

**REPORT** 

RACE AND ETHNICITY

**DEEP POVERTY AND DESTITUTION** 

# Bangladeshi, Black African and Pakistani households at higher risk of very deep, long-term poverty

Bangladeshi, Black African and Pakistani households are 2 to 3 times more likely to experience persistent very deep poverty, compared to white households.

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# **Executive summary**

This analysis shows people in Bangladeshi, Black African and Pakistani households are much more likely to face deep, long-term hardship compared to white households.

People in Bangladeshi, Black African and Pakistani households are all around 3 times more likely to move into very deep poverty each year (see appendix for definitions), with incomes far below the poverty line, compared to people in white households. In addition, they are at least 4 times more likely to experience persistent very deep poverty – that is very deep poverty in at least 3 years out of 4. About a third of people in Bangladeshi, Black African and Pakistani households also experience very deep poverty in 1 or 2 years out of 4.

Altogether, this means at least two-fifths of people in these households, including around half of children in Bangladeshi and Black African households, experience very deep poverty in at least 1 year out of 4.

Previous papers in <a href="mailto:this.eries">this series</a> (https://www.jrf.org.uk/deep-poverty-and-destitution/what-protects-people-from-very-deep-poverty-and-what-makes-it-more)</a> have shown the factors that shape someone's likelihood of being pushed into or exiting very deep poverty. These include family structure (such as the number of adults and children in a household, and whether that changes), housing situations (such as whether people are renting or experience)

changes in their housing costs) and experiences of work (such as pay, hours, job security and whether people gain or lose work). This paper explores how far these factors explain the enhanced risk of persistent very deep poverty among Bangladeshi, Black African and Pakistani households.

#### Age and family size don't explain the higher risk of very deep poverty

Overall, the risk of moving into and staying in very deep poverty is higher among people who are working age, have children and live in larger families, compared to those who are not. Bangladeshi, Black African and Pakistani households are all more likely to be working age and to have children compared to white households. They are also more likely to have larger families, with 3 or more children. However, even after taking account of these factors in regression analysis, they do not explain the elevated risk of persistent very deep poverty for Bangladeshi and Pakistani households and only explain one-quarter of the risk for Black African households.

#### Work doesn't provide the same protection from very deep poverty

People out of work are far more likely to experience very deep poverty than those who are working. However, the protection afforded by work varies with the quality of the job, and people from Bangladeshi, Black African and Pakistani households are more likely to work in

low-paid or insecure roles and sectors compared to white workers. Pakistani and Bangladeshi workers are also more likely to work part-time. Being overqualified for their job and getting a lower return from higher education are also more likely. They are disadvantaged in the labour market, and this shows in their likelihood of experiencing prolonged very deep poverty.

Around 1% of people in white households with all working-age adults in work live in persistent very deep poverty. This proportion 7 times higher in Bangladeshi and Black African households (7%) and 4 times higher in Pakistani households (4%). Even where Bangladeshi, Black African and Pakistani workers have a permanent role, are salaried and work full-time, they are more likely to experience persistent very deep poverty compared to white workers, including white workers in less secure roles.

Work factors such as different patterns of work, hours, permanency of their role, contract type, industry and levels of qualifications do not fully explain the elevated risk of persistent very deep poverty. This analysis finds that for Bangladeshis, work factors explain around 30% of the risk and for Pakistanis almost 20%. However, it does not explain any of the elevated risk for Black Africans, for whom the odds do not change.

#### Housing tenure and geography explain some of the risk

Living in rented housing elevates the risk of persistent very deep poverty, and the majority of Bangladeshi and Black African households live in rented accommodation. Only Pakistanis come close to white households in terms of home ownership rates. These patterns have been shaped by social housing allocation practices, the 'no recourse to public funds' policy, labour market inequalities and the ability to build up savings, among other factors.

These interactions intensify the risk of persistent very deep poverty. Some 6% of white private and social renters are in persistent very deep poverty. Among Bangladeshi and Pakistani social renters, this rises to 15%. For Pakistani private renters, it is 17%, rising to 20% for Black African private renters.

When we control for housing tenure and geographic location (as a proxy for housing costs) in regression analysis, this has no explanatory power for Pakistanis but accounts for around half the risk of persistent very deep poverty for Bangladeshis and Black Africans.

## Bangladeshi, Black African, Pakistani households more likely to face persistent very deep poverty

According to the raw data, people from Bangladeshi, Black African and Pakistani households are 4 to 5 times more likely to experience persistent very deep poverty than white households. After controlling for all the household-level family composition and housing situations we explore here, and separately controlling for work situations, they remain 2–3 times more likely to experience persistent very deep poverty than their white counterparts.

Controlling for family characteristics and housing accounts for 42% of the elevated risk for Bangladeshis and 51% of the risk for Black Africans. It explains just 8% of the elevated risk for Pakistanis. Looking at workers only, these factors, along with controlling for different patterns of work, hours, permanency of their role, contract type, industry and levels of qualifications, explain 31% of the elevated risk for Pakistanis, but a higher amount of the risk for Bangladeshis (70%) and Black Africans (57%).

Clearly, there are factors at play beyond those we have been able to include in this analysis. These undoubtedly include the ongoing structural inequalities, direct discrimination and racism faced by people of Bangladeshi, Black African and Pakistani heritage, as well as other minority ethnic groups. With around 1 in 10 people in Bangladeshi and Black African households and 1 in 13 in Pakistani households experiencing long periods of very deep hardship, any investigation into people's experiences of very deep poverty that does not consider the racialised

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experiences of minority ethnic groups will be hopelessly incomplete. The Joseph Rowntree Foundation (JRF) will continue to deliver work to explore these drivers along with the policy changes and solutions required.

### 1. Introduction

Despite large falls in the poverty rates in many minority ethnic households over the past 25 years, these households continue to face a much higher risk of experiencing poverty than people in white households. Between 2019/20 and 2021/22, around half of people in households headed by someone from a Bangladeshi (53%) or a Pakistani (51%) background and around 4 in 10 in households headed by someone from a Black African background (42%) lived in poverty. This is compared with 19% of people in white households.

People in Bangladeshi (23%), Black African (20%) and Pakistani (20%) households also face a particularly high risk of very deep poverty (that is, with an 'equivalised' income of less than 40% of the UK median, after housing costs). People from 'Other ethnic groups' (which includes individuals who identified as Arab or none of the specified ethnic groups in the survey) also experience a similar very deep poverty rate (20%), even though their overall poverty rate is much lower (36%) than that of Bangladeshi and Pakistani households. Therefore, people in households headed by someone from a Bangladeshi, Black African, Pakistani or 'Other' ethnic group are all at least two and a half times as likely as people in white households to experience very deep poverty on an annual basis (8%).

