Reduced inequalities

Reduce inequality within and among countries
Inequality is projected to rise in the coming years. A historically low unemployment rate means that more households are earning a living from the labour market. At the same time, tax changes and social security cuts introduced since 2012 have had a particularly severe effect on people on lower incomes. Black and ethnic minority households, families with at least one disabled member and lone parents (who are overwhelmingly women) have suffered disproportionately. The UK is well known for its strong legislation on equalities. The Equality Act 2010 was a significant contribution in this regard. However, eight years since its adoption, the Act has not yet been implemented in full. Successive governments have failed to bring into effect the socio-economic duty, which requires public authorities to have due regard to the desirability of reducing material inequality. A significant change of course is required to meet SDG10 and internationally recognised socio-economic rights and to turn the UK into a fair society that does not leave anyone behind.

Performance rating

<table>
<thead>
<tr>
<th>Sustainable Development Goal Target</th>
<th>Rating</th>
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<tbody>
<tr>
<td><strong>10.1</strong> By 2030, progressively achieve and sustain income growth of the bottom 60% of the population at a rate higher than the national average*</td>
<td>⬠</td>
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<tr>
<td><strong>10.2</strong> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</td>
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<td><strong>10.3</strong> Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</td>
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<td><strong>10.4</strong> Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality</td>
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<td><strong>10.5</strong> Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations</td>
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<td><strong>10.6</strong> Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions</td>
<td>🅿️</td>
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<td><strong>10.7</strong> Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies</td>
<td>🅿️</td>
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<tr>
<td><strong>10.a</strong> Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements</td>
<td>🅿️</td>
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<td><strong>10.b</strong> Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes</td>
<td>🅿️</td>
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<tr>
<td><strong>10.c</strong> By 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%</td>
<td>🅵️</td>
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* amended to reflect European measure of 60%
Key findings

1. Income inequality has not diminished since 2010 and it is projected to rise in the coming years.

2. UK authorities gather and provide useful disaggregated data based on groupings of people with the protected characteristics set out Equality Act 2010 (for example disability, sexual orientation, age, religion).

3. The UK has adopted tax and social security measures since 2012 which have had a particularly severe effect on people on lower incomes and disadvantaged groups.

4. Successive governments have failed to commence the socio-economic duty in the Equality Act 2010. However, the duty has been in force in Scotland since April 2018, Wales has the power to follow suit, some councils are voluntarily implementing it and 78 MPs from five different parties are calling on the Government to bring the duty into effect.

Performance and progress

The assessment of Britain’s material inequalities is a contentious issue; it depends on the way it is measured and therefore on the measurer. According to the Households Below Average Income (HBAI) measure, the standard used by the Department of Work and Pensions (DWP), income inequality both before and after housing costs has remained approximately stable since 2010. The percentage of individuals on low incomes, measured as 60% of the median, has barely changed (Target 10.1). Absolute low income, based on an annual update of the income threshold of 2010/11, fell slightly as a result of the low inflation levels during austerity years.

Between 2015 and 2017 incomes of those in the top half of the distribution experienced a more modest growth than those in the bottom half. However, inequality is projected to rise in the next four years. According to the Resolution Foundation, “unlike the rise in inequality of the 1980s, when incomes at the top moved away from those in the middle and the middle moved away from the bottom, the coming period is set to be characterised by sluggish growth across much of the distribution and a ‘leaving behind’ of those at the bottom”.

Inequality is even more marked in the distribution of wealth. Together, the UK’s richest 1,000 people are wealthier than the poorest 40% of households. Collectively, this wealthiest 1,000 saw their worth grow by £2,615 for every second of 2016. Wealth inequality contracted in the decade prior to the financial crisis but is now rising as a result of the decreasing accessibility of home ownership and the decoupling of land value and economic growth.

The percentage of people in households at risk of poverty (below 50% of median UK household income) increased from 9 to 9.9% between 2013 and 2016 (latest available data), with half a point higher risk for women and with an increase in all age brackets (Target 10.2).
The Equality Act 2010 provides protection against direct and indirect discrimination in public services and harassment in the private sphere (such as workplace) under nine protected characteristics: Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. UK authorities gather and report useful disaggregated data based on these protected characteristics. It is concerning that the number of hate crimes reported to the police increased by 29% (80,393 offences) in England and Wales between 2015/16 and 2016/17, the largest increase since the series began in 2011/12. On the other hand, this increase may partly respond to an improved identification of hate crime by the police, greater empowerment of victims to come forward and an overall improvement of recording of crime, all of which would be good news (Target 10.3).

