

Ethnicity, poverty and the data in Scotland

Poverty levels for people in minority ethnic communities in Scotland are double the national average, and rising. Analysis in this briefing highlights several areas that are contributing to this worrying trend. However, a lack of robust data on ethnicity and poverty makes it hard to understand the interaction and scale of the drivers of poverty for people from minority ethnic backgrounds.

Carla Cebula, Senior Analyst

Jack Evans, Policy and Partnerships Manager

With thanks to the Coalition for Racial Equality and Rights (CRER)

Recommendations:

- Scottish Government must collect appropriate and robust ethnicity data to allow a full understanding of the structural inequalities faced by minority ethnic communities in Scotland.
- The UK and Scottish Governments along with employers and trade unions, must bring far greater urgency to creating a labour market that offers equal opportunities for minority ethnic workers, and offers a route out of poverty.
- Scottish Government must work towards reversing the increasing levels of child poverty amongst people from minority ethnic backgrounds.

Introduction

In 2017 the Scottish Parliament unanimously agreed ambitious targets to reduce child poverty to under 18% by 2023/24, and to under 10% by 2030. In doing so they identified several 'priority groups' including minority ethnic families¹. Worryingly in this 'priority group' poverty levels have been steadily increasing.

We have shown previously (JRF, 2021) that the Scottish Government are not on track to meet Scotland's child poverty targets, and action is needed. This is deeply worrying as it is not right that children are growing up without their basic needs being met or the opportunity to fulfil their potential. Child poverty rates are also a key indicator of how society is doing and tell a story about what is working and what is not. The story they tell about the minority ethnic population in Scotland is one of almost half of childhoods being blighted by poverty.



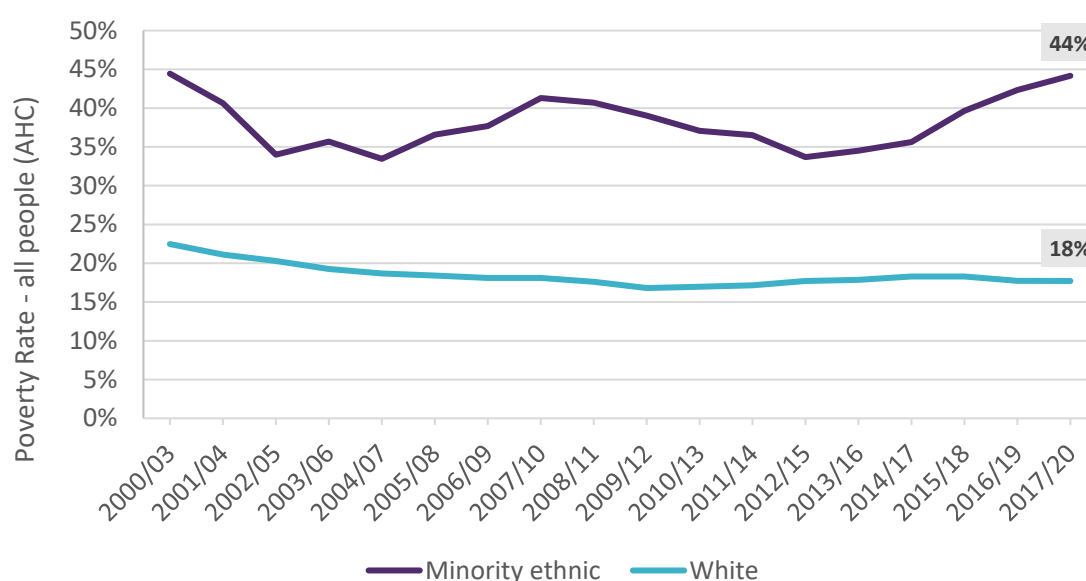
What we do know is that minority ethnic people in Scotland are faring worse in the labour market than white counterparts in terms of pay, economic activity, in-work poverty and security of contracts. Minority ethnic households have higher housing costs due to being disproportionately represented in the private rented sector, and some minority ethnic groups have a lower acceptance rate for social security applications in Scotland than white applicants.

