

Brexit for BAME Britain

Investigating the impact

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Summary and recommendations

- The overall impact of Brexit on Black, Asian and Minority Ethnic (BAME) communities will be negative, both economically and for community relations.
- The government has a responsibility to lead by example. If British values include tolerance and fairness, then we expect to see a forward-looking, positive and inclusive vision of Britain being presented by our political leaders. This includes economic policies that work for everyone and a concerted stand against hate and division.
- BAME communities are in a triple bind: socioeconomically worse off than their white counterparts; blamed for economic insecurity and 'cultural change'; and, as a result, the main targets of hate crime as visible minorities. This is all likely to be exacerbated by Brexit.
- Government should prepare for another surge in hate incidents and crime following our planned exit from the European Union (EU) in March 2019. This is already anticipated by the police and would mirror the rise in hate crime that followed the Brexit vote in 2016.
- There is strong evidence that a 'No Deal' or 'Hard' Brexit would be the most damaging for BAME communities, women and those on low incomes with few qualifications. The government should avoid these scenarios at all costs.
- The Institute of Fiscal Studies (IFS) projects that a Hard Brexit leaves men working in 'plant and machine operations' at high risk of redundancies, with skills that don't translate easily to new industries. Pakistani and Bangladeshi men are twice as likely to be working in these industries compared with the White British group.
- As part of its industrial strategy, the government should ensure that people have the skills needed to move into new industries and should provide a robust social security system to support those who cannot.
- BAME families are less likely to have savings, spend a greater share of their income overall and are less able to weather economic hardships than white families in the UK. This makes them sensitive to changes to the price of goods post-Brexit.
- Despite assurances that 'austerity is coming to an end', this is not the case. A further increase of the personal tax allowance proposed in the 2018 Budget will continue to benefit the richest the most. Overall public spending will remain at historic lows and proposed reforms will not undo public spending cuts since 2010.
- This will hit BAME people on low incomes and disabled people harder than any other groups. Now more than ever, working-age benefits need to be increased in line with the cost of living. The government has not published its own impact assessments that examine how Brexit may impact BAME people or those with protected characteristics.
- In preparation for the 2019 Spending Review, the government should carry out cumulative impact assessments of its proposed tax, benefits and public spending plans. In light of these assessments, it should respond with a programme of policies that will mitigate any negative impacts of Brexit on those with protected characteristics, including socioeconomic status.
- Despite BAME people in Britain numbering eight million – more than the population of Scotland and Wales combined – their voice and concerns have been missing from both the Brexit campaign and negotiations. Consultations with BAME non-governmental organisations (NGOs), volunteer and community organisations, front-line workers who are bearing the brunt of Brexit economic impact have not been conducted and should take place as a matter of urgency.
- The government should commit to protecting and strengthening human rights and equalities legislation post-Brexit. These are important levers against discrimination and unfair treatment, policies and service provision.

Introduction

The vote to leave the European Union (EU) has radically reformed the UK and will continue to do so. Although the terms and future are uncertain, our relationship with the EU and British identity will be markedly changed whatever the outcome. The 'Vote Leave' campaign was outwardly xenophobic, using anxiety about migration and 'cultural change' as thinly veiled proxies for race. The increase in hate crime following the referendum result was not random.¹ The campaign gave increased social sanction and space for hate and prejudice to thrive. Seventy-five per cent of Black, Asian and Minority Ethnic (BAME) people voted to Remain, not necessarily out of passion for the EU but out of a fear of what the Leave campaign represented.² However, the vote to Leave – the disparate demographics across the UK that wanted out – was driven by a complex cocktail of causes.

Inequality, injustice and post-racial fantasies are laced through much of the Leave vote. It was able to unite curry house owners in London with residents in post-industrial towns around a common interest.³ But 'sovereignty' and immigration – both inextricably linked to control and a specific conception of British identity – were able to bring a mostly white, mostly middle-aged group of men and women into coalition across class boundaries and across the country.⁴

However, this is shifting. A 'mega-poll' conducted by Survation and Channel 4 found that local authorities with a high number of ethnic minority Leave voters would now switch to supporting Remain, if there were to be another referendum.⁵ The Leave campaign has since ditched its promise of a fairer migration system for non-EU migrants. This, and the government's lack of care for BAME views in its negotiations, impact assessments or overarching narrative, has likely driven this change in support. The curry house bosses promised a fairer immigration system for non-EU migrants have since shared their disappointment with the Leave campaign and subsequent negotiations.⁶ This raises further questions about a need for a 'People's Vote' on the final terms of withdrawal from the EU.

Research has shown that austerity policies, economic insecurity and a lack of power contributed significantly to the Brexit

vote.⁷ People who felt ignored by successive governments and who have felt their standard of living deteriorate grasped the opportunity to 'take back control'.⁸ We also know that hard times are the midwives of hate, delivering increased resentments in the face of scarcity. Most economic projections, including government analysis, for all the versions of Brexit currently on the table predict that those who are worse off either, at best, will see little change to their circumstances or, at worst, will be hardest hit economically.⁹

'[There's been] no thought of impact on BAME groups' – ROTA member organisation

This leaves BAME people in a triple bind. The government's Race Disparity Audit (RDA) has shone a light on the inequalities in employment, pay and school results that ethnic minorities face in England and Wales. They are hit harder by austerity policies, are already worse off economically and are the main targets of resentment and hate crimes.¹⁰ Without government intervention, with economic policies but also a unifying, inclusive vision to bolster it, BAME people will be at risk on all fronts. Without commitment and planning from our political leaders, Brexit has the potential to make life worse for BAME communities both economically and socially.

At the time of publication, a draft withdrawal agreement has been made public. As a result, several Cabinet Ministers have resigned. Rebel Conservative MPs are writing letters demanding a vote of no confidence in Theresa May. If 48 Conservative MPs call for a no confidence vote, a new Conservative leadership battle will be triggered. If the Prime Minister can convince enough of her ministers to support the agreement, there will likely be an emergency EU summit mooted for 25 November. Our briefing attempts to assess the socioeconomic environment awaiting BAME communities post-Brexit amid continued uncertainty.

For our economic analysis, we primarily look to Institute of Fiscal Studies (IFS) and Institute of Public Policy Research (IPPR) analyses of trade and price impacts to explore the potential distributional impacts of Brexit on BAME people in the UK.¹¹ We look at gross value added (GVA) impacts – a key productivity metric used to calculate GDP (gross domestic product) that measures the contribution of a region, sector or industry to the economy. Particular ethnic and socioeconomic groups are concentrated in specific sectors of employment, some of which are predicted

¹ C. Schilter (2018), 'Hate crime after the Brexit vote: Heterogeneity analysis based on a universal treatment', www.lse.ac.uk/economics/Assets/Documents/job-market-candidates-2018-2019/JobMarketPaper-ClaudioSchilter.pdf;

V. Dodd (2016), 'Police blame worst rise in recorded hate crime on EU referendum', *The Guardian*, 11 July, www.theguardian.com/society/2016/jul/11/police-blame-worst-rise-in-recorded-hate-on-eu-referendum.

² N. Begum (2018), 'Minority ethnic attitude and the 2016 EU referendum' in UK in a Changing Europe, *Brexit and Public Opinion: The UK in a Changing Europe*, <http://ukandeu.ac.uk/wp-content/uploads/2018/01/Public-Opinion.pdf>; D. Weekes-Bernard and O. Khan (2015), *This Is Still About Us: Why Ethnic Minorities See Immigration Differently*, www.runnymedetrust.org/uploads/Race%20and%20Immigration%20Report%20v2.pdf; R. Obordo and H. Rahim (2016), 'Ethnic minorities ask: "How did Great Britain become Little England?"', *The Guardian*, 28 June, www.theguardian.com/world/2016/jun/28/ethnic-minorities-ask-how-did-great-britain-become-little-england.

³ R. Carter (2018), *Fear, Hope and Loss: Understanding the Drivers of Hope and Hate*, www.hopenothate.org.uk/wp-content/uploads/2018/10/FINAL-VERSION.pdf.

