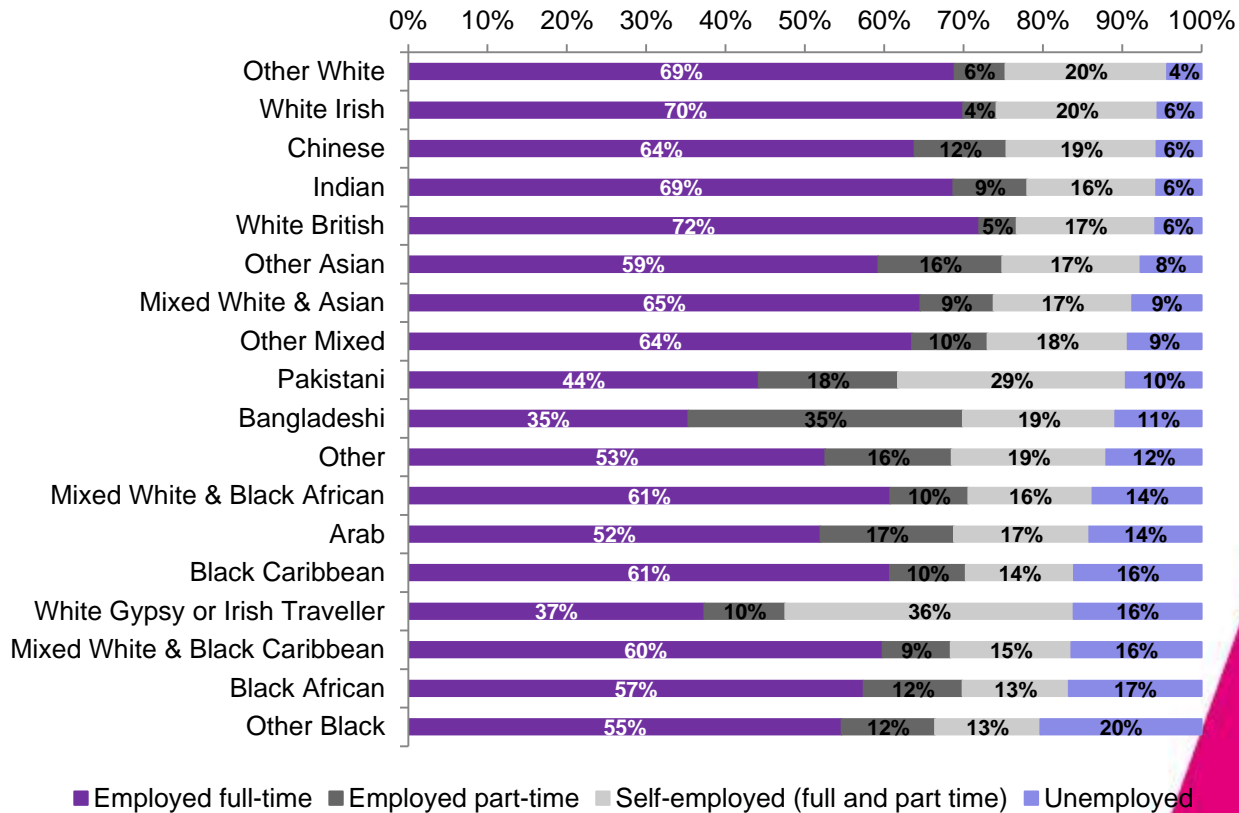
Tax Credits

- Tax credits: 2% of White British, 6% of Black, 10% of Pakistani/Bangladeshi household income
- Cuts to tax credits are up to five times more likely to adversely affect some BME people. Cuts to tax credits will therefore increase racial inequalities because they disproportionately affect BME families (who are already more likely to be living in poverty.)

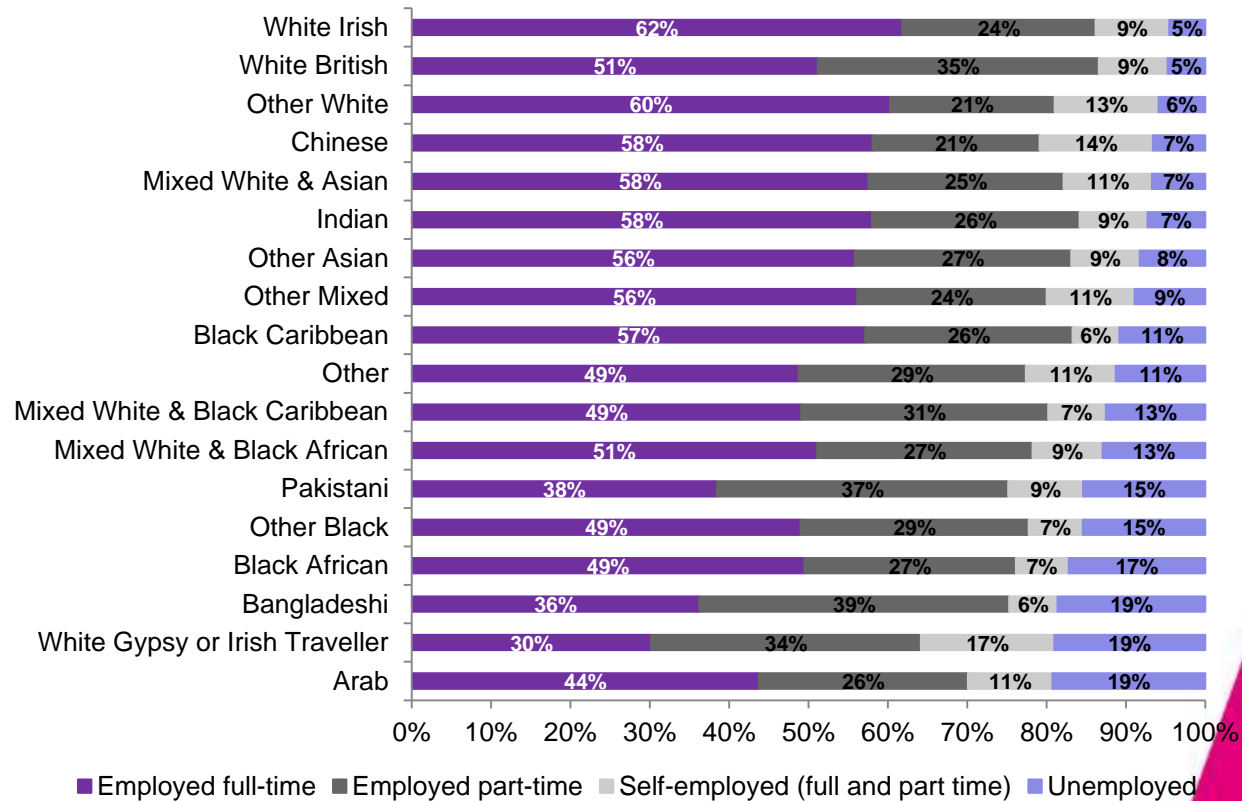
Part-time working

- Most part-time workers on low incomes will be worse off, with only full-time workers with no children on minimum wage clearly better off.
- 5% of White men worked part time in 2011, compared to 9% for Indian men, 10% for Black Caribbean men, 12% for Black African and Chinese men, 18% for Pakistani men and 35% for Bangladeshi men
- (with only 35% of Bangladeshi men employed full-time, compared to 72% of White men).

