



BRIEFING

Runnymede Responds:

The 2023 Autumn Budget and
its impact on people of colour

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About us

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.

We hold the secretariat for the APPG on Race and Community, chaired by Clive Lewis MP, and publish reports, briefings and research on race equality issues.

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Executive summary

- The policies announced in this Budget do not sufficiently help low income people of colour.¹
- The tightening of conditionality in accessing incapacity and disability benefits is cruel and is likely to disproportionately impact disabled people of colour.
- Cutting National Insurance Contributions should not be a priority given the dire state of our public services, and will have minimal impact on people's financial hardship.
- We welcome the decision to uprate benefits with inflation, but this is a minimum expectation and doesn't compensate for previous freezes which have made benefits inadequate to afford the essentials - this is especially the case for people of colour who are more likely to be living in deep poverty.
- Unfreezing Local Housing Allowance will be an important lifeline for many renters of colour in the immediate-term, but the housing crisis requires much bigger reform.
- Benefit reforms have also failed again to reverse the two-child benefit cap, which has a disparate impact on families of colour.
- Increasing the minimum wage is welcome, but we would also like to see more regulation around the insecure work that people of colour often occupy.

Runnymede Responds

Introduction

The 2023 Autumn Statement comes on the brink of what will be yet another difficult winter for many. People of colour are disproportionately impacted by the relentless cost of living and are more likely to experience food and fuel insecurity, and deep poverty than their white counterparts.² Recent analysis from the Joseph Rowntree Trust (JRF) found that the rate of destitution among Black, Black British, Caribbean or African-led households is a

¹ For consistency and accuracy in representing findings, we maintain the terminology used by the original authors, such as 'Black and minority ethnic people' when referring to secondary research. However, in our own analysis, we use the affirmative 'people of colour' or 'communities of colour'. We include people from white ethnicities who are the target of racism in this term, strive for specificity wherever possible, and recognise the diversity of experiences and perspectives that exist within and between these communities.

² Edmiston, D. (2022) 'Falling faster amidst a cost-of-living crisis', *Runnymede Trust*, <https://www.runnymedetrust.org/publications/falling-faster-amidst-a-cost-of-living-crisis-poverty-inequality-and-ethnicity-in-the-uk>

staggering three times higher than their population share.³ It is in this context that we analyse the Chancellor's Autumn Statement and its impact on communities of colour.

Whilst many of the proposals offer some welcome relief these are largely modest in impact. We are concerned that the decisions to regressively cut National Insurance Contributions instead of funding our collapsing public services, and to uprate benefits but end cost of living payments will do nothing to pull families out of hardship. Harsh choices made to toughen welfare conditionality and failure to reverse the two-child benefit cap will disproportionately impact people of colour who rely on our already weakened social security system. While it is the case that raising the minimum wage will support low-paid workers of colour, this impact is muted by a failure to address insecure work.

Tougher welfare conditionality

We are concerned about the tightening of conditionality in accessing welfare expenditure announced in the Autumn Statement, and in particular its impact on disabled people of colour. Recent TUC analysis found that disabled Black and minority ethnic workers are disproportionately likely to be shut out of the labour market, with a 10.9 per cent unemployment rate compared to 6.3 per cent for white disabled people (and 2.8 per cent of white non-disabled people).⁴ We are concerned that the conditionality announced in the government's Chance to Work Guarantee, whereby claimants could have their benefits taken away from them if they fail to find suitable employment, will likely therefore particularly impact disabled people of colour. This is especially the case given Black and minority ethnic people are more likely to be subject to an adverse sanction decision.⁵ With low-paid workers in occupations that are far less likely to support remote working, it seems unlikely that substantial numbers will be able to avoid sanctions.