⁴ S. Virdee and B. McGeever (2018), 'Racism, crisis, Brexit', *Ethnic and Racial Studies* 41(10): 1802–1819; IPSOS MORI (2017), 'Concern about immigration rises as EU vote approaches', www.ipsos.com/ipsos-mori/en-uk/concern-about-immigration-rises-eu-vote-approaches; World Economic Forum (2017), 'Part 1 – Global Risks', <http://reports.weforum.org/global-risks-2017/part-1-global-risks-2017>.

⁵ Survation and Channel 4 News (2018), *Local Authority Predictions*, <https://www.survation.com/wp-content/uploads/2018/11/LA-predictions-from-MRP.xlsx>.

⁶ N. Cecil (2017), 'Brexit ministers misled us over immigration, say furious curry house bosses', *Evening Standard*, 12 May, www.standard.co.uk/news/politics/brexit-ministers-misled-us-over-immigration-say-furious-curry-house-bosses-a3537356.html.

⁷ T. Fetzer (2018), 'Did austerity cause Brexit?', https://warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/publications/381-2018_fetzer.pdf.

⁸ Carter, *Fear, Hope and Loss*.

⁹ House of Commons Exiting the European Union Committee (2017), *EU Exit Analysis: Cross-Whitehall Briefing*, www.parliament.uk/documents/commons-committees/Exiting-the-European-Union/17-19/Cross-Whitehall-briefing/EU-Exit-Analysis-Cross-Whitehall-Briefing.pdf; P. Levell and A. Norris Keiler (2018), 'The exposure of different workers to potential trade barriers between the UK and the EU', in C. Emmerson, C. Farquharson and P. Johnson (eds), *IFS Green Budget 2018*, chapter 10, www.ifs.org.uk/publications/13508; Jonathan Portes (2018), *Too High a Price? The Cost of Brexit – What the Public Thinks*, https://ourglobalfuture.com/wp-content/uploads/2018/04/GlobalFuture-Too_high_a_price.pdf.

¹⁰ M. Rosenbaum (2017), 'Local voting figures shed new light on EU referendum', www.bbc.co.uk/news/uk-politics-38762034; A. O'Neill (2017), *Hate Crime, England and Wales, 2016/17: Statistical Bulletin 17/17*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652136/hate-crime-1617-hosb1717.pdf; Women's Budget Group and Runnymede Trust (2017), *Intersecting Inequalities: The Impact of Austerity on Black and Minority Ethnic Women in the UK*, www.runnymedetrust.org/uploads/PressReleases/Correct%20WBG%20report%20for%20Microsite.pdf.

¹¹ See specifically: M. Morris (2018), *An Equal Exit? The Distributional Consequences of Leaving the EU*, www.ippr.org/files/2018-06/brexit-and-trade-july2018.pdf.

to be impacted by Brexit. We also look at price impacts – how changes in the price of consumer goods and services might affect the household expenditure of different groups.¹²

In addition, we asked ROTA's members to share their concerns for their beneficiaries and their organisations post-Brexit. This complements the work of other academics, economists, government guidance, think tanks and financial institutions that have modelled the impact of Brexit on the UK's GDP, employment rights and community relations.¹³ The majority predict a long-term negative impact on GDP compared to if the UK had stayed in the EU.¹⁴

While it has been well established that trade agreements can have considerably different impacts on different groups of people depending on their economic position and socioeconomic power, less work has been done on how these differences break down across ethnic lines.¹⁵ This leaves us with only a complex sketch of what the future looks like for BAME people post-Brexit. But we can outline the possibilities: the opportunities and threats that Brexit may bring.

What is Brexit?

On 23 June 2016, 51.9% of the British electorate voted for Britain to leave the EU, while 48.1% voted to remain in the Union.

Britain plans to officially exit the EU on 29 March 2019. At the time of publication, the UK government is still negotiating with the EU to determine what our future relationship will look like. Britain is legally intertwined with the European Union in myriad ways and the government is in the process of arranging future deals on an array of issues including trade, immigration, financial services, law, democracy and education. The parameters of our exit are constantly shifting; it is difficult to determine the long- and short-term impacts on different communities with certainty.

While BAME Britons overwhelmingly voted Remain, there were variations between different ethnicities. Those of an Indian background were almost twice as likely to vote Leave as other minority groups. There was much higher support for Remain among Pakistanis, Bangladeshis, Black Caribbean and Black African groups, with only a quarter of these groups voting Leave.¹⁶ Overall, three in four black people and two in three Asian people voted Remain.¹⁷ However, a recent 'mega-

poll' conducted by Survation and Channel 4 found that local authorities with a high number of ethnic minority Leave voters would now switch to supporting Remain, if there were to be another referendum.¹⁸ This is likely an indictment of the way the negotiations have been handled.

Whatever their attitudes towards Brexit, BAME people are already socioeconomically worse off than their White British counterparts: they own less in assets and savings and fare worse in education and employment.¹⁹ Any reductions to GDP or in public spending are likely to have an adverse effect on these communities.

Where does legislation stand?

The EU Withdrawal Bill which officially became law in 2018 is the legislation that will repeal the 1972 Communities Act (the act that initially made the UK a member of the EU). It will turn all European law automatically into UK law. Parliament will then decide which laws to keep and which laws to revoke or amend. Equality and employment legislation intended to prevent and remedy discrimination and harassment in the workplace that was safeguarded by EU equality legislation will be open to amendments once in UK law.

'[There's] uncertainty about employment legislation if we withdraw from the European court' – ROTA member

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. BAME Britons already face widespread discrimination and institutionalised racism in the work place. Without the protection of legislation, the situation could become significantly worse.

Although much of this legislation, such as the Equal Pay and the Race Relations Acts, pre-dates EU membership or jurisdiction, EU directives and treaties have strengthened it.²⁰ Additionally, the government had previously made it clear that it considered essential elements of the Equality Act 2010, like the Public Sector Equality Duty (PSED), to be 'red tape'. Under the Cameron administration, it was put up for consultation under the 'Red Tape Challenge', categorising it as a burden on business.²¹ Theresa May's Race Disparity Audit signalled a change in approach, but the legislation could still be under threat from a future administration.

What type of Brexit?

The referendum question on which the public was asked to vote did not include any definitive details on the type of Brexit the UK would be seeking to negotiate. Given that the referendum did not specify the specific terms of Britain's departure from the EU, Brexit means different things to different parts of the electorate.

¹² This briefing draws on a general equilibrium model analysis across 31 sectors by S. Dhingra, H. Huang, G. Ottaviano, J.P. Pessoa, T. Sampson, and J. Van Reenen (2017), *The Costs and Benefits of Leaving the EU: Trade Effects*, London: Centre for Economic Performance, LSE; and on Levell and Norris Keiller, 'The exposure of different workers to potential trade barriers between the UK and the EU'. While the methods of analysis are not the same, the findings are complementary and provide context for each other. Both methods also integrate employment data across sectors to estimate impacts on particular groups. We have also extensively referred to Morris' wide-ranging analysis of the economic impact of Brexit across region, gender and ethnicity; Morris, *An Equal Exit?*

¹³ Morris, *An Equal Exit?*

¹⁴ Women's Budget Group (2018), *Exploring the Economic Impact of Brexit on Women*, <https://wbg.org.uk/wp-content/uploads/2018/03/Economic-Impact-of-Brexit-on-women-briefing-FINAL-1.pdf>.

¹⁵ See, for example, I.P. van Staveren, D. Elson, C. Grown and N. Cagatay (eds) (2007), *The Feminist Economics of Trade*, London: Routledge.

¹⁶ Begum, 'Minority ethnic attitude and the 2016 EU referendum'; Rosenbaum, 'Local voting figures shed new light on EU referendum'.

¹⁷ Lord Ashcroft (2016). *EU Referendum 'How Did You Vote' Poll*, <https://lordashcrofthpolls.com/wp-content/uploads/2016/06/How-the-UK-voted-Full-tables-1.pdf>

¹⁸ Survation and Channel 4 News, *Local Authority Predictions*.

¹⁹ See the government's Race Disparity Audit: 'Ethnicity facts and figures', www.ethnicity-facts-figures.service.gov.uk/.