Full-time, part-time, self-employment, unemployment, men, aged 25-49, 2011



Full-time, part-time, self-employment, unemployment, women, aged 25-49, 2011



Low pay and hours

- A key reason for the higher rate of tax credits are the lower wages (and fewer hours) among BME households. While around 15% of White British men earn below the living wage, this rises to around 40% of Pakistani men and nearly 60% of Bangladeshi men,
- The IFS estimates the bottom three deciles will be around £1,000 worse off from the budget overall
- Median Bangladeshi household is within these bottom three deciles, implying that half of Bangladeshi households will be £1000 or more worse off.

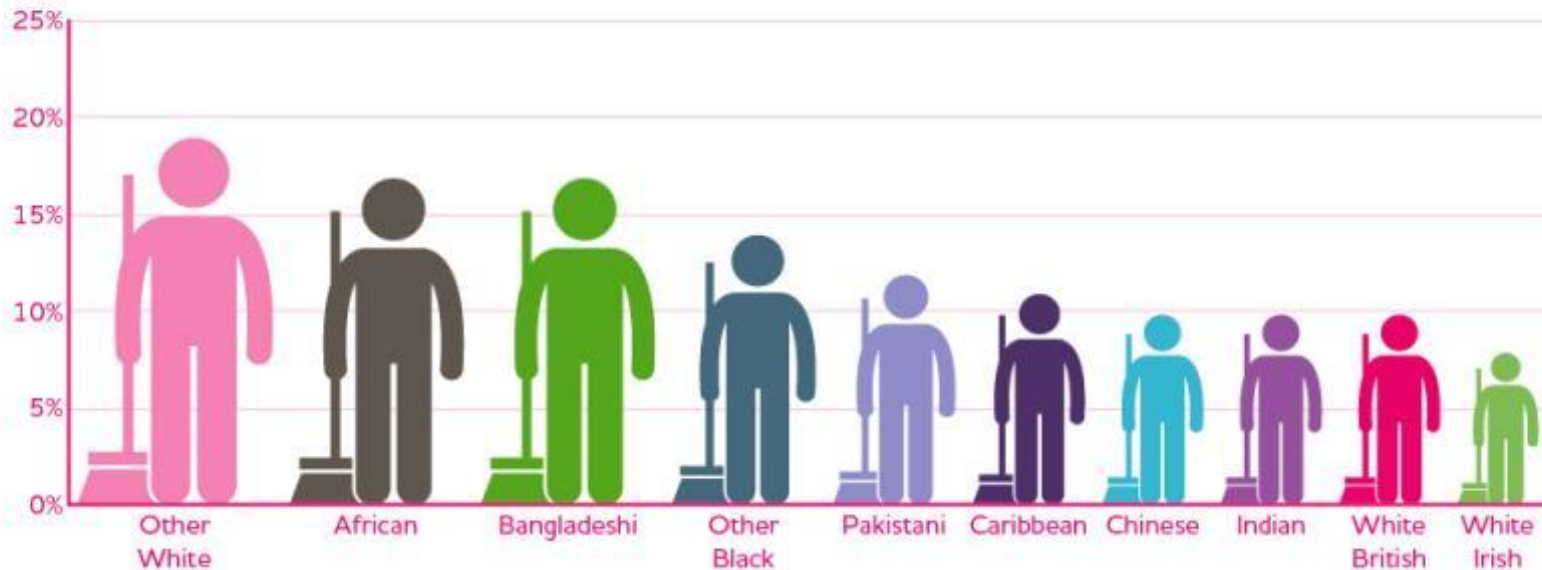
Low pay and wage inequality

Percentage employees below living wage, by ethnic group (1993 to 2012)



Much wage inequality driven by 'occupational segregation'

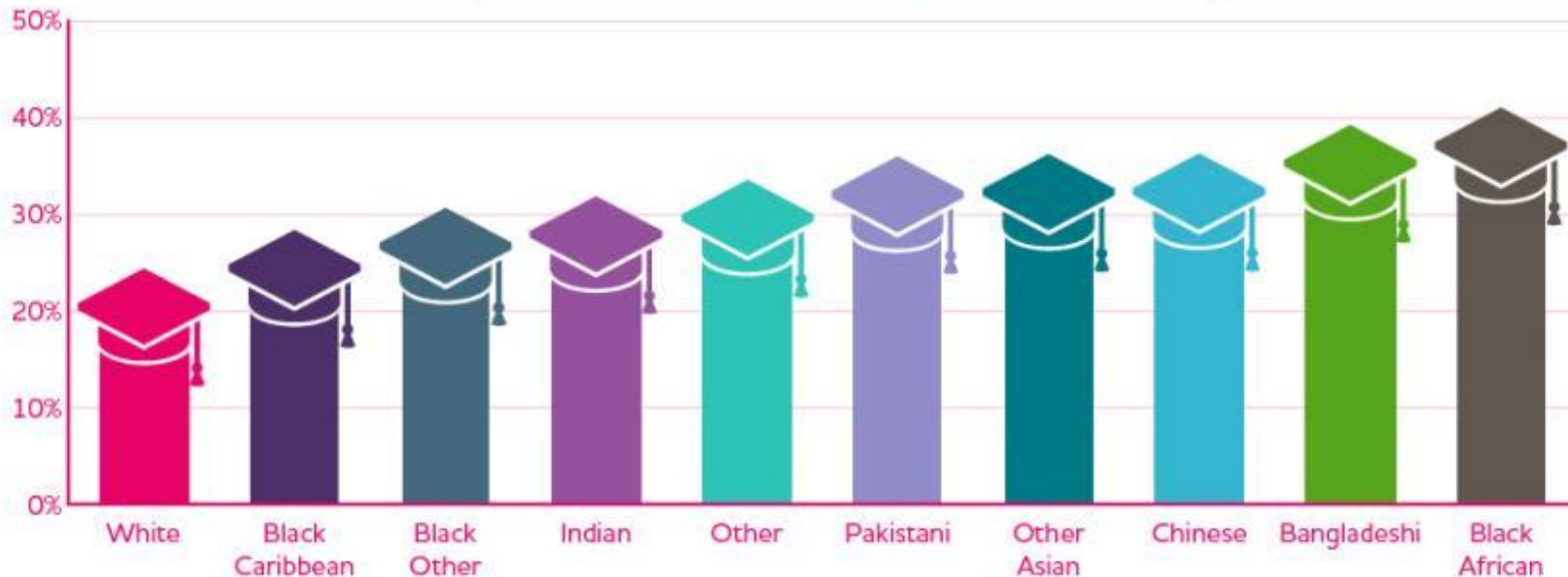
Percentage of each ethnic group working in the lowest paid occupations



But also over-qualification

(see also Runnymede briefing on Russell group graduates)

Percentage of graduates in the UK in each ethnic group who are overqualified for their jobs (2009 to 2012)