To better understand the drivers of these higher poverty rates for people from minority ethnic backgrounds we have tried to unpick and analyse the available data. The data used in this briefing is best viewed as an isolated snapshot of the situation for those in minority ethnic communities. This means that we have been unable, due to insufficient data, to look at how the individual drivers interact with each other. This situation would be less of a problem if we were looking at the white population. This is deeply concerning as it demonstrates inequality even in the ability to understand the problem of poverty in minority ethnic communities, let alone try to solve it.

Poverty and ethnicity in Scotland

Despite the limitations of data relating to ethnicity and poverty, the available data clearly shows unacceptable levels of poverty. Over the last twenty years people from minority ethnic backgrounds in Scotland have been at a significantly higher risk of poverty than white people. Most concerning, poverty rates for people in minority ethnic backgrounds have been steadily increasing whilst the rate for white people has remained relatively constant, with more than two in five (44%) minority ethnic people living in poverty in 2017-20 compared to just less than one in five white people.

Figure 1: In 2017-20 the poverty rate (AHC) for minority ethnic people in Scotland was more than double that of white people.



Source: JRF analysis of Households Below Average Income, Department of Work and Pensions (DWP), three-year average

Due to the small number of minority ethnic people in each year of data it's unclear to what extent the fluctuations in the poverty rate seen in Figure 1 reflect real year-to-year changes happening in minority ethnic communities in Scotland. As the number of people is smaller, variation in who is surveyed year-to-year can have more of an impact on yearly values than for the larger white population. This makes it particularly hard to identify whether these changes over time reflect the experiences of minority ethnic people, whether they are related to changes in the drivers of poverty for minority ethnic families and whether they are related to structural changes, such as new policies. However, what we can say about this trend is that across the twenty years presented here, people from a minority ethnic background have been consistently at a significantly greater risk of poverty than white people.

While 4% of Scotland's population identified as being from a minority ethnic population in 2011, in 2017-2020 1 in 10 (11%) people living in poverty were from a minority ethnic background. There is no up-to-date evidence on the ethnicity of Scotland's population and its distribution across regions, therefore much work is based

on the findings of the last census undertaken in 2011. However, modelling work undertaken to predict population change in Scotland would suggest that by 2031 7% of Scotland's population will be from a minority ethnic background. Additionally, in areas where a larger proportion of Scotland's minority ethnic communities currently live this is likely to be higher. For example, in Glasgow the minority ethnic population would increase from 1 in 10 in 2011 to roughly 2 in 10 by 2031 (Walsh, 2017).

The modelling demonstrates that poverty in minority ethnic communities is both a daily struggle for far too many people today and left unaddressed will seriously undermine the possibility of reaching Scotland's child poverty targets in 2024 and 2030. However, the response to the minority ethnic poverty rate being double that of the rest of the population must not be one based solely on meeting targets. It is shameful that in Scotland there remain multiple structural barriers that mean not being born white doubles your chance of living in poverty.

A labour market divided

We know that work is not working for too many people, whatever their ethnicity, and failing to provide a route out of poverty: 68% of children in poverty in Scotland live in a household where someone is in work. Due to small sample sizes we are unable to calculate this for minority ethnic children in Scotland living in poverty, however, it is possible to look at the picture in the UK. In 2017/20, 72% of children in the UK who were living in poverty had someone in their family in work, for minority ethnic children in poverty this rises to 77%, over three quarters.

The analysis below paints a stark picture of the labour market for minority ethnic people in Scotland, one of comparatively low pay, high underemployment and high job insecurity compared to white people, as well as high in-work poverty. It culminates in a worrying 3 in 10 minority ethnic people being in poverty despite at least one person in the family working.

Economic activity

Three in five minority ethnic people living in poverty have at least one person in their family in work which is similar to the rate for white people (57%). With the comparative higher relative poverty rate, however, this means that almost 3 in 10 people from a minority ethnic background are in poverty but have someone in their family in work, compared to 1 in 10 white people.

On top of this, minority ethnic women have a lower employment rate (51%) than white women, and both minority ethnic and white men. This is primarily explained by a higher inactivity rate, which means these women are not in work but are not looking for work either, so aren't 'unemployed' (45% compared to the population average of 22%). There is limited data and research on why a higher proportion of minority ethnic women are economically inactive in Scotland. Improving the data around this would give us more opportunity to address and understand what is causing this lower activity rate.