The tougher working-age health and disability benefits measures includes changes to the Work Capability Assessment which the Office for Budget Responsibility estimates will result in 371,000 people with mobility challenges or moderate mental ill health becoming ineligible for support worth £4,680/yr by 2028/29. It is estimated that just 10,000 people will move into work as a result.⁶ Given two thirds of people who are destitute have a chronic

³ Fitzpatrick et al. (2023) 'Destitution in the UK 2023', *Joseph Rowntree Trust*, <https://www.jrf.org.uk/report/destitution-uk-2023>

⁴ TUC (2022) 'Non-disabled workers paid 17 per cent more than disabled peers', <https://www.tuc.org.uk/news/non-disabled-workers-paid-17-more-disabled-peers-tuc>

⁵ Edmiston, D. (2022) 'Falling faster amidst a cost-of-living crisis', *Runnymede Trust*, https://assets-global.website-files.com/61488f992b58e687f1108c7c/633d8007a3bfa49bd4cd0fa8_Runnymede_per_cent20Briefing_per_cent20Cost_per_cent20of_per_cent20Living_per_cent20FINAL.pdf

⁶ Aref-Adib et al. (2023) 'A pre-election statement: putting the Autumn Statement 2023 in context, Resolution Foundation', <https://www.resolutionfoundation.org/app/uploads/2023/11/A-pre-election-Statement.pdf>

health problem or disability, and are therefore already suffering in the most severe form of hardship, we are troubled by the consequences this may have.

National Insurance cut

The 2 percentage point cut to National Insurance does not constitute a real term tax cut given the freeze to tax thresholds. While it will provide those who pay it with more money in their pockets, and will undoubtedly help the poorest who earn above the yearly threshold of £12,570 this is an overly simplistic way to look at it.

Firstly, the cut to National Insurance does not compensate for the rocketing rates of inflation and cost of living prices that families, and in particular low-income families of colour, have been facing over the last two years. While inflation has dropped in recent weeks, the inflation rate has been and remains very high, at 4.7 per cent, 2.7 percentage points more than the Bank of England's target, and above wage growth for previous years. In addition, inflation impacts people on the lowest incomes the most given the amount of proportion of household budgets spent on inflated goods. It is also the case that essential and budget food items have suffered price inflation disproportionately.⁷ In April 2022 for example, the inflation rate for the 10 per cent lowest earners was 10.9 per cent, compared to 7.9 per cent for the highest earners.

Secondly, the cut will make no difference to the financial circumstances of people under pension age who earn less than this threshold. These people are more likely to be reliant on social security and therefore less likely to be paying national insurance, and these people are more likely to be from Black and minority ethnic groups. We expand on this below.

Thirdly, a flat tax cut across all incomes is regressive; approximately 80 per cent of the gains will be accrued by the top 50 per cent earners.⁸ A 2 percentage point cut to national insurance for the highest earners will be far less significant given they are more likely to hold wealth to cushion their finances. Whilst it may provide slight relief for those who are eligible and struggling, it doesn't go far enough to offer adequate support. Instead, a progressive alternative of cutting national insurance rates for those who need it the most would better support struggling individuals.

Fourthly, we question, particularly from a racial justice perspective, whether or not tax cuts should be a fiscal priority at present. Our public services are in desperate need of

⁷ Butler, S. (2022) 'Rising cost of basic food items leaving poorest people worst off, UK study finds', *The Guardian*, <https://www.theguardian.com/business/2022/dec/22/rising-cost-of-basic-food-items-leaves-poorest-people-worst-off-ons-finds#:~:text=That%20meant%20inflation%20for%20low,%20income%20households%20was%209.1%20per%20cent25>.

⁸ Aref-Adib et al. (2023) 'A pre-election statement: putting the Autumn Statement 2023 in context', *Resolution Foundation*, <https://www.resolutionfoundation.org/app/uploads/2023/11/A-pre-election-Statement.pdf>

investment; nearly 8 million people are currently on the NHS waiting list, local authorities are struggling and our schools are chronically underfunded. The Chancellor's Statement contained no measures to address gaps in our public service provision. Our research, conducted with the Women's Budget Group, shows that people of colour are among those most impacted by cuts to public services over the past decade.⁹ Our analysis found that the poorest 10 per cent of households will have lost over £4,000 in services a year by 2020. Black and Asian households were set to lose more than their white counterparts, with average living standards cut by 7.5 per cent and 6.8 per cent respectively. We found that the poorest 10 per cent of households will have lost on average services worth over £4,300 per year by 2020, representing nearly 12 per cent of their living standards.

Social security

We welcome the Chancellor's decision to uprate benefits with inflation (6.7 per cent), which will provide some relief to low income families of colour. However, this will not account for the historic impact that freezes to working-age benefits and regressive welfare and tax measures over the last decade have had on communities of colour.