Minimum Wage vs Household Income

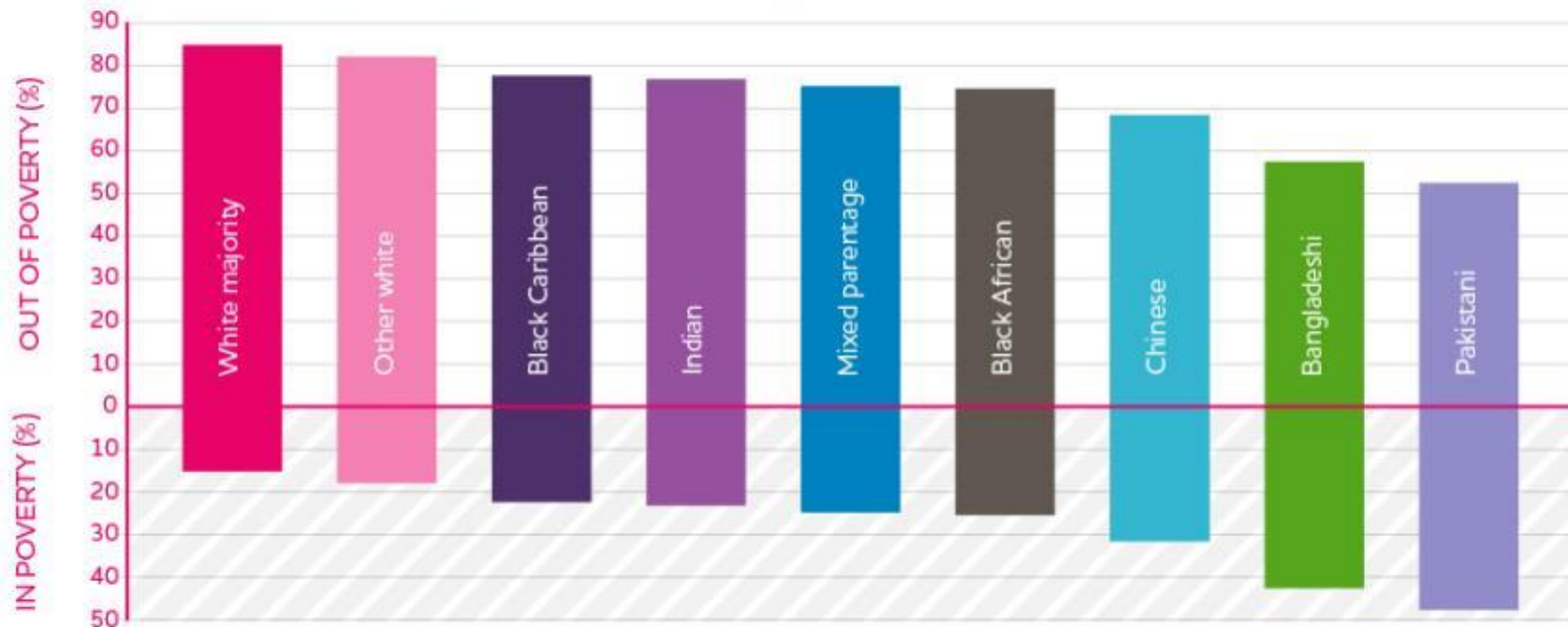
- A wage increase does not necessarily mean an increase in income, particularly for many low income households, for lone parents and couples with children working 30 or 40 hours on the national minimum wage, and the average single-earner family on in-work tax credits, household types more common among BME people.
- It is important to recognise the clear impact a rise in the minimum wage will have on BME workers, and the possible reduction of racial inequalities as a result. However, overall the various features of BME households suggest that these benefits are likely to be eroded by other changes in the Budget.

Child Poverty

- 50% of Pakistani children, over 40% of Bangladeshi children living in poverty, and all BME groups having higher child poverty rates than white British children.
- Because BME households have slightly more children, the 2015 budget is likely to increase BME child poverty further from its already high levels, although if white British child poverty also increases racial inequalities may narrow.

Child poverty by ethnic group

Child poverty before housing costs, 2009/10 to 2012/13



Young People (1)

- Median age: White British is 42
- Mixed population only 18; 23 for Black Other, 24 for Bangladeshi, 25 for Pakistani, 27 for Arab and 28 for Chinese and for Black African people in Britain
- Youth unemployment is much higher (around double) among BME people, having risen by 49% over the past 5 years compared to a 2% fall among young white people.
- These figures indicate why the budget's inability to extend support to young people will likely increase racial inequalities.

Young people (2)

- Housing benefit - will particularly affect BME young people. This is because BME households are not only more likely to include young people, but also more likely to be overcrowded.
- Nearly half of all overcrowded households in Britain are among ethnic minorities, but the government is now restricting access to housing benefit for people in their late teens and early twenties.
- Among BME young people affected by this change, many will be living in overcrowded households, sharing bedrooms with younger siblings, and so these changes are more likely to negatively affect housing quality among BME families and young people.

Apprenticeships

- The government has committed to 3 million further apprenticeships, but this policy has in the past failed to benefit BME young people equally.
- According to David Cameron 9.5% of apprenticeships were taken up by BME people, well below the proportion of BME young people, which is over 20%. (and 26% of applicants)
- Further expanding apprenticeships without addressing the disproportionately few number of BME apprenticeships will widen racial inequalities, with
- The Prime Minister' commitment to 10% BME apprenticeships implying white British applicants will be twice as likely to benefit, with 300,000 BME young people losing out

Benefit Cap

- 40% of those affected by the benefit cap are BME, though they make up just 14% of the UK population.
- BME people make up 16% of Jobseekers' Allowance claimants, 16% of lone parents claiming income support, and 9% of those on Employment and Support Allowance (ESA).
- Reducing the cap further, even taking into account a slightly higher cap in London, will likely further increase racial inequalities, especially as the savings have been earmarked for the apprenticeships policy that is itself likely to increase racial inequalities.

Household with 3 or more children

- The overall number of households with three or more children roughly the same over time (30% for those born in 1955; 28% for those born in 1975 and 27% for 1995 births)
- Variation by ethnicity: Around 8% of White, Chinese families have 3 or more children compared to 13% of Mixed families, and 24% respectively for Black and Asian British families.
- Changes in Child Tax Credits will result in lower incomes in these households, and so increase BME child poverty and racial inequalities.

Household type generally

- Among low income family types, only childless and non-disabled individuals currently working 40 hours on the national minimum wage will gain from these changes, and BME people are less represented among this household type.
- The IFS has also indicated significant losses for lone parents. Given the higher proportion of BME households (especially Black households) headed by lone parents, this may also increase racial inequalities.

