

A close-up photograph of a woman and a young girl looking at a notebook together. The woman is on the left, leaning over the girl on the right. They are both looking down at the notebook, which is open on a wooden table. The girl is holding a red highlighter. The background is softly blurred, showing a window with light coming through. The overall mood is focused and collaborative.

**4
in
10**

LONDON
CHILDREN
LIVE IN POVERTY

Inner City Pressure:

The voices of low income working families in inner London on the complex challenges they face



Hannah Slater
December 2016

Inner City Pressure: The voices of low income working families in inner London on the complex challenges they face

London is consistently reported as having the highest child poverty rate of any region in the country, and recent figures from the End Child Poverty coalition confirm an unfortunate lack of progress in this regard.¹ In inner London the statistics are particularly bleak. Four of the five UK local authorities with the worst rates of child poverty are in inner London boroughs. Of the ten councils in the capital with the highest levels of child poverty, nine are in inner London. With 43.5 per cent of its children in poverty, Tower Hamlets has the highest rate of child poverty of any UK local authority.²

While inner London creates a huge amount of wealth, the picture for the low income families who live there is one of soaring rents, higher prices for food, childcare and other essentials, and diminishing social support. Even with an adult in the household working, the challenges for lower income families to make ends meet are considerable.

Traditionally, work has been the best route out of poverty. Yet in recent years, the certainty of this pathway has become increasingly challenged. 450,000 children in London are in poverty despite living in a household where someone is working.³ 35 per cent of people in part-time working families and nine per cent of people in full-time working families in London are in poverty. The share of people in working poverty in London is higher than in the rest of the country, and this share has continued to grow over the last decade. In inner boroughs the situation is particularly tough. Already struggling to meet the inflated costs of inner city living, planned cuts to in-work support over this Parliament will further entrench difficulties for these families. Not all households are able to take on further working hours, including lone parents, households with a disabled person, or those with additional caring responsibilities.

In this report we highlight the lived experience of the families behind the figures. 4in10 has carried out in-depth interviews with parents in low income working families in inner London. We've spoken to single mothers juggling work with childcare, parents with disabilities who have been forced to use food banks, and families housed for years in temporary accommodation after being left homeless by unaffordable private sector rents which their wages just couldn't cover. We spoke to these parents about work, housing, money, debt, food, and their health and wellbeing. In this report the voices of these experts are combined with the existing literature and data around child poverty to illustrate the realities of inner city living for low income working families. The recommendations which follow are based on their experiences and their calls for a fairer and better life for families in the heart of London.

We outline the data around child poverty in inner London, and discuss how non-inclusive growth traps families in poverty, threatens social integration, and harms business in the city. We discuss the issues around low paid and part-time employment, as well as the impact of tax and benefit policies in inner London, before exploring the data and experiences of low income families around their housing, managing money and bills, and getting enough healthy food. We are pleased to note these themes in the new Mayor's consultation on a city for all Londoners. This report highlights the need for a strategic approach which tackles all of these concerns together in order to improve the lives of low income families and children in inner London.

Child poverty data in inner London

The most recent child poverty statistics show that 31 per cent of London's children were living in poverty at the end of 2015, a higher rate than any other UK region. In inner city boroughs, the rate rises to 35 per cent, seven percentage points higher than in outer boroughs. Recent trends have seen child poverty, previously concentrated in deprived inner city boroughs, become more evenly distributed across the capital. Data suggests that this is less about families leaving poverty, and more about gentrification.⁴ The influx of well paid, young professionals raises the average local income, masking poorer households in the data, while raising prices and leaving struggling families worse off.

Behind these figures are families with parents doing their best. In the centre of one of the world's richest cities and despite working, increasing numbers of London's families are teetering on the brink of crisis. The families we spoke to are weighing up whether this month it's the rent arrears or debt payments that get serviced, or whether those few pounds saved up go towards school uniform or a healthy meal. They told us of being forced to take out loans in order to meet essential and rising costs, and their fears of becoming trapped in debt.

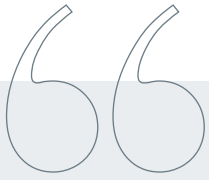
Data shows that 32 per cent of children in London are materially deprived, compared to 22 per cent in the rest of England.⁵ These children are lacking multiple basic items such as warm winter clothing, fresh and healthy food, school trips, leisure and sport equipment such as a bike, and social occasions and celebrations such as birthday parties and holidays. Research on the Minimum Income Standard (MIS) shows that there is a growing gap between household income and the amount needed for a basic standard of living for a significant proportion of London's families. Families with children in London are the type of household most likely to be living below the MIS, which is determined by what the public regards as a decent standard of living to meet basic needs and participate minimally in society. In the capital a single parent with a child under two would need to earn over £45,000, and couples with two children would have to earn £23,000 each to meet the Minimum Income Standard.⁶ 43 per cent of people in families with children in London have a household income below these figures, which means that almost half of families in the capital must make choices about what to sacrifice from this basic living standard, whether heating or eating, a school trip, a birthday present or fresh fruit and vegetables.

The city's economic growth is not inclusive

London's economy has experienced higher growth than any other UK region for many years. Between 2010 and 2014, the most recent year for which data is available, London's economy grew by 24 per cent, considerably higher than the UK average of 16 per cent.⁷ The contribution that Londoners have made to the UK's economic growth and recovery has been significant.

Yet the data also shows that London's growth has not necessarily benefitted all Londoners. Researchers have found a "stark disjuncture" between prosperity and inclusion in the capital.⁸ The Inclusive Growth Monitor found that in 2014, the most recent year for which data is available, London scores the second highest level score on prosperity out of all 39 English Local Enterprise Partnerships (LEPs), but the eighth lowest in term of economic inclusivity. It is clear that high levels of economic prosperity in the capital do not automatically mean that that growth is shared among Londoners or translates into a decrease in poverty for families. In fact, between 2010 and 2014 London experienced the highest prosperity growth of all LEP areas, but the inclusivity of that growth grew the least of all areas.