Black and minority ethnic people are significantly more likely to rely on a form of social security than their white counterparts and are therefore more likely to be impacted by any change to working-age benefits. Over 51 per cent of Black families rely on social security support, compared to 40 per cent of white families.¹⁰ Black and Bangladeshi groups are both 8 percentage points more likely to be receiving any income-related benefit (Figure 1). Bangladeshi (34 per cent) households are twice as likely to be relying on child benefits compared to white British people (17 per cent) with Pakistani (30 per cent) and Black (28 per cent) households also more likely (Figure 2).

⁹ Hall et al. (2017) 'Intersecting inequalities: the impact of austerity on Black and Minority Ethnic women in the UK, *Women's Budget Group; Runnymede Trust*, <https://wbg.org.uk/analysis/intersecting-inequalities/>

¹⁰ Edmiston, D. (2022) 'Falling faster amidst a cost-of-living crisis', *Runnymede Trust*, https://assets-global.website-files.com/61488f992b58e687f1108c7c/633d8007a3bfa49bd4cd0fa8_Runnymede_per_cent20Briefing_per_cent20Cost_per_cent20of_per_cent20Living_per_cent20FINAL.pdf

Figure 1: Families receiving different types income-related benefit by ethnicity, April 2018 to March 2021(%)¹¹

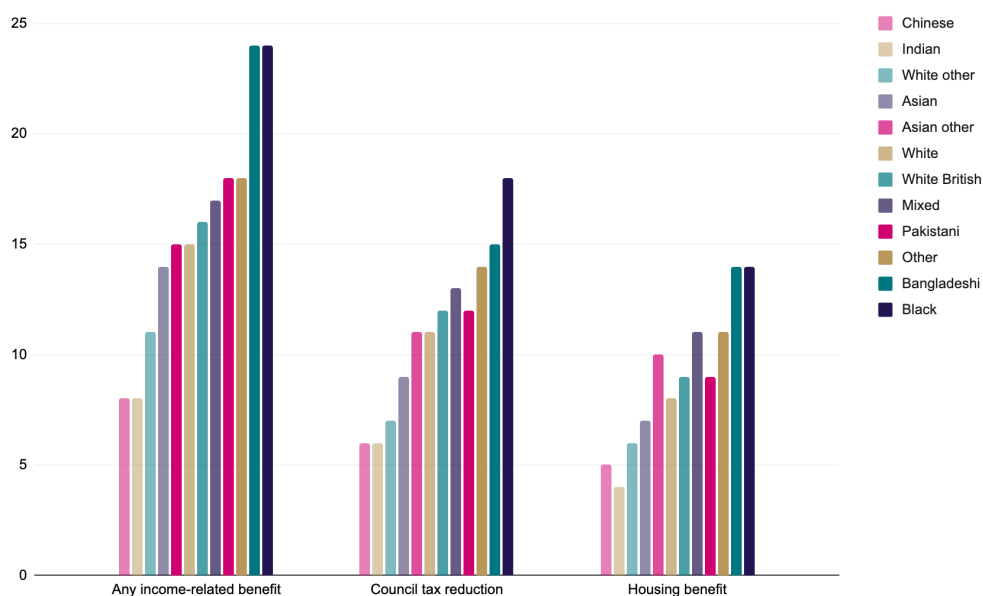
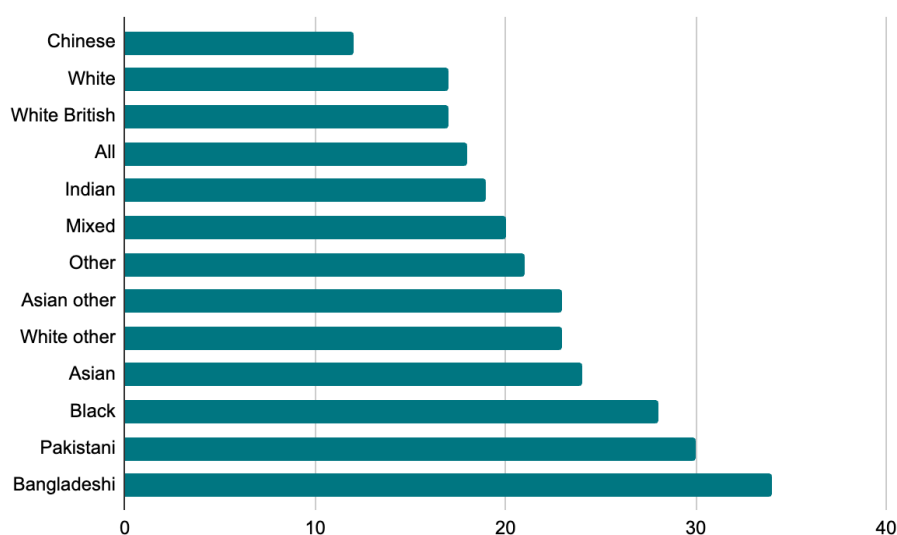