Inheritance Tax

- Increase in the inheritance threshold to £1 million will benefit the richest households; only 5% estates currently pay
- BME people disproportionately likely to be low earners, but also less likely to have significant assets, own homes
- Average White British household assets: £221,000, compared to £21,000 for Black African and £15,000 for Bangladeshi
- While most groups have less than half of the White British wealth holding, Indian household median net wealth of £204,000 is not far off the White British figure and so perhaps as many as 1 in 20 Indian households may benefit from the rise in inheritance tax

Minimum Wage: positive news

- The Chancellor called the new minimum wage of £7.20 a new 'living wage'. Not so far off from the £7.65 living wage
- Will very likely increase the wages for a large number of BME individuals because of much higher proportion of BME people who currently earn the minimum wage (previously £6.50)
- 6% of White people earn the minimum wage; 8-9% for Chinese and 'Other Black', and 12-14% of Bangladeshi and Pakistani workers.
- Recently one-third to half of Bangladeshi men in work earned less than £7 per hour, so up to half of Bangladeshis could see a wage increase because of the budget.

Earning below the minimum wage

- The rise in the minimum wage won't do anything to help those currently earning less than the minimum wage – those exploited by their employers and paid an illegally low wage.
- This includes 18% of Bangladeshi workers, 11% of Pakistani and Chinese workers, 5% of Black African and Indian workers, but under 3% of White workers. Failing to address this abuse while increasing the minimum wage will therefore further increase ethnic inequalities.
- So while we suggested above that as many as half of Bangladeshi could benefit from the rise in the minimum wage, this suggests that only 20-30% (i.e. the proportion currently earning between the minimum wage and £7 per hour) will benefit.

London

- The new national minimum wage (NMW) will be much lower than the living wage in London.
- Over 40% of BME people in the UK live in London, including nearly 60% of Black British people, and the living wage in London is £9.15 today, already above the 2020 target for the NMW established in the budget.
- The existing living wage is based on existing tax credit support.
- If poverty rises in London, this will mean that racial inequalities will rise in the UK too

Implications

Inequalities will not disappear of their own accord

- **Local initiatives** are required
- **Lessons can be learnt** from districts that have reduced ethnic inequalities over the 2000s
- **National policy** will is also crucial
- Addressing ethnic inequalities can help address disadvantage for all and should be part of **mainstream policy and practice**
- Given that inequalities can reflect discrimination and failure to meet potential, and that inequalities can be a source of resentment and tension, addressing inequality should be central to local authority initiatives

Local Ethnic Inequalities Project

- The project aimed to **profile inequalities** between ethnic groups for **districts** of England and Wales on four indicators:
 - Education
 - Employment
 - Health
 - Housing
- **Census** data, 2001 and 2011
- Collaboration between the ESRC Centre on Dynamics of Ethnicity (**CoDE**) and **The Runnymede Trust**

The Evidence

- **Census** data 2001 and 2011
- **Districts** of England and Wales
- Inequality **measured** as difference between White British and ethnic minority groups on key social indicators
- **Ethnic groups**: Ethnic Minority (other than White British), White Irish, White Other, Black, Asian, Mixed, Other

Indicators of Inequality:

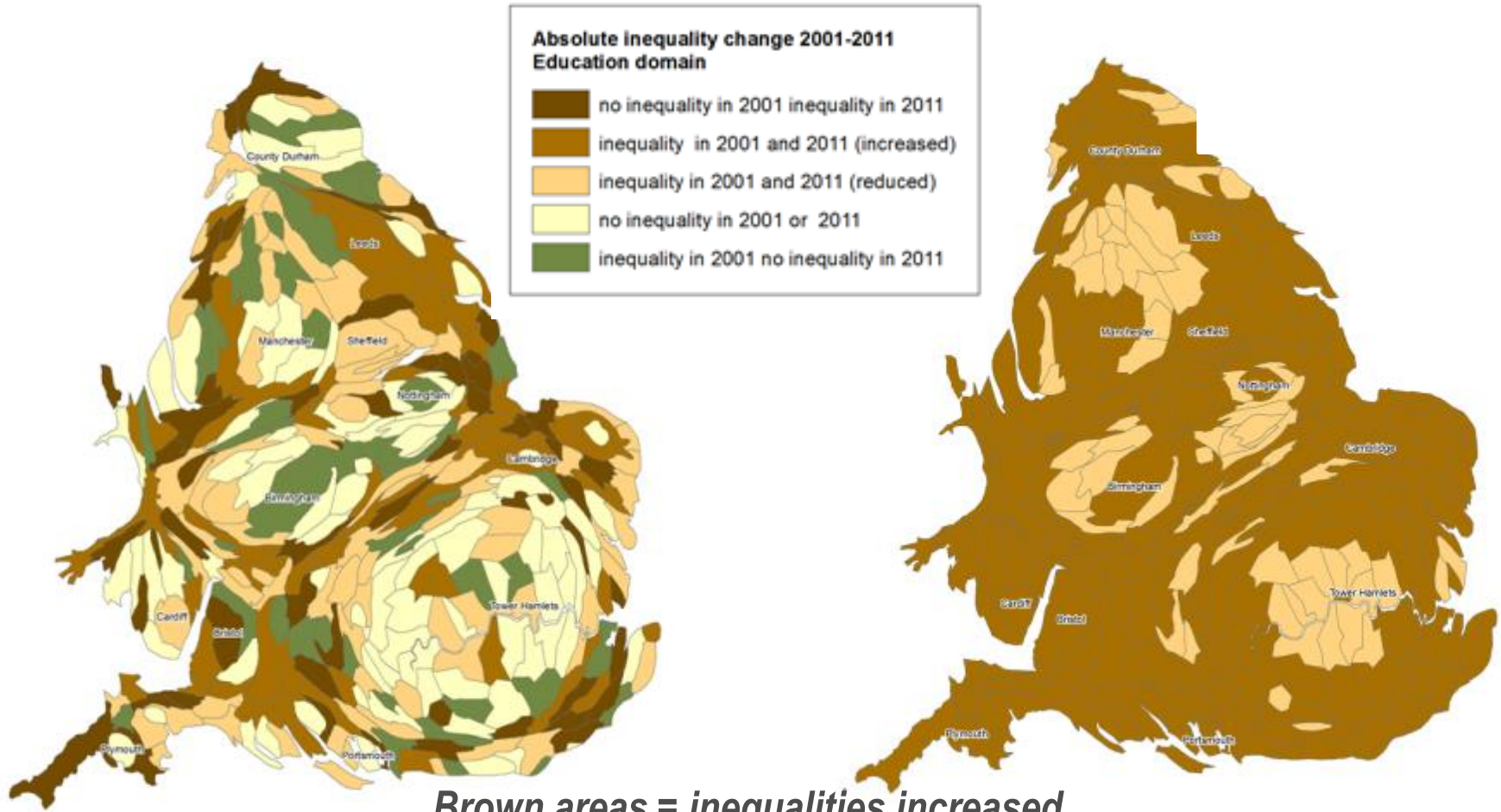
- Education: % age 16-24 with no qualifications
- Employment: % aged 25 and over who are unemployed
- Health: % with limiting long term illness (age standardised)
- Housing: % overcrowded

