B. AUSTERITY

Since 2010, successive governments have engaged in fiscal consolidation, the process of reducing the amount of fiscal deficit of the United Kingdom. This process is popularly referred to as ‘austerity’ or ‘budget cutting’.

(9) **Have austerity measures implemented by the government taken adequate account of the impact on vulnerable groups and reflected efforts to minimize negative effects for those groups and individuals?**

The impact of austerity measures on people with protected characteristics has not been adequately taken into account or acted upon by government. The Runnymede Trust in partnership with the Women’s Budget Group, have made multiple representations to government with strong evidence that the most socioeconomically vulnerable groups have been hit hardest by austerity measures including: BME women on low incomes, all those on low incomes and lone parents (WBG & Runnymede Trust, 2017).

The Equality and Human Rights Commission (EHRC) have also made representations showing that disabled people are disproportionately impacted. The response from government claimed that it was not possible to accurately calculate equality impact assessments of tax changes and spending decisions at this level. The Treasury select Committee has since refuted this claim (Treasury Select Committee, 2018).

(10) **What have the effects of austerity been on poverty (and inequality) levels in the United Kingdom in the last decade?**

Our report with the Women’s Budget Group, *Intersecting Inequalities*, found that austerity measures since 2010 have increased inequality by disproportionately impacting BME women and those on low incomes. Cuts to working-age benefits and universal credit have had a devastating impact on BME women on low-incomes. There has been a freeze to working-age benefits, while the cost of everyday goods has increased. Benefits and tax credits for children have been capped for the first two children, affecting larger families. When these tax and benefit changes are taken together and compounded, the poorest families have lost the most, with an average drop in living standards of around 17 per cent by 2020 compared to if the policies in place in May 2010 had been continued to that year.

Deeper analysis across income levels and ethnicity reveals further disparities. Black and Asian households in the lowest fifth of incomes are the most affected, with average drops in living standards of 19.2 per cent and 20.1 per cent respectively, compared to pre-austerity policies. This equates to a real-terms annual average loss in living standard of £8,407 and £11,678. And unless the government changes track, black and Asian lone mothers, respectively, stand to lose £4,000 and £4,200 a year on average by 2020 from the changes since 2010. This amounts to about 15 and 17 per cent of their net income.

The EHRC have reinforced these findings in there *Is Britain Fairer report* (EHRC, 2018). They also found that Child Poverty has increased since 2010 with a disproportionate impact on BME children. Currently, three in 10 children live in
households in poverty, rising to over half of children in Bangladeshi, Black African, Pakistani and Other ethnicity households.

(12) How have local governments been affected by austerity measures in the last decades? If possible, please specify the impact on public services such as police and fire departments, public libraries, and the administration of the welfare system by local authorities.

Central government funding for local government fell by over 50% between 2010/11 and 2015/1612 and then by a further 30.6% in 2017/18. This resulted in cuts to funding for public services, with some councils struggling to provide anything outside statutory service provision and high profile near bankruptcies.

Between 2010/11 and 2014/15, excluding spending on schools, the most deprived areas saw the largest cuts, averaging around £222 per head. The most affluent local authorities saw the lowest cuts of around £40 per head (WBG & Runnymede, 2017). These cuts have disproportionately affected women, who are more likely to need public services, and more likely to be caring for children and other family members who need services. Women are also more likely to have to make up to cuts to services through unpaid work. These cuts have also disproportionately affected the poorest families, including BME families, who are more likely to be poor.

The result, the poorest 10% of households will lose on average services worth over £4,300 a year by 2020, representing nearly 12% of their living standards. Black and Asian families will lose more in public services than White families, with their average living standards cut by 7.5% and 6.8% respectively, compared to 5% for White families.

Local authorities are also having to cover for the increase in child poverty among ethnic minority children. Around 60% of Bangladeshi children, 54% of Pakistani children and 47% of Black children are living in poverty once housing costs are taken into account. This has wide effects, including but not limited to schools.