London's poor growth inclusivity has both economic and social implications. If wages and social security for London's lower paid workers are frozen or diminishing in real terms while the cost of living continues to rise, many administrators, cleaners, housekeepers, events staff, construction workers, childcare workers, teaching assistants, and countless other workers may find that they and their families are unable to continue living in inner London. These workers are crucial for London's current and future economic success, enabling financial, business and other lucrative sectors to operate and expand, but poor inclusive growth in the capital threatens their ability to remain in inner city boroughs. The social polarisation which consists of the movement of low income families further out of the city centre to more affordable housing in an outer ring of the city is sometimes referred to as the 'doughnut effect'.⁹ Business lobby group London First has expressed concern that the shortage of affordable housing in London is threatening the capital's competitiveness, with a survey of their members finding that 75 per cent of responding employers were concerned about the future impact that rising housing costs will have on their ability to recruit and retain staff.¹⁰



Rakesh's story – Inner London Dad

In my house it's me and my wife, two boys and one girl. One is twelve, one is eleven, and one is four. The oldest son has language difficulties, and my daughter was born with a leg problem. It was double hard with all the appointments, the travelling, getting them to their different schools. I was fighting with the council because they said it had to be over three miles for the free bus. I'm working as a cleaner in the evenings now, and in the day I help get all my kids to school and to their appointments. My wife does half and I do half. My wife is doing a language course, she understands everything but she doesn't speak good. I got married back home. I was brought up here but I have special needs, I can't say the word for what it is, but I got told by the hospital that I do have a problem with language. Sometimes it's hard for me to get a job because I went to a special school and the qualifications aren't good. Some people say I can just claim benefits, but I need to work – the benefits is too much paperwork. We get child tax credit, housing benefit, disability for the two kids. I only got the disability for my daughter since last year. The paperwork is too much for me, but someone at Kids Company helped me fill in the paperwork.

If I'm behind with bills I have to ask my brother to lend me money and I pay him back bit by bit. I find it hard understanding letters, I have to go and show my brother and my sister. I had to go online for my tax credit and I don't understand it. I pressed something wrong once and they told me I owe £2000. I didn't do anything wrong, they told me to go online and I did it. I went to Z2K and they helped me, after 1 or 2 months they told me it was an error and I didn't owe.

Sometimes I'm struggling to pay the bills, sometimes not. I have to pay travelfare for myself, to take the kids to schools and to go to work, and then the kids sometimes want books or something. I can't always give them, but I want them to have. My son wants to do football, now he wants to do karate, I can't cover that. If I need something extra, I have to phone my brother, or I cover other people's holidays and sickness at work. Sometimes when it's my holiday I work and they pay me extra. Summer holidays are too much. Lovely days, but spending too much. Say I take my kids to the seaside to buy ice cream, it's double the price. Sometimes I go overboard and give them too much, then I suffer and say to work give me more hours or I go to my brother.

Some jobs are zero contract, but I can't do that. I asked my manager give me a job with the same hours, because I done zero contract before. I had to do my housing benefit every month, that's going up and down, the council tax is going up and down, I can't handle that. I asked my manager to give me something I can just show the department once a year.



A lack of well-paid, flexible and family friendly jobs

With 67 per cent of children in absolute poverty living in a working household,¹¹ employment is no longer a clear route out of poverty for many families. Too many in London earn below the London Living Wage. Figures for this year show that 43 per cent of part-time jobs and 12 per cent of full-time jobs in the capital are low paid,¹² with low paid defined as being under the London Living Wage. After five years of increases in the proportion of low-paid jobs, this rise has stabilised in 2016. Yet low pay has now doubled over the decade from six per cent of all jobs in 2006 to 12 per cent of all jobs in 2016. While inner boroughs tend to have a lower proportion of low paid jobs due to the prevalence of business and finance jobs, Newham stands out as the borough with the highest proportion of low-paid residents at 34 per cent. Low pay is prevalent in certain sectors, with 64 per cent jobs in the hotel and restaurant sector low paid, and 29 per cent of retail and wholesale employment low paid. Only ten per cent of jobs in private sector services were low paid, but as there are a large number of people in the private sector services workforce, this makes up over a fifth of all low paid jobs. The government introduced the National Living Wage (NLW) in 2016 in order to boost incomes over the course of this Parliament for low paid employees over the age of 25, however analysis suggests that the NLW will make little impact in reducing poverty or inequality rates, due to resulting job losses, price hikes, and the squeezing of pay progression scales.¹³

Pay varies significantly by demographic. Bangladeshi employees are three times more likely (52 per cent) to be low paid than those of White British origin (18 per cent). Those of Indian and Other White ethnicity have the lowest share of employees paid below the Living Wage after White British, both around 24 per cent. The biggest group of low paid workers in the capital is women working part-time, many of whom are mothers who struggle to find well paid, flexible work opportunities that fit around their families. Women working full-time have experienced the largest increase in low paid work since 2011 with 80,000 more women low paid.

The high cost of childcare and limited availability of well paid, part-time employment are significant barriers to work and to the in-work progression which lifts families out of in-work poverty. Research shows that this relates to all parents, but particularly to non-graduate, low paid women.¹⁴ This challenge was stressed by the single mums we spoke to, who found themselves completely unable to take on more hours due to childcare issues, despite juggling it as best they could.

“I used to work full time but had to decrease my hours because of childcare and travel times. If I don't finish work on time, or if there's a train delay, I can't pick up my son on time. My son finishes at 3.15 and he's picked up by so many people. I can't balance work and my personal life.”

The tax and benefit system disincentivises second earners, who are usually women. Just 60 per cent of mothers work in London, compared to 69 per cent of mothers in the rest of the country,¹⁵ largely due to the low financial gains from returning to work after factoring in childcare costs.

“I would say, in my workplace there's not really education and training because it's so temporary, because it's a lot of contract workers.”