Findings: Headlines for England and Wales

- Ethnic inequalities in education, employment, health and housing are **widespread** in England and Wales and **persistent** since 2000
- There has been an **increase in ethnic inequalities in employment and housing**
- Ethnic inequalities exist in diverse and deprived areas (e.g. Tower Hamlets) but also in areas with low ethnic minority concentrations, in **more affluent areas**, and **rural areas** (e.g. Breckland)
- Many of the districts that have become **more unequal** between 2001 and 2011 are semi-rural and rural districts that had **low ethnic diversity** levels and small ethnic minority populations at the start of the decade
- Some districts may be seen as **success** stories (e.g. Bradford) for having reduced ethnic inequalities over the 2000s

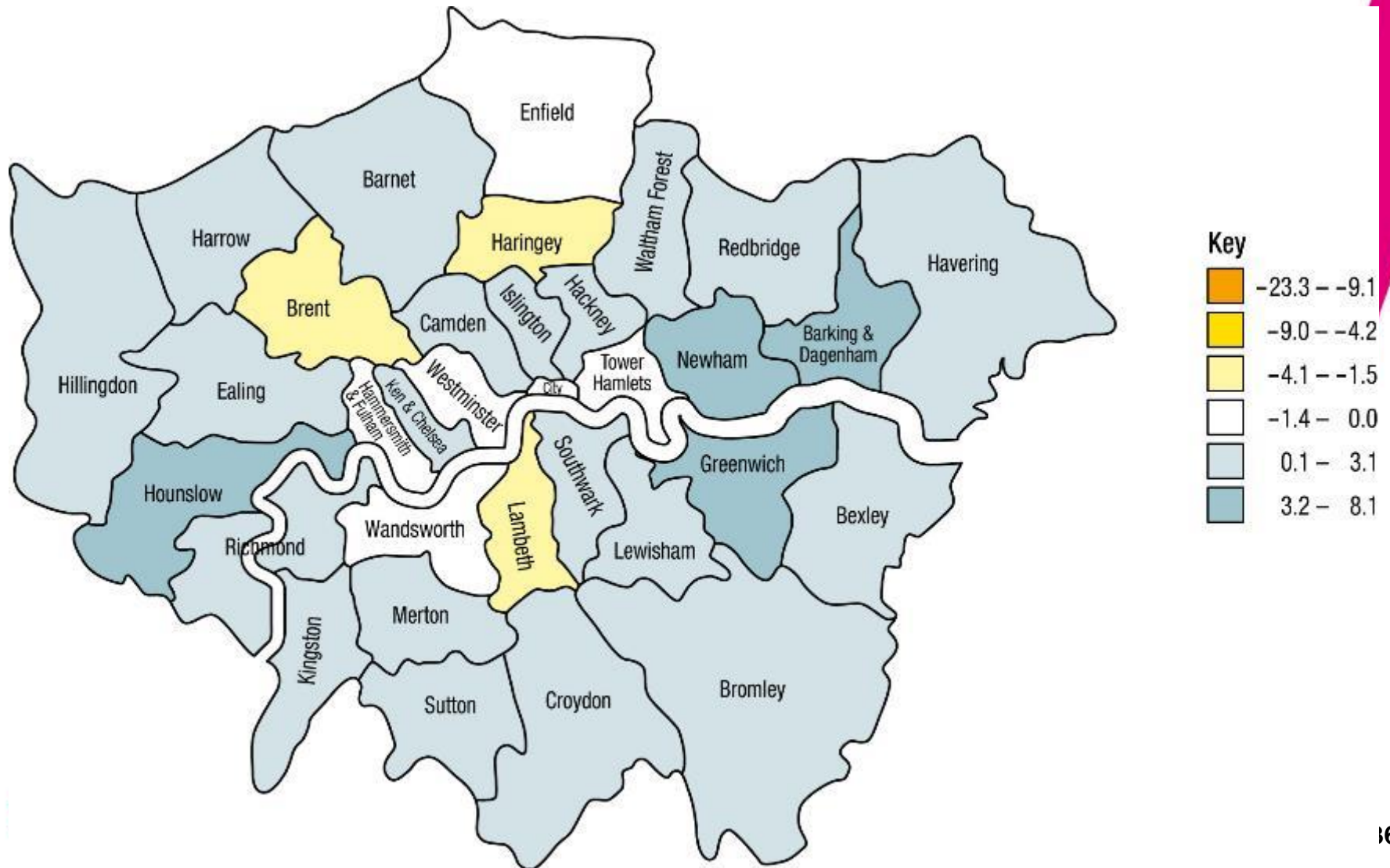
Education inequality 2001-2011:
districts with increased and decreased
inequality between White British and
ethnic minorities

Housing inequality 2001-2011: districts
with increased and decreased
inequality between White British and
ethnic minorities

