Submission to the Women and Equalities Select Committee: Impact of the rising cost of living on women

About the Runnymede Trust

The Runnymede Trust is the UK’s leading race equality think tank. We were founded in 1968, to provide evidence on racial inequalities, to inform policymakers and public opinion about the reality of those inequalities, and to work with local communities and policymakers to tackle them. Our authoritative research-based interventions equip decision makers, practitioners and citizens with the knowledge and tools to deliver genuine progress towards racial equality in Britain.

Introduction

A collision of recent crises have exposed the deep-rooted nature of racial inequalities in Britain. From Covid-19 to the cost of living crisis, people of colour have been amongst those hit first, hardest, and left without the protections they need.

Whilst the cost of living crisis dominates our headlines and much of our political discussions, urgent attention is needed to understand how the way that the crisis is affecting people intersects with race, gender and class. The cost of living crisis does not have a universal impact. Instead, it has differentiated effects on women, and particularly on women of colour.

The impact of the cost of living crisis on women of colour:

With the cost of living crisis ongoing, Runnymede analysis demonstrates that women of colour are 2.3 times more likely to be in relative poverty compared to White British people.\(^1\) Women of colour are more likely to be living in both deep and relative poverty, with progress towards closing the gap between people of colour and their white counterparts stalling since the financial crisis of 2008. Given the significant over-representation of people of colour in low-income households, particularly amongst Bangladeshi, Pakistani and Black groups who are respectively 2.7, 3.3 and 4.2 times more likely to be in relative poverty than white people, we know that women of colour are most likely to be exposed to the rising costs of housing, food and energy.

Our analysis found that people of colour are not only more likely to live in fuel poverty, but also to be in food insecurity during the cost of living crisis. Our analysis shows that just under a third (32%) of white people were likely to experience fuel poverty last winter, this rose to more

than half (52%) of Black and minority ethnic people (rising to two thirds (66%) of Pakistani and Bangladeshi people.\textsuperscript{2}

Alongside this, people of colour are less likely to benefit from forms of state support during the cost of living crisis, such as the Energy Price Guarantee and the £400 energy rebate. We found that whilst these measures are likely to reduce fuel poverty rates by 53% for white people this winter, the rates would only reduce fuel poverty by 35% for people of colour.\textsuperscript{3}

\textit{Holes in the safety net for women of colour}

Our research has shown that regressive welfare cuts and measures over the past ten years have reduced the support available for women of colour in particular, disproportionately exposing them to rising living costs.

Amongst the working-age population, people of colour are more likely to receive a form of social security. Over 51% of Black families receive social security support, compared to 40% of white families.\textsuperscript{4}

Regressive welfare and tax-credit measures have had a disproportionate impact on these families, with white families now receiving £454 less a year in cash benefits than they did a decade ago, rising to £806 a year for Black and ethnic minority families. For women of colour, the impact of these changes have been most pronounced, with Black women losing on average £1,635.\textsuperscript{5}


Women of colour are susceptible to social security changes as they are more likely to already be living in poverty, more likely to be living with dependent children, and more likely to be living in large families. Our research has highlighted the negative impact of the two-child limit for means-tested support on women of colour from low-income households. Bangladeshi and Pakistani households are particularly likely to be impacted, as they are more likely to live in households with three or more children. Alongside this, measures such as the freeze to working age-benefits, the under-occupancy penalty for social housing, have been highlighted in our research as social security changes that are likely to disproportionately expose women of colour to difficulties in coping with rising cost of living prices.

Evidence also shows that people of colour are more likely to face adverse sanction decisions when accessing social security. For example, our research found that white Job Seeker Allowance (JSA) claimants were less likely to be subject to adverse sanction decisions than Black and ethnic minority claimants, particularly amongst Black and Chinese claimants.67

Women of colour are disproportionately impacted by cuts to social care and public services. These services are more likely to be used by women, who are more likely to be primary carers for their children and responsible for other family members. Our report, with the Women’s Budget Group, summarising the cumulative impact of changes to tax, benefits and public spending on services from 2010 for women of colour found that:

---


● Asian women in the poorest third of households would have lost on average 19% of their income by 2020 (over £2200) compared to if the policies in place in May 2010 had continued to 2020.

● Black women in the poorest households would have lost on average 14% of their income (over £2000 a year).

In particular Black and ethnic minority lone mothers are amongst those most likely to be impacted. The Women’s Budget Group, in its analysis of the impact of the cost of living crisis found that single parents are most likely to be living in fuel poverty and food insecurities, as well as to be impacted by Covid-19. Alongside this, our 2016 analysis found that Black and Asian lone mothers respectively, would have lost £4,000 and £4,200 a year on average by 2020 from changes to tax, benefits and public spending on services since 2010.