Figure 2: Families receiving child benefits by ethnicity, April 2018 to March 2021 (%)¹²



¹¹ Ethnicity facts and figures (2022) 'State support', Gov.uk, <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/benefits/state-support/latest>

¹² Ethnicity facts and figures (2022) 'State support', Gov.uk, <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/benefits/state-support/latest>

IFS analysis shows that the basic benefit entitlement for a working age person with no other income will fall from £5,132/yr in 2010-11 to £4,705/yr in 2024-25, despite pensioners being protected.¹³ Runnymede analysis shows that 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 minority ethnic families. For women of colour the impact of these changes have been most pronounced, with Black women losing on average £1,635.¹⁴

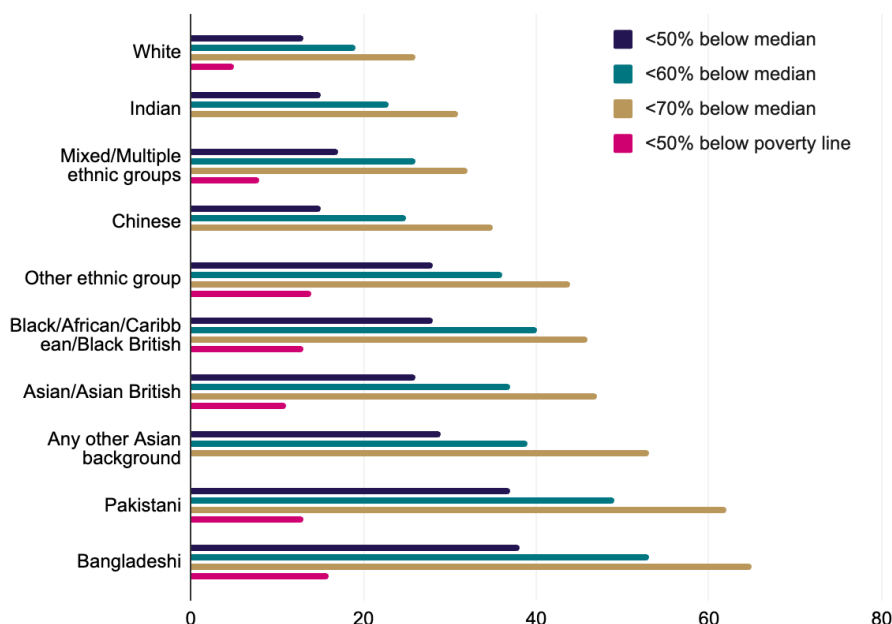
Part of the explanation for this is that Black, Pakistani and Bangladeshi households are 2.7, 3.3 and 4.2 times more likely to be living in relative poverty respectively compared to white people. Around half of Bangladeshi (53 per cent) and Pakistani (49 per cent) households are living in poverty, compared to 19 per cent of white households.¹⁵ Similarly, Bangladeshi (38 per cent) and Pakistani (37 per cent) households are nearly three times as likely to be in deep poverty (<60 per cent below median household income). Bangladeshi, Black, Pakistani and 'Other' households are also up to three times as likely to be earning <50 per cent below the poverty line (Figure 3).