A full time nursery place in the capital for an under two is £317.46 a week, or £297.48 for a two to five year old, eating up the lion's share of a parent's wage.¹⁶ Although the government offers 15 hours a week of free early education for all three and four year olds and the most disadvantaged two year olds, there are not enough places to meet demand. Almost all of London's boroughs say they don't have enough childcare for parents on irregular working patterns, who are most likely to be in lower paid jobs. The lack of available free places means that just 50 per cent of two year olds eligible to receive free early education in London were accessing the government offer, the lowest take-up of any UK region. Higher rents and wages, particularly prevalent in inner London, mean that childcare providers struggle to increase the number of childcare places available. Insufficient central government



funding for the free entitlement expansion to 30 hours a week for working families in 2017 will exacerbate the situation and make it harder for providers to offer free places. London's children are missing out on the positive impacts upon development and life chances which the evidence shows that high quality childcare can have on children.¹⁷

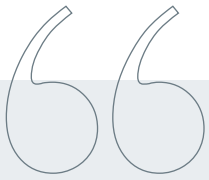
For working families with school-age children, the costs of before- and after-school provision can still add up. School holidays too are a particular burden on tight family budgets, with childcare costs, trips and activities, and the loss of free school meals meaning extra expenses. Free youth clubs and activities for children and young people, with meals provided, can go a long way to relieving the pressure on families during the holidays.

“Summer has been a problem, definitely! You have to organise the food, going out. We haven't gone on holiday for three years, but summer is more expensive with no school. He has free school meals, but he doesn't get those in the holidays.”

For lone parents, the cost of childcare is particularly hard. For many, calculating additional income from taking on more hours against the extra childcare costs, the sums simply do not add up. The proportion of children in absolute poverty in lone parent families is rising; in 2003 – 4, seven per cent of children in absolute poverty after housing costs (AHC) were factored in lived in lone parent households, but in 2014 – 15, it was ten per cent.¹⁸ Lone-parent households with incomes above the poverty line are as likely to be materially deprived as other households with incomes below the poverty line.

“I try not to stress too much because I'm a single mum, and I have to stay positive. I try to be patient and flexible but when you're a single mum everything is hard.”

Families with disabilities in the household also face significant challenges around work, income and poverty. Around 34 per cent of disabled people in London are low-paid, regardless of the number of hours they work or their education level – a much higher rate than non-disabled people. Disabled households with incomes above the poverty line are still more likely to be materially deprived than the average household (including those in poverty).



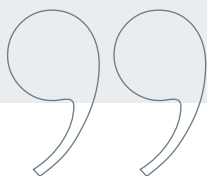
Nadia's story – Inner London single mum

I work for 16 hours for a government department. I used to work full time but had to decrease my hours because of childcare and travel times with the office moving out of the city. If I don't finish work on time, or if there's a train delay, I can't pick up my son on time. My son finishes at 3.15 and he's picked up by so many people. I can't balance work and my personal life. I'm just waiting for a miracle.

I go food shopping when everything is reduced after half six. When we go food shopping I get embarrassed because sometimes he shouts down the shop: "Mum, look this is 20p!" If I buy reduced items, they go off on the same day or the following day. Sometimes me and my son, we eat things and they are off. It has affected me a lot, the financial pressure, stress. Recently I've been diagnosed with so many things, I feel I'm falling apart. I'm very anxious about the future of my son. He needed £7 to go on a trip, I didn't have it, but if school is going on a trip I want him to go. So I took seven buses instead of the train to work. It took me three and a half hours. I had to pick up my son from a friend at 9.30pm, just to save up £7.

I used to live in a two-bed, private rented. My son was around five when we had to move. When I went back to work after my son I found it very difficult. I had to decrease my hours, and I couldn't pay the rent. After the B&B they gave me a tiny studio as temporary accommodation. My son doesn't have space to do his homework and we barely have a kitchen. I'm still waiting to be housed. When I speak to them they say keep bidding, but you know it's been four and a half years and this has affected my son a lot – his behaviour at school, and he's started to wet his bed. He's seen a family therapist and she explained that he does get extremely anxious about me, particularly when I'm late to pick him up because of the journey. And the space being so tiny, he can't invite his friends. If I want to get dressed one of us needs to go to the bathroom, he's a boy and he's growing up. My housing situation is affecting both of us. I pay £375 a week for the studio.

Over the last few years I've got less money in state benefits. I used to get working tax credit and child tax credit at around £500, I'm getting now £320, it's a huge difference. What am I going to do? I don't know. I've got to keep going because I'm a survivor but I'm just waiting for a miracle. I'm talking about it now and I'm getting a sharp pain, between my breast and my abdomen, I've been getting this for years, it comes with stress.



Benefit reforms hit inner London families particularly hard

Children and low income working families have been the biggest losers in government economic policies since 2010. Planned tax and benefit reforms are projected to increase absolute child poverty in the UK from 15.1 per cent in 2015/16 to 18.3 per cent in 2020/21. The increase is driven by a sharp rise in poverty among families with three or more children as a result of policies including the decision to limit child tax credit (for new births) and Universal Credit (for new claims and new births) to two children from April 2017. In addition, tax and benefit changes which affect all family sizes will have a larger impact on bigger families where benefits make up a larger share of household income. The IFS projects that absolute poverty will remain unchanged in smaller families over the same period at around 13.5 per cent, while in families with three or more children child poverty will rise sharply from 19.4 per cent to 31.6 per cent.¹⁹ In inner London there are 64,995 families with three or more children, and it is these families that will be hit hardest by the changes, losing significant income while the cost of living in the inner city soars.²⁰

Benefit changes have not impacted all families the same. Over a twenty year period, the proportion of net income coming from benefits for the poorest fifth of children has fallen from 73 per cent to 61 per cent, while in contrast middle income children now receive 30 per cent of household income from benefits, compared with 22 per cent in 1994/5.²¹ The increase in absolute child poverty has also been larger in lone-parent families than in couple families as tax and benefit cuts have had a greater impact upon single parent families who receive a greater proportion of household income from benefits. This loss of social support, in combination with an insufficiency of affordable childcare which prevents parents taking on more hours, results in very real challenges for families with a single parent working part-time on a low income.

