



Submission to the Low Pay Commission’s Consultation on 2021 Minimum Wage Rates



Background

The 2011 Census established that the UK Muslim population was 2.72 million, about 5% of the entire population. Muslims form the largest non-Christian faith group.

The Muslim Council of Britain (MCB) is a national umbrella body with over 500 mosques, schools, charitable associations and professional networks affiliated to it. It includes national, regional, local, and specialist Muslim organisations and institutions from different backgrounds within British Muslim civil society, reflecting its diversity of ethnicity, language, culture and schools of thought.

The MCB works on a diverse and strategic range of issues from sustainability and climate change to elderly care and campaigning for a fairer society. We seek to bring to the fore issues affecting Muslims and Muslim communities for the attention of mainstream institutions, whilst at the same time celebrating and acknowledging the contribution made by Muslims in Britain today and over time.

Introductory comments

In 2019, the MCB became an accredited Living Wage Employer and urged Muslim institutions across the UK to tackle poverty by becoming accredited Living Wage employers as part of Living Wage Week 11-17 November 2019.

In this submission to the Commission, there are first-hand ‘community voices’, based on information given to us by sources such as local government councillors and business owners. These are from Tower Hamlets and Newham, two local authorities in London with the highest Muslim populations (35% and 32% respectively, 2011 Census).

Our submission also draws on analysis and trends from secondary data available on the non-white ethnic population (i.e. BAME – Black, Asian, Mixed Ethnicity, including Chinese and Arab), notably the Office for National Statistics (ONS), the Chartered Institute of Personnel and Development (CIPD) Labour Market Outlook spring 2020 report¹ and the Joseph Rowntree Foundation (JRF) report on UK Poverty 2019/20².

Given the dearth of socio-economic statistics based on faith, we have used the BAME population as a proxy for the Muslim experience. This is justified because Muslims make up about a third of the BAME population, and broad trends affecting the BAME population will be shared with its Muslim component. While British Muslims are ethnically diverse, 68% are in the Asian ethnic category.

Our response is limited to only some of the questions posed in the Low Pay Commission’s consultation. It has four sections:

- Economic outlook, which includes reference to industry sectors affected by Covid 19
- Ethnic penalty, Islamophobia and discrimination, highlighting the BAME population’s prevalence in lower earning categories. It notes that there is no dearth of evidence of discrimination, but the need now if for concrete steps to address various ‘penalties’
- Access to transport, with concerns relating to self-employed trades noted
- The National Living Wage, and the persistence of in-work poverty.

¹ https://www.cipd.co.uk/Images/labour-market-outlook-spring-2020_tcm18-76992.pdf

² <https://www.jrf.org.uk/report/uk-poverty-2019-20-work>

Economic Outlook

This section highlights the significant proportion of Muslims facing deprivation and conditions of poverty and precarious income. It also draws attention to the likely impact of Covid 19 on their employment wage-earning prospects. The Low Pay Commission’s inquiry is therefore timely for setting a fair and equitable living wage as a matter of social justice.

Socio-economic overview

The MCB’s *British Muslim in Numbers* report³ (2015) indicated that 46% (1.22 million) of the Muslim population resided in the 10 most deprived local authority districts in England, based on the Index of Multiple Deprivation measure. In 2001, 33% of the Muslim population resided in the 10 most deprived localities.⁴

Black and minority ethnic groups are more likely to be unemployed and in precarious work than their White counterparts. The report from the UCL Institute of Education (IOE), Carnegie UK Trust, and Operation Black Vote revealed that BAME millennials are 47% more likely to be on a zero hours contract. They are also 4.17% less likely to have a permanent contract than their White peer group.⁵

The much-cited Marmot Review 2010⁶ made the point that there are broader societal issues of fairness and equality to be addressed in order to tackle health inequalities.