However, these figures, derived from the Department for Work and Pensions (DWP's)

Households Below Average Income dataset, only take a snapshot of the levels of poverty and very deep poverty each year. They do not give insights into people's ongoing experiences of very deep poverty, nor their chances of moving into and out of very deep poverty between years. This means they cannot offer insights into people's enduring experiences of deep hardship and the consequences of this. Without a better understanding of who is more likely to live in very deep poverty for a long period, we are unable to fully understand the extent to which social, economic and structural factors trap many people from minority ethnic communities in poverty.

Our previous work has highlighted the high level of churn among the group of people in very deep poverty across the UK. We estimated that, between 2019/20 and 2020/21, an average of 2.4 million people (an entry rate of 4%) and an average of 2.5 million (an exit rate of 53%) people moved into and out of very deep poverty each year. Therefore, most people in very deep poverty moved out relatively quickly, though they often remained below the overall poverty line after they did so. Even with this high level of fluctuation, around 1.9 million people across the UK were considered to be living in persistent very deep poverty, in that they had lived in very deep poverty in at least 3 years out of 4.

The <u>first 3 papers</u> (https://www.jrf.org.uk/deep-poverty-and-destitution/what-protects-people-from-very-deep-poverty-and-what-makes-it-more) in this series investigated the

groups most likely to be pulled into and climb out of very deep poverty each year and the groups most likely to live in very deep poverty for at least 3 years out of 4. This included people who were:

- below pensionable age
- living in a lone adult household
- living in a large family
- living in a household without all adults in work
- self-employed or in insecure work
- living in private and social rented accommodation.

They also identified a series of trigger events that appear to make entry into very deep poverty more likely. These included:

- relationship breakdown or bereavement
- the arrival of a child (or children)
- having fewer people in work in a household
- workers moving into less secure jobs
- increasing housing costs.

This report is the fourth in this series and builds on those papers by taking a deep dive into the experiences of very deep poverty among people in Bangladeshi, Black African and Pakistani

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households. It quantifies their elevated risk and investigates the extent to which they are explained, or not, by differences in demographic, housing and employment characteristics and the propensity to experience events that enhance the risk of very deep poverty. It does this by using logistic regression modelling to control for these factors and experiences.

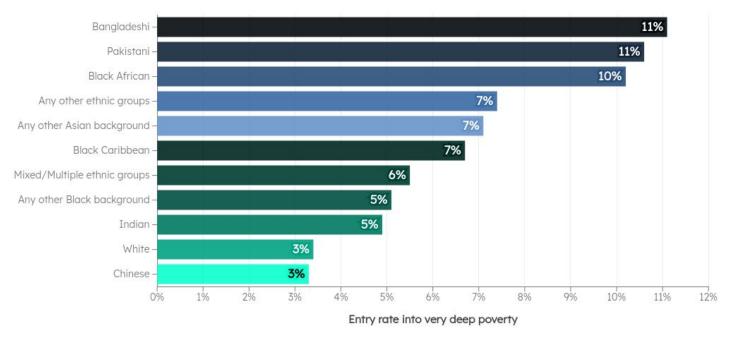
# 2. Experiences of very deep poverty

Entry rates into very deep poverty are 3 times higher in Bangladeshi, Black African and Pakistani households than in white households.

For the past decade, an average of around 4% of people not in very deep poverty have moved into very deep poverty each year. However, this increases to around 1 in 10 people in Bangladeshi (11%), Black African (10%) and Pakistani (11%) households, making them more than 3 times as likely as people in white households (3%) to move into very deep poverty each year. A number of other minority ethnic groups also face elevated risk of moving into very deep poverty when compared to their white counterparts.

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Figure 1: 1 in 10 people in Bangladeshi, Black African and Pakistani households move into very deep poverty each year



Source: Understanding Society, 2021-22 (Institute for Social and Economic Research, 2023)

Given the relatively small number of people in very deep poverty each year, sample sizes make it difficult to robustly identify differences in exit rates from very deep poverty between different ethnic groups. Overall, just over half of people in very deep poverty moved out the following year (with an overall exit rate of 54% in the latest data). Exit rates in Bangladeshi (50%) and Black African (51%) households do appear to be slightly lower, making them more likely to move into very deep poverty and less likely to move out of it each year. However, people in very deep poverty in Pakistani households, who also face an elevated risk of moving into very deep poverty – have higher exit rates (55%) than both of these groups.

#### Persistent very deep poverty is higher in some ethnic groups

Focusing on an annual snapshot of very deep poverty, as most social surveys do, hides the full extent of the different levels of hardship faced across different ethnic groups. The data we use in this analysis follows the same people over time, enabling us to look at how their experiences of poverty change (or don't) over time. When we look at persistent very deep poverty (that is, living in very deep poverty for at least 3 years out of 4), we see that the differences between people in white households and those from a Bangladeshi, Black African or Pakistani household are even starker than when we look at annual very deep poverty rates.

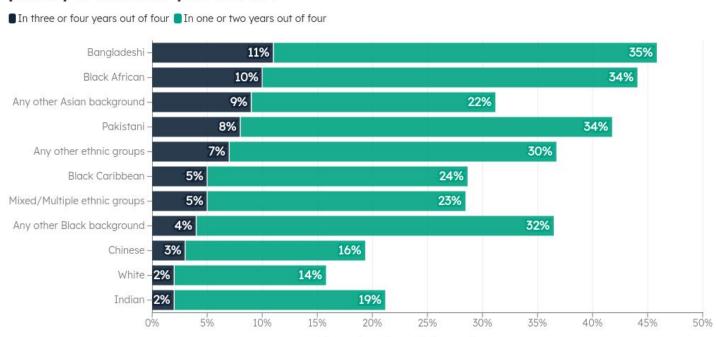
In fact, persistent very deep poverty rates are around 5 times higher in Bangladeshi and Black African households than in white households. Around 1 in 10 people in Bangladeshi (11%) and Black African (10%) households live in persistent very deep poverty. For white households, the figure is 2%. This ratio is around twice that of snapshot poverty, with data from the DWP's Households Below Average Income survey showing people in Bangladeshi and Black African households are between two and a half and 3 times more likely to live in very deep poverty in any given year.

People in Pakistani households have similar entry rates as people in Bangladeshi households (both 11%) but have a lower persistent very deep poverty rate (8%). Their slightly higher exit rate (55%) from very deep poverty likely contributes to this. People in households headed by

someone from any Asian background other than Indian, Pakistani, Bangladeshi or Chinese have a similar persistent very deep poverty rate as Pakistani households (9%), but lower annual entry (7%) and exit (49%) rates. This suggests that people in these households are less likely than those in Pakistani households to move into very deep poverty but, once they have moved, are more likely to stay there.