There has been a long-term trend of declining household worklessness, with the proportion of children living in a workless household falling from 23 per cent in 1993/94 to 13 per cent in 2014/15, and the share of low income children who live in a workless household falling from 46 per cent in 2003/4 to 33 per cent in 2014. The problem of income poverty in the UK is far less about worklessness than it used to be, and eliminating household worklessness entirely would reduce child poverty by no more than five percentage points.²² The government's heavy focus on reducing worklessness as the key to improving children's life chances and living standards is insufficient, and these figures demonstrate the importance of in-work benefits to low income families.

Cuts to in-work support under Universal Credit penalise low income working families and stop work from paying by reductions in the work allowance, or the amount households can earn before Universal Credit entitlement begins to taper off.²³ The Office for Budget Responsibility said that these cuts will leave working people worse off under Universal Credit than under tax credits.²⁴ Despite the announcement of a reduction in the taper rate in the latest Autumn Statement, the change is simply not enough to support low income working families out of poverty.

“Over the last few years I’ve got less money in state benefits. I used to get working tax credit and child tax credit at around £500, I’m getting now £320, it’s a huge difference. What am I going to do? I don’t know. I’ve got to keep going because I’m a survivor but I’m just waiting for a miracle.”

The families we spoke to were proud that they worked, felt it was important for their mental wellbeing, and an important value to pass onto their children. However there was also a sense that working more hours doesn't always improve your family's life, financially or otherwise. Many would prefer to work fewer but fixed hours rather than have fluctuating hours, which makes managing their incomes much more difficult. Families had also experienced complications with benefits as a result of fluctuating hours, which made it not worth taking extra hours on.

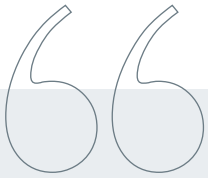
“Some jobs are zero contract, but I can’t do that. I asked my manager give me a job with the same hours, because I done zero contract before. I had to do my housing benefit every month, that’s going up and down, the council tax is going up and down, I can’t handle that. I asked my manager to give me something I can just show the department once a year.”

There was some indignation at the perceived unfairness of the welfare system, which was not seen as always rewarding work. For families struggling to afford the rent and bills on low income, housing policies were particularly frustrating.

“A lot of people that’ve worked, they get the bad deal. It shouldn’t even be called benefit, because we shouldn’t even be on benefits if we’re trying to better ourselves.”

“Sometimes I’m thinking of writing a letter to Downing Street. I can’t afford so many things, why? Because I’m working! But you know I think I’d be even more depressed, you know, if I wasn’t working. All I want is for the system to appreciate those who are working. We don’t want to be on benefit. If they want people to work and to get jobs they should support them.”





Lina's story – Inner London single Mum

My son is 13 years old. I've been a single mum for six years or more. It's very hard, sometimes we struggle a lot with the money, with everything. I'm a housekeeper, I do 20 hours a week in total, but flexibly, so one day I'll work 3 hours and 6 hours another day, because I prefer to be at home when my son is, so I work around him. My son, he asks me a lot – mum do this, buy this, and you know, being single is very hard. In this city everything is very expensive. I would work more hours. I've tried to ask people for maybe a better job, better pay, because sometimes you do more hours but the pay it's not really enough. The problem is the rent is very high. If you have a full time job and they don't pay you more, you're going to struggle. Me and my friend, we did calculations on different wages to see.

Life is hard, kids are growing and need new school clothes. I'm always struggling to pay the bills each month. I've got an overdraft, I'm overdrawn, and the thing is, there doesn't come one day where you don't think about the bills. I'm always behind. You're always doing calculations, sometimes it's food, sometimes the overdraft. It's very stressful. I took a loan from the bank for a new kitchen and this one stresses me a lot, every month. I try to go to the supermarket in the evening when it's cheap but you have to go every day, and I go to the market too. My son is anaemic, so I have to feed him well. I think about that every day.

I try not to stress too much because I have to stay positive, especially as a single mum. I try to be patient and flexible but when you're a single mum everything is hard. We don't have any family here. If we see something and we have money, we'll buy it, if we don't, we'll wait. To be honest I don't want my son to know about the money problems. If he wants something then I say just wait, just wait, but I don't tell him any more. I wish I had the money to buy him an Xbox, a tutor. He's always growing and needs new clothes. He needed new school trousers and they cost me £15 so now he has just one pair.

Summer has been a problem, definitely! You have to organise the food, going out, sometimes they wanna eat outside, but you can't tell him you can't eat so we take some crisps, some drink from home. You have to buy a lot of things in summer, clothes for example. We haven't gone on holiday for three years, but summer is more expensive with no school. He has free school meals, but he doesn't get those. in the holidays. Summer is nice, but more money.

I've been living in temporary accommodation for one and a half years and I pay some rent. I was in a normal private rented but we were evicted. I paid the rent but he wanted to sell the flat. We've ended up in temporary accommodation until we get something on the council list. We've moved three times in London, to different areas.

If you have enough money, everything is easier. You can go on holiday and refresh, but it's expensive. I can't go out socially really because everything costs money and I'd need a childminder.



Housing costs and conditions are a top concern for low income families

The UK's housing crisis is felt nowhere more keenly than in central London, where the inflated property market presents a huge challenge for families. Soaring rents, overcrowding, poor housing conditions, insecurity of tenure, and long waiting lists for suitable social housing are common experiences and these issues were all brought up by the families we spoke to.

Social housing has traditionally provided affordable and secure housing for low income workers and their families in the capital, with 32 per cent of households living in social housing in inner London, a higher proportion than in any other part of the country. Indeed the London Living Wage is calculated with the assumption that families are prioritised to live in social housing and thus pay reduced rent, however social housing is no longer available for many low and middle income working families. Longstanding central government policy to reduce social housing and increase home ownership has reduced the stock of social housing and effectively raised the threshold for access, resulting in working families finding it increasingly difficult to access social housing. The forced sale of high-value local authority properties has hit inner London boroughs particularly hard. LGA analysis found that 12,246 council homes were sold to tenants under right-to-buy in England in 2015-16 but only 2,055 replacement homes were begun, 27 per cent fewer than in the previous year.²⁵ Even families in temporary accommodation told us of long waits for appropriate social housing.