Table 1. Child poverty* rate by ethnicity, before and after housing costs

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Before Housing Costs</th>
<th>After Housing Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>17</td>
<td>26</td>
</tr>
<tr>
<td>Mixed/ Multiple ethnic groups</td>
<td>26</td>
<td>41</td>
</tr>
<tr>
<td>Asian/ Asian British</td>
<td>32</td>
<td>42</td>
</tr>
<tr>
<td>Indian</td>
<td>20</td>
<td>27</td>
</tr>
<tr>
<td>Pakistani</td>
<td>46</td>
<td>54</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>42</td>
<td>60</td>
</tr>
<tr>
<td>Chinese</td>
<td>22</td>
<td>31</td>
</tr>
<tr>
<td>Any other Asian background</td>
<td>23</td>
<td>41</td>
</tr>
<tr>
<td>Black/ African/ Caribbean/ Black</td>
<td>28</td>
<td>47</td>
</tr>
<tr>
<td>British</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other ethnic group</td>
<td>33</td>
<td>53</td>
</tr>
</tbody>
</table>

| All children                      | 19                   | 30                  |

*Note: poverty is calculated as 60% of median income
What alternatives to austerity might have been considered by governments in the last decade? Could any such alternatives have had a more positive impact on poverty (and inequality) levels in the United Kingdom?

Currently, impact assessments are often carried out by central and local government after a policy has been devised. Equality Impact Assessments (EQIA) are no longer a central government requirement after David Cameron removed them in 2012, nor are they a legal requirement under the Equality Act. Nonetheless, they are a useful and commonly used process to demonstrate that a public authority has given ‘due regard’ to advancing equality of opportunity, which is a requirement under the Public Sector Equality Duty. The impact of public spending decisions is also not assessed for its equality impact. Detailed, high quality impact assessments need to be mandatory for all public authorities with training for public authority staff in how to administer them. Binding EQIA’s, that require policies that disproportionately impact those with protected characteristics (including socioeconomic disadvantage) be reconsidered, redesigned or compensated for with an additional policy elsewhere, would have avoided the damaging and unequal impact of austerity on these already disadvantaged communities.

Investing in infrastructure and uprating benefits was, and is, an alternative to the austerity programme. Arbitrary caps such as the two-child cap and benefit cap should be reversed as they disproportionately hit Black African, Bangladeshi and Pakistani families. All working age benefits should be increased with the cost of living. Investment in social infrastructure, used more by women than men due to increased likelihood of responsibility for caring is paramount.

What are the potential implications of Brexit on austerity measures in the coming years?

The impact of Brexit on austerity measures is largely dependent on: the type of Brexit delivered (hard, soft, no deal) and government’s response to whatever economic climate we face. Most projections see a reduction in GDP following our exit from the EU (WBG, 2018; IFS, 2018). Although the Chancellor of the Exchequer has changed track, stating that the October Budget will remain regardless the terms of Brexit, we should prepare for an Emergency Budget in response to a ‘no-deal’. We should expect this to be less generous than the October Budget.

If the October Budget is delivered at the Spending Review in 2019, we can expect that 8 years of austerity will not be undone, despite the claim from government that ‘austerity is over’ or from the Treasury, using the present continuous, that austerity is ‘coming to an end’. The Budget proposes changes to welfare that, while welcome, will not go far enough to undo 8 years of austerity measures. A promised £1000 increase to the Work Allowance, as part of Universal Credit, is particularly a welcome change for BME women, lone parents and most of all BME single mothers. However, this will not placate real terms cuts elsewhere. A further increase of the personal tax allowance will benefit the richest men the most. The increase to the National Living Wage will not be enough to offset a continued freeze on working age benefits or remaining gaps in public services funding. Further, the two child cap remains in place as part of Universal Credit, penalises third and subsequent children. This will continue to hit Black African, Bangladeshi and Pakistani families more than any other group.

C. UNIVERSAL CREDIT

Universal Credit, which was first announced in 2010, is a key element of welfare reform in the United Kingdom. Its stated aims are to simplify and streamline the benefits system for claimants and administrators, to improve work incentives, to tackle poverty and to reduce fraud and error. The Special Rapporteur is interested in learning more about Universal Credit, including its impact on poverty in the United Kingdom and on the human rights of those living in poverty. Below are some of the questions the Special Rapporteur has in that regard:
(15) To what extent has the Universal Credit been able to achieve the goals identified above?

Universal Credit is yet to achieve the aforementioned goals. Its rollout has been halted due to evidence that it will cause hardship for vulnerable people. Food bank use has been linked to areas that have experienced a Universal Credit rollout. Below, we examine its negative impact on BME women and women in general. We await the evidence it incentivises work and reduces fraud and error.

(16) What has the impact of Universal Credit been on poverty and the lives of the poor in the United Kingdom until now? It would be helpful to also distinguish the specific impact of Universal Credit on specific groups, including for example children, persons with disabilities, women and other groups which may be more vulnerable on the basis of their identity and circumstances.