²⁰ M. Morris (2018), *A Level Playing Field for Workers: The Future Of Employment Rights Post-Brexit*, www.ippr.org/files/2018-10/1539013433_brexit-and-employment-october18.pdf.

²¹ Home Office (2012), 'Equalities red tape challenge and reform of the Equality and Human Rights Commission: outcome', www.gov.uk/government/speeches/equalities-red-tape-challenge-and-reform-of-the-equality-and-human-rights-commission-outcome.

There are calls for a second vote, also known as the 'People's Vote', to allow the electorate to have a say on the final Brexit deal once the terms under offer from the EU become clear.²² While the government has been reluctant, they have now conceded and will provide Parliament with a 'full, reasoned position statement' with a legal analysis of the Brexit deal after it is concluded. As it stands, the government says it will reach a deal with the EU by the end of November.

The four proposed exit scenarios are outlined below.

The draft withdrawal agreement

At the time of publication, Prime Minister Theresa May has presented the draft withdrawal agreement to her Cabinet and the media. The proposal includes a potential solution to the Irish border – a major stumbling block to progress in negotiations with the EU. It offers some alignment between the UK with the EU customs union for a limited time. This is unacceptable to the Democratic Unionist Party (DUP) that the prime minister needs to hold a majority in parliament. It also includes commitments over citizens' rights after Brexit, a proposed 21-month transition period after we leave, the end of freedom of movement – to be replaced with a skills-based immigration system, departure on 29 March 2019 and details of the £39bn so-called 'divorce bill'. The UK and EU's long-term trade arrangements are yet to be settled.²³

As a result, several Cabinet Ministers have resigned. Rebel Conservative MPs are writing letters demanding a vote of no confidence in Theresa May.

If the Cabinet agrees and the leadership challenge is staved off, an emergency summit of the 27 EU member states is mooted for 25 November, followed by a vote in Parliament around 7 December. If it is either blocked by the Leave-supporting Cabinet members or voted down by Parliament, the following scenarios remain on the table.

Hard Brexit

In this scenario the UK would leave the customs union, ending free trade and movement. Multiple studies have shown this to be an extreme option for Britain, with significant negative impact on the economy and public services.²⁴ It would also involve the time-consuming and laborious process of negotiating trade deals with the individual countries and trading blocs.

Soft Brexit: The Chequers deal

This arrangement would see Britain remain within the customs union with the EU, allowing some form of free trade but ending free movement and replacing it with a 'mobility framework' to allow UK and EU citizens to travel to each other's territories, and apply for study and work.²⁵ The UK would continue to abide by

a wide range of EU legislation, making it a 'rule taker', rather than a 'rule maker' as desired by prominent Brexiteers.

The government's 'Chequers White Paper' favours this Brexit model, and the Prime Minister is seeking support for it within both the UK and the EU. It proposes a 'soft' Brexit that retains a mutually beneficial economic partnership, with a free trade area for goods. This would avoid delays at the border that would potentially harm industries relying heavily on the 'just-in-time model' of manufacturing – those with tight supply chains that deliver parts just as the manufacturer needs them.

This policy would also avoid a hard border between the Republic of Ireland and Northern Ireland, and between Northern Ireland and Great Britain.

Crucially, the Chequers proposal retains the UK's freedom to pursue trade with states outside of the EU on its own terms, and its control over immigration. Reaction to these proposals has been strong, both at home and abroad. The Conservative party is deeply divided, with many hardline Brexiteers fiercely opposed to Chequers, and there is also fierce opposition to Chequers from the Labour Party, the Scottish Nationalist Party and others.²⁶

The current Chequers model is unacceptable to the EU as it undermines the 'four freedoms' of goods, capital, services and labour.²⁷ The EU has frequently repeated the indivisibility of these four freedoms, making Chequers an unrealistic negotiating position. The Prime Minister presented the Chequers plan to EU members at the Salzburg summit, where it was rejected.

No Deal Brexit

The possibility of a 'No Deal Brexit' has increased in recent months. This would mean Britain leaving the European Union without a deal and no transition period, with relations automatically rebounding to World Trade Organisation (WTO) trade rules. The UK would have to negotiate trade deals individually and would receive no preferential treatment from the EU. In August and September 2018, the UK government released a set of 28 guidance papers on issues such as business, industry, workplace rights, the NHS and trade in the case of a No Deal exit.²⁸ A withdrawal from the single market without preferential access for goods and services is likely to lead to very high losses in sectors such as financial services.²⁹ There are also likely to be rises in tariffs on exports. This is the least desirable option.

If 'No Deal' is announced, the government will ask MPs to vote on a plan of action in response. This could include leaving without a deal, holding another referendum, seeking an extension of Article 50 (the Article setting the date on which Britain leaves the EU) or a final effort at negotiations.

²² D. Sabbagh (2018), 'Campaign for second Brexit vote seeks support beyond capital', *The Guardian*, 10 August, www.theguardian.com/politics/2018/aug/10/campaign-for-second-brexit-vote-seeks-support-beyond-capital.

²³ BBC News (2018), 'Theresa May seeks cabinet backing for Brexit plan', www.bbc.co.uk/news/uk-politics-46203425.

²⁴ See Women's Budget Group, *Exploring the Economic Impact of Brexit on Women*; Morris, An Equal Exit?; Dhingra et al., *The Costs and Benefits of Leaving the EU*; H. Breinlich, S. Dhingra, T. Sampson and J. Van Reenen (2016), *Who Bears the Pain? How the Costs of Brexit Would Be Distributed across Income Groups*, <http://cep.lse.ac.uk/pubs/download/brexit07.pdf>; W. Chen, B. Los, P. McCann, R. Ortega Argilés, M. Thissen and F. van Oort (2017), 'The continental divide? Economic exposure to Brexit in regions and countries on both sides of The Channel', *Papers in Regional Science* 97(1): 25–54, <https://onlinelibrary.wiley.com/doi/epdf/10.1111/pirs.12334>.

²⁵ HM Government (2018) *The Future Relationship Between the United Kingdom and the European Union*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725288/The_future_relationship_between_the_United_Kingdom_and_the_European_Union.pdf.

²⁶ BBC News (2018), 'Brexit plan: 80 MPs will reject Chequers deal, says ex-minister', www.bbc.co.uk/news/uk-45468544.

²⁷ W. Kohler and G. Muller (2017), 'Brexit, the four freedoms and the indivisibility dogma' <http://blogs.lse.ac.uk/brexit/2017/11/27/brexit-the-four-freedoms-and-the-indivisibility-dogma>.

²⁸ UK Government (2018), 'How to prepare if the UK leaves the EU with no deal', www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal.

²⁹ I. Begg and F. Mushovet (2018), *The Economic Impact of Brexit: Jobs, Growth and the Public Finances*, London: European Institute, LSE.

According to the information and analysis available, we believe that the UK should either remain a member of the EU or ensure some version of a soft Brexit, whether that is the draft withdrawal agreement or a variation of Chequers to minimise the impact on the British economy, workers' rights and equalities legislation.³⁰

While the government's No Deal impact assessments examined the potential impact on various sectors of the economy, they did not include equality impact assessments for different sections of the population. These would be essential to gauging the potential impact of Brexit across and between BAME populations.

Economic impact on BAME communities

Income inequality in Britain is higher than in any other European country and long pre-dates the vote to leave the EU.³¹ For BAME people, further disadvantages in income, housing, education and employment exist when compared with those from white backgrounds. This inequality has persisted since records began, although we have seen some progress over time.³² Equally, structural inequalities between women and men continue to be widespread; women earn less, own less and have more responsibility for unpaid work.³³ Brexit runs the risk of exacerbating these inequalities but could carve out new opportunities for improvements. Reductions in public spending since 2010 have disproportionately affected BAME families negatively, with women hit particularly hard.³⁴ Whatever the terms of our exit from the EU, the government should be mindful of how its response is likely to impact already disadvantaged groups in Britain.

Uncertainty about the kind of Brexit trade agreement the UK will strike with the EU makes it difficult to accurately predict its overall or distributional impacts. However, the majority of economists predict a fall in GDP of up to 9% compared with remaining in the EU, as well as a squeeze on wages.³⁵ A No Deal Brexit, previously unfathomable, has now become a possibility. As a result of this recent development, there is a dearth of data available for analysis. Government analysis so far does not consider protected characteristics.