Industry sectors employing Muslims and the Covid 19 impact

The negative socio-economic consequences of Covid 19 will be felt by society as a whole, but more acutely by the BAME population where there are pre-existing, entrenched inequalities: in health, higher unemployment, lower earnings, lower self-employment rates, higher housing costs and in-work poverty.

According to ONS analysis of Monthly Business Survey (MBS) returns and external data, including comments from over 10,000 businesses, Covid 19 has already adversely affected output due to a mix of factors of factors including social distancing - causing a fall in consumer demand - business and factory closures and supply chain disruptions.⁷

³ http://www.mcb.org.uk/wp-content/uploads/2015/02/MCBCensusReport_2015.pdf

⁴ http://www.mcb.org.uk/wp-content/uploads/2015/02/MCBCensusReport_2015.pdf

⁵ <https://www.bitc.org.uk/wp-content/uploads/2020/04/bitc-race-factsheet-ethnicity-economic-impact-april20.pdf>

⁶ <http://www.instituteofhealthequity.org/resources-reports/fair-society-healthy-lives-the-marmot-review/fair-society-healthy-lives-full-report-pdf.pdf>

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<https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/monthlybusinesssurveyproductionandservice>

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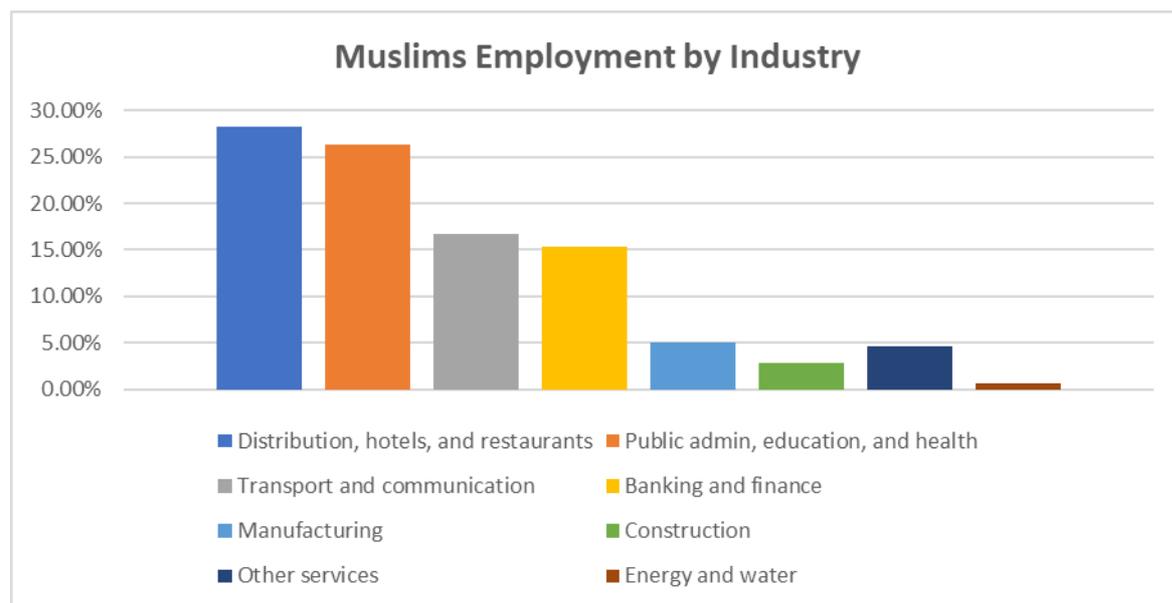


Figure 1 below presents the proportion of Muslims (aged 16 years and over) engaged in various industries.

Figure 1: From ONS, aged 16 and over in England and Wales, 2018 Estimates only

The largest proportion of Muslims are employed in the distribution, hotel, and restaurants industrial sector – 28.3%. This is also the sector worst hit by Covid 19 due to lockdown and social distancing measures.