¹³ Institute for Fiscal Studies (2023), <https://twitter.com/TheIFS/status/1727649019776598244>

¹⁴ Edmiston, D. (2022) 'Falling faster amidst a cost-of-living crisis', *Runnymede Trust*, https://assets-global.website-files.com/61488f992b58e687f1108c7c/633d8007a3bfa49bd4cd0fa8_Runnymede_per_cent20Briefing_per_cent20Cost_per_cent20of_per_cent20Living_per_cent20FINAL.pdf

¹⁵ Edmiston, D. (2022) 'Falling faster amidst a cost-of-living crisis', *Runnymede Trust*, https://assets-global.website-files.com/61488f992b58e687f1108c7c/633d8007a3bfa49bd4cd0fa8_Runnymede_per_cent20Briefing_per_cent20Cost_per_cent20of_per_cent20Living_per_cent20FINAL.pdf

Figure 3: Households living below median income thresholds¹⁶, and households living <50% below the poverty line, after housing costs, by ethnic group of head (%)¹⁷¹⁸



Living in poverty means a higher likelihood of material deprivation, such as insufficient means to pay for essentials such as food and energy. Given over 1 in 3 households in England will have higher energy bills this winter compared to last winter¹⁹, the decision not to provide further cost of living payments will exacerbate levels of material deprivation. Energy bills are on average 49 per cent higher than they were two years ago²⁰, and are set to increase further following the increase in the energy price cap announced by Ofgem on 23rd November 2023; the typical annual household bill will increase from £1,834 to £1,928,

¹⁶ Department of Work and Pensions (2023) 'Households below average income: for financial years ending 1995 to 2022', *Gov.uk*, <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022>

¹⁷ Edmiston, D. (2022) 'Falling faster amidst a cost-of-living crisis', *Runnymede Trust*, https://assets-global.website-files.com/61488f992b58e687f1108c7c/633d8007a3bfa49bd4cd0fa8_Runnymede_per_cent20Briefing_per_cent20Cost_per_cent20of_per_cent20Living_per_cent20FINAL.pdf

¹⁸ Data for some ethnic groups unavailable

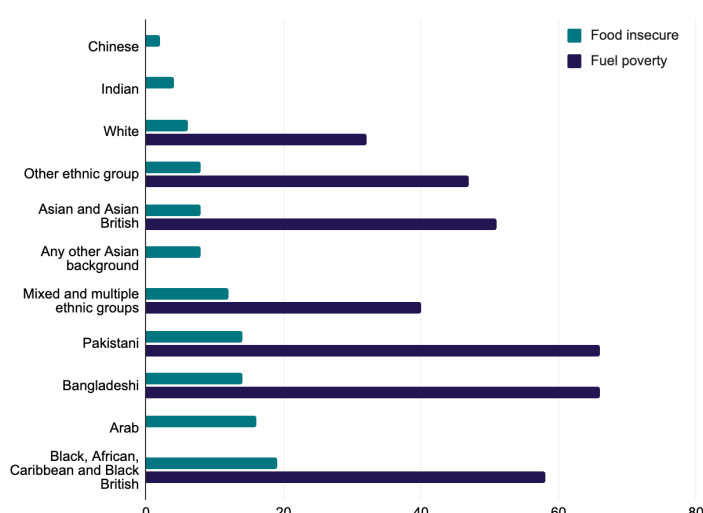
¹⁹ Resolution Foundation (2023) <https://www.resolutionfoundation.org/press-releases/over-one-in-three-households-across-england-will-pay-higher-energy-bills-this-winter-than-last-winter-including-almost-half-of-poor-families/>

²⁰ Aref-Adib et al. (2023) 'A pre-election statement: putting the Autumn Statement 2023 in context', *Resolution Foundation*, <https://www.resolutionfoundation.org/app/uploads/2023/11/A-pre-election-Statement.pdf>

a 5 per cent increase.²¹ Given, for example, Pakistani and Bangladeshi people are over twice as likely to be in fuel poverty compared to white people (Figure 4), the decision not to provide further support will likely exacerbate the fuel poverty gap facing people of colour.

The lack of support with the cost of living will also reduce people's means to pay for food, having a disproportionate impact on people of colour; Black people are over three times as likely to be food insecure compared to white people (Figure 4). These figures are also reflected by the number of people Citizens Advice are referring to food banks and helping with practice energy advice,²² and in Trussell Trust analysis which shows that one in four (24 per cent) people from an ethnic minority group experience food insecurity, almost twice the rate (13 per cent) for white people.²³

Figure 4: Household food insecurity²⁴ and fuel poverty rates²⁵ by ethnicity (%)



²¹ Peachy, K. (2023) 'Energy price cap will rise in January adding pressure on households', *BBC News*, <https://www.bbc.co.uk/news/business-67484090>