From the research that is available, caring responsibilities and a lack of affordable, accessible, and appropriate childcare is identified as making access to work more difficult (Closing the Gap, 2019). There also remains a lack of intersectional data to explore the specific causes. The Scottish Government’s Gender Equality Index finds that 85% of people aged 16-64 who were “economically inactive” due to caring were women. Minority ethnic women also face an intersection of discrimination based on their ethnicity, gender, and religion (particularly for Muslim women) creating additional barriers to employment (ibid).

Figure 2: Economic activity rates vary by ethnicity and gender in Scotland



Source: JRF analysis of Annual Population Survey (ONS), 2019.

Note: This chart includes adults aged 16-64; children and pensioners are excluded.

Pay

One of the clearest indicators of inequality is pay. In 2019, minority ethnic workers in Scotland were, on average, paid £10.99 per hour compared to white workers who were paid £12.25 per hour (£1.26 more per hour) (ONS 2020). For a full-time worker, working 35 hours a week, this would total a difference of £2,300 a year between the ‘average’ workers from a minority ethnic and white background.

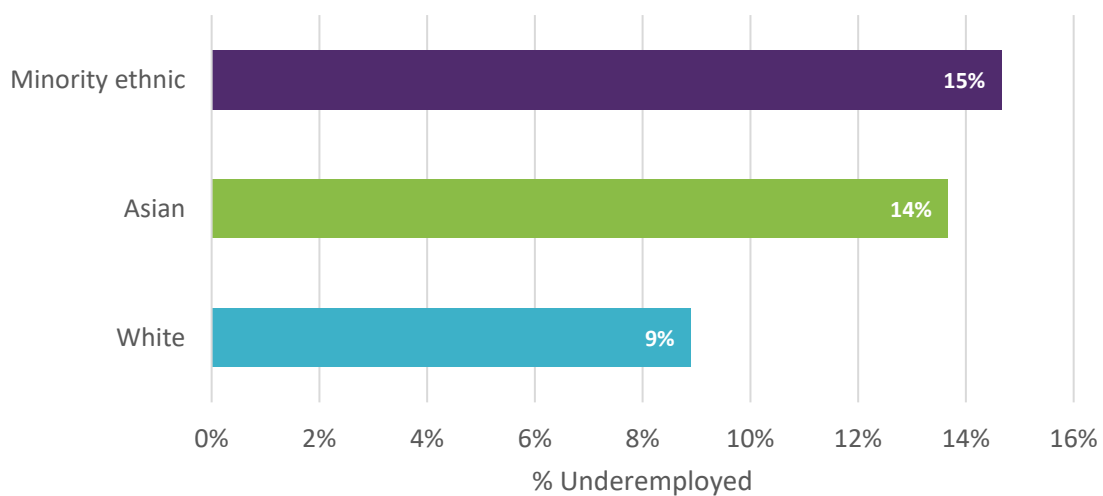
Underemployment

Data also tells us there is a significant difference in underemployment levels when you look at the data by ethnicity. Underemployment is when workers are not able to work as many hours as they would like, either part-time workers who would like more hours or to move to full-time work, or full-time workers who would like more hours (but remain below 48 hours a week). It is an indication of a labour market that is not meeting the needs of workers and can ensure people are trapped in poverty. Growth in underemployment across the labour market was a feature of the last recession and policy makers must be wary of further increases in a post-COVID recovery. After the recession, growth in underemployment was not equal: across the UK rates increased

sharply for Pakistani/Bangladeshi women as well as African Caribbean/Black African/Black Other women, with a less-drastic increase for white British women (Rafferty 2014).

In Scotland just less than 1 in 10 (9%) white workers were underemployed in 2019, while 15% of minority ethnic workers in Scotland were. In Figure 3 we have been unable to break down ethnicity for most groups, but it is possible to pull out an Asian category. Again, the data here is insufficient to see the full picture of underemployment – yet we can see that if you are white, you are more likely to be able to work the number of hours you want.

Figure 3: Workers from minority ethnic backgrounds have higher underemployment rates than workers from white backgrounds



Source: JRF analysis of Annual Population Survey (ONS), 2019.

Note: Underemployed includes people who currently work part-time and would like more hours or to work full-time, as well as those working full-time who would like more hours (keeping their hours below 48 hours a week). In this chart we are unable to show detailed breakdowns for all ethnic groups so have presented a minority ethnic rate and have taken the opportunity to highlight the rate for the Asian ethnic group as the sample size allowed.