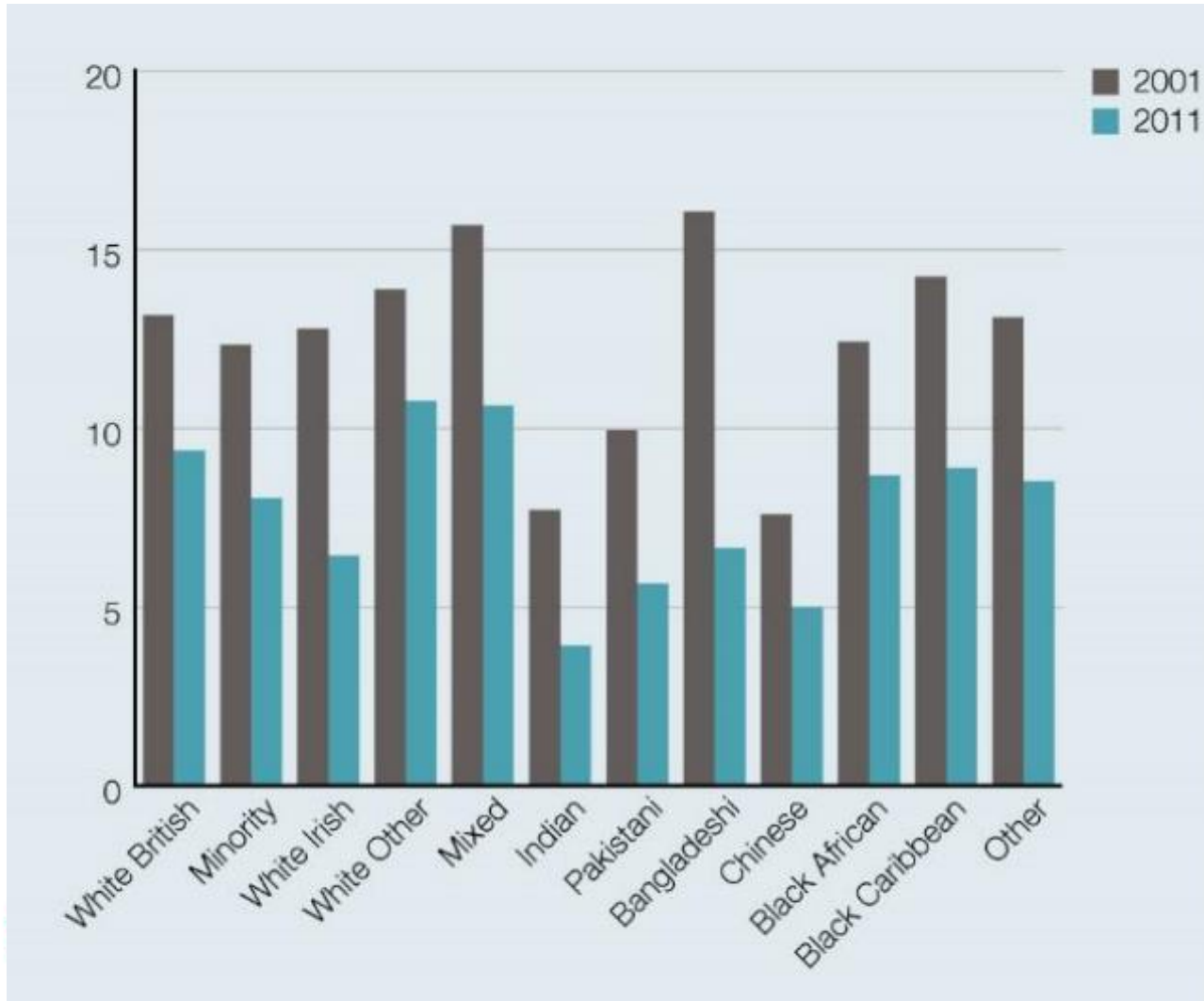


Brown areas = inequalities increased
Peach areas = inequalities reduced
Green areas = inequalities eliminated

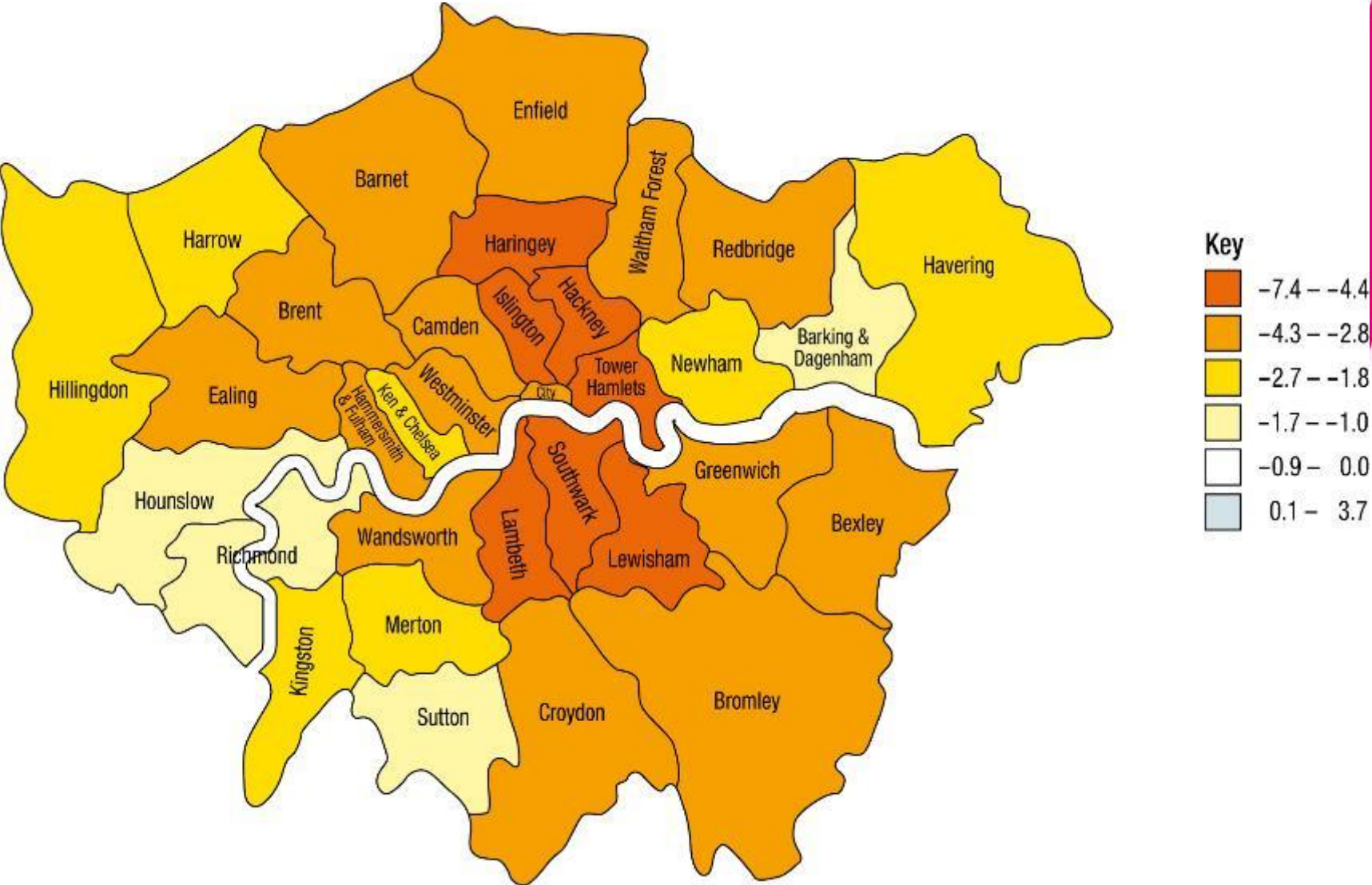
Absolute educational inequalities (2011)



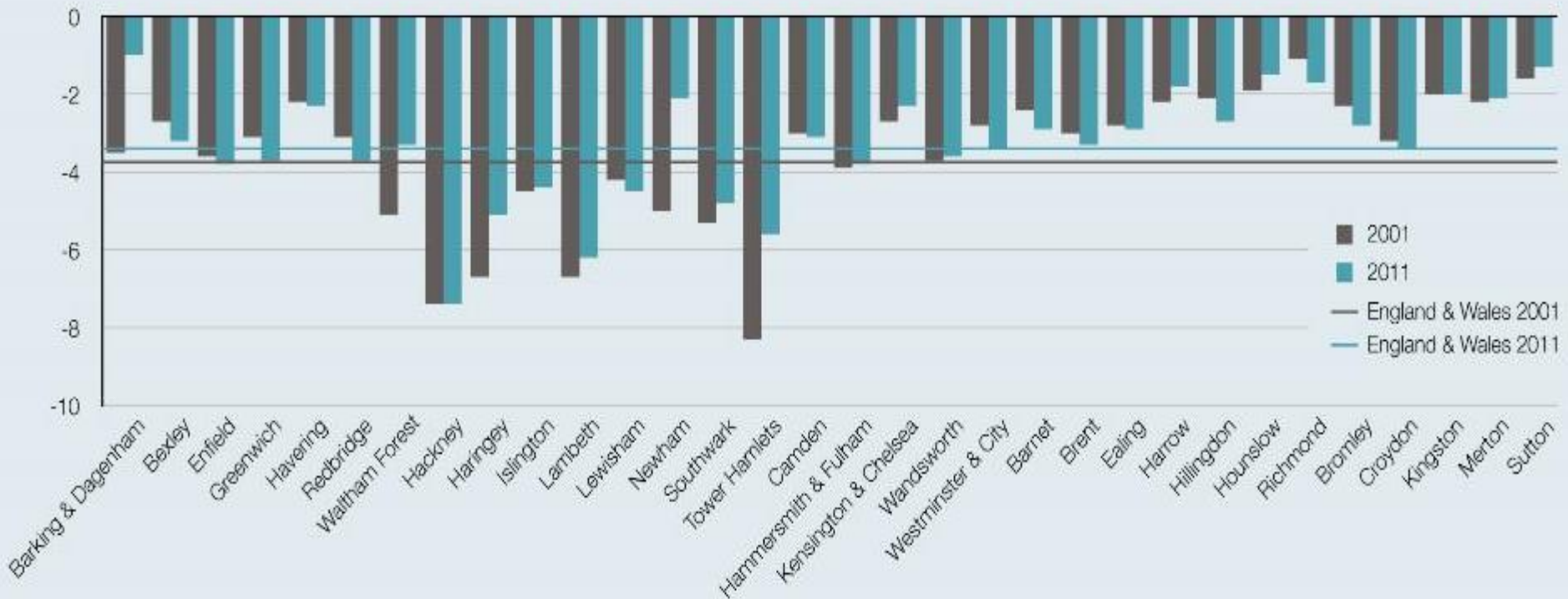
Percentage of 16-24 year olds with no qualifications ethnic group (2001 vs 2011)