Despite the Prime Minister's promise at the Conservative party conference in October 2018 that the days of austerity were behind Britain, Chancellor of the Exchequer Philip Hammond made clear

in the October Budget only that austerity is 'coming to an end', without a specific deadline. Although he did commit to increased spending on the NHS and social care, he has been less clear on whether he will be forced to draw up an Emergency Budget in light of a No Deal Brexit. Prior to the Budget announcement he had stated this would be necessary, but he has since reversed his position.³⁶ Analysts should be mindful that the government's response to No Deal may change despite assurances. If this Emergency Budget led to an extension of public spending cuts it would be likely to leave BAME people worse off.

Even if the proposed Budget remains unchanged post-Brexit, the proposals do not go far enough to significantly improve the lives of BAME people.

Unequal point of departure: Existing inequalities in the labour market

BAME people have seen a consistent increase in the numbers gaining formal qualifications. Between 2007 and 2017, Pakistani and Bangladeshi women saw a 28 percentage point rise in degree attainment, with black men and women seeing a 24 percentage point increase.³⁷ However, this has not translated into better results in the workplace. Research by the Joseph Rowntree Foundation found 40% of African and 39% of Bangladeshi graduates are overqualified for their roles.³⁸ BAME people face lower pay, higher rates of unemployment, concentration in particular industries, pay gaps and insecure working conditions.

Unemployment rates are higher for BAME people than for White British people across the country. These gaps were largest in London, the West Midlands and the North West. There are important variations between ethnic groups and genders. The unemployment rate ranges from 3% for both white women and white men to 7% for black women and black men.³⁹

Fig. 1 Unemployment by ethnicity by region

Region	Regional unemployment rate, BAME population	Regional unemployment rate, White British population
London	9%	4%
West Midlands	11%	5%
North West	9%	5%

Source: Unemployment, Ethnicity Facts and Figure, GOV.UK, Annual population survey 2017⁴⁰

Research by the Resolution Foundation and the TUC (Trades Union Congress) found that black men and women are more likely to be in precarious employment, including agency and

³⁰ BBC News (2018), 'UK and EU 'agree text' of draft withdrawal agreement', www.bbc.co.uk/news/uk-politics-46188790.

³¹ D. Dorling (2018), *Peak Inequality: Britain's Ticking Time Bomb*, Bristol: Bristol University Press.

³² See for example, K. McIntosh and O. Khan (2018), *Integration for All: Why Race Equality Matters*, www.runnymedetrust.org/uploads/policyResponses/Integration%20for%20All.pdf; M. Dummett (1970), 'Colour and Citizenship: The Rose Report', *New Blackfriars* 51(596): 39–47.

³³ See, for example, EHRC (2010), *How Fair Is Britain? Equality, Human Rights and Good Relations in 2010*, www.equalityhumanrights.com/sites/default/files/how_fair_is_britain_-_complete_report.pdf.

³⁴ Women's Budget Group and Runnymede Trust, *Intersecting Inequalities*.

³⁵ S. Dhingra, G. Ottaviano, T. Sampson and J. Van Reenen (2016), 'The UK Treasury analysis of "The long-term economic impact of EU membership and the alternative": CEP Commentary', <http://cep.lse.ac.uk/pubs/download/brexit04.pdf>.

³⁶ Sky News (2018), 'Philip Hammond: Budget plans will go ahead regardless of Brexit outcome', <https://news.sky.com/story/philip-hammond-budget-plans-will-go-ahead-regardless-of-brexit-outcome-11539795>.

³⁷ K. Henehan and H. Rose (2018), *Opportunities Knocked? Exploring Pay Penalties Amongst UK's Ethnic Minorities*, <https://resolutionfoundation.org/app/uploads/2018/07/Opportunities-Knocked.pdf>.

³⁸ Poverty is defined as the proportion of people living in households with an after-housing-costs income below 60% of median household income; D. Weekes-Bernard (2017), *Poverty And Ethnicity in the Labour Market*, www.jrf.org.uk/report/poverty-ethnicity-labour-market.

³⁹ Analysis of Labour Force Survey in Henehan and Rose, *Opportunities Knocked?*

⁴⁰ Ethnicity Facts and Figures (2018). Unemployment, <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/unemployment/latest>

seasonal work.⁴¹ Even when variables such as qualifications, age, region and socioeconomic group are taken into account, the data shows significant pay gaps between ethnic minorities and White British people. Although the gaps have constricted over time, the largest pay penalty exists between black male graduates, who can expect to earn £700 less per year (full time) than white male graduates, even with their social background and job taken into account. Differences *between* ethnic groups are important to note, with no statistically significant pay penalty for male Indian graduates compared with white graduates.⁴²

Concerns for BAME workers in specific sectors

BAME workers are clustered in specific industries, with differences between groups and genders. This is concerning, as some of these industries are at risk of being negatively impacted by Brexit.

Pakistani and Bangladeshi people are most likely to work in distribution, hotels and restaurants,⁴³ whereas black people are more likely to work in the public sector, particularly black women.⁴⁴ Black Caribbean workers are more likely to be found in administrative or secretarial occupations, while the largest proportion of Black African employees work in health service such as nursing auxiliaries or assistants.⁴⁵ Both Black African and Caribbean women are over-represented in the 'human health and social work' sector. Just below 30% of Black Caribbean and nearly four in ten Black African women are employed in this industry cluster.⁴⁶ Temporary contracts are a common practice in this industry. As a result, the livelihoods of women in these groups are vulnerable when public spending is cut.

Pakistani, Bangladeshi and African groups are clustered in industries synonymous with low pay and are therefore at higher risk of poverty than other groups. In 2015/16, half of Bangladeshi households were living in poverty, compared with only 19% of White British households. The figure was at 46% for Pakistani households and 40% for Black African/Caribbean households.⁴⁷ For Pakistani households, high rates of poverty have been the most persistent over time.⁴⁸ However, poverty rates are higher for all BAME groups than for White British people. Those in persistent poverty are more likely to live in social housing, be younger, have no qualifications, and be unemployed – characteristics that are more common for BAME groups.⁴⁹

Impact of Brexit: Sectoral impacts and BAME groups

The predicted drop in national GDP, productivity and employment in many sectors and potential increase in trade barriers due to Brexit will have negative consequences for the entire country,

but more for those of lower economic status.⁵⁰ BAME workers who are already disadvantaged by the institutional racism and discrimination they face will be additionally impacted by a weakening economy and hostile trade environment. Increased barriers to trade – whether in the form of new tariffs, or high non-tariff barriers such as customs checks and regulatory divergence – will affect sectors that heavily rely on export to the EU and the industries that supply them.⁵¹ Sectors that get their inputs (raw materials and products required for operation) from the EU will also be affected. The three sectors most reliant on exports to the EU for revenues are mining and quarrying, where 43% of revenues come from EU exports, followed by manufacturing (21%) and financial services (10%). The three sectors that are most reliant on the EU for inputs – manufacturing (20%), health (NHS) and social care (18%) and food (15%) – are very likely to see increased operational costs.⁵² By looking at the characteristics of workers employed in at-risk industries and regions, we can get a good idea of how BAME workers might be affected post-Brexit.⁵³

Soft Brexit risks

In the event of a soft Brexit, studies have predicted that there will not be significant differences between BAME Britons and white Britons in terms of impact from sectoral instability across all sectors.⁵⁴ However, in the case of a Hard Brexit, ethnic minority groups will likely suffer more than white groups due to their high representation in services sectors, which are predicted to be harder hit. Those in service provision sectors in the North East and West Midlands, where the largest share of services exports to the EU go, are likely to suffer most.⁵⁵

As we know, Black women are highly concentrated within the 'Human health and social work activities'. Nearly 4 in 10 (38%) of Black African women are working in this sector.⁵⁶ This sector is likely to face higher operational costs, tighter budgets and greater performance pressures on staff.⁵⁷ The rising cost of NHS and social care service provision may also lead to Budget-based redundancies.⁵⁸ Those most likely to be impacted are BAME women, as women make up 80% of the residential care and social work workforces.⁵⁹

South Asian workers are concentrated in sectors, such as retail, hotels, restaurants and textiles, with traditionally lower pay and

⁵⁰ See IPPR, IFS and WBG Brexit reports cited here extensively.