The UK currently enjoys a very low unemployment rate at 4.3%. ONS reports a steady labour share of GDP at around 50% since 2000. However, the tax and welfare changes since 2012 have had an effect on social protection (Target 10.4). There has also been an increase in inequality among retired households in recent years due to the growing gap between households covered by a private pension and those without it. The top 10% paid a little bit extra through indirect taxes and the introduction of the National Living Wage had a positive impact across the board, more so for the bottom half of society. However, according to the cumulative impact assessment of the Equality and Human Rights Commission (EHRC), the largest cash gains from changes to income tax and National Insurance contributions were enjoyed by the 30% with the highest incomes. As a result of benefit and tax credit changes and the introduction of universal credit, households in the second and third lowest income decile have lost more than twice as much as those in the top 20%. Given these changes, it has also been projected that four years from now 1.5 million more children will live in poverty, the child poverty rate for lone parent households (85% of whom are women) will increase from 37 to 62%, and households with at least one disabled adult and a disabled child will lose 13% of their income.

Synergies and coherence

The ONS Living Costs and Food Survey shows that lower income households assign a greater share of their food budget to basic groceries while higher income households have relatively more money available for vegetables; similarly, the lowest income group spends approximately three times as much of their income on electricity, gas and other fuels than those with highest income. This confirms that SDG10 is crucial for achieving other goals and targets. Relative poverty (SDG1) and food insecurity (SDG2) depend on the distribution of income and wealth. The enjoyment of the right to health and the goal of ensuring healthy lives (SDG3) are also determined by unequal access to public services, for example children growing up in deprived areas are more likely to face disadvantage in educational attainment, which impacts on mental health and wellbeing.

According to EHRC research, lone parents, mostly women, will lose almost one fifth of their annual income, which confirms that tax and social services changes hamper the fulfilment of greater gender equality (SDG5).
Local to international dimension

The Social Security (Scotland) Bill 2017 states the principle that social security is a human right and a precondition for the enjoyment of other human rights. In the parliamentary process for this legislation mechanisms were considered to have due regard to Article 9 of the International Covenant on Economic, Social and Cultural Rights, which recognises the human right to social security.

Since 2014 ministers of the Welsh Government must have due regard to the UN Convention on the Rights of the Child when exercising their ministerial functions.

Recommended actions

1. The Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016 should be reviewed and the link between social security entitlements and living costs restored

2. The Government should design and implement a comprehensive child poverty strategy reinstating the targets and reporting duties on child poverty

3. The review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 should ensure that people on low incomes do not have to choose between access to justice and an adequate standard of living

4. HM Treasury should extend the analysis of the distributional impact of tax and public spending to look at the aggregate impact in light of the protected characteristics as well as income and wealth disparities

5. The Government should bring into force all the outstanding clauses of the Equality Act 2010, in particular the socio-economic duty (Part I). Wales should do so as envisioned in the Wales Act 2017. English and Welsh councils should consider incorporating socio-economic status in their integrated equality impact assessments, budgets and other strategic decisions

6. All public authorities should have due regard to the 2016 Concluding Observations of the UN Committee on Economic, Social and Cultural Rights (CESCR)⁹
The socio-economic duty brought to life in Scotland

The socio-economic duty was one of the most significant measures in the Equality Act 2010. The duty requires public authorities to ‘have due regard to the desirability… to reduce the inequalities of outcome which result from socio-economic disadvantage’ in its decision making. This means that public authorities must consciously consider equality, and its duty in ensuring this outcome when making both day-to-day and strategic decisions. Despite the inclusion in the Act, the socio-economic duty has not been implemented.

In 2017, the Scottish Government launched a public consultation on the implementation of the socio-economic duty in Scotland. The consultation sought to identify which public bodies should be included in the implementation of the socio-economic duty. Following the consultation, in April 2018 the Scottish Government agreed to implement the socio-economic duty.

The duty is being considered in Wales, and some Local Authorities have voluntarily implemented it in their equality impact assessments, budgets and other strategic decision-making processes. There has also been support for the Early Day Motion 591, which calls on the Government to bring the socio-economic duty into effect, from 78 Members of Parliament.
Endnotes


17. Equality Act 2010