As well as being more likely to live in persistent very deep poverty, people in Bangladeshi, Black African and Pakistani households are around two and a half times more likely than people in white households to experience shorter periods of very deep poverty. Around a third of people in Bangladeshi (35%), Black African and Pakistani (both 34%) households experience very deep poverty in 1 or 2 years out of 4, compared with around 1 in 7 in white households (14%). Combining this with the analysis of persistent poverty, we find more than 4 in 10 people in Bangladeshi (46%), Black African (44%) and Pakistani (42%) households experience very deep poverty in at least 1 year out of 4. People in white households are more likely than any other group to live consistently above the very deep poverty line, with only 16% experiencing persistent or short-term very deep poverty over 4 years.

Figure 2: People in white households are the least likely to experience very deep poverty in at least 1 year out of 4



Proportion of people in very deep poverty

Source: Understanding Society, 2021–22 (Institute for Social and Economic Research, 2023)

This therefore demonstrates that people in many minority ethnic households, but particularly Bangladeshi and Black African households, are more likely to have to live on very low incomes, particularly for a prolonged period. However, the mechanisms that lead to greater hardship among these groups are complex and intertwined. Rather than innate differences or individual choices, many of the structures, systems and norms of society contribute to differential outcomes.

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The following sections of this paper therefore investigate if, and to what extent, demographic, housing and employment characteristics explain the higher risk of very deep poverty faced by many minority ethnic groups. This will offer insights into the mechanisms, structures and experiences that may increase this risk. Due to small sample sizes for some groups in the survey, this paper largely focuses on entries into very deep poverty and experiences of persistent very deep poverty amongst people living in Bangladeshi, Black African and Pakistani households.

# 3. Age, family composition and very deep poverty

People in Bangladeshi and Black African households are among the most likely to live in persistent very deep poverty, no matter their age.

The first paper (https://jrf-jrht-

brand.frontify.com/api/asset/eyJjbGllbnRJZCI6ImNsaWVudC1tenFieWtsc2Z0ZHpoN3V3IiwiaWQiOj rowntree-foundation:Eh\_GFJalTdzPMp\_cdsnqofNf\_UzlRkRizwTdIt\_StUQ/download) in this series found higher entry rates into very deep poverty for children and, albeit to a lesser extent, working-age adults than for pensioners. It also found that both children and working-age adults were more likely to be in persistent very deep poverty.

Certainly, census data shows different age structures for different ethnic groups, which may explain some of the differences in their likelihood of experiencing very deep poverty. The proportion of white people that are aged 65 or over (21%) is considerably higher than people from Bangladeshi (4%), Black African (4%) or Pakistani (5%) backgrounds. Relatedly, people from Bangladeshi (80%), Black African (67%) and Pakistani (77%) backgrounds are all much more likely than white people (42%) to live in a household with dependent children.

When we look at persistent very deep poverty among children and working-age adults (small sample sizes limit what we can say about pensioners), there are large differences.

More than 1 in 8 children in Bangladeshi households (13%) live in persistent very deep poverty. Children in these households are therefore more than 4 times more likely to be in persistent very deep poverty than children in white households (3%). Persistent very deep poverty rates are also very high among children in Black African (10%) and Pakistani households (9%).

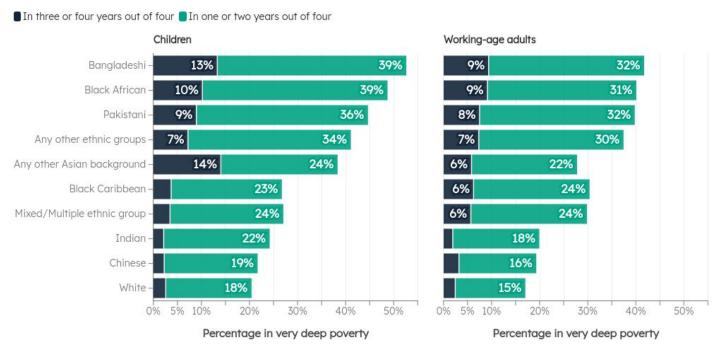
Furthermore, children in Bangladeshi, Black African and Pakistani households also face an elevated risk of experiencing shorter periods of very deep poverty (in 1 or 2 years out of 4). Around 4 in 10 children in Bangladeshi and Black African households (both 39%) experience very deep poverty in 1 or 2 years out of 4, compared with 18% in white households. This means that, combined with their higher levels of persistent very deep poverty, around half of children in Bangladeshi (53%) and Black African (49%) households experience very deep poverty in at least 1 year out of 4. They are therefore around two and a half times more likely to be in very deep poverty in at least 1 year out of 4 than children in white households (20%).

Over 4 in 10 people, including half of children, in Bangladeshi and Black African households were in very deep poverty for at least 1 year out of 4.

Similar, though slightly smaller, differences are evident when we compare levels of persistent very deep poverty amongst working-age adults. Working-age adults in Bangladeshi and Black

African households (both 9%) are more than three and a half times more likely (before rounding) than working-age adults in white households (2%) to be in persistent very deep poverty. The rate of persistent very deep poverty amongst working-age adults in Pakistani households is only slightly lower (8%). Similarly, working-age adults in Bangladeshi, Black African and Pakistani households are the most likely to live in very deep poverty for a shorter period, meaning in these households, around 1 in 4 working-age adults experience very deep poverty in at least 1 year out of 4.

Figure 3: Both children and working-age adults in Bangladeshi or Black African households have the highest rates of persistent very deep poverty



Source: <u>Understanding Society, 2021–22 (Institute for Social and Economic Research, 2023)</u>

Note: Figures for households headed by someone from a Black background other than African or Caribbean are not shown due to small sample sizes

#### Having more children raises poverty risk for most, but not equally

The first paper (https://jrf-jrht-

brand.frontify.com/api/asset/eyJjbGllbnRJZCI6ImNsaWVudC1tenFieWtsc2Z0ZHpoN3V3IiwiaWQiOj rowntree-foundation:Eh\_GFJalTdzPMp\_cdsnqofNf\_UzlRkRizwTdIt\_StUQ/download) in this series highlighted how people in families with children, particularly those with 3 or more children, were more likely than those without to move into very deep poverty. In 2020–23, 3% of white households had 3 or more children. The same was true of 17% of Bangladeshi, 12% of Black African and 14% of Pakistani households.

People in Bangladeshi households are more likely to live in persistent very deep poverty if they have more children. However, they are still much more likely than people in white households to live in persistent very deep poverty, no matter their family size. They are at least 3 times more likely than people in white households to experience persistent very deep poverty whether they have no children (7% compared with 2%), one child (8% compared with 2%), 2 children (10% compared with 1%) or 3 or more children (15% compared with 4%).

While these figures show that living in a larger family is a risk factor for persistent very deep poverty in both white and Bangladeshi households, this is not the case across all minority ethnic groups. People in Pakistani households are as likely to experience persistent very deep poverty if they have 3 children as if they have one child (both 9%).

#### Living in a couple family and deep poverty risk across ethnic groups

The relationship between living in a couple family and experiencing persistent very deep poverty is not consistent across all ethnic groups.