⁵¹ See Begg and Mushovel, *The Economic Impact of Brexit*; Dhingra et al., 'The UK Treasury analysis of "The long-term economic impact of EU membership and the alternative"'.
⁵² Morris, *An Equal Exit?*

⁵³ Dhingra et al., *The Costs and Benefits of Leaving the EU*.

⁵⁴ Morris, *An Equal Exit?*

⁵⁵ I. Borchert and N. Tamperi (2018), 'Brexit and regional services exports: a heat map approach', <http://blogs.sussex.ac.uk/uktpo/files/2018/01/Briefing-paper-14-Heatmap-final.pdf>.

⁵⁶ ONS (2011). '2011 Census analysis: Ethnicity and the Labour Market, England and Wales', <https://www.ons.gov.uk/peoplepopulationandcommunity/culturalidentity/ethnicity/articles/ethnicityandthelabourmarket2011censusenglandandwales/2014-11-13#characteristics-of-ethnic-groups-in-employment>.

⁵⁷ C. Cooper (2018), 'NHS chiefs sound alarm about Brexit impact on health workforce', www.politico.eu/article/nhs-chiefs-sound-alarm-about-brexit-impact-on-health-workforce-nurses-doctors-migration.

⁵⁸ N. Fahy et al. (2017), 'How will Brexit affect health and health services in the UK? Evaluating three possible scenarios', *The Lancet* 390 (10107): 2110–2118, [www.thelancet.com/journals/lancet/article/PIIS0140-6736\(17\)31926-8/fulltext](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(17)31926-8/fulltext).

⁵⁹ Skills or Care (2018), *The State of the Adult Social Care Sector and Workforce in England*, www.skillsforcare.org.uk/NMDS-SC-intelligence/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-state-of-the-adult-social-care-sector-and-workforce-2018.pdf.

⁴¹ TUC (2015), *Insecure work and Ethnicity*, www.tuc.org.uk/sites/default/files/Insecure%20work%20and%20ethnicity_0.pdf.

⁴² Henehan and Rose, *Opportunities Knocked?*

⁴³ Using Annual Population Survey figures (2016); Department for Business, Energy & Industrial Strategy (2018), 'Ethnicity Facts and Figures: Employment by sector', www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/employment/employment-by-sector/latest.

⁴⁴ Analysis of Labour Force Survey in Women's Budget Group and Runnymede Trust, *Intersecting Inequalities*.

⁴⁵ M. Brynin and S. Longhi (2015), *The Effect of Occupation on Poverty among Ethnic Minority Groups*, www.jrf.org.uk/report/effect-occupation-poverty-among-ethnic-minority-groups.

⁴⁶ Women's Budget Group and Runnymede, *Intersecting Inequalities*.

⁴⁷ Weekes-Bernard, *Poverty and Ethnicity in the Labour Market*.

⁴⁸ P. Fisher and A. Nandi (2015), *Poverty across Ethnic Groups through Recession and Austerity*, www.jrf.org.uk/sites/default/files/jrf/migrated/files/poverty-ethnic-groups-recession-full.pdf.

⁴⁹ Weekes-Bernard, *Poverty and Ethnicity in the Labour Market*.

higher job insecurity. Clothing manufacture, an industry with a large BAME workforce, is at high risk, as the majority of its exports are to the EU. These already low-paid workers are at risk of even lower pay and redundancies, because of downsizing or relocation of firms due to Brexit. Those with temporary, casual employment status or on zero-hour contracts are most at risk of gradually eroded employment standards and minimum wage protections, despite the possibility of a short-term temporary increase in labour demand due to departing EU workers.⁶⁰

While London and the South East are less dependent on exports to the EU, employment in these regions is highly concentrated in service provision. Impact studies that focus on a soft Brexit scenario predict high risks for this region, especially in the short and medium term.⁶¹ The local authorities in the financial centre of London, such as Tower Hamlets and the City of London, have a very high BAME population, as well the highest concentration of people involved in the services sectors.

Studies disagree on whether regions with a high concentration of service sectors, i.e. London and the South East, will be more at risk due to Brexit than those that are more economically integrated with the EU, i.e. the Midlands and the North of England. However, most agree that in the long-term it is the areas outside London and the South East that will suffer from a longer economic downturn, even if the immediate shock is far greater to London and the South East due to the concentration of financial services there.⁶² The latter is more resilient to economic shocks than the rest of the country and more likely to rebound, due to the skills and track record of the region.

Hard Brexit or No Deal: Projected impacts

In the case of a No Deal Brexit and the imposition of WTO rules, leading to tariff-based trade barriers with the EU, 14% (3.7 million) of workers are employed in industries that it is estimated would lose more than 5% of their Gross Value Added (GVA). Nearly 20% of men with GCSE qualifications or below work in highly exposed industries. Of this group, 29% (500,000) are employed in manual occupations such as process, plant and machine operations, classed as 'very highly exposed industries', and will be at the highest risk of job cuts.⁶³ This group has also historically struggled to find equally well-paid employment elsewhere when job losses occur. Pakistani and Bangladeshi men are twice as likely as the White British group to be working in these industries, and much more likely to be already living in poverty. This puts this group at higher risk of job insecurity at best, and redundancy and increased poverty at worse.⁶⁴

The effect of Brexit will vary between different parts of the country, depending on whether they are reliant on exports

or not, the share of their exports that are services and the percentage of workers in those sectors. Different analytical approaches have predicted different short- and long-term outcomes for each region. Those approaches that measure EU trade exposure predict greater negative impacts for the northern and western regions.⁶⁵ While 49% of the UK's total exports go to the EU, 61% of the North of England's and Wales' exports are EU-bound, compared with 43% of those of London and the West Midlands. The government's internal modelling based on the above suggests that regions outside of London are most likely to face economic losses because of their reliance on exports.⁶⁶ The BAME populations of these regions who are employed in manufacture and export-based industries will face economic uncertainty, rising costs of production and increased global competition, especially in a Hard Brexit or No Deal scenario. Men employed in highly exposed sectors in Northern Ireland and the West Midlands are most at risk of downsizing due to trade barriers.⁶⁷

Overall, the uncertainty of Brexit's outcomes are detrimental to long-term goals of reducing economic disadvantage, widening employment prospects, creating employment stability and deepening career progression across the country for BAME workers.

Spending power of BAME households

As discussed, the terms of the Brexit deal will determine how industries, trade and employment will be affected. This has a direct bearing on wages, spending power and wellbeing of individuals and households. It is difficult to predict how BAME families will be affected in general, as they are diverse in structure and have different rates of home ownership and levels of income. The interplay between existing inequality in the labour market, the structure of BAME families, post-Brexit government policies and the economy's reaction to Brexit will determine how BAME families fare post-Brexit.

What affects BAME families spending power?

Family characteristics, housing tenure and place of residence, and government policy all impact the socioeconomic position of BAME families and, as a result, their disposable income. Bangladeshi, Black African and Pakistani households are more likely than other groups to have dependent children and to live in large families.⁶⁸ For black groups, single-parent families are more common than in other groups. Black Caribbean (24%), African (24%), Mixed: White and Black Caribbean (26%), Other Black (26%) and Mixed White and Black African (21%) groups have a higher proportion of lone-parent families than the England and Wales average (11%).⁶⁹

⁶⁰ Work Foundation (2017), *Could a Bad Brexit Deal Reduce Worker's Rights across Europe?* www.theworkfoundation.com/wf-reports.

⁶¹ S. Dhingra, H. Huang, G. Ottaviano, J.P. Pessoa, T. Sampson and J. Van Reenen (2017), 'Local economic effects of Brexit', *National Institute Economic Review* 242(1).

⁶² Dhingra et al., 'The local economic effects of Brexit'; Borchert and Tambari, *Brexit and Regional Services Exports*; Chen et al., 'The continental divide?'