“I’m still waiting to be housed, when I speak to them they say keep bidding, keep bidding, but you know it’s been four and a half years and this has affected my son a lot.”

With inner London property prices double the cost of housing in the rest of the country, low and middle income families are locked out of both social housing and homeownership. These families are increasingly living in the private rented sector (PRS), which is set to increase from just under a million homes today to 1.4 million in the next decade and become the largest housing tenure in London. Yet the PRS is widely acknowledged as problematic for families, with affordability, security of tenure, and housing conditions all key concerns. People in poverty are now more likely to live in the PRS than in other tenures, whereas a decade ago it was the least common tenure among those in poverty.²⁶

Across all tenures, but particularly in the private and social rented sectors, persistent housing problems present significant challenges for families. The impact of housing upon children's health, education and life chances cannot be underestimated. Frequent house moves disrupt wellbeing, school performance and social support networks as well as incurring extra costs for families with stretched budgets. Research shows that a child's chances of achieving five good GCSEs drop significantly with each school move.²⁷

“I was in a normal private rented but we were evicted. I paid the rent but he wanted to sell the flat. We’ve ended up in temporary accommodation until we get something on the council list. We’ve moved three times in London, to different areas.”

Eight per cent of London's households are overcrowded, three times more than in the rest of the country. But the shortage of affordable family sized homes in inner London pushes the overcrowding rate much higher in these boroughs. 16 per cent of Hackney homes are overcrowded while in Newham it is 25 per cent of households and even higher in some wards.²⁸ Children in overcrowded homes have scant privacy, play space, and quiet areas to do homework. In interviews, parents expressed sadness that their children were unable to invite friends home, as well as concerns that the lack of space at home was affecting school behaviour and emotional wellbeing.

“She’s going to be ten this year so imagine sharing a bed with your mum and then your friends can’t come up because you’ve got no space and you can’t take them into your own room.”

“the space being so tiny, he can’t invite his friends. If I want to get dressed one of us needs to go to the bathroom, he’s a boy and he’s growing up. My housing situation is affecting both of us.”

Poor housing conditions such as overcrowding but also excess cold, hazards, and damp and mould, negatively impact children’s health and development. Several parents told us that their children had skin conditions. One parent reported that she had been trying to get the damp in her council housing addressed for eight years.

“She suffers with atopic eczema so she’ll scratch through the night and I’m having to change the beds, bath her, and put cream on sometimes three times a night.”

“The housing conditions are very bad. What you’re paying for, it’s terrible. But when you’re on low income and they know you haven’t got much voice, they will put you in there.”

London’s rents have risen 11 per cent since 2012, while pay rose just one per cent.²⁹ In inner London boroughs the average rent of the cheapest quarter of properties is 70 per cent of a full time wage for the bottom quarter of earners, compared to 57 per cent in outer London and 31 per cent in England. In Westminster and Kensington and Chelsea, the cheapest average rents are higher than the wages of a full time worker in the bottom quarter of earners.³⁰ For all the low income families we spoke to, high rents were the biggest strain on their household budget. Working more hours on the same low wage was not seen as the answer, because in some cases it would reduce income or complicate benefit payments.

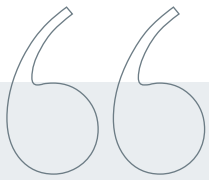
“I would try to work more hours, I’ve tried to ask people for maybe a better job, better pay, because sometimes you do more hours but the pay it’s not really enough. The problem is the rent and the rent is very high.”

The growing gap between wages and rents mean that a third of London’s housing benefit claimants are working. Local Housing Allowance (LHA) has increasingly been used to top up the wages of privately renting families, however the LHA cap introduced in 2008 limits housing benefit payments to the value of roughly the cheapest third of local rents. In inner London boroughs the proportion of properties covered by the value of LHA is much smaller, resulting in a growing gap between the cost of housing and what LHA payments actually cover. These households will also experience a real terms reduction in support towards housing costs with benefits currently frozen until 2020. The LHA cap will be introduced for social housing in 2018 and will have a considerable impact in inner London where there is a large amount of social housing and local social rents are higher than in the rest of the country.

Two of the families we spoke to had been made homeless after being unable to meet the cost of private sector rents on their salaries. Unaffordable rents, insecure tenures, and long waiting lists for social housing mean that the number of children in temporary accommodation is rising. Inner city local authorities, unable to afford to the temporary accommodation in their own boroughs, have been placing families out of area and even as far away as Birmingham, Hull, and Plymouth. This practice reinforces the “doughnut effect” in which low income families are pushed out of inner London.

“I couldn’t look after my son and pay the rent at the same time and I was forced to move by the landlord. I was put in a B&B by the council, I spent maybe 6 or 7 months in a tiny room.”





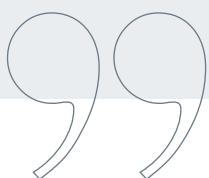
Anita's Story – Inner London Mum

In my house there's me, my partner, and my daughter, who's 13. I'm a recent graduate so I'm looking for full time hours, but I'm doing part-time just so I'm working. I decided to study for three years, as an investment. I've been quite lucky because I'm contracted for 16 hours, but I can't do more than that because I'd be worse off basically. A lot of my work is evenings and weekends so the fact that my partner doesn't work, I know it doesn't help financially, but if he wasn't at home I don't know how I'd manage. As she's getting older it's getting easier, but I have been in situations where I work full-time and not see her at all, but you have to do that in order to try and stay afloat.

I'm struggling to pay the bills at least once, twice a month. I mean you're in your house, you're in work, you're leaving your family and you're not sure if you have enough for gas and light. You shouldn't even have to be contemplating that if you're putting that effort in. You've got nothing in your cupboards, and you've gotta buy gas, lights, and then obviously you've got to wear clothes to work, you've got to wear shoes, it can get really hard. And my daughter needs school clothes, she needs a new shirt, and there's only one shop that sells all the school clothes and the blazer's £40. It's a poverty cycle, you can't really go out, you can't really have a social life, you can't do stuff, and obviously that can affect your mental wellbeing, so it's all linked.