Reflecting on post Covid 19 economic reality a prominent restaurant in Brick Lane of East London, Amar Gao’s owner Toyeb Ali expressed following concern:

“We do not know how long it will take for the customers to have confidence in outing and enjoying our curry again. This means an ongoing uncertainty and loss of turnover. The support we have received from the government is barely keeping us break even and not enough for survival in the long term.”

The second largest employment sector for Muslims is public administration, education, and health industry - 26.3% of Muslims. While definitive statistics are as yet unavailable, it appears that their employment is mainly in the lower managerial/lower paid grades with a ‘glass ceiling’ affecting progression: the NHS England Workforce Race Equality Standard 2019 report⁸ noted that only 8.4% of NHS trust board members were from BAME backgrounds. Only 8 out of 277 NHS chief executives are BAME (< 3%).

The third largest industry sector employing Muslims is transport and communication - 16.7%. The number of employees will be affected if post-Covid 19 there is less demand for public transport. For example, the MCB has already received letters of concern from taxi operators in Leicester concerned with fewer customers due to Covid 19 lockdowns.

Ethnic Penalty, Islamophobia and Discrimination

This section highlights the BAME population’s prevalence in lower earning categories. Apart from factors such as the global and national economic outlook, the Low Pay Commission is urged to consider the realities and ‘penalties’ facing the BAME and Muslim sections of our society. The ethnic

⁸ <https://www.england.nhs.uk/publication/workforce-race-equality-standard-data-reporting-2019/>

pay gap and discrimination at work should be included in a comprehensive approach to protect low paid workers in the UK.

According to annual population survey, in 2018, the average hourly pay was £11.82, up from £10.54 in 2013 but employees from the combined Pakistani and Bangladeshi ethnic group had the lowest hourly pay at £9.62. Between 2013 and 2018, employees from the combined Pakistani and Bangladeshi ethnic group had the lowest hourly pay every year.⁹ Employees in the Pakistani and Bangladeshi ethnic groups had lowest median hourly pay.

A greater proportion of Muslims are in part-time self-employment compared to the population as a whole.¹⁰

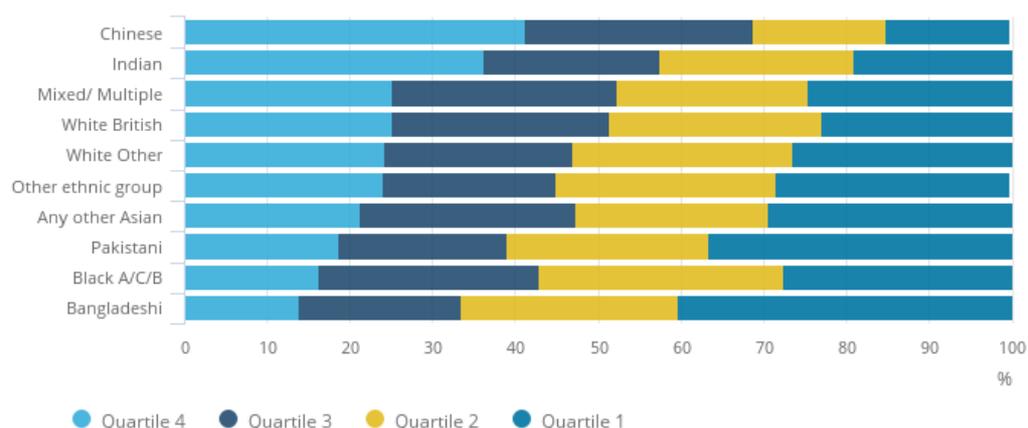


Figure 2: Proportion of ethnicities within each gross hourly pay quartile using the 10-category ethnicity breakdown, Great Britain, 2018, Source: ONS

- The percentage difference in median hourly pay between people of a White ethnicity and all those who belong to an ethnic minority group is largest in London at 21.7%.¹¹
- The Bangladeshi ethnic group has the lowest proportion of employees in the highest quartile of median hourly pay.