⁶³ Morris, *An Equal Exit?*

⁶⁴ Department for Business, Energy & Industrial Strategy, 'Ethnicity facts and figures'; Nomis Official Labour Market Statistics, 'DC6213EW - Occupation by ethnic group by sex by age', www.nomisweb.co.uk/query/asv2htm.aspx. These groups have a lower median age but are slightly more likely to have no qualifications and much more likely to live in poverty. For more, see ONS (2011), 'DC5209EWLA - Highest level of qualification by ethnic group', www.nomisweb.co.uk/census/2011/DC5209EWLA/view/2092957703?rows=c_hlqpk11&cols=c_ethpk11; Weekes-Bernard, *Poverty And Ethnicity in The Labour Market*.

⁶⁵ Chen et al., 'The continental divide?'

⁶⁶ House of Commons Exiting the EU Committee, *EU Exit Analysis*.

⁶⁷ Levell and Norris Keiller, 'The exposure of different workers to potential trade barriers between the UK and the EU'.

⁶⁸ ONS (2011), 'LC1201EW - Household composition by ethnic group of Household Reference Person (HRP)', https://www.nomisweb.co.uk/census/2011/LC1201EW/view/2092957703?rows=c_hhchuk11&cols=c_ethhuk11.

⁶⁹ ONS (2014), '2011 Census analysis: What does the 2011 Census tell us about the characteristics of Gypsy or Irish travellers in England and Wales?', www.ons.gov.uk/peoplepopulationandcommunity/culturalidentity/ethnicity/articles/whatdoesthe2011censustellusaboutthecharacteristicsofgypsyoririshtravellersinenglandandwales/2014-01-21; ONS, LC1201EW.

London has the highest proportion of ethnic minority groups, followed by the West Midlands, as a result of past migration patterns.⁷⁰ BAME people are still concentrated in urban areas rather than rural ones.⁷¹ The type of residence also differs between ethnic groups. While 68% of White British and Indian households are owner-occupied, the proportion is only 24% for Black African households. Rates of social rented and private rented housing are much higher among Black African, Black Caribbean, Pakistani and Chinese households. Tenants in private rented accommodation are more likely to pay a higher proportion of their income in rent, missing out on the financial asset security that being an owner-occupier provides and the financial security this brings.⁷²

The socioeconomic position and family structure of BAME families intersect with government policies to impact household income and resources. BAME households are more likely to receive 'top-ups' to their wages from Working Tax Credits and help with housing costs (Housing Benefit and Local Housing Allowance). For example, 8% of Black, 16% of Bangladeshi and 14% of Pakistani households are in receipt of Working Tax Credits, compared with 5% of White households.⁷³ Black households (35%) are the most likely to have a weekly income of less than £400.⁷⁴ However, there are important demarcations between ethnic groups. Indian households (35%) households have a weekly income of £1000 or more, and are twice as likely to be in this income band as Pakistani households (17%) and Black households (16%).⁷⁵

Research by the Women's Budget Group and the Runnymede Trust found that cuts to benefits and public services as part of the Government's austerity programme since 2010 have disproportionately impacted households with children. Policies such as Universal Credit have impacted single mothers particularly hard. As a result, the poorest fifth of black and Asian households have seen their living standards fall by 19.2% and 20.1%, respectively. This equates to a real-terms annual average loss in living standards of £8407 and £11,678.⁷⁶

The recent Budget promises a £1000 increase to the Work Allowance, as part of Universal Credit – a welcome change for BAME women in particular. But this will not compensate for real-terms cuts elsewhere.⁷⁷ 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.⁷⁸ Further, the two-child cap remains in place as part of Universal Credit, penalising third and subsequent children. This will continue to hit Black African, Bangladeshi and Pakistani families more than any other groups.⁷⁹

Despite the Chancellor's recent reversal of his position, an Emergency Budget, which has the potential to be less generous than the current offering, cannot be ruled out in light of a No Deal Brexit. Regardless of the Brexit terms, the government should respond to any economic shocks by investing in infrastructure – both physical infrastructure such as road, rail and telecoms and the social infrastructure of care, health, welfare and education.

BAME families and post-Brexit price impacts

It is difficult to confidently predict the price impacts for BAME groups across income, geographical and ethnic lines without knowing the terms of Brexit. Around 30% of the food purchased in the UK is imported and this will be greatly impacted by the nature of post-Brexit trade agreements. The poorest families would be the most impacted by rising food prices, as almost a quarter of their household expenditure goes on food, compared to one-tenth for the richest tenth of households.⁸⁰ The results of the IPPR study suggest that white households will experience greater price impacts due to Brexit because a higher portion of their monthly expenditure goes on goods, services and transport that are price-sensitive post-Brexit, as compared with BAME families, who spend a higher proportion on rent.⁸¹ The latter are also more likely to live in London, where rents are higher than in the rest of the country, and spend less money on alcohol, tobacco and fuel, where price rises are predicted, as compared with white Britons. However, BAME families are less likely to have savings, spend a greater share of their income overall and are less able to weather economic hardships than white families in the UK.⁸² Areas outside of London have experienced the largest inflation effects after the referendum, and it is likely that the poorest populations in these areas will be most impacted.⁸³

While a soft Brexit is the most desirable outcome, even this scenario is predicted to be harmful to BAME families overall given the 2% depreciation in the value of sterling since the referendum and predicted 1.8% reduction in income. In a Hard Brexit or a No Deal scenario, there two types of impact predicated on the price of goods and services across sectors. Analysts have suggested that leaving the EU could provide the UK with an opportunity to reduce import tariffs on goods from other countries, leading to lower prices of essential goods such as food and drink.⁸⁴ Given that poorer families spend larger portions of their income on these product groups, it could be

⁷⁰ ONS (2011), '2011 Census analysis – comparing rural and urban areas of England and Wales', http://webarchive.nationalarchives.gov.uk/20160107183528/www.ons.gov.uk/ons/dcp171776_337939.pdf; E. Thomas (2015), 'Immigration is an urban issue', www.centreforcities.org/blog/immigration-is-an-urban-issue.

⁷¹ ONS (2018), 'Ethnicity facts and figures: Regional ethnic diversity', www.ethnicity-facts-figures.service.gov.uk/ethnicity-in-the-uk/ethnic-groups-by-region.

⁷² T. Moore and R. Dunning (2017), *Regulation of the Private Rented Sector in England using Lessons from Ireland*, <https://www.jrf.org.uk/report/regulation-private-rented-sector-england-using-lessons-ireland>.

⁷³ DWP (2017), 'Family Resource Survey (2013–2016). Table 2.3: Sources of total gross household income by ethnic group of head, average of 2013/14, 2014/15 and 2015/16, United Kingdom', www.gov.uk/government/statistics/family-resources-survey-financial-year-201516.

⁷⁴ Before tax and National Insurance was deducted.

⁷⁵ DWP (2018), 'Ethnicity facts and figures: Household income', www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/pay-and-income/household-income/latest.

⁷⁶ Women's Budget Group and Runnymede Trust, *Intersecting Inequalities*.

⁷⁷ M. Whittaker (2018), 'How to spend it: Autumn Budget 2018 response', www.resolutionfoundation.org/publications/how-to-spend-it-autumn-2018-budget-response; T. Waters (2018), *Personal Tax and Benefit Measures*, www.ifs.org.uk/uploads/budgets/budget2018/tw_budget2018.pdf.

⁷⁸ B. Zaranko (2018), *The End of Austerity?*, www.ifs.org.uk/uploads/budgets/budget2018/bz_budget2018.pdf.

⁷⁹ Women's Budget Group and Runnymede Trust, *Intersecting Inequalities*.

⁸⁰ F. McGuinness (2018), *Poverty in the UK: Statistics*, <https://researchbriefings.files.parliament.uk/documents/SN07096/SN07096.pdf>.

⁸¹ Morris, *An Equal Exit?*

⁸² A. Corlett (2017) *Diverse Outcomes: Living Standards by Ethnicity*, www.resolutionfoundation.org/app/uploads/2017/08/Diverse-outcomes.pdf.