²² Citizens Advice (2023), 'cost-of-living data dashboard', *Citizens Advice*, <https://public.flourish.studio/story/1634399/>

²³ Bull et al. (2023) 'Hunger in the UK', *The Trussell Trust*, www.trusselltrust.org/wp-content/uploads/sites/2/2023/08/2023-The-Trussell-Trust-Hunger-in-the-UK-report-web-updated-10Aug23.pdf

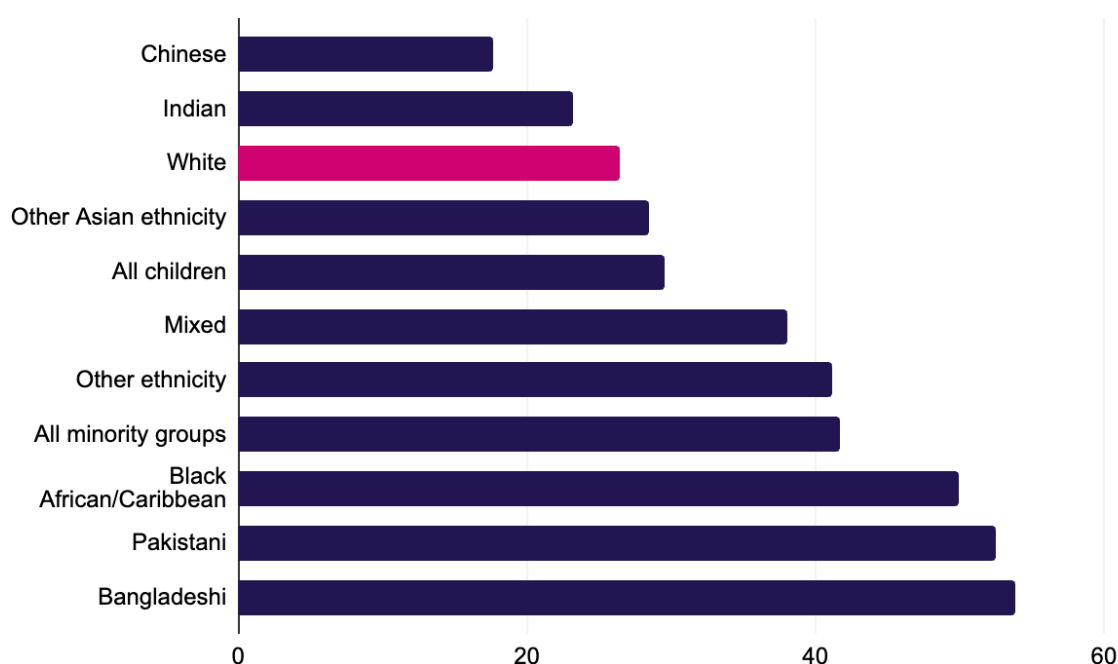
²⁴ Department for Work and Pensions (2023) 'Family Resources Survey: financial year 2020 to 2021', *Gov.uk*, <https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2020-to-2021>

²⁵ Edmiston, D. (2022) 'Falling faster amidst a cost-of-living crisis', *Runnymede Trust*, https://assets-global.website-files.com/61488f992b58e687f1108c7c/633d8007a3bfa49bd4cd0fa8_Runnymede_per_cent20Briefing_per_cent20Cost_per_cent20of_per_cent20Living_per_cent20FINAL.pdf

The continued failure to reverse the two-child benefit cap, whereby parents cannot claim social security for their third or subsequent child born after April 2017, is contributing to increasing levels of child poverty. 1 in 10 (1.5 million) children are affected by the policy²⁶, with a disproportionate impact on some Black and minority ethnic families who are more likely to have three or more children and rely on child benefits (Figure 5).