The council housing conditions are very bad – we've had damp for about eight years. And my daughter's got skin conditions, it's the housing. The situation isn't as bad in terms of rent arrears and trying to keep on top of it, but the conditions are bad. What you're paying for, it's terrible. But when you're on low income and they know you haven't got much voice, they will put you in there. When I was in a real bad situation I used to go to the CAB, but they've all closed down now.

I had a Wonga loan before. I just got it to get everyone off my back. To pay a bit of gas, light, so I could just live, and then try and get on top of it. I saw them on the telly and I was really happy I thought, oh my god! Took out a loan for £300 and I think I paid double the amount. They even took a direct debit out of my account when I didn't have any money in my account, I was in tears. When I see it now, payday loans, I just delete it all. I watch all the programmes about them, because you've gotta be trained to know. Credit unions are good, they're the only ones that don't take the piss.



The pressure of managing money, bills and debt

With food, energy, rent and other commodity prices growing at a greater pace than earnings, families have experienced a real squeeze on their incomes. The families we spoke to budgeted their household income scrupulously, yet the high cost of living in the capital, combined with low pay and insecure work, left them trapped in a precarious situation. Paying for rent, bills, and food was often a case of robbing Peter to pay Paul, while a small additional cost, perhaps for a prescription charge, a school trip, or a new pair of shoes, was enough to create major problems. 20 per cent of people in London are behind with at least one bill, with gas and electric the most common bills for people in poverty to be behind with.³¹

“He needed £7 to go on a trip, I didn’t have it, but if school is going on a trip I want him to go. So I took seven buses instead of the train to work. It took me three and a half hours. I had to pick up my son from a friend at 9.30pm, just to save up £7.”

“You’re in work, you’re leaving your family and you’re not sure if you have enough for gas and light – you shouldn’t even have to be contemplating that if you’re putting that effort in.”

Council tax can be a major burden for low income families and 26 of 33 London local authorities now charge council tax to those previously deemed “too poor to pay.” Just four of thirteen inner boroughs had council tax exemptions for those in receipt of disability benefits, although Wandsworth also had an exemption for families with children under three. Many boroughs have increased their minimum payments, hitting single parent families particularly hard. The proportion of people falling into arrears has risen alongside the proportion facing enforcement action.³²

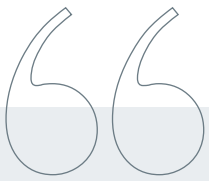
Being able to ask family for small loans was invaluable for some of the families we spoke to in enabling them to meet additional costs without getting into problem debt. However family support was not available for all, and some had taken out payday loans, credit cards, and other loans which had created real difficulties for them. Families which report unsecured debt as a ‘heavy burden’ are much more likely to be materially deprived than others with the same household income.³³

“Yep, had a Wonga loan. I saw them on the telly and I was really happy – I thought oh my god! Took out a loan for £300 and I think I paid double the amount, £750. And there was even a time when they took a direct debit out of my account and I didn’t have any money in my account and didn’t cancel it, I couldn’t get any cash out that weekend, I was in tears.”

“I’ve got an overdraft, I’m overdrawn, and the thing is, there doesn’t come one day where you don’t think about the bills. You’re always doing calculations, sometimes it’s food, sometimes the overdraft, if you don’t pay the bank charges of £8. It’s very stressful. I took a loan from the bank, £2,700 for a new kitchen and this one stresses me a lot.”

Parents reported going without to ensure that their children had what they needed. This can mean skipping meals or social outings, which parents acknowledged had an impact on their health and wellbeing. While parents did their best to shield their children from their financial difficulties and anxieties, some told us that their situation had had a big impact on their child’s health, behaviour and education. Research shows that money worries negatively affect children’s mental health, with a child in a family struggling with debt five times more likely to be unhappy than a child in a family without debt problems.³⁴





Emma's Story – Inner London single Mum

At the moment it's just me and my daughter and my brother. He works full time for a building company. My daughter's disabled and I'm classed as her carer, so I get benefits for that. Because he works we've got to pay full council tax, full rent and everything else, so it is a struggle. He has to pay it because I can't afford to pay full rent. We're mainly just behind on council tax. Because he's working we have to pay the full amount, rather than less. I don't get housing benefit because he's working full time.

I've lived in social housing for four years now. The rent has gone up a little bit but not extreme. I was in a hostel before for six years, so a flat is a flat. But it's a bit overcrowded as it's a two bed so he's got a room and my daughter's in with me. She's going to be ten this year so imagine sharing a bed with your mum and then your friends can't come up because you've got no space and you can't take them into your own room. She starts secondary school the year after. She suffers with atopic eczema so she'll scratch through the night and I'm having to change the beds, bath her, and put cream on sometimes three times a night. I've just been diagnosed with lupus and arthritis and at the moment I can't do nothing with one arm so it's a bit of a struggle. But at the moment her skin, touch wood, is OK.

If I need money for something extra, I'll go without so she can have it, or I rely on her DLA money coming in. I'm not chancing it with loans, as much as I could do with one. I'm usually OK for food because my mum's house is full of people, my brother's family who couldn't get a house live there. So even if I go without I know that there's always a meal down the road for her. Luckily, there's no uniform at her school and she gets free school dinners so that all helps a lot. We didn't go on holiday over the summer, couldn't afford it, and for food mum's or the club at the church was the backup.

London is expensive for families. She's got an I Count card which gets us into places for half price, but it's still expensive. They should at least let the children get into places for free so there are more activities for them. The prices are near enough adult prices now.



Healthy eating is hard for low income families

Sufficient, safe and nutritious food is vital for children and families to lead active and healthy lives, now and in the future. The London Assembly found that food poverty in London is driven principally by reduced spending power as a result of income problems, often combined with expenditure issues such as debt repayments and competing demands from bills and other necessary purchases.³⁵ In some cases working families are forced to use food banks, as we saw on research visits to an inner city food bank.