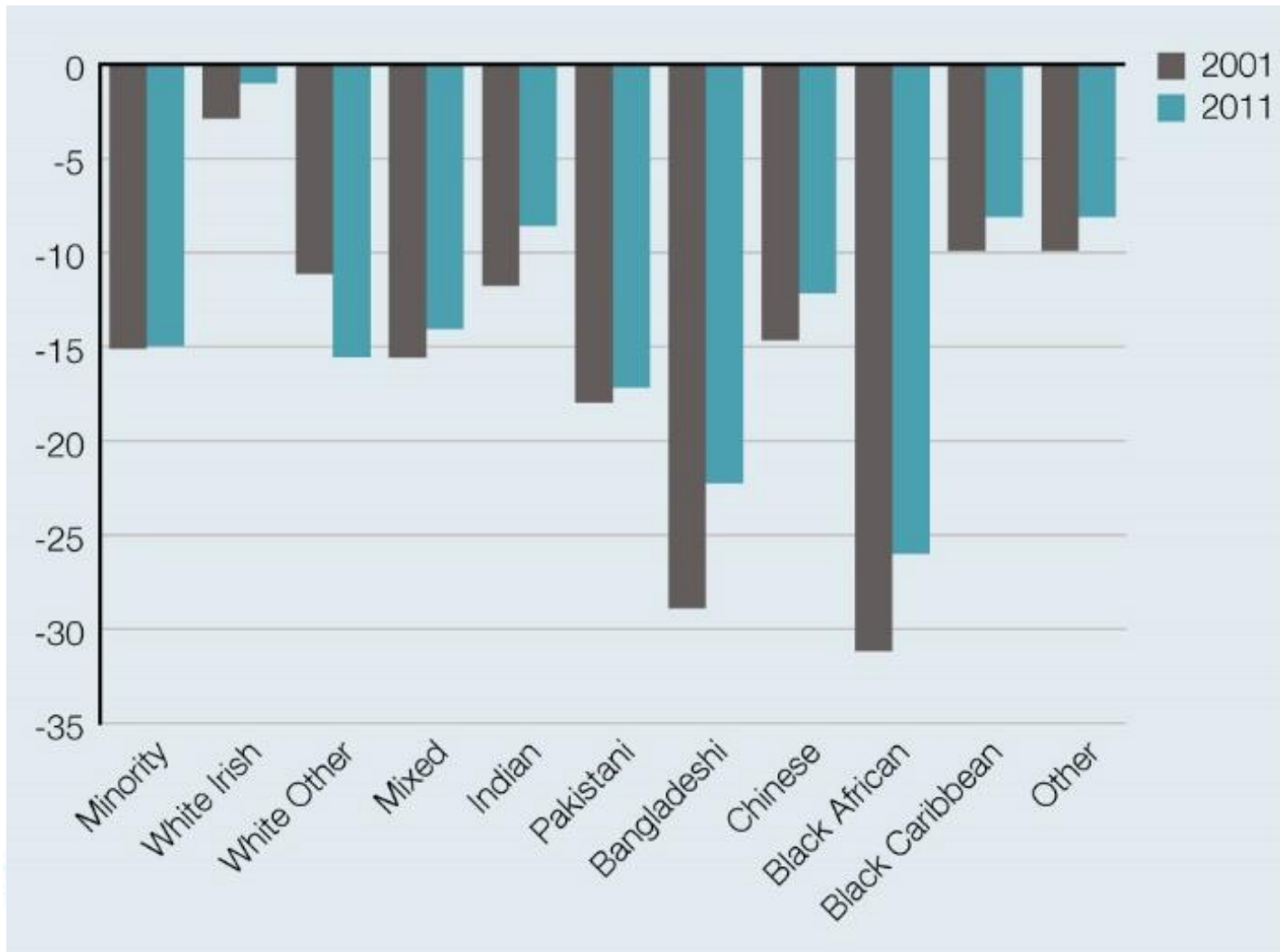
Absolute employment inequalities (2011)