In our first paper, living in a lone-adult household was an even bigger risk factor than living with children for persistent very deep poverty. People in lone-parent families (7%) and – to a lesser extent – single working-age adults (5%) are more likely to experience persistent very deep poverty than their equivalent couple families. Census data shows that Black African people are more likely to live in a single adult household (29%) than white people (21%), which may elevate their risk. However, single adult households are much less common among people from Bangladeshi (7%) or Pakistani backgrounds (8%), which you might expect to lower their risk.

Living in a couple family reduces the risk of persistent very deep poverty by three-quarters in white households but makes little difference in Bangladeshi, Black African or Pakistani households.

Living in a couple family is a clear protective factor in white households. White couple families (with or without children) are 4 times less likely to experience persistent very deep poverty than white people living in a single adult family (1% compared to 4%). However, in Pakistani

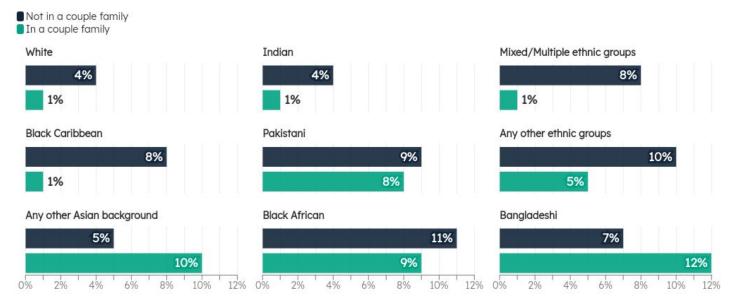
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households, people in couple families are almost as likely as those who are not to experience persistent very deep poverty (9% in single adult families, compared with 8% in couple families). The difference is only slightly bigger in Black African households (11% compared with 9%). However, persistent very deep poverty rates are even higher in Bangladeshi couple families (12%) than they are in Bangladeshi families with a single adult (7%).

Therefore, while living as a couple does appear to reduce the risk of people in white households living in persistent very deep poverty, this is not the case for many minority ethnic groups. Part of the reason for this is that most Bangladeshi, Black African or Pakistani couple families contain children, whereas only around half of white families do.

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Figure 4: The relationship between living in a couple family and experiencing persistent very deep poverty is not consistent across all ethnic groups



Source: <u>Understanding Society, 2021–22 (Institute for Social and Economic Research, 2023)</u>

Note: Figures for households headed by someone from a Chinese background or from any Black background other than African or Caribbean are not shown due to small sample sizes

#### Family events and poverty risk vary across ethnic groups

Our first paper also looked at the events that increase the likelihood of entering or exiting very deep poverty. These also do not have an equal impact on people from different ethnic backgrounds.

A key life event that held a particularly large risk of households moving into very deep poverty was a family breakdown or bereavement (when someone's family status moves from being in a couple to a lone adult family). Overall, 8% of people who changed from being in a couple to a

single adult family moved into very deep poverty that year, compared with only 3% who remained in a couple family.

People in white households who moved from a couple to a single adult family were around 3 times as likely as those who remained in a couple to move into very deep poverty (7% compared with 2%). The effect of a reduction in the number of adults in a family wasn't uniform. People in Black African households were over twice as likely to move into very deep poverty if they moved out of a couple family (19% compared with 8%). Yet, people in Pakistani families who remained in a couple were as likely as those who did not to move into very deep poverty (both 11%), while in Bangladeshi families, the rate of moving into poverty was actually higher for families who stayed as a couple compared to those who moved to a single family (12% compared to 8%). Remaining in a couple does not offer the same protection from very deep poverty for this group.

Similarly, people in working-age families with children were more likely to move into very deep poverty if their number of children increased – compared with their number of children staying the same or decreasing – in white (6% compared with 4%), Black African (17% compared with 10%) or Pakistani households (13% compared with 11%). However, entry rates into very deep poverty did not vary for people in Bangladeshi households regardless of whether the number of children increased or stayed the same (both 13%).

Therefore, changes to family composition did increase the risk of moving into very deep poverty for people in white, Black African and Pakistani families. Yet, this analysis also suggests that people in Bangladeshi households were as likely to move into very deep poverty whether they experienced such family composition changes or not. However, people in white households who did experience these risk events were still less likely to move into very deep poverty than those in Bangladeshi households who did not experience them. Therefore, the fact that these events seem to make less of a difference in Bangladeshi households does not appear to be because they are particularly resilient to their impact but because they get little advantage from not experiencing these events.

## Family structure explains only some of the higher risk for Bangladeshi, Black African, and Pakistani households

To take into account all these demographic and family characteristics, we can estimate the adjusted relationship between a household's ethnicity and its likelihood of experiencing persistent very deep poverty in logistic regression models that control for these potentially confounding factors. This allows us to see if, and to what extent, the relationship between ethnicity and persistent very deep poverty changes when these factors are taken into account. In unadjusted models, with no control variables, people in Bangladeshi households are nearly 5 times more likely than people in white households to experience persistent very deep poverty (Odds ratio = 4.9), while people in Black African households are more than 4 times more likely

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(OR=4.2) and Pakistani households are three and a half times more likely (OR=3.5).

When we control for respondents' age and their family composition, there is little change in the relationship between living in a Bangladeshi or Pakistani household and experiencing persistent very deep poverty; people in Bangladeshi households are still around 5 times more likely (OR=5.1) and people in Pakistani households three and a half times more likely (OR=3.5) to be in persistent very deep poverty than people in white households. However, these family characteristics do appear to explain some, but by no means most, of the higher risk of persistent very deep poverty faced by people in Black African households, who are only around 3 times more likely to experience this when we take age and family composition into account (OR=3.0).

# 4. Work and very deep poverty

# Work offers less protection to people in Bangladeshi, Black African and Pakistani households

Work is an important route that can help people to move out of poverty or very deep poverty, and being out of work increases people's risk. Data on labour market participation for 2022 shows over a third (39%) of working-age adults from combined Bangladeshi or Pakistani backgrounds were not employed, alongside 31% of working-age adults from Black backgrounds. This compares to less than a quarter (23%) of white working-age adults.

However, as we showed in the second paper (https://jrf-jrht-

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rowntree-foundation:0JxsvuN0Od86qn8YuUqdjwufylc3IYKqyMTnglY5HSU/download) in this
series, work does not always protect people and their families from living in deep or prolonged
hardship. This is because different types of work, employment patterns and security of income
shape the degree to which work protects people.

Around 1% of people in white households with all working-age adults in work live in persistent very deep poverty. This proportion is around 7 times higher in Bangladeshi and Black African

households (both 7%), and 4 times higher in Pakistani households (4%). While the persistent very deep poverty rate is twice as high in white (2%) and Pakistani (8%) families with at least one, but not all, working-age adults in work, this barely increases in equivalent Bangladeshi (9%) and Black African (8%) households.