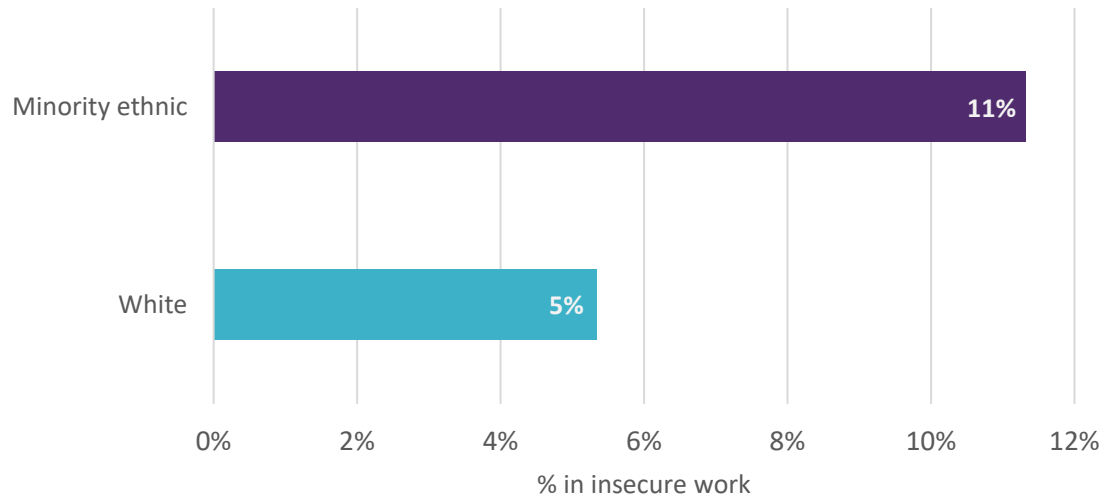
Insecurity

The most recent Labour Force Survey data allows us to identify people in insecure work, that is they are on zero hours, temporary, seasonal, or casual contracts with unreliable or unpredictable hours. Insecurity is a defining characteristic of work for many on low pay and has several damaging consequences. It can lead to a higher risk of poverty and a lack of predictability which makes planning family life and finances much harder. However not all people on insecure contracts are in poverty as there are also well-paid roles that would be defined as insecure. It is a further limitation of the data that we are unable to calculate the combination of worker's ethnicity, pay and insecure work, or people that are in insecure work and living in poverty, for example.

What we can see is that workers from minority ethnic backgrounds are around twice as likely as white workers to be on insecure contracts resulting in 1 in 10 (11%)

minority ethnic workers being in insecure work which increases the likelihood of minority ethnic workers being in poverty.

Figure 4: Minority ethnic workers are around twice as likely to be in insecure work than white workers in Scotland

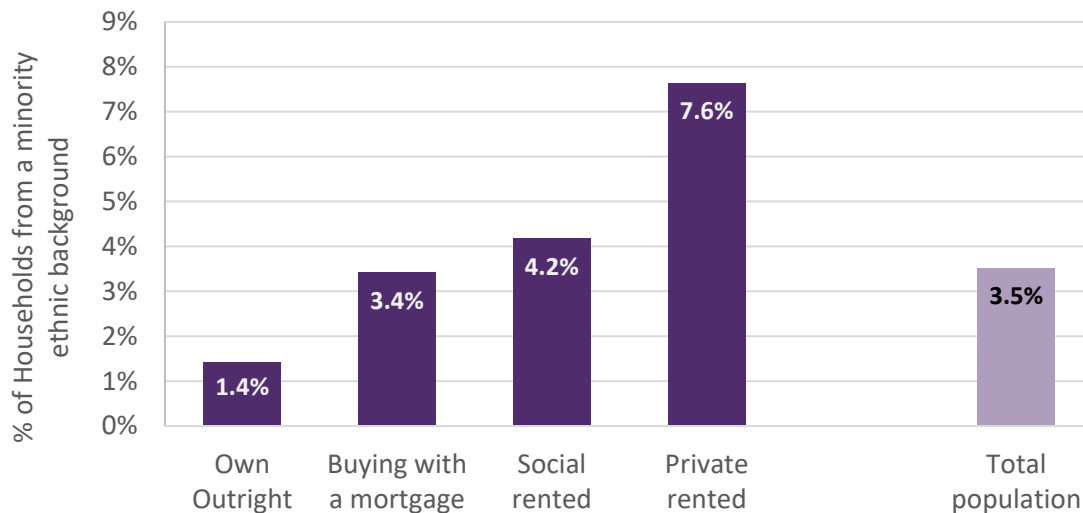


Source: JRF analysis of Quarterly Labour Force Survey (ONS), February to April 2021.
Notes: Insecure workers are workers on temporary and zero hours contracts.