A recent study reported that 84.2% of British Muslim women were actively engaged in the labour market and contributing to the economy, suggesting that Muslim women are highly competent and skilled. The report also noted that 47.2% of women stated they had encountered Islamophobia and discrimination as a challenge in the workplace.¹²

There are numerous reports providing evidence of discrimination in the workplace: what is needed now are concrete steps to address injustices.¹³

⁹ <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/pay-and-income/average-hourly-pay/latest>

¹⁰ Op.cit. British Muslims in Numbers (2015)

¹¹

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/ethnicitypaygap-singreatbritain/2018> It should be noted that Working age (age 16 to 64) Muslim population of London is 645,655.

¹²

https://www.researchgate.net/publication/341575370_Empowered_Employment_Unlocking_the_Workplace_for_Muslim_Women

¹³ These have been cited in the MCB report *British Muslims in Numbers* (2015) – for example: Anthony Heath and Jean Martin (2012), ‘Can religious affiliation explain ‘ethnic’ inequalities in the labour market?’ *Ethnic and Racial Studies* 36 (6): 1005-27; Rajeev Syal (2009), Undercover job hunters reveal huge race bias in Britain’s workplaces. *The Observer*, 18 October; Nabil Khattab and Ron Johnston (2014), ‘Ethnic and religious penalties in a changing British labour market from 2002 to 2010: the case of unemployment’, *Environment and Planning A* 2013, 45: 1358-1371.

Access to transport

A large number of Muslims in the UK reside in cities – London (645,655), Manchester (589,245) and Birmingham (251,428) – particularly inner-city conurbations.

Many rely on private car ownership for employment. Anecdotal evidence from one borough highlights the dependence on private car ownership in comparison to public transport. Policies to limit private car usage for environmental reasons need to be balanced with other economic consequences. Councillor Tarik Khan from Tower Hamlets expressed concerns about development and regeneration policies that disregard the economic dependency on cars by larger families of BAME origin:

“Self-employed taxi drivers and delivery drivers are often torn between bidding for a decent home or losing income as housing options are made available on car free development mean they won’t be able to continue owning a car.”

The National Living Wage

The Low Pay Commission is urged to examine why the rising minimum wage is not resulting in reducing in-work poverty.

Around 56% of people in poverty are in a working family. In-work poverty has risen from 10% of workers 20 years ago to 13%. According to the Joseph Rowntree Foundation, the National Living Wage (NLW) has successfully pushed up the hourly wage of the lowest-paid, eligible employees it has coincided with rising in-work poverty.

According to Councillor Cllr Mumtaz Khan, Newham:

“New income is often not realised for large families with single earner as often the additional income is just carried to increased tax and reduced benefit while the living costs remain same.”

Moreover, there has not been a greater intake of NLW by smaller organisations perhaps because they may be less well informed, have a limited understanding of options available and are more pessimistic about its possibility of boosting efficiency.

The NLW should be increased to an hourly rate that gives people dignity and allows them to have a level of economic independence. The proposed increase of the NLW to £8.72 does not go far enough. Consideration should be given to the Living Wage Foundation’s rates of £9.30 for the UK, if not the London rate of £10.75. According the Living Wage Foundation, over 6,000 employers now pay this rate and say it has had significant business benefits in terms of improving the reputation of a business, increasing motivation and retention among employees, and improving relations between managers and staff. In addition, 90% of consumers believe that pay should reflect living costs.

Concluding Remarks

Our approach to pay and compensation should be determined by both ethical and economic considerations to ensure we adequately value members of all professions and trades.

If the coronavirus crisis has taught us anything, it is that the people who are critical to our survival and wellbeing – people like bus drivers, people working in supermarkets, and delivery drivers to all levels and types of staff working in the NHS – are often the ones who are least well paid and face the highest

levels of deprivation. If we really appreciate them in the way we claim to, we need to back up our weekly applause with monetary compensation that is fair and allows people to live with dignity.