⁸³ Breinlich et al., *Who Bears the Pain?*

⁸⁴ W. Lightfoot (2017) 'Here's how we could see lower food prices after Brexit', *The Telegraph*, 5 May, www.telegraph.co.uk/news/2017/05/05/could-see-lower-food-prices-brexit.

⁸⁵ P. Levell (2018), 'Little scope for post-Brexit tariff reductions to cut consumer prices significantly', www.ifs.org.uk/publications/12853.

argued that Brexit could lead to lower household costs for BAME families in the lower income brackets. A Hard or No Deal Brexit could mean unilateral tariff elimination and trade deals with non-EU countries that could reduce overall prices by between 0.7% and 1.2%.⁸⁵ However, this is unlikely to counteract the predicted larger impact on real income of post-Brexit trade barriers between the EU and the UK.⁸⁶

The layers of red tape that will be necessary for goods coming in and out of the UK to and from the EU will lead to higher import-export costs and, thus, higher consumer prices.⁸⁷ Given that the average household is already £600–£1000 poorer since Brexit,⁸⁸ the combination of increased tariffs under WTO rules and the fall in the value of the pound could cost households even more, with the greatest impacts on the poorest households. Analysis values the decline in household income at between £850 and £6400 per year, with those in the lowest deciles being the worst hit.⁸⁹

In light of this, a post-Brexit reduction in real income due to falling wages and lower GDP will leave BAME families across the country less able to afford the same, but now more expensive, basket of goods and services. These impacts will be most felt by BAME women, as they tend to have the main responsibility for the purchase and preparation of food and managing household budget.⁹⁰ They have been described as the 'shock-absorbers' of poverty, as they bear the brunt of its worst effects while seeking to protect their families from it.

Public services

As discussed, BAME people are more likely to earn less, own fewer assets and have lower household resources. Wealthier households can weather reductions in public spending by paying for private services: for example, using a car, taking out private health insurance, paying for legal representation or paying for childcare. Yet it is local authorities in the most deprived areas, where BAME people are more likely to live, that have suffered the greatest cuts to spending.⁹¹ These include a fall of over 50% in funding to local authorities from central government between 2010/11 and 2015/16. There have also been real-terms cuts to schools, the NHS and transport across the country.⁹² In 2011 more than one in three people of Bangladeshi and Pakistani origin lived in a deprived neighbourhood, the highest proportion of any ethnic group.

⁸⁶ Dhingra et al., *The Costs and Benefits of Leaving the EU*.

⁸⁷ P. Levell (2018), *The Customs Union, Tariff Reductions and Consumer Prices*, www.ifs.org.uk/uploads/publications/bns/BN225.pdf.

⁸⁸ G. Young (2017), 'Commentary Monetary and fiscal policy normalisation as Brexit is negotiated', *National Institute Economic Review* 242(November), <https://journals.sagepub.com/doi/pdf/10.1177/002795011724200103>.

⁸⁹ Breinlich et al., *Who Bears the Pain?*

⁹⁰ Women's Budget Group, *Exploring the Economic Impact of Brexit on Women*.

⁹¹ This excludes school spending; A. Hastings, N. Bailey, G. Bramley, M. Gannon and D. Watkins (2015), *The Cost of the Cuts: The Impact on Local Government and Poorer Communities*, www.jrf.org.uk/report/cost-cuts-impact-local-government-and-poorer-communities; S. Jivraj (2014), 'Ethnicity and deprivation in England', <https://beta.ukdataservice.ac.uk/impact/case-studies/case-study?id=155>.

⁹² N.A. Smith, D. Phillips and P. Simpson (2016), 'Council-level figures on spending cuts and business rates income', www.ifs.org.uk/publications/8780; D. Maguire, P. Dunn and H. McKenna (2016), 'How hospital activity in the NHS in England has changed over time', www.kingsfund.org.uk/publications/hospital-activity-funding-changes#why-is-this-a-problem-now; C. Belfield, C. Crawford and L. Sibietta (2017), *Long-Run Comparisons of Spending Per Pupil across Different Stages of Education*, www.ifs.org.uk/uploads/publications/comms/R126.pdf; Campaign for Better Transport (2018), 'Buses in crisis, 2018', www.bettertransport.org.uk/buses-crisis-2017.

Public service cuts, the 2018 Budget and Brexit uncertainty

BAME people are more vulnerable to cuts to public service provision. Cuts to funding for services such as schools, hospitals, transport and education that have been in place since 2010 have hit low-income BAME households more than any other group. Analysis by the Women's Budget Group and the Runnymede Trust forecast that by 2020, the poorest fifth of Black and Asian households will see their living standards cut by 11.6% and 11.2% – £5090 and £6526 respectively in cash terms – in comparison with 2010. For White households, living standards will fall by 8.9%. Public spending cuts will have the largest impact on people on the lowest incomes.

The most recent Budget in October 2018 set out real-terms cash injections for the NHS and £650m extra for social care in 2019/20. An increase to health and social care funding is welcome news for BAME people who are more likely to work in these sectors. But this is not enough to plug existing gaps. Social care faces at least a £1.5bn funding shortfall by 2020.⁹³ Nor does the extra funding equate to an end of austerity. With increases also in the pipeline for defence and aid spending, it is implied that all other government departments will face further real-terms cuts, including local government, despite a promised increase in their grant from central government. Analysis by the Resolution Foundation found that overall public spending will still remain at historic lows and that proposed reforms will not undo nearly a decade of public spending cuts since 2010.⁹⁴ BAME households on low incomes and lone parents will continue to bear the brunt of cuts to public services without a more ambitious policy programme than the one outlined in the Budget.

Staffing public services

In the case of a Hard or No Deal Brexit, ending freedom of movement would deal a harsh blow to the NHS, with potentially 115,000 fewer social care workers by 2026, as 17% (220,000) of current social care staff in England are from overseas.⁹⁵ Not only do ethnic minorities disproportionately use public health and social services: they are also disproportionately more likely to be working in these areas. Hospitals could face both running out of, and over-stockpiling, drugs in a No Deal Brexit situation, despite the government's promises to come up with a system that will ease the requirements for paperwork needed to import drugs, such as customs and safety declarations. The government has advised both hospitals and pharmaceutical companies to stockpile six weeks' worth of goods.⁹⁶

In keeping with current trends towards privatising health and welfare services in the UK, analysts have reported that the post-Brexit scenario might see an intensification of liberalisation and privatisation of these services, leading to an increase in foreign-based service providers.⁹⁷ This may lead to a system where

⁹³ S. Bottery, M. Varrow, R. Thorlby and D. Wellings (2018), *A Fork in the Road: Next Steps for Social Care Funding Reform*, www.kingsfund.org.uk/sites/default/files/2018-05/A-fork-in-the-road-next-steps-for-social-care-funding-reform-May-2018.pdf.

⁹⁴ Whittaker, 'How to spend it'.

⁹⁵ Global Future (2018), *100,000 Carers Missing: How Ending Free Movement Could Spell Disaster for Elderly and Disabled People*, <https://ourglobalfuture.com/wp-content/uploads/2018/08/GF-Social-care-report.pdf>.

⁹⁶ *The Guardian* (2018), 'NHS unprepared for no-deal Brexit, leaked letter warns', 21 August, www.theguardian.com/politics/2018/aug/21/nhs-leak-warns-of-brexit-drug-shortages-and-disease-risk.

people who can afford it can buy services, rather than have them provided irrespective of socioeconomic status as part of their entitlement as citizens. It also means that the government, and by extension the people, are less able to have a say in the quality of and entitlement to service provision.⁹⁸

Uncertainty for the voluntary sector

Cuts to public spending will also mean a continuation and intensification of cuts to community and voluntary organisations that provide specialised services to BAME populations. 'Post-Brexit, UK citizens will no longer be able to benefit from the EU Structural and Investment Funds growth programme (ESIF), a programme related to human rights worth £4.15 billion between 2014 and 2020. BAME people, people with multiple complex barriers, offenders and ex-offenders are all specific target groups for the fund. This provides organisations with ring-fenced funding for interventions and infrastructure that supported BAME men and women to get work, helped families to make ends meet, protected those who were suffering from domestic violence, and provided young people with supplementary education and training.