Universal Credit has disproportionately hit Black and Asian women and lone parents. The decision to cut the work allowance – the amount of money you can earn under the universal credit system before you start to lose benefits – have favoured couples over lone parents. This hits black women, twice as likely to be single mothers, hardest of all. Even when in work, black women will lose £1,500 per year by 2021 if government policy continues as it is, compared to the more generous allowance and taper rate that was planned in 2013. Equally, the two-child limit, the freeze in payment levels and removal of the family element have affected all women negatively. Women will lose more than men: 2.2 million female claimants in employment would lose an average of £1,400 a year and 3.6 million female claimants not in employment would lose an average £600 a year (WBG & Runnymede, 2017).

There are also concerns about how universal credit delivered, in particular the way it is paid. Universal Credit is standardly paid to a ‘head of household’, usually a man. This has raised issues about gender equality within the family. It also is a particular concern for women at risk of domestic violence; although payments can be split within a household, this is done as an exception rather than as a rule. Another issue is the shift to monthly rather than weekly payments in terms of budgeting, and especially about the initial payment not being received for up to six weeks. For groups with lower levels of savings – including most low income people, but especially lone parents, ethnic minorities and migrants – they will be unable to cover their expenses and also become more vulnerable to high-cost loans. All these changes are being pushed through without the government doing very much to ensure people have the skills or products (i.e. fully transactional bank accounts) to manage these much larger sums of money.

F. BREXIT

(28) What are the potential implications of Brexit for the situation of those living in poverty in the United Kingdom?

As discussed, the response of government to Brexit, whatever this looks like, will determine the impact on poverty. In light of reduced GDP, we have little assurance that government will respond will anti-poverty measures. The proposed budget does not make significant enough changes to welfare policy or public spending to make the scale of change needed to reduce poverty. BME people continue to be more likely to live in poverty and child poverty has increased. Three in 10 children live in households in poverty, rising to over half of children in Bangladeshi, Black African, Pakistani and Other ethnicity households. Increased unemployment post-Brexit is a risk in vulnerable industries, with men with few qualifications working in manufacturing particularly at risk.

One other big unknown is immigration policy. As the ‘Windrush’ injustice indicated, current migration policies (previously known as the ‘hostile environment’ but now...
rebranded as the ‘compliant environment’) result in migrants struggling to access employment, education, housing and health, and have turned public officials into enforcers of immigration policy. This particularly affects low income migrants, but it is difficult to assess what the government will do post-Brexit with respect to the rights of EU and non-EU migrants respectively. The ongoing ‘ambition’ to drive down numbers to ‘tens of thousands’ has never been matched by a policy commitment. However those migrants living in poverty post-Brexit are likely to face increased enforcement activities and reduced access to rights of family reunification (through, for example, rising salary thresholds for spouses or children).

Although this is not related to Brexit, there is no other section to address another important aspect of migration policy: the destitution of asylum-seekers in Britain. Asylum-seekers are not allowed to work until one year after their claim was received, and are only allowed to work for a select number of jobs. Otherwise they are paid £5.39 per day, far below the poverty line, especially for those with children.

(29) **What are the potential implications of Brexit in terms of protecting the human rights of low-income groups and of persons living in poverty?**

Our human rights equalities legislation has no protection from watered down amendments once we leave the EU. For example, the Equality Act 2010 legally protects people with protected characteristics such as ethnicity, gender and disability from workplace discrimination. However, post-Brexit, Parliament could repeal or undermine these rights once they are no longer protected by EU Equality legislation. BME Britons already face widespread discrimination and institutionalised racism in the workplace. Without the protection of legislation, the situation could become significantly worse.

Although much of this legislation, such as Equal Pay and the Race Relations Acts predate EU membership and/or jurisdiction, EU directives and treaties have strengthened them. Additionally, the government has previously considered essential elements of the Equality Act 2010, like the Public Sector Equality Duty (PSED) as ‘Red Tape’. Under the Cameron administration, it was put up for consultation under the Red Tape Challenge, categorising it as a burden on business. Theresa May’s Race Disparity Audit signalled a change in approach, but the legislation could still be under threat from a future administration.

(30) **To what extent does government planning for Brexit explicitly address the issues arising under questions 28 and 29 above?**

The government is not preparing or planning for the above. The question of those living in poverty, particularly those with protected characteristics is not a consideration or feature of the negotiations or narrative that surrounds it. Our human rights equalities legislation has no protection from watered down amendments once we leave the EU.