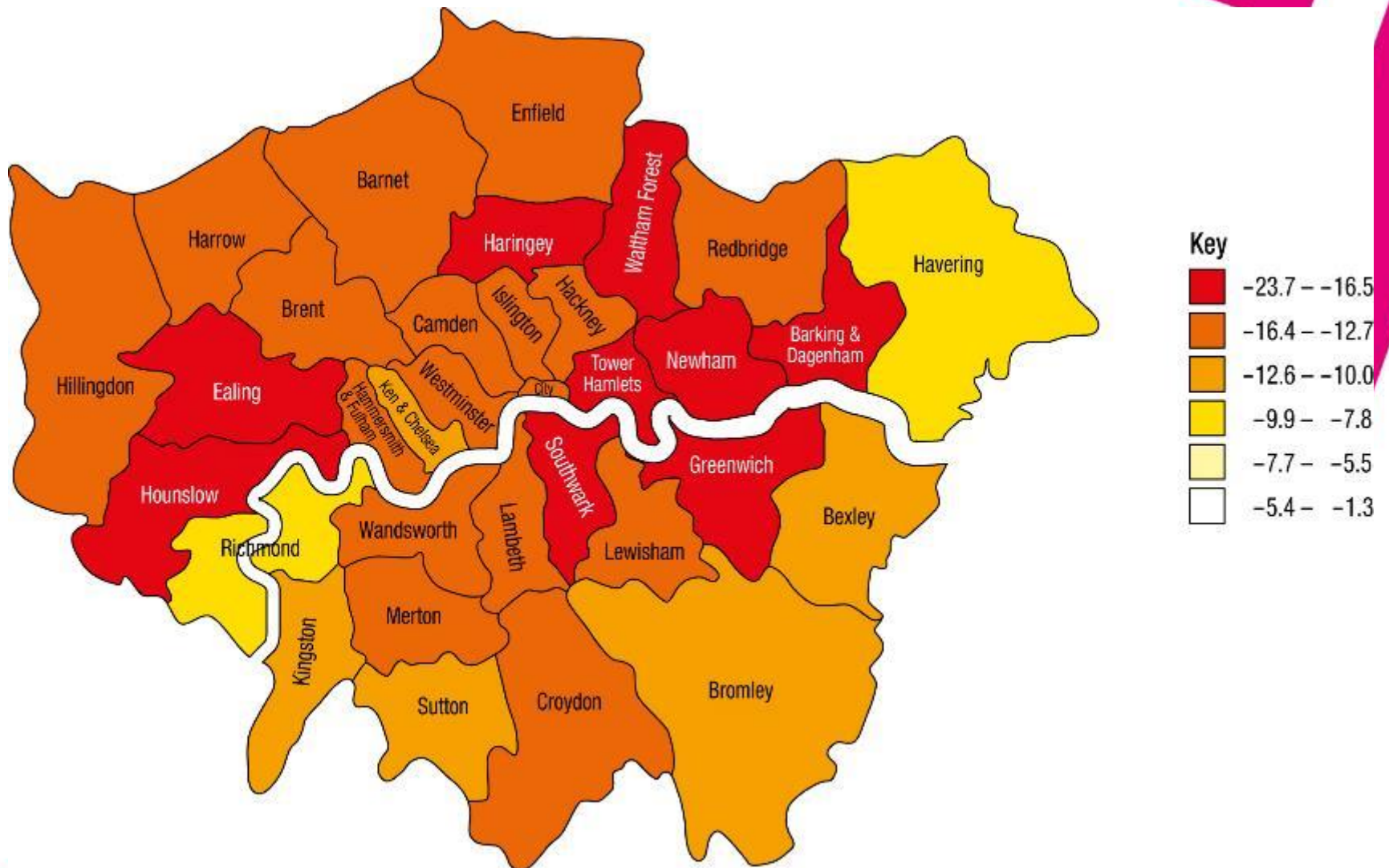
Ethnic employment inequality by London borough: 2001 and 2011



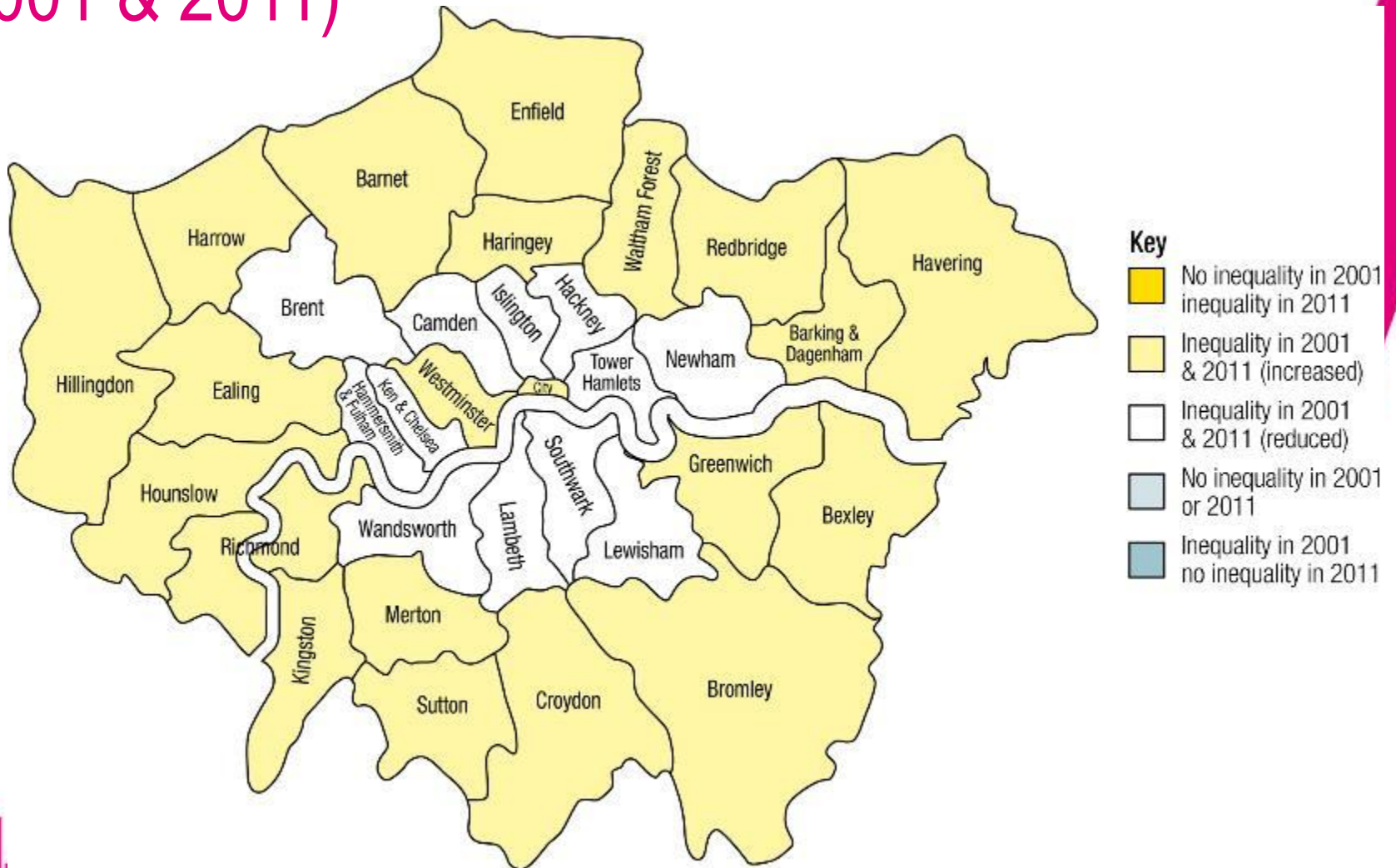
Housing inequality by ethnic group: 2001 and 2011



Absolute housing inequalities (2011)



Changes in housing: ethnic inequality (2001 & 2011)



Recommendations

- Next Mayor to pledge lower racial inequalities in 2020
- London LAs to include measures to reduce ethnic inequalities in housing, employment
- Employers, gov & others tackle gap between BME educational attainment and employment outcomes
- Regeneration (or 'gentrification') must benefit all local people
- Housing affordability to track income
- London boroughs and GLA to collect and publish data on ethnic minorities in more digestible format

What Next?

- Budget briefing doesn't include all measures in budget; we didn't claim to be comprehensive
- However Treasury response was simply that 'most working families will be better off'
- What is the role of the public sector equality duty then?
- Need better evidence in public domain (Download the 4 page Briefing at www.runnymedetrust.org)
- However also need narrative (evidence/data doesn't change minds)
- And wider pressure on government, ie civil society action.