

Social Security Committee
Scottish Parliament
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23rd August 2018

Social Security and In-work Poverty Inquiry: Ethnicity and Universal Credit

Dear Convener,

I am writing from the Coalition for Racial Equality and Rights (CRER), a Scottish strategic anti-racism charity based in Glasgow. Our primary concern in relation to the committee’s inquiry into the potential impact of Universal Credit on in-work poverty is the experiences of Black and minority ethnic (BME) individuals and the lack of Scottish-specific analysis on differential impacts.

Poverty and Ethnicity in Scotland

In Scotland, people from BME groups are nearly twice as likely to be in poverty compared to those from the white British group. Before housing costs, 30% of people from BME backgrounds were in poverty compared to 16% of those in the white British group in 2017-18; this increases to 36% of people from BME backgrounds living in poverty after housing costs versus 18% of the white British population.¹

The Scottish Government has recently published analysis² into the difference in earnings between BME and white groups. The average indicative pay (earnings) gap from January 2014 to December 2016 between these groups, according to analysis of the Annual Population Survey, was given as 6.3%, or £0.80 per hour, demonstrating that BME groups earn less yearly than their white counterparts.

In regards of the impact of gender, the 2011 Scottish Census revealed the following:

Economic Activity	% of All BME Men	% of All BME Women	% of All White Men	% of All White Women
Economically inactive: looking after the home or family	1%	14%	1%	5%
Economically active: Employed part-time	13%	17%	6%	21%
Economically active: Employed full-time	34%	24%	46%	28%
Economically active: Self-employed	11%	5%	10%	4%

Source: 2011 Scottish Census

¹ Scottish Government (2018). [Poverty and Income Inequality in Scotland 2014-2017](#).

² Scottish Government (2018). [Indicative Annual Population Survey Pay Gap by Equality Group](#).

If you don't challenge racism—who will?

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This data suggests that, in regards of economic inactivity due to looking after the home or family, there is greater disparity for BME women than for white women.

Given the substantial disadvantage faced by BME groups, work taken forward to mitigate the ill effects of poverty must consider the role of race and ethnicity.

Universal Credit and Ethnicity

In the UK, research has been conducted that evidences that there is a particular impact from wider austerity initiatives and the roll-out of Universal Credit on BME groups.

The Women's Budget Group and Runnymede Trust's report³ 'Intersecting Inequalities: The impact of austerity on Black and Minority Ethnic Women in the UK' found that several demographic factors mean that BME women are more likely to be affected by the introduction of Universal Credit, namely:

- *Family Composition* – Large families and single-parent households are the most affected by changes to Universal Credit (alongside changes to Child Tax Credits and Child Benefit). Larger families are more common among individuals from a BME background than a white background.
- *Single-Parent Families* – Black groups in the UK are more likely to have a lone parent family structure, with 91% of lone parent households with dependents headed by the mother. This makes Black mothers vulnerable to real-term cuts to Universal Credit, which leave lone mothers worse off.
- *Dependent Children* – Bangladeshi, Pakistani, and Black African households in the UK are more likely to have dependent children living in the household than other groups, reflecting the younger age profile of BME groups. Benefits and public service cuts disproportionately impact households with children, meaning that BME families with dependent children have experienced a much larger impact. The number of dependent children is also important; recent changes to Universal Credit (and Child Tax Credits) that limits payments to the first two children only will disproportionately impact women from BME groups with three or more dependent children.

Furthermore, cuts to work allowances for Universal Credit and an increased taper rate for second earners (mainly women) reduce work incentives and increase vulnerability to poverty. With BME women already experiencing higher rates of poverty than their male or white peers, freezes and cuts to working age benefits also affect this group more. Overall, the research found that BME women are more likely to be affected by changes to University Credit because they are more likely to be living in poverty, living with dependent children, and living in large families.

The Race Equality Foundation's 'Universal Credit and Impact on Black and Minority Ethnic Communities' briefing⁴ asserted that as University Credit affects the poorest most, the BME community will suffer disproportionate effects, as they are more likely to live in poverty and experience higher barriers to employment. BME children are at a particular risk of child poverty due to cuts which affect larger families.

The report found that while Universal Credit aims to incentivise people into work, thus far the Work Programme has been failing BME groups in the UK. BME people face discrimination in the labour market and are more likely than their white counterparts to be in lower paid and insecure employment (further compounding difficulties in submitting weekly earnings reports). A 2014 National Audit Office report into the Work Programme found that contractors planned to spend up to 54% less on harder to reach groups

³ Women's Budget Group and Runnymede Trust (2017). [Intersecting Inequalities: The impact of austerity on Black and Minority Ethnic Women in the UK](#).

⁴ Race Equality Foundation (2016). [Better Housing Briefing – Universal Credit and Impact on Black and Minority Ethnic Communities](#).

than originally contracted, which will have had an impact on BME groups' ability to gain employment and furthers the impacts of the continued cuts to benefits. (Evaluation of subsequent work programmes has not significantly considered BME issues.) The result of this is that BME families are more likely to remain workless or in low or insecure employment.

Universal Credit and Ethnicity in Scotland

There has not been Scottish-specific research into the impact of Universal Credit on BME groups. However, given the situation in the rest of the UK and the rate of poverty in BME groups in Scotland, we anticipate there will be a differential impact that means that BME groups will be more affected than white groups.

In the development of the new Scottish social security system, the Scottish Government formed Experience Panels of people with direct experience of the current system. Individuals on these panels have helped to identify the barriers, needs, and priorities of those who will use the new Scottish system. These panels were not initially monitored for ethnicity⁵, which means that potentially, BME voices were missing from the discussion. While the panel members were asked to participate in a survey in May 2018 which asked about their ethnicity, the results of this survey have not yet been published⁶. The Scottish Government publication 'Social Security Experience Panels – About Your Benefits and You'⁷ analysed written responses and focus groups held as part of the first piece of research carried out with the Experience Panels. There was no mention of race or equality within the publication.

It is critical that BME voices are heard in discussions about social security, including in discussions on Universal Credit.

The Scottish Government has committed in its Race Equality Framework for Scotland⁸ to “ensure robust policy responses that support race equality in relation to income and poverty”, including by:

- Working to fill the gaps in current knowledge on how and to what extent BME people are accessing the benefits to which they are entitled
- Implementing new devolved powers in a way that tackles poverty across all ethnicities
- Making all possible efforts to assess, understand, and – where possible – mitigate the impact of any UK policies which have a financial impact on BME people with low incomes.

Given these commitments and the evidence available at a UK level, CRER believes that one of the key actions the Scottish Government could take to mitigate the detrimental impact of Universal Credit is to commission bespoke research on the impact of Universal Credit on BME groups in Scotland. Additional research into the different ways in which BME groups experience poverty would also be beneficial.

CRER is hopeful that the Social Security Committee will take into account the relationship between Universal Credit and ethnicity and consider the experiences of BME groups in its inquiry. We would be delighted to have the opportunity to discuss this matter with you further.

Yours sincerely,

Rebecca Marek
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Coalition for Racial Equality and Rights

⁵ S5W-11055: Mark Griffin MSP. Lodged 04/09/2017.

⁶ S5W-18076: Mark Griffin MSP. Lodged 07/08/2018.

⁷ Scottish Government (2018). [Social Security Experience Panels – About Your Benefits and You – Qualitative Research Findings](#).

⁸ Scottish Government (2016). [Race Equality Framework for Scotland 2016-2030](#).