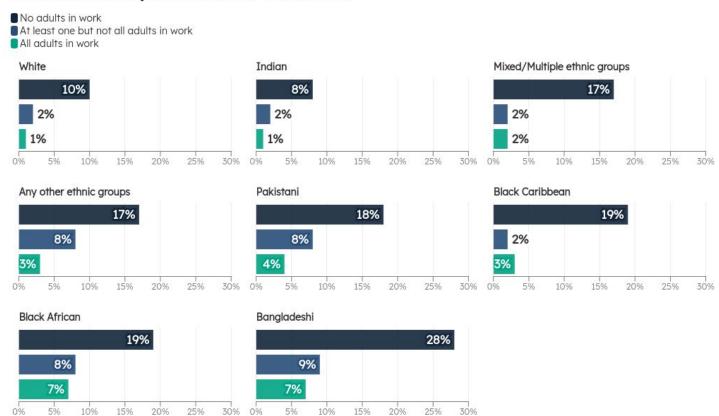
Nonetheless, the risk of persistent very deep poverty is even higher in workless households across all ethnic groups. In those with no working-age adults in work, the persistent very deep poverty rate reaches nearly 3 in 10 people in Bangladeshi (28%) and around 2 in 10 in Black African (19%) households. In comparison, only 1 in 10 people (10%) in workless white households experience persistent very deep poverty. But this still means that persistent very deep poverty rates in white households with no adult in work are closer to those in Bangladeshi, Black African and Pakistani households with some of all working-age adults in work.

To look at this another way, living in a household with all adults in work (compared with no adults in work) reduces the risk of persistent very deep poverty by 90% (from 10% to 1%) in white households. However, living in an all-working household compared with a workless household reduces the chance of being in persistent very deep poverty by only around three-quarters in Bangladeshi (from 28% to 7%) and Pakistani (from 18% to 4%) households and two-thirds in Black African households (from 19% to 7%).

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Unsurprisingly, living in a household with at least one, but not all, adults in work is less protective; however, this still reduces the chance of someone in a white household living in persistent very deep poverty by around 80% (from 10% to 2%). A smaller reduction is seen in Bangladeshi households, where the risk of experiencing very deep poverty is reduced by only around 70% (from 28% to 9%). However, the protective effect of having one, but not all, adults in work is even lower in Black African and Pakistani households where the chance of being in persistent very deep poverty is reduced by less than 60% (from 19% to 8% and 18% to 8% respectively).

#### Figure 5: Work offers less protection in Bangladeshi, Black African and Pakistani households compared to white households



Source: Understanding Society, 2021–22 (Institute for Social and Economic Research, 2023)

Note: Figures for households headed by someone from a Chinese background, from any Asian background other than Chinese, Indian, Bangladeshi or Pakistani or from any Black background other than African or Caribbean are not shown due to small sample sizes. Working-age families only

# The effect of moving into and out of work varies in different ethnicity households

In our second paper (https://jrf-jrht-

minority ethnic groups than in white households.

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brand.frontify.com/api/asset/eyJjbGllbnRJZCI6ImNsaWVudC1tenFieWtsc2Z0ZHpoN3V3IiwiaWQiOj rowntree-foundation:0JxsvuN0Od86qn8YuUqdjwufylc3IYKqyMTnglY5HSU/download), we showed that losing work is a clear risk factor across all ethnic groups. Across all households, we found that people who live in a family that shifts from in-work to not in-work (with no change to household size) are 7 times more likely to move into very deep poverty than those in families with people who remain in work (with an entry rate of 20% compared with 4%). However, the difference in entry rates for people who do and do not experience this risk event is lower in

One in 5 people (20%) in white households who move out of work enter very deep poverty, compared with 1 in 50 who remain in a working household (2%). Staying in work therefore reduces their chance of moving into very deep poverty by 90%. However, for Bangladeshi and Pakistani families, remaining in work reduces their chance of moving into very deep poverty only by about two-thirds, from 32% to 10% in Bangladeshi families and 30% to 9% in Pakistani families.

Nearly two-thirds of white households who move into work exit very deep poverty, but this is under half of people in the equivalent Bangladeshi, Black African and Pakistani households.

People in white non-working households in very deep poverty are much more likely to exit very deep poverty if they move into work than if they don't (63% compared with 40% who stay workless). However, moving into work has a less pronounced impact in Bangladeshi (35% compared with 24%) and Pakistani (44% compared with 36%) households. There appears to be no clear relationship between moving into work and moving out of very deep poverty in Black African households, where exit rates are almost identical for people in households who move into work (42%) and those who remain workless (41%).

Furthermore, 7 in 10 people in white households who report an increase in the number of people in work (but no change to household size) move out of very deep poverty. This compares to a 50% exit rate for people in white households where the number of people in work did not change. However, only a small majority of people in Bangladeshi (56%) or Black African (55%) households and a lower proportion of Pakistani than white households (63%) where the number of working-age adults in work increased moved out of very deep poverty, compared with 44%, 55% and 53% respectively where there was no change. Once again, this suggests that increasing the number of people in work in white households is a more effective route out of very deep poverty compared to increasing the number of people in work in Bangladeshi, Black African and Pakistani households.

In contrast, people in households who report an increase in earnings from work (with no change to the number of workers in the household) have much more similar exit rates out of very deep poverty, 70% in white households compared to 66% in Bangladeshi, 73% in Black African and 67% in Pakistani households. Therefore, increasing a household's earnings from work appears to be almost equally effective at helping them to move out of very deep poverty. However, in households that report no increase in earnings from work, people in white (41%), Black African (40%) and Pakistani (38%) households are much more likely to move out of very deep poverty than those in Bangladeshi (25%) households. This suggests that Bangladeshi households who are unable to increase their earnings from work, like Bangladeshi households that remain out of work completely, are less likely than other groups to find other routes out of very deep poverty.

## Bangladeshi, Black African and Pakistani workers in insecure roles are more likely to be in persistent very deep poverty

The fact that work appears less protective in minority ethnic households may be due to the different types of work and employment patterns. Insecure work leads to uncertain hours and pay from week to week and month to month.

As seen in our second paper in this series, people who work fewer hours, who are selfemployed, who have temporary contracts or are not in salaried roles are more likely to experience very deep poverty. Data shows that Bangladeshi and Pakistani workers are more likely than white workers to work part-time (30% compared with 24%). Along with Black workers, they are twice as likely to be in temporary work (10% and 12%, compared with 5% of white workers). In addition, minority ethnic workers are over-represented in many low-paid sectors and positions, as well as often being over-qualified for their job and getting a lower return from higher education. In short, they all too often remain disadvantaged in the labour market.