Around 3 in 5 Bangladeshi (62 per cent) and Pakistani (59 per cent) children currently live in relative poverty, as do over half (53 per cent) of Black children, compared to 25 per cent of white children. Nearly half of Pakistani (45 per cent) and Bangladeshi (43 per cent) children live in deep poverty, nearly 3 times as likely as white children (16 per cent) (Figure 6). We're therefore clear that the two-child benefit cap drives children of colour into further poverty.²⁷

Figure 5: Share of children of given ethnicity who live in a larger family (three or more dependent children) (three year average 2017-2020) (%)²⁸

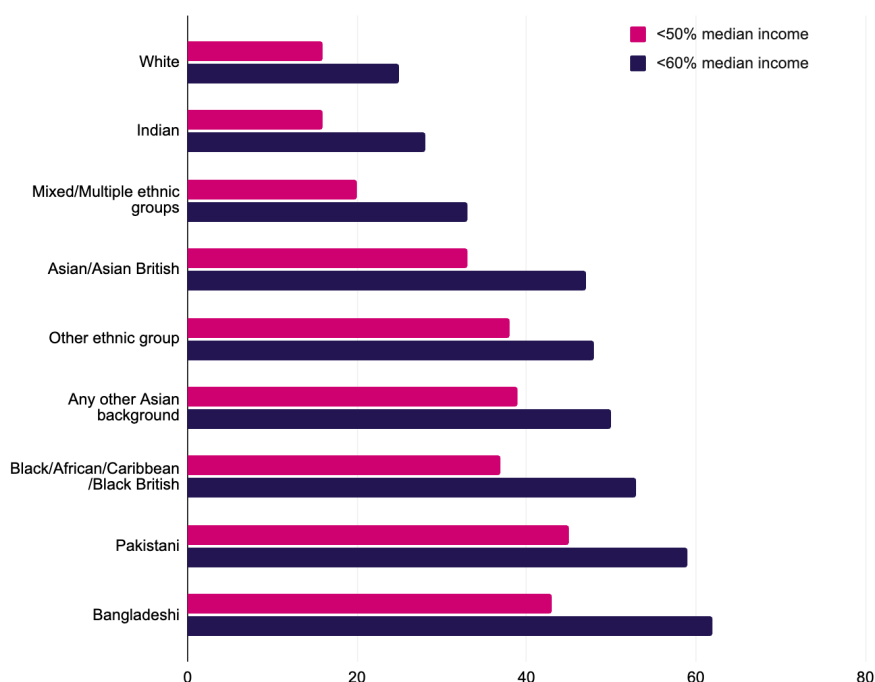


²⁶ Department for Work and Pensions; HM Revenue & Customs (2023) 'Universal Credit and Child Tax Credit Claimants: statistics related to the policy to provide support for a maximum of 2 children, April 2023', Gov.uk, <https://www.gov.uk/government/statistics/universal-credit-and-child-tax-credit-claimants-statistics-related-to-the-policy-to-provide-support-for-a-maximum-of-2-children-april-2023>

²⁷ Stewart et al. (2023) 'A time of need: exploring the changing poverty risk facing larger families in the UK', *Journal of Social Policy*, pp.1-25

²⁸ Stewart et al. (2023) 'A time of need: exploring the changing poverty risk facing larger families in the UK', *Journal of Social Policy*, pp.1-25

Figure 6: Children living in relative and deep poverty after housing costs, by ethnic group of head, three-year average (%)²⁹



Unfreezing local housing allowance

We welcome the Chancellor's announcement to unfreeze Local Housing Allowance to allow support with 30 per cent of local rents. This will bring some immediate relief to renters, who are being disproportionately impacted by the housing crisis, and specifically to Black and minority ethnic people who are much more likely to be renting.³⁰

However, we should not forget that while being packaged as a measure to support those struggling financially, it is a measure which essentially directs taxpayer money to wealthy landlords. We cannot ignore the fact that this is a sticking plaster on a broken housing system; we urgently need more social housing, better quality housing, lower rents and more secure tenancy terms for renters, all of which disproportionately impact people of colour.

²⁹ Department of Work and Pensions (2023) 'Households below average income: for financial years ending 1995 to 2022', Gov.uk, <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022>

³⁰ Dillon, M. (2023) 'The impacts of the housing crisis on people of different ethnicities', *Positive Money*, <https://positivemoney.org/wp-content/uploads/Positive-Money-Housing-Demographics-Report-April-2023.pdf>

Minimum wage rise

The Chancellor's announcement that the minimum wage will rise to £11.44 (a 9.7 per cent increase) - two thirds of average earnings and in line with Low Pay Commission recommendations³¹ - is likely to benefit communities of colour. Black and minority ethnic people are disproportionately concentrated in low paid work, with the Living Wage Foundation finding that Black workers are more likely than white workers to earn below the real living wage.³² Pay disparities for women of colour is particularly glaring, with Pakistani women earning on average 27 per cent less than white men.³³