It costs to be from a minority ethnic background

For those living in poverty affordable housing is crucial, yet we find that over half (51%) of minority ethnic people living in poverty are in unaffordable housing, which means they are spending more than 30% of their income on their housing. This is compared to 44% for white people in poverty.

Figure 5: Minority ethnic households are over-represented in the private rented sector and less likely to own their own home than white households.



Source: JRF analysis of Scottish Household Survey (Scottish Government), 2019.

Minority ethnic households are over-represented within the private rented sector in Scotland, with 30% of minority ethnic households having this tenure, compared to just 13% of white households.

Minority ethnic households make up 8% of the private rented sector in Scotland, double the 4% representation in the population. A similar proportion of minority ethnic households are in the social rented sector as white families: this is good and suggests a small amount of progress (Scottish Government, 2020) as minority ethnic households have previously been under-represented within this sector (Scottish Government, 2017), particularly housing rented from the local authority.

Recent work at the UK level and focusing on specific housing markets suggests that some minority ethnic groups have been locked out of the housing market (Konotey-Ahulu, 2021). Our data would suggest that this could be the case for some minority ethnic households in Scotland, with just 1% of households that own outright and 3% of households that are buying with a mortgage coming from a minority ethnic background. The 2011 Census data shows that, unlike the rest of the UK, only those with a Pakistani ethnic background have a similar level of homeownership to white British people, and many minority ethnic groups have low levels of homeownership, particularly those from 'African', 'Caribbean or Black' and Other ethnic (this includes individuals who selected Arab or Other) backgrounds.

One main driver of this is the combination of the minority ethnic pay gap and the large wealth gap between white and minority ethnic families in the UK (Khan, 2020). The Runnymede Trust found that in 2014-16, for every £1 of wealth held by white

households black African and Bangladeshi households had just 10p. These issues make it difficult for minority ethnic families to build up the deposits needed for a mortgage.

Ultimately, minority ethnic households in Scotland are less likely to be managing well financially due to this combination of lower incomes and higher costs. In 2019, 45% of minority ethnic households reported that they felt they were managing well financially compared to 56% of white households (Scottish Government, 2021).

Is the lifeline equally positioned for all?

Social security is an important lifeline for those pulled into poverty, however, we know little about whether there is equal access to and experience of the social security system for people from different ethnic backgrounds in large-scale quantitative data in Scotland or the UK. It is important to have this large-scale view to consider these structural inequalities across the system as well as having more in-depth information about specific aspects of the system.

Considering administrative data at the UK level, Universal Credit claimants do self-report their ethnicity and this is collected by DWP. However, this information is both optional and allows claimants to select 'prefer not to say' (DWP, 2021) which results in high levels of incomplete responses making it unreliable for understanding structural inequalities in the social security system in relation to ethnicity. The solution to this is not to force claimants to provide ethnicity data, but to instead improve levels of trust within the social security system including in how data is and will be used. In March 2021 only half (54%) of Universal Credit (UC) claimants voluntarily declared their ethnicity (DWP, 2021).

Another option would be to use survey data in UK surveys, however, Scottish sample sizes of minority ethnic respondents are often too small for analysis of questions that apply to fewer individuals (such as claiming UC). Additionally, many surveys have issues with the under-reporting of benefits, including the Scottish Household Survey that would be more likely to have a sufficient minority ethnic sample size for Scotland (Scottish Government, 2020).