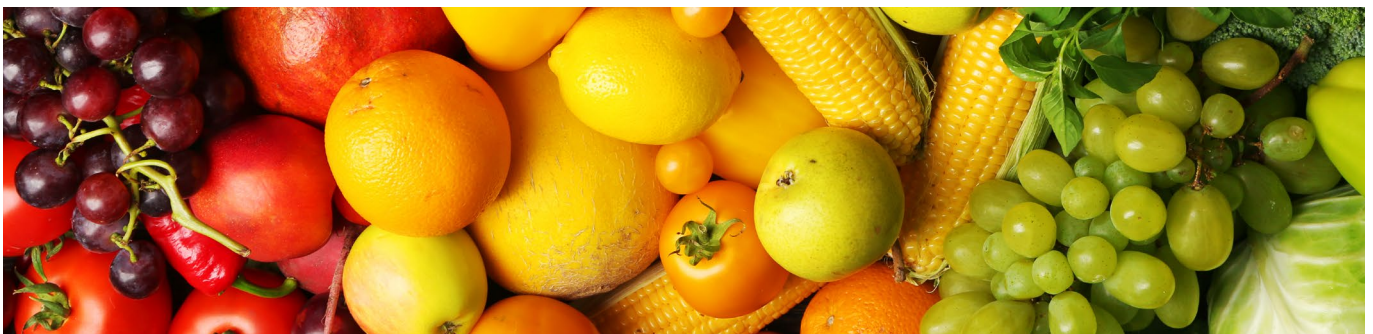
The top three reasons why people are using food banks in London are benefit delays (24 per cent), low income (21 per cent), and unemployment (10 per cent). The number of food banks in London has grown rapidly in response to increasing numbers of people requiring emergency food provision. In just six months between 1st April 2016 and 30th September 2016, Trussell Trust provided emergency food parcels to 18,326 children in London, including 7,750 to children in inner London. However these figures do not include Westminster and Tower Hamlets, where Trussell Trust food banks do not operate (but other food banks do), and as these boroughs have very high levels of child poverty the number of food parcels provided to inner London children is likely to be much higher.³⁶

Parents were concerned about how poor dietary intake impacts on their child's health, wellbeing, development, and attainment. They addressed this issue through shopping at the supermarkets for reduced food, combing the markets, sending their children to family for occasional meals, and using food banks when necessary. Despite the shame and stigma they associated with using food banks, they were grateful for the last resort support they offered when needed.

“I try to go to the supermarket in the evening when it's cheap but you have to go every day, and I go to the market too. My son is anaemic, so I have to feed him well. I think about that every day.”

“I've deprived myself from certain things, certain foods for example, I don't buy healthy food. If I buy reduced items, they go off on the same day or the following day, sometimes me and my son, we eat things, they are off.”

For those families with children receiving free school meals, these were seen as invaluable in ensuring that their child had a healthy and balanced diet and in taking the strain off the family budget, although school holidays were a problem when this support was no longer available. Free school meals are not available to single parents working 16 hours or couples working 24 hours, regardless of salary. In inner London, where the cost of living is much more expensive, parents on low salaries working these hours and over can really struggle to provide healthy school meals for their children.



Conclusion

London's low income working parents have developed a range of coping strategies, adapting and innovating to make the best of their situation for their children. They shop at supermarkets when food is reduced, use credit unions, draw on family support if it's available, and are ready to sacrifice for their children. Working parents are resilient, despite the toll evidently being taken on their own wellbeing as they juggle work, childcare, and bills. However, as the proportion of working families in poverty grows, it's clear that bold and systemic responses are urgently required. Powerful community responses to poverty, such as the food bank service we visited, are unable to address the underlying causes of family poverty – low wages, high prices and inadequate welfare support. This scenario is found across the country and capital, but in inner London, higher rents and costs mean that family income from earnings and benefits simply doesn't stretch as far.

As property values continue to grow, economic uncertainty fuels price rises, and benefits remain frozen until 2020, the challenges for low income working families in inner London boroughs are here to stay. Retaining these essential workers, protecting the diverse social mix of neighbourhoods and people, and safeguarding the childhoods and life chances of children in these just about managing families requires immediate and sustained action from national government, the GLA, local authorities, the voluntary sector, and the business community, in partnership with families. It is vital that the Mayor's vision for A City for all Londoners addresses inner city pressure throughout the strategy, tackling key drivers of child poverty including housing, transport, childcare, low paid work, and family-friendly employment.



Recommendations to help low income families in inner London

Boosting incomes through well-paid, family-friendly employment and affordable credit

- The GLA, local authorities and business community should increase the number of good quality part-time jobs available in London.
- The Mayor should set up a scheme to promote and recognise innovation in flexible working arrangements by businesses.
- Local authorities should consider incentivising employers to pay the London Living Wage for all employees through the use of business rate discounts.
- The GLA and local authorities should encourage the expansion of credit unions in London.

Expanding high-quality childcare

- The GLA, local authorities, the voluntary sector and business community should expand childcare and youth club schemes which provide childcare and include food for children, particularly focusing on holiday and after- and before-school provision.
- The Mayor should use the Mayoral profile and influence to drive childcare expansion and innovation as a key priority.
- The Mayor should urgently pump-prime childcare provision in London to ensure a sufficient supply of childcare places so that parents can access the government free childcare offer; not only the two-year old offer, but also for three- and four-year olds by the time the 30 hours free childcare offer is introduced in 2017.
- The Mayor should raise at all levels with central government the higher cost of childcare provision in the capital and push for fair funding for the free childcare offer which accurately reflects market costs in inner London.

Ensuring healthy eating

- The GLA and local authorities should expand universal free school meals, breakfast / supper clubs, and access to healthy food for all children.
- The Mayor, local authorities, voluntary sector and business community should fund and expand innovative schemes which tackle food insecurity and support local business (such as the Rose voucher scheme).