However, Black and minority ethnic workers are also concentrated in informal or insecure work, which is characterised by low pay and lack of control over working hours; more than half of gig economy workers, who are very often from a Black and minority ethnic or migrant background, don't receive a minimum wage.³⁴ For people working on zero-hours or temporary contracts, a minimum wage is only partially helpful; it doesn't provide extra stability for employees who need more hours or longer-term work. This lack of regulation disproportionately impacts people of colour with; 5.2 per cent of people from Pakistani and Black ethnic groups are in insecure work compared to 2.6 per cent of white people.³⁵ The number of Black and minority ethnic people on zero hour contracts has risen dramatically³⁶ over the past decade, with Black and minority ethnic women nearly three times as likely to be placed on zero hour contracts than white men.

The minimum wage increase is likely to be an improvement to some Black and minority ethnic people's finances. However, when coupled with other measures announced in this Autumn Budget, including regressive welfare measures, it is likely that this proposal alone

³¹ HM Treasury (2023) 'Chancellor announces major increase to National Living Wage', *Gov.uk*, <https://www.gov.uk/government/news/chancellor-announces-major-increase-to-national-living-wage>

³² Living Wage Foundation (2023) 'Why low pay is a racial justice issue', [https://www.livingwage.org.uk/news/why-low-pay-racial-justice-issue#:~:text=We per cent20found per cent20that per cent20Black per cent20workers,from per cent20Mixed per cent20Multiple per cent20ethnic per cent20groups](https://www.livingwage.org.uk/news/why-low-pay-racial-justice-issue#:~:text=We%20found%20that%20Black%20workers,from%20Mixed%20Multiple%20ethnic%20groups).

³³ Runnymede Trust (2023), <https://twitter.com/RunnymedeTrust/status/1727270860858282281>

³⁴ Kelly, P. (2023) 'Half of UK gig economy workers earn below minimum wage, study reveals', *The Guardian*, <https://www.theguardian.com/global-development/2023/may/11/half-of-uk-gig-economy-workers-earn-below-minimum-wage-study-reveals>

³⁵ Health Foundation (2023) 'Job security: how does work affect our health?', <https://www.health.org.uk/news-and-comment/charts-and-infographics/job-security>

³⁶ Nagesh, A. (2023) 'Ethnic minority workers in insecure jobs up 132 per cent since 2011', *BBC News*, <https://www.bbc.co.uk/news/uk-66428851>

will fail to address the deep income inequalities between ethnic minority groups and white British people.

Conclusion

The fact that we are talking about people starving and freezing to death in 2023 is unacceptable, but that 3.8 million people in the UK are living in destitution is incomprehensible.³⁷ Living standards are set to be the lowest on record; by April 2024 the poorest households will be over £200 a week under what is considered an acceptable standard of living.³⁸ It's people of colour who bear a disproportionate brunt of this injustice.

The UK faces immense challenges from crumbling schools to a climate emergency, and from healthcare to a housing crisis. But the position we're in has been a choice. Budget after budget, policy after policy, the Government has slowly chipped away at the livelihoods of the many - this Parliament will be the first to end with people having lower real disposable incomes than it started with.³⁹ It has continually ignored calls from charities, civil society and the public and instead pursued policies of destruction that have deepened the inequalities faced by working class communities and people of colour in particular. The results are already devastating but promise to get worse.

We need a fundamental shift away from years of petty and regressive politics, and a renewed social contract of responsibility for all. We need an economy that pursues prosperity over power, that designs-out the policy generated inequalities, that offers compassion for those suffering. We need a radical, anti-racist and progressive restructure to redistribute wealth and opportunity so that mere luck no longer dictates the success of working class communities and communities of colour.

³⁷ Fitzpatrick et al. (2023) 'Destitution in the UK 2023', *Joseph Rowntree Trust*, <https://www.jrf.org.uk/report/destitution-uk-2023>

³⁸ New Economics Foundation (2023), <https://twitter.com/NEF/status/1727387770090569873>

³⁹ Aref-Adib et al. (2023) 'A pre-election statement: putting the Autumn Statement 2023 in context, *Resolution Foundation*, <https://www.resolutionfoundation.org/app/uploads/2023/11/A-pre-election-Statement.pdf>



Intelligence for a multi-ethnic Britain