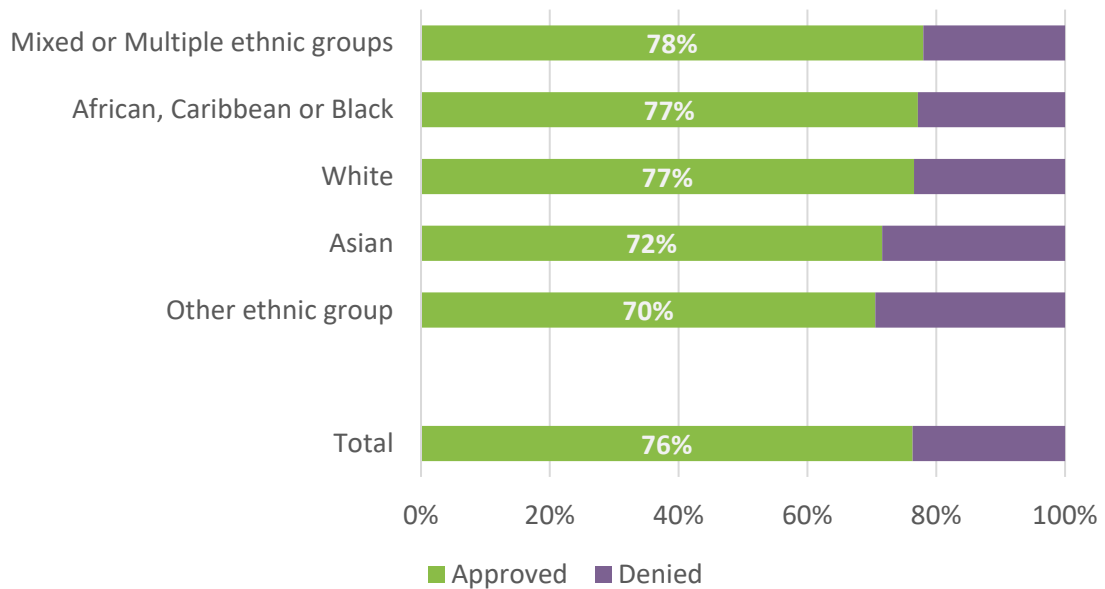
These problems with the recording of administrative and survey data limit what we can say about the structural inequalities in the current system, and are an area that needs further improvement.

Social Security Scotland have collected higher-quality ethnicity data, and access and awards are regularly published broken down by ethnicity². It is important that this continues as Social Security Scotland expand their support, looking at the proportions applying and receiving awards. Data covering all payments made by Social Security Scotland from December 2020 to May 2021 shows that there is some variation in client outcomes by ethnicity with people from Asian background (who make up 4% of all applicants) being five percentage points less likely to have their application approved than white claimants.

We would expect the proportions applying and receiving awards to reflect the proportions of that ethnic group that meet the criteria of the benefit, not just the

proportions found within the population. A lack of applicants may suggest low awareness within that minority ethnic community of the benefits available to them, and difficulty accessing services or interacting with them – for example due to a language or cultural barrier. We don't know why some minority ethnic groups are more likely to be denied awards, and several reasons could play a part. Again, the provision of materials that are accessible and easily understood are crucial as well as minority ethnic communities facing "direct or indirect discrimination and prejudice in how benefits are administered" (CPAG, 2021). It is important for Social Security Scotland to continue to engage with minority ethnic communities throughout Scotland to reduce as many barriers to accessing and being awarded support as possible.

Figure 6: Asian applicants to Social Security Scotland are least likely to have their applications approved and are the largest group of minority ethnic applicants.



Source: Social Security Scotland, Client Diversity and Equality Data, December 2020-May 2021 (Social Security Scotland, 2021).

Note: The African, Caribbean or Black group is derived from published figures. Categories African and 'Caribbean or Black' have been combined due to small numbers of applicants in the 'Caribbean or Black category' who made up less than 1% of applicants.

Conclusions

While we can say that there are multiple structural inequalities for people from ethnic minorities in Scotland and these are likely to contribute to the unjustly high levels of poverty experienced by people from minority ethnic backgrounds, we cannot say to what extent each of these drive the poverty rate or which has the biggest impact. This is largely an issue of poor-quality data. Therefore, our conclusion can be broken in to two parts. What the limited data can tell us and what the gaps in the data mean.

The data shows us the worrying signs of a deep divide in the labour market where your outcomes can be defined by your ethnicity. If you are working in Scotland and are from a minority ethnic background you are more likely to be paid less, be on an insecure contract and not get the hours that you want.