From this analysis, it does appear that secure work offers more protection to white workers than to Bangladeshi, Black African and Pakistani workers. For example:

- Being an employee, rather than self-employed, reduces the risk of white workers being in persistent very deep poverty by two-thirds (from 3% to 1%). However, it only reduces this by 50% for Bangladeshi (from just under 13% to 6%) and Pakistani (from 8% to 4%) workers.
- Being in a salaried role, compared with being paid by the hour or another non-salaried arrangement, reduces the risk of a white employee being in persistent very deep poverty by around 80% (from 2% to less than 0.5%). For Black African employees, the risk is reduced by less than half (from 7% to 4%).
- The difference is less pronounced when comparing people in permanent and temporary roles. White workers are less likely to experience persistent very deep poverty if they are

in permanent, rather than temporary roles, but this is not the case for Bangladeshi or Black African workers.

Looking at this another way, this also means that Bangladeshi, Black African and Pakistani workers in more secure roles tend to have higher persistent very deep poverty rates than white workers in less secure roles:

- 6% of Bangladeshi and 5% of Black African employees live in persistent very deep poverty, compared with 3% of white self-employed workers
- 3% of Bangladeshi and 4% of Black African salaried employees live in persistent very deep poverty, compared with 2% of white workers paid by the hour, the job or another non-salaried arrangement
- 7% of Bangladeshi, 6% of Black African and 5% of Pakistani workers in permanent jobs
  live in persistent very deep poverty, compared with 2% of white workers in temporary
  roles.

Even in low-pay sectors, Bangladeshi, Black African and Pakistani workers face a higher risk of persistent very deep poverty.

Insecure work is not equally distributed across all sectors of the economy. It is most prevalent in many of the sectors where low pay is also common, with hospitality (categorised as 'Accommodation and food service activities'), retail (categorised as 'Wholesale and retail

trade') and the care sector (categorised as 'Human health and social work activities') all more likely to face the combined pressures of low-pay and insecure work.

Given that minority ethnic workers are over-represented in many of the lowest-paying industries, this may also contribute to their higher rate of persistent very deep poverty. This is seen most clearly in accommodation and food service activities, which employ, according to the 2021 Census of England and Wales, 16% of Bangladeshi workers compared with 5% of white workers. Minority ethnic workers are also more likely to work in the wholesale and retail trade (19% of Bangladeshi and 20% of Pakistani workers, compared with 15% of white workers) and human health and social work activities, which includes residential care workers (33% of Black African workers are employed across this sector, compared with 14% of white workers).

In these sectors where low pay is more common, minority ethnic workers face a higher risk of persistent very deep poverty. When combining the distribution, hotels and restaurant industries (which includes the accommodation and retail sectors where low-pay work is particularly prevalent), around 1 in 10 Bangladeshi (9%) and Black African (10%) workers live in persistent very deep poverty. This is lower amongst Pakistani workers (6%), but even here it is still 3 times higher than for white workers (2%). Across human health and social work activities, only 1 in 100 white workers (1%) live in persistent very deep poverty, compared with around 1 in 20 Bangladeshi workers (5%), Black African workers (4%), or Pakistani workers (5%).

In key low-paid sectors, Bangladeshi, Black African and Pakistani workers are around 4 times more likely to be in persistent very deep poverty than white workers.

This means that even in the most precarious and low-paid sectors, workers from many minority ethnic groups are much more likely than white workers to experience long periods of deep hardship. This may be because white workers are more likely to have more senior roles within these industries. For example, Bangladeshi and Black African workers are both more likely to be in elementary occupations than white workers (13% and 16% compared with 10%). This highlights how large differences in people's experiences of very deep poverty exist within these industries as well as between them.

#### Higher education doesn't protect everyone against very deep poverty

In general, higher education helps to protect people from the worst forms of hardship and poverty, and students from minority ethnic groups are now more likely to attend university than their white peers. But even among university graduates, Bangladeshi, Black African and Pakistani people are more likely to experience persistent very deep poverty.

Overall, just 1% of people with a university degree experience persistent very deep poverty, compared with 5% with no qualifications. However, this general picture hides substantial variation. Around 1 in 20 Bangladeshi (5%), Black African (5%) and Pakistani (6%) people with a

degree experience persistent very deep poverty. These persistent very deep poverty rates are therefore broadly in line with the rate for white people with no qualifications.

This supports findings from previous research that found that people from ethnic minority backgrounds continue to be disadvantaged in the labour market, with pay gaps remaining even once factors such as where people were born, where they live, their qualifications and their job roles are controlled for (Henehan and Rose, 2018).

# Employment and education factors don't reduce poverty risk for minority ethnic workers

When taking the full set of employment and education factors into account, minority ethnic workers still face a much higher risk of persistent very deep poverty. Many of these experiences of work and education are strongly correlated. Strong occupational segregation in the labour market is likely one of the mechanisms that contributes to the higher levels of persistent very deep poverty amongst minority ethnic workers. However, many interrelated factors may be at play, rather than individual job or worker characteristics alone.

Yet even when we take into account workers' hours, permanency of their role, contract type, industry and levels of qualifications, we still see that minority ethnic workers are more likely to experience persistent very deep poverty. When we control for all of these factors in logistic

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regression models, Bangladeshi workers are still over 5 times more likely than white workers to be in persistent very deep poverty (OR=4.9 down from 6.9 in an unadjusted model with no controls). Black African workers are over five and a half times more likely (OR=5.9, slightly higher than in the unadjusted model) and Pakistani workers over 3 times more likely (OR=3.5, down from 4.2) to be in persistent very deep poverty than white workers.

Experiences of education and work do appear to be among the mechanisms that explain at least a portion of the increased risk of people in these three minority ethnic groups living in persistent very deep poverty.

## 5. Housing and very deep poverty

The relationship between housing situations and persistent very deep poverty is not consistent across all ethnic groups.

The housing outcomes we have today are shaped by historic and current direct and indirect discrimination. This includes social housing allocation practices, the no recourse to public funds policy, the impact of the right to rent and labour market inequalities that affect people's ability to accumulate wealth (Rogaly et al., 2021).

High housing costs, particularly for low-income renters, can push people deeper into poverty, so the structures and pressures of the housing market could have a disproportionate impact on the chances of people in Bangladeshi, Black African and Pakistani households living in persistent very deep poverty. Given that people in minority ethnic households are more likely to face unaffordable housing costs, access to affordable housing could contribute to lowering their risk of living in very deep poverty.

Overall, persistent very deep poverty rates are much lower in households who own their own home or are buying it with a mortgage (both 1%) than those who are in private or social (both 6%) rental accommodation. Most people in Bangladeshi and Black African households live in rented accommodation, exposing them to greater risk, especially when combined with lower or

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less secure incomes. Some 34% of Bangladeshis and 44% of Black Africans live in the social rented sector compared with 15% of white households. The proportion of people living in private rented accommodation is also much higher in Bangladeshi (23%), Black African (32%) as well as Pakistani (23%) households than in white households (19%).