The No Recourse to Public Funds (NRPF) condition, which denies social security benefits to anyone ‘subject to immigration control’, left 1.4 million people without financial support from the state during a pandemic. Citizens Advice research published in 2021, shows that people of colour make up the vast majority of those with no recourse to public funds. Women of colour subject to this condition face falling into serious financial hardship, without state support - threatening both them and their families.

**Stuck below the living wage: women of colour in work**

Women of colour are amongst those most exposed to insecure and low paid work, which leaves them particularly vulnerable to rising energy, fuel, food and housing costs. According to analysis conducted by the TUC and Race on the Agenda, one in eight women of colour are in insecure jobs in comparison to one in eighteen white men. Pakistani, Bangladeshi and Black communities are amongst those most likely to be on low incomes and zero hour contracts. Underpinning these numbers are high rates of racial discrimination facing women of colour who do enter the workforce, with almost one third of women of colour surveyed by the TUC and Race on the Agenda reporting being unfairly denied a promotion at work, rising...

---


11https://www.ntuc.org.uk/research-analysis/reports/bme-women-and-work

to nearly half of disabled women of colour.\textsuperscript{13} The Runnymede Trust’s research with the Fawcett Society found racism across sectors facing women of colour, with 75% of women of colour having experienced racism at work and 27% having suffered racial slurs.\textsuperscript{14}

Rates of unemployment and underemployment are particularly high for women of colour. Bangladeshi women (25.8 per cent) are over 8 times more likely to be so than White women (3.1 per cent).\textsuperscript{15} High rates of unemployment and disproportionate concentration in low-paid, insecure unemployment makes women of colour much more vulnerable to rising cost of living crises - and more likely to be living in food insecurity and fuel poverty.\textsuperscript{16}

A lack of a secure liveable income has left many women of colour with little capacity to build up wealth, assets or savings to ensure financial resilience. Our Colour of Money report stark inequalities in access to wealth and saving, with Black African and Bangladeshi households have 10 times less wealth than white British people\textsuperscript{17}. These inequalities are likely to impact women of colours’ abilities to weather the cost of living crisis.

**Lack of affordable childcare support**

TUC analysis shows that there are currently 460,000 women of colour locked out of the labour market because of unpaid caring responsibilities. This affects women of colour in their 30s in particular, with 1 in 5 in this age group out of the job market because of caring responsibilities.\textsuperscript{18} Runnymede analysis with the Women’s Budget Group found that women of colour faced struggles in balancing paid work and their caring roles at home. A lack of flexible child and social care support has been highlighted as a critical factor stymying women of colour’s ability to access well-paid employment.\textsuperscript{19}

The Women’s Budget Group, in their analysis of the impact of the cost of living on women in Britain found that while one third of white parents say that childcare payments are bigger than their rent or mortgage this rises to 47% of those with a Black or minority ethnic

\textsuperscript{13}\url{https://www.ntuc.org.uk/research-analysis/reports/bme-women-and-work}

\textsuperscript{14}\url{https://www.runnymedetrust.org/partnership-projects/broken-ladders}

\textsuperscript{15}\url{https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/labourmarketstatusbyethnicgroupa09}


\textsuperscript{17}\url{https://www.runnymedetrust.org/publications/the-colour-of-money}

\textsuperscript{18}\url{https://www.tuc.org.uk/news/tuc-bme-women-12-times-more-likely-men-be-out-labour-market-due-caring-commitments}

\textsuperscript{19}\url{https://www.tuc.org.uk/news/tuc-bme-women-12-times-more-likely-men-be-out-labour-market-due-caring-commitments}
background. Regressive welfare and tax changes over the past decade, alongside cuts to social care, have meant that responsibilities for social and childcare for women of colour have been concentrated in domestic spaces, making them less able to participate in the labour market and compounding inequalities that women of colour face.

The cost of living crisis also contributes to the gendered and racial disparities in mental health due to the effects of poverty and destitution. People of colour are more likely to experience a common mental health disorder. At the sharpest end of this disparity 29% of Black women are more likely to experience a common mental health disorder compared to 21% of British white women and 16% of non-British white women.

Recommendations for government

- Suspend the No Recourse to Public Funds condition with immediate effect.
- Provide flexible and accessible childcare support for women of colour
  - In line with the Women’s Budget Group we are calling for urgent investment in care infrastructure so that women of colour are better supported.
- Scrap the benefit cap and the two-child limit to Universal Credit.
- Scrap punitive sanctions to social security payments.
  - In the meantime, require the Department for Work and Pensions (DWP) to publish disaggregated data by ethnicity of Universal Credit claimants, particularly for those subject to sanctions.
- Strengthen and expand social security measures and target finite resources to communities most urgently in need:
  a. Ensure benefit rates keep up with rising living costs in real time.
  b. Unfreeze and increase the Local Housing Allowance
  c. Adequately resource the Household Support Fund and target it towards those most in need.
  d. Enhance reporting on low incomes to better capture the changing profile and depth of poverty, including rates of indebtedness.

---