These concerning indicators about the labour market and ethnicity are not a surprise. When the Scottish Government published the Race Equality Framework for Scotland it included a vision for 2030:

“Minority ethnic people have equal, fair and proportionate access to employment and representation at all levels, grades and occupation types in Scotland’s workforce and experience fewer labour market, workplace and income inequalities.”

An initial step to the realisation of this vision came in the form of the Race Equality Action Plan 2017-2021. The plan had a list of actions to address racial inequality by focusing on several areas including poverty and employment. In March 2021 the Scottish Government published its final report on the action plan. The report shows that every action committed to in the strategy is either completed or ongoing.

Unfortunately, this has not translated to meaningful change for minority ethnic workers in poverty. The labour market remains deeply unequal and in the five years since the Race Equality Framework for Scotland was published there are higher levels of poverty in minority ethnic communities, with the gap between white and minority ethnic poverty growing.

The data also shows that in addition to inequality in the labour market, if you are not white you face higher housing costs and are often less likely to be supported by social security when you need it. Our analysis suggests that minority ethnic communities are being failed at every turn and face this triple whammy of barriers to escaping poverty.

JRF are committed to working with employers, workers, communities, government, unions and many more to make sure that these structural barriers are removed, and people in minority ethnic communities are afforded the same opportunities to fulfil their potential as the rest of the population. This work will require much more robust action from government and employers but will also require robust data.

Presently we are unable to break down ethnicity to see whether different drivers exist or are more of a problem for different ethnic groups or sub-groups. For example, we

have shown that minority ethnic women have a higher inactivity rate (which means the number who are not employed, but not looking for work) than white women or minority ethnic men. If we had looked only at people's ethnicity, we would have not seen the further disadvantage faced by minority ethnic women in the labour market. Therefore, we know that the drivers of poverty must be considered in an intersectional manner, looking at key factors in shaping the chances and exclusion of minority ethnic people in Scotland.

In 2016 the Scottish Government made commitments to reduce racial inequalities with the release of the Race Equality Framework for Scotland. This framework was developed with the understanding that there was an urgent need to eradicate structural and institutionalised racism in Scotland. While it is right that this eradication should be a goal for any government serious about fighting inequality and poverty, the evidence shows that there is still significant work to do.

Furthermore, there exist very limited data to hold the Scottish Government to account on the commitments outlined in the Framework. This lack of data became even more evident throughout the pandemic when it emerged that minority ethnic communities in England and Wales were being disproportionately affected by the COVID-19 pandemic, yet comparable data was unavailable in Scotland (Haria, 2020).

Similarly, to be able to understand the interplay between these drivers and the scale of their impact on minority ethnic communities in Scotland a data source must be able to identify whether an individual is in poverty, their work situation (including important factors such as precariousness and underemployment), whether they are claiming benefits, their tenure and housing costs and most importantly their ethnicity, as well as these details for the rest of their household.

In 2011, JRF wrote of the opportunities that the linking of data (including Census data and DWP administrative data) would allow for a better understanding of the drivers of poverty for minority ethnic people in Scotland (Netto et al, 2011). Yet no obvious progress has been made in this area in the last ten years. Data linkage would be one way to allow researchers to better understand the way multiple drivers of poverty impact minority ethnic communities, but this does not tackle the issue of too few minority ethnic individuals in the sample or the lack of ethnicity data altogether.

As stated by the Executive Director of the Coalition for Racial Equality and Rights, Jatin Haria, considering the lack of ethnicity data throughout the COVID-19 pandemic:

“The excuse that minority ethnic communities here are small in number will no longer stand. If anything, this makes it more important to have robust and comprehensive data collection.”

If the Scottish Government wants to reduce racial inequalities in Scotland it must collect appropriate data, including robust ethnicity data, with large enough samples, and ask the right questions to allow us to understand the structural inequalities faced by minority ethnic communities in Scotland.

Notes

1. The Scottish Government changed who they included in their measurement of the minority ethnic families priority group this year. It previously included Black, Asian, mixed/multiple ethnicities and Other ethnic households but now also includes households from a white-other background. For this briefing we are using the original definition and will not be including households from a white-other background. However, it should be noted that in 2015/20 the poverty rate for people from a white-other background was 24% compared to 18% for those from a white-British background.