Table 1: Persistent very deep poverty rates by ethnicity and housing tenure

Ethnic group of head of household	Own outright	Buying with a mortgage	Private renter	Social renter
White	1%	1%	6%	6%
Bangladeshi	0%	4%	15%	10%
Pakistani	4%	4%	15%	17%
Black African	[Not available due to small sample size]	2%	8%	20%

Although Pakistani households have only slightly lower homeownership rates than white households, they – along with Black African homeowners and Bangladeshi mortgage holders – are much more likely to experience very deep poverty than their white counterparts. However,

levels of persistent very deep poverty are even higher for Bangladeshi and Pakistani private renters (with 1 in 7 living in persistent very deep poverty) as well as for both Black African and Pakistani social renters, with a fifth of these latter groups living in persistent very deep poverty.

This suggests that the housing market plays a powerful role in keeping some groups of people in very deep poverty. This does not appear to be merely due to where people live; in London, which has high housing costs and a large minority ethnic population, people in Bangladeshi (11%), Black African (10%) and Pakistani (12%) families are all between 3 and 4 times more likely to live in persistent very deep poverty than people in white households (3%). In urban areas more generally (where the cost of housing is often high), people in Bangladeshi (10%), Black African (10%) and Pakistani (8%) households are all between 4 and 5 times more likely than people in white households (2%) to live in persistent very deep poverty.

#### Rising housing costs affect ethnic groups differently

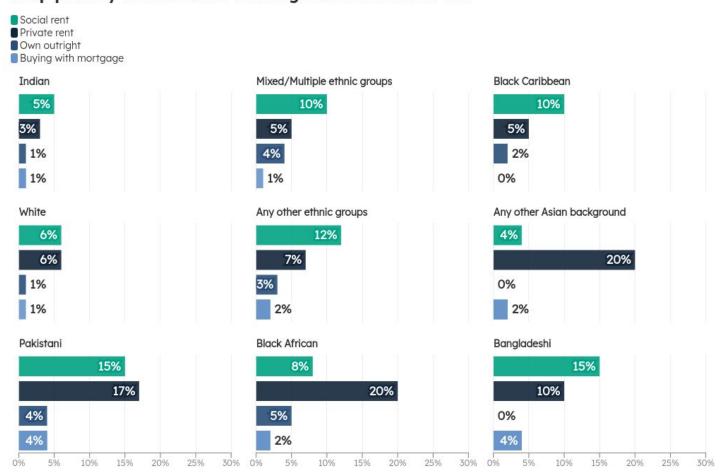
While rising housing costs appear to push many people into very deep poverty, they do not appear to be an equally important risk factor for all ethnic groups. Rising housing costs double the risk of moving into very deep poverty for Black African and white households, but not for Bangladeshi or Pakistani ones.

White households that report an increase in housing costs are around twice as likely to move into very deep poverty as households whose housing costs remain the same (5% compared with 3%). However, for Bangladeshi and Pakistani households, entry rates into very deep poverty remain broadly similar, albeit much higher, regardless of whether their housing costs do or do not rise (Bangladeshi 12% and 11%, Pakistani both 10%). However, rising housing costs nearly double the chances of Black African households moving into very deep poverty (8% to 14%).

Once again, however, this means that white households whose housing costs do rise, and so who face additional pressures on their household incomes, are less likely to move into very deep poverty than Bangladeshi, Black African and Pakistani families whose housing costs remain the same.

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Figure 6: Bangladeshi and Pakistani households are equally likely to move into very deep poverty whether their housing costs increase or not



Source: <u>Understanding Society, 2021–22 (Institute for Social and Economic Research, 2023)</u>

Note: Figures for households headed by someone from a Chinese background or from any Black background other than African or Caribbean are not shown due to small sample sizes.

# Location and housing tenure affect persistent very deep poverty risk for some

When we control for a household's housing tenure, the region in which they live and if they live in an urban or rural area, we see that the relative likelihood of someone in a Bangladeshi or Black African household experiencing persistent very deep poverty almost halves, compared to someone in a white household.

When we don't take into account these factors, people in Bangladeshi households are around 5 times more likely (OR=4.9), and people in Black African households are more than 4 times more likely (OR=4.2) to live in persistent very deep poverty compared to people in white households. However, when we add controls for the model for where people live and their housing tenure, these odds ratios fall to 2.4 and 2.0, respectively.

This suggests that, for people in Bangladeshi and Black African households, housing and geographical factors play an important role in explaining why they have a higher chance of living in very deep poverty. This highlights that there is a strong relationship between people's housing situation and their chances of living in persistent very deep poverty.

But it does not necessarily mean that these housing pressures are the fundamental drivers of this outcome. Many structural inequalities and impacts of direct and indirect racism, both Bangladeshi, Black African and Pakistani households at higher risk of very deep, long-term poverty | Joseph Rowntree Foundation

historic and contemporary, play out in the housing market. Housing allocation practices, immigration policies such as the no recourse to public funds condition, employment patterns, the ability to build up savings and social security reforms all play a part. Housing is therefore likely to be one of the mechanisms by which these inequalities play out, but as a symptom as much as a cause.

Controlling for housing and geography makes little difference for people in Pakistani households, who are much more likely to own their own home than Bangladeshi or, in particular, Black African families. People in Pakistani households remain around three and a half times more likely to live in persistent very deep poverty whether these factors are taken into account or not. This suggests that other mechanisms are more important than housing and geography for trapping people in Pakistani households in persistent very deep poverty. It also highlights how the impact of different risk factors varies between different minority ethnic groups.

### 6. A fuller picture of what drives this risk

There are many, often interlinked, factors leading to people in minority ethnic households facing a higher risk of persistent very deep poverty. These factors include that they are more likely to be younger, live in bigger families, live in families where not all adults are in work, and live in privately and socially rented accommodation. However, as we've seen, this does not fully explain the higher chance of such households living in persistent very deep poverty. So, to get a fuller picture of how different mechanisms may operate together or interact, we also analysed these factors in combination.

Controlling for family characteristics and housing situations together accounts for 42% of the elevated risk for Bangladeshis and 51% of the risk for Black Africans. It explains just 8% of the elevated risk for Pakistanis. Looking at workers only, these factors, along with controlling for different patterns of work, hours, job quality, industry and levels of qualifications, explain 31% of the elevated risk for Pakistanis, but a higher amount of the risk for Bangladeshis (70%) and Black Africans (57%).

It would seem that controlling for household characteristics does reduce the magnitude of the relationship between living in Bangladeshi and Black African households and being in persistent very deep poverty. This suggests that at least some degree of the higher risk of

persistent very deep poverty faced by these households reflects differences in people's family make-up, employment and housing situations.