Increasing affordable, decent and secure housing

- The GLA, local authorities should work with the private sector and housing associations to significantly increase social housing in inner London, and to additionally ensure that new investment in housing does genuinely deliver affordable options for low income families whether renting or buying.
- The GLA and local authorities should make the London Rental Standard a compulsory scheme.

References

1. We use London Poverty Profile's definition of inner London in this report, which is also used by the ONS for statistical purposes: Camden, Haringey, Hackney, Hammersmith and Fulham, Islington, Lambeth, Kensington and Chelsea, Lewisham, Newham, Southwark, Tower Hamlets, Wandsworth and Westminster.
2. Hirsch, D. and Valadez, L. (2016) *Child Poverty Map of the UK*. End Child Poverty.
3. Aldridge, H., Born, T. B., Tinson, A., and MacInnes, T. (2015) *London's Poverty Profile*. NPI and Trust for London.
4. Bosetti, N. and Hanna, K. (2015) *Inside Out: The new geography of wealth and poverty in London*. Centre for London.
5. Aldridge, H., Born, T. B., Tinson, A., and MacInnes, T. (2015) *London's Poverty Profile*. NPI and Trust for London.
6. Padley, M., Marshall, L., Hirsch, D., Davis, A., and Valadez, L. (2015) *A Minimum Income Standard for London*. Trust for London and Loughborough University.
7. Harari, D. (2016) *Regional and local economic growth statistics*. House of Commons Library. Briefing paper 05795. 15 March 2016.
8. Beatty, C., Crisp, R., and Gore, T. (2016) *An Inclusive Growth Monitor for measuring the relationship between poverty and growth*. York: Joseph Rowntree Foundation.
9. Bolton, T. (2013) *London 2030: A series of events exploring the future growth of the capital*. Addleshaw Goddard and Centre for Cities. July 2013.
10. London First. (2014) *Moving Out: How London's housing shortage is threatening the capital's competitiveness*. London First and Turner Townsend.
11. Belfield, C., Cribb, J., Hood, A., and Joyce, R. (2016) *Living Standards, Poverty and Inequality in the UK: 2016*. London: Institute for Fiscal Studies.
12. Aldridge, H., Born, T. B., Tinson, A., and MacInnes, T. (2015) *London's Poverty Profile*. NPI and Trust for London.
13. Browne, J. and Hood, A. (2016) *Living Standards, Poverty and Inequality in the UK: 2015 – 16 to 2020 – 2021*. London: Institute for Fiscal Studies.
14. D'Arcy, C. and Finch, D. (2016) *Finding your Routes: Non-graduate pathways in the UK's labour market*. London: Resolution Foundation and Social Mobility and Child Poverty Commission.
15. Togni, L. (2015) *Part-time Employment in London*. GLA Economics.
16. Rutter, J. (2015) *Childcare Costs Survey 2015*. Family and Childcare Trust.
17. Department for Education (2011) *Early Years Evidence Pack*.
18. Belfield, C., Cribb, J., Hood, A., and Joyce, R. (2016) *Living Standards, Poverty and Inequality in the UK: 2016*. London: Institute for Fiscal Studies.
19. Browne, J. and Hood, A. (2016) *Living Standards, Poverty and Inequality in the UK: 2015 – 16 to 2020 – 2021*. London: Institute for Fiscal Studies.
20. GLA Datastore (2016) *Child benefit by family size and borough*. HMRC.
21. Ibid.
22. Belfield, C., Cribb, J., Hood, A., and Joyce, R. (2016) *Living Standards, Poverty and Inequality in the UK: 2016*. London: Institute for Fiscal Studies.
23. Finch, D., and Whittaker, M. (2016) *Under New Management: Options for supporting 'just managing' families at the Autumn statement*. Resolution Foundation.
24. OBR (2016) *Welfare Trends Report*. October 2016.
25. LGA (2016) *Right to Buy replacements in England falling sharply, councils warn*. 11 August 2016.
26. London Assembly Housing Committee. (2016) *At Home with Renting: Improving security for London's private renters*.
27. Rodda, M., Hallgarten, J. and Freeman, J. (2013) *Between the Crack. Exploring in-year admissions in schools in England*. RSA.
28. Aldridge, H., Born, T. B., Tinson, A., and MacInnes, T. (2015) *London's Poverty Profile*. NPI and Trust for London.
29. Green Party. *Setting up a London Renters Union*. 28 January 2016.
30. Aldridge, H., Born, T. B., Tinson, A., and MacInnes, T. (2015) *London's Poverty Profile*. NPI and Trust for London.
31. Ibid.
32. Ashton, S., Francis, M., and Woudhuysen, A. (2016) *Still Too Poor To Pay: Three years of localised council tax support in London*. Child Poverty Action Group and Z2K.
33. Belfield, C., Cribb, J., Hood, A., and Joyce, R. (2016) *Living Standards, Poverty and Inequality in the UK: 2016*. London: Institute for Fiscal Studies.
34. Pinter, I., Ayre, D. and Emmott, E. (2016) *The Damage of Debt: The impact of money worries on children's mental health and well-being*. The Children's Society.
35. London Assembly Health and Environment Committee (2013) *A Zero Hunger City: Tackling food poverty in London*. GLA.
36. The Trussell Trust (2016) *Trussell Trust Foodbank Mid-Year Figures – London*.



Acknowledgements

4in10 would like to acknowledge Trust for London and City Bridge Trust who funded this report, Vauxhall Food Bank for the kind access to their service over several weeks, Z2K for referrals of individuals and, of course, the participants interviewed for this research, whose names have been changed. We would also like to thank us²design for the design of the report, and our colleagues at Children England for their eagle eyes and helpful comments.

4in10 was set up after the last Child Poverty Commission in London to raise awareness, collate, and share good practice to tackle the high levels of child poverty in the capital. We are a network of over 300 voluntary and statutory organisations across London, and are hosted at Children England.

www.4in10.org.uk



@4in10

December 2016



**4
in
10** LONDON
CHILDREN
LIVE IN POVERTY

For more information please contact
Hannah Slater, 4in10 Research and Learning Officer
Hannah.slater@childrenengland.org.uk
0207 833 3319 www.4in10.org.uk