2. For comparison to Universal Credit claims ethnicity disclosure at the UK level, just 3% of applicants to Social Security Scotland between June and November 2020 selected 'prefer not to say' as their ethnicity (Social Security Scotland, 2021). Five applicants (rounded to the nearest five) did not disclose. This has resulted in significantly more robust equalities data but should continue to be monitored.

References

Close the Gap (2019) Still Not Visible: Research on Black and minority ethnic women's experiences of employment in Scotland [Online] Available from: https://www.closesthegap.org.uk/content/resources/1557499847_Still-Not-Visible.pdf [Accessed: 8 October 2021].

CPAG (2021) Advising BAME communities. [Online] Available from: <https://cpag.org.uk/scotland/welfare-rights/bme> [Accessed: 21 September 2021].

DWP (2021) Universal Credit statistics: background information and methodology. [Online] Available at: <https://www.gov.uk/government/publications/universal-credit-statistics-background-information-and-methodology/universal-credit-statistics-background-information-and-methodology> [Accessed: 16 July 2021].

Haria, J (2020) COVID-19 and ethnicity in Scotland: Where's the data? [Online] Available at: <https://www.crer.scot/post/2020/06/22/covid-19-and-ethnicity-in-scotland-wheres-the-data> [Accessed: 16 July 2021].

JRF (2021) Poverty in Scotland 2021 [Online] Available at: <https://www.jrf.org.uk/report/poverty-scotland-2021> [Accessed: 8 October 2021].

Khan, O (2020) The Colour of Money: How racial inequalities obstruct a fair and resilient economy [Online] Available at: <https://www.runnymedetrust.org/projects-and-publications/employment-3/the-colour-of-money.html> [Accessed: 17 September 2021].

Konotey-Ahulu, O (2021) How London's Property Boom Left Black Britons With Nothing. Bloomberg Equality + Wealth. [Online] Available at: <https://www.bloomberg.com/news/features/2021-05-18/uk-property-wealth-data-2021-show-big-gap-between-black-and-white-homeowners> [Accessed: 16 July 2021].

Netto et al (2011) Poverty and ethnicity in Scotland: Review of the literature and datasets. [Online] Available at: <https://www.jrf.org.uk/report/review-poverty-and-ethnicity-scotland> [Accessed: 15 July 2021].

ONS (2020) Ethnicity pay gap reference tables. [Online] Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/ethnicitypaygapreferencetables> [Accessed: 15 July 2021].

Rafferty (2014) Gender Equality and the Impact of Recession and Austerity in the UK. [Online] Available at: <https://www.ofce.sciences-po.fr/pdf/revue/12-133.pdf> [Accessed: 13 August 2021].

Scottish Government (2016) Race Equality Framework for Scotland 2016 to 2030. [Online] Available at: <https://www.gov.scot/publications/race-equality-framework-scotland-2016-2030/pages/2> [Accessed: 16 July 2021].

Scottish Government (2017) Scottish household survey 2017: annual report. [Online] Available at: <https://www.gov.scot/publications/scotlands-people-annual-report-results-2017-scottish-household-survey/pages/2/> [Accessed: 12 August 2021].

Scottish Government (2020) Scottish Household Survey income analysis. [Online] Available at: <https://www.gov.scot/publications/shs-income-analysis/> [Accessed: 16 July 2021].

Scottish Government, Ipsos MORI (2021) Scottish Household Survey, 2019 [data collection]. UK Data Service. SN: 8775, <http://doi.org/10.5255/UKDA-SN-8775-1>

Social Security Scotland (2021) Client Diversity and Equalities Analysis. [Online] Available at: <https://www.socialsecurity.gov.scot/reporting/publications/social-security-scotland-client-diversity-and-equalities-analysis-to-may-2021> [Accessed: 21 September 2021].

Walsh, D (2017) The changing ethnic profiles of Glasgow and Scotland, and the implications for population health. [Online] Available at: https://www.gcph.co.uk/assets/0000/6255/The_changing_ethnic_profiles_of_Glasgow_and_Scotland.pdf [Accessed: 15 July 2021].

About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF is available to download from www.jrf.org.uk

To meet one of our experts to discuss the points raised please contact:
Carla Cebula: Senior Analyst
Carla.Cebula@jrf.org.uk