In contrast, levels of persistent very deep poverty in Pakistani households are stubbornly high and vary little, even when we control for all family and household characteristics used in this analysis. This may be because there are other mechanisms or experiences that are not captured in this analysis that better explain their heightened risk of living in very deep poverty. Job characteristics do appear to explain some of the higher risk of persistent very deep poverty faced by Pakistanis compared with white workers, indicating further analysis of patterns and types of work could offer more insight.

What is clear is that after accounting for differences in family structure, work and housing situations, people in Bangladeshi (OR=2.8) or Pakistani (OR=3.2) households are still around 3 times more likely than people in white households to be living in persistent very deep poverty. People in Black African households are around twice as likely (OR=2.1). Therefore, even when we consider some of the most obvious potential drivers of persistent very deep poverty, these households remain substantially more likely to face severe hardship for a prolonged period.

This does not necessarily mean that the factors we consider in this paper are the main, and original, drivers of these differences in persistent very deep poverty. As structural inequalities and racism contribute to the inequitable outcomes faced by minority ethnic groups in the employment and housing markets, differences in people's work and housing situations can also

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be a consequence of the disadvantages they face. Therefore, the same root causes of the heightened risk of very deep poverty in Bangladeshi, Black African and Pakistani households likely also lead to worse housing and work situations for these groups. How these household and individual experiences moderate the relationship between ethnicity and very deep poverty suggests they are some of the mechanisms through which structural inequalities and racism operate, rather than stand-alone drivers themselves.

#### 7. Conclusion

People in many minority ethnic households, but particularly those headed by someone from a Bangladeshi, Black African or Pakistani background, face a shockingly high risk of persistent very deep poverty. The raw data indicates these groups are 4 to 5 times more likely to experience extremely low incomes for a prolonged period compared to their white counterparts.

Our previous analysis (https://www.jrf.org.uk/deep-poverty-and-destitution/what-protects-people-from-very-deep-poverty-and-what-makes-it-more) showed factors such as living in a couple family, having all the adults in a household in work and having a degree offer some protection from persistent very deep poverty. However, this analysis shows they do not offer the same level of protection to Bangladeshi, Black African and Pakistani households as they do to white households.

In addition, our previous analysis identifies specific events that increase people's risk of moving into very deep poverty, such as family breakdown or job loss. In this analysis we see that the entry rate into very deep poverty is often higher for people in Bangladeshi, Black African and Pakistani households that **do not** experience these risk events than it is for people in white households who do experience them.

The elevated risk of prolonged deep hardship shown in the raw data persists even when we take into account family structure, work or housing situations. When we control for all these factors in regression analysis, people of Bangladeshi, Black African and Pakistani heritage remain 2 to 3 times more likely to experience persistent very deep poverty.

There are limitations to the survey data and methods used here. Regression modelling is useful for identifying strong predictors of persistent very deep poverty. However, this paper cannot realistically investigate the impact of all the mechanisms through which a person's ethnic background impacts their likelihood of moving into very deep poverty and of staying in very deep poverty for a prolonged period. This is not least because some factors are hard or impossible to capture in this type of analysis, while others are difficult to disentangle from one another.

In addition, good predictors of prolonged hardship are not necessarily good explanations for it, and further deeper analysis is needed to understand the interactions between different forms of inequality and the role of discrimination and racism. Future work at JRF will continue to explore these questions and the policy changes and solutions required.

However, this report does make it clear that people from minority ethnic communities, particularly those living in Bangladeshi, Black African and Pakistani households, face an exceptionally high risk of living in persistent very deep poverty. Controlling for a wide range of

family, work and housing characteristics reduces somewhat but does not remove this heightened risk. This serves to underscore the roles structural inequality, direct discrimination and racism are playing.

It also indicates that policy solutions developed for and by the majority white population may be blind to the particularities of life as an ethnic minority in the UK. Any policy recommendations, or other proposed solutions, must consider the complexities and nuances of past histories and present realities of minority ethnic households. They must also draw on both relevant data and lived experiences of such heterogeneous communities.

Any investigation into people's experiences of very deep poverty that does not consider the racialised experiences of minority ethnic groups will be hopelessly incomplete.

### Appendix: Key terms and measures

**Very deep poverty:** Living in a household with an equivalised income, measured after housing costs, that is less than 40% of the UK median.

**Persistent very deep poverty:** The experience of living in very deep poverty in at least 3 out of 4 survey waves, measured on a rolling basis. Respondents must have taken part in all 4 of the survey waves (and have no missing values) to be included in this measure.

**Entry rate into very deep poverty:** The proportion of people not in very deep poverty who move into very deep poverty the following year. This entry rate is therefore based only on the subset of people who are not in very deep poverty each year and not the whole population. To ensure only meaningful moves into very deep poverty are captured in this measure, only people who move into very deep poverty with a fall in their monthly equivalised household income of at least 20% and £10 are included.

**Exit rate from very deep poverty:** The proportion of people in very deep poverty who move out of very deep poverty the following year. This exit rate is therefore based only on the subset of people who are in very deep poverty each year, and not the whole population. To ensure only meaningful moves into very deep poverty are captured in this measure, only people who move into very deep poverty with a fall in their monthly equivalised household income of at



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least 20% and £10 are included.

Ethnicity: This reflects the ethnic background of the household reference person surveyed.

## **Appendix: Data and methods**

This paper uses data from Understanding Society (the UK Household Longitudinal Survey), which has been collecting data from individuals living in private households across the UK since 2010–11, with 13 waves of data currently available. The sample includes an Ethnic Minority Boost Sample of around 4,000 households from areas with a large population from minority ethnic groups, with an additional Immigrant and Ethnic Minority Boost Sample of around 2,900 households added in Wave 6. These allow for a more robust analysis of minority ethnic households by increasing their sample size in the data.

The fieldwork period for each survey wave covers 2 calendar years (for example, between January 2010 and December 2011), though some mop-up interviews take place after this. This means that the fieldwork periods of consecutive waves overlap, but individuals are interviewed at around the same time in each wave's fieldwork period (for example, in March of the first year), meaning data is collected around one year apart.

The paper focuses on experiences of persistent very deep poverty over rolling sets of 4 survey waves and moves into and out of poverty between pairs of survey waves. For this analysis, the ethnicity of the head of a respondent's household (along with any other characteristics of interest) is measured at the start of the relevant 4-year period (for persistent very deep

poverty) or 2-year period (for entries and exits into very deep poverty).

The majority of this analysis is descriptive analysis that compares the persistent very deep poverty rate between people in households headed by people with different ethnic backgrounds. Given the small sample sizes for some sub-groups in the survey, even when data from different waves are pooled, not all breakdowns can be reported.

Results from logistic regression models are also presented, as these allow us to estimate the relationship between ethnicity and persistent very deep poverty while controlling for multiple potentially confounding variables. The results from these models are presented as Odds ratios, which show how many times more likely someone in each minority ethnic group is to experience very deep poverty compared to people in white households, whilst controlling for other factors.

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