We support the recommendations of the Equality and Diversity Forum: the government should make sure that its promise to replace the European Social Fund with a Shared Prosperity Fund is realised and maintain its equality focus.⁹⁹ The reduction or elimination of these initiatives will further deepen income and opportunity inequality between the general and BAME populations.

Economic disappointment, social grievances

The projected economic downturn has the potential to fuel social grievances, with BAME communities in the firing line. Research by Hope Not Hate found that 46% of Leave voters felt that Brexit would increase the economic opportunities for people like them, compared to just 7% of Remain voters. Levels of optimism about economic prosperity are greatest in those areas that voted most strongly to leave the EU.¹⁰⁰ These are also the areas that are projected to be negatively impacted by a Hard Brexit.

'Hate Crime has increased. The language used in discussions on immigration has become more offensive and racial tensions have escalated.' – **ROTA member**

If the promised 'Brexit dividend' – using money we would no longer be paying to the EU on the NHS instead – does not materialise and economic optimism proves unfounded, BAME people are likely to be the targets of resentment on- and offline.

It is highly unlikely there will be a Brexit dividend or increased prosperity.¹⁰¹ The government has provided no evidence of plans in its Budget and subsequent Spending Review that would bring economic prosperity to the poorest in our society.

The politics of resentment that drove much of the Leave vote – genuine economic and political grievances dusted with nostalgia for an imagined monoethnic Britain – has real potential to escalate exponentially. The police already anticipate an increase in hate crime following our exit in March 2019 to mirror the rise that followed the Brexit vote in 2016.¹⁰² Visible minorities continue to be the target of most hate crimes.¹⁰³

'Victims of racial abuse [are being] told to go "home" despite being UK born' – **ROTA member**

The language and imagery used by Vote Leave during the Brexit campaign purposely conflated the issue of EU and non-EU migration as threats. Although anyone who sounds or looks visibly different is at heightened risk, the language of politicians such as Boris Johnson and Nigel Farage in relation to Muslim communities has legitimised a hostile discourse in relation to anyone who appears different.¹⁰⁴ Some deindustrialised large and medium-sized towns are at-risk hotspots for hate, with high levels of multiple deprivation and evidence that hostile attitudes towards all migrants and minorities is prevalent, and with violence being advocated against these groups in some cases.¹⁰⁵

'[It's] created hostile environments with language, news feed, media etc., created isolation, stress and insecurity through the division. This [is] generated by politicians' language and media emphasis. A general disempowering and shutting up of people from BAME or any minority.' – **ROTA member**

Instead of allowing migrants and minorities to be blamed for disadvantage and change, the government should lead by example with an economic and social programme that can address social and economic exclusion that has persisted particularly in the North East and coastal towns.

Forgotten migrants: BAME people from the EU

The future is uncertain for EU citizens living in the UK who wish to gain settled status. The experiences of BAME people born in EU member states are not discussed as part of the debate. About 10% of the EU-born population of the UK are ethnic minorities, numbering 250,000 people – the size of a medium-sized British town.¹⁰⁶

¹⁰¹ Full Fact (2018), 'Does the Brexit dividend exist?', <https://fullfact.org/europe/does-brexit-dividend-exist/>.

¹⁰² V. Dodd (2018), 'Police predict rise in hate crime as Brexit approaches', *The Guardian*, 18 October, www.theguardian.com/society/2018/oct/18/police-predict-rise-in-hate-as-brexit-approaches.

¹⁰³ O'Neill, *Hate Crime, England and Wales, 2016/17*.

¹⁰⁴ BBC (2018), 'Boris Johnson faces criticism over burka "letter box" jibe', www.bbc.co.uk/news/uk-politics-45083275; H. Stewart and R. Mason (2016), 'Nigel Farage's anti-migrant poster reported to police', *The Guardian*, 16 June, www.theguardian.com/politics/2016/jun/16/nigel-farage-defends-ukip-breaking-point-poster-queue-of-migrants.

¹⁰⁵ Carter, *Fear, Hope and Loss*.

¹⁰⁶ ONS (2011), 'LC2205EW – Country of birth by ethnic group', www.nomisweb.co.uk/census/2011/LC2205EW.

⁹⁷ E. Mossialos, V. Simpkin, O. Keown and A. Darzi (2016), *Will the NHS Be Affected by Leaving or Remaining in the EU?*, www.lse.ac.uk/LSEHealthAndSocialCare/impacts/news/NHS-and-EU-Referendum-briefing.pdf.

⁹⁸ I. Johnson (2017), 'NHS privatisation exposed: Scale of treatment for paying patients at NHS hospitals revealed', 30 September, www.independent.co.uk/news/uk/politics/nhs-privatisation-health-service-exposed-private-cancer-patients-hospitals-treatment-work-government-a7974096.html.

⁹⁹ Equality and Diversity Forum (2018), *Shared Prosperity, Shared Rights: Replacing EU Funding for Equality and Human Rights after Brexit*, www.edf.org.uk/wp-content/uploads/2018/02/EDF-SHARED-PROSPERITY-REPORT.pdf.

¹⁰⁰ Carter, *Fear, Hope and Loss*.

The 'Hostile Environment' policy – a set of measures whose purpose is to make life unbearable for anyone without immigration status and treat each case with suspicion – resulted in this year's Windrush scandal. British subjects, who had moved to the UK from the New Commonwealth as children, were wrongly detained, deported and denied their legal rights decades later. This included limiting access to employment, housing and healthcare, confiscating driving licences, freezing bank accounts, and restricting rights of appeal against the Home Office's decisions.

All EU residents in the UK are at risk of being brought under this new regime post-Brexit. The European Parliament's Brexit lead has expressed concern over how EU residents will fair if the Windrush scandal is any indication of the incompetence to come.¹⁰⁷

BAME EU migrants face the further challenge of looking visibly different. As a result, they may be more likely to be asked for identification to access employment, housing and healthcare. The Roma community is at particular risk, as they tend not to feature on electoral registers or have identity documents and are more likely to be stateless.¹⁰⁸

A post-Brexit programme for a United Kingdom

Government has a responsibility to lead by example and protect all of its citizens fairly. If British values include tolerance and fairness, then we expect to see a forward-looking, positive and inclusive vision of Britain being presented by our political leaders. This includes economic policies that work for everyone and a concerted stand against hate and division. We call on the

government to provide this in a time not just of great uncertainty but of fear for ethnic minorities who are facing exacerbated economic insecurity and the threat of increased hate crime.

The government should avoid a Hard or No Deal Brexit at all costs, not just for the sake of BAME communities, but for all those on low incomes and/or with protected characteristics. If either of these options is taken forward, then the government can and should put together an economic and social plan for how they will mitigate negative impacts on the most vulnerable in our society. As part of its industrial strategy, the government should ensure that people have the skills needed to move into new industries and should provide a robust social security system to support those who cannot. It should increase spending on public services to the level necessary to reverse a decade of austerity. Working-age benefits – like Working Tax Credits and Child Tax Credit – need to increase with the cost of living.

We need to see increased investment in the industries and areas projected to be impacted negatively by Brexit. In preparation for the 2019 Spending Review, the government should carry out cumulative impact assessments of the likely effect of its proposed tax, benefits and public spending plans on people with protected characteristics, including socioeconomic status. In light of these assessments, the government should respond with a programme of policies that will mitigate any negative impacts.

This briefing has outlined the evidence that Brexit is likely to have a negative impact on BAME communities: on their safety in the streets, on the spending power of their purses and on the sectors that employ them. But we have also proposed solutions to keep our country united. Only concerted action from government can deliver this.

¹⁰⁷ D. Boffey and L. O'Carroll (2018), "'Beyond belief': Brexit app for EU nationals won't work on iPhones", *The Guardian*, 24 April, www.theguardian.com/politics/2018/apr/24/beyond-belief-brexit-app-for-eu-nationals-wont-work-on-iphones.

¹⁰⁸ APPG on Gypsy, Travellers and Roma (2018), *Roma and Brexit*, www.gypsy-traveller.org/wp-content/uploads/2018/09/APPG-Brexit-and-Roma-Report-1.pdf.