

London's Poverty Profile 2011

Tom MacInnes, Anushree Parekh and Peter Kenway

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Trust for London

www.trustforlondon.org.uk

6 Middle Street
London EC1A 7PH

t +44 (0)20 7606 6145
e info@trustforlondon.org.uk

Charity registration number: 205629

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New Policy Institute

www.npi.org.uk

306 Coppergate House
16 Brune Street
London E1 7NJ

t +44 (0)20 7721 8421
e info@npi.org.uk

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Project Co-ordinators: Mubin Haq, Director of Policy & Grants,
Rachael Takens-Milne, Grants Manager at Trust for London

Production: Tina Stiff, Publications & IT Manager at Trust for London

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Foreword

This latest edition of *London's Poverty Profile* provides an opportunity to analyse what progress has been made on a range of indicators related to poverty and inequality since we published the first report in 2009. It provides a snapshot using the latest available data and compares this against a range of different time points. The overall picture shows mixed results.

In a period of economic difficulties, there are a number of positives, which it is important to record. In particular, it is worth noting the reduction in house repossessions. Compared to the downturn of the early 1990s, the scale of repossessions is significantly lower, in part because government developed protocols with lenders, but also due to record low interest rates. The report also shows that households in temporary accommodation have reduced significantly in the capital. This is good news. What is not, is that London now accounts for an even larger proportion of all households in temporary accommodation in England (75%).

As we highlighted in our last report, the issue of housing is increasingly critical. Not only do London's high housing costs largely explain why it has much higher levels of poverty than any other English region; but also recent changes to housing benefit policy now risk transforming the character of this great city. There is the distinct danger of London becoming more polarised, with whole areas becoming unaffordable for low and medium income families, many of whom are working. We are deeply concerned about the increasing segregation of London.

Moreover, the research shows that as Inner London becomes less affordable, services in Outer London, which are already stretched, such as GP surgeries and schools, may come under increasing pressure as people relocate there. For those families who choose to stay in Inner London, they are at increasing risk of overcrowding, poverty or homelessness – exacerbating the trends identified in this report of growing overcrowding and rough sleeping.

As research budgets are cut, it seems more important than ever that *London's Poverty Profile* continues to monitor and analyse the data on poverty and inequality. As an independent charitable foundation, we want to ensure that there is objective information and scrutiny on the impact of political and economic changes on the poor and marginalised. We will continue to raise these issues and hope the statistics contained in this report will be a tool for many different organisations and individuals to promote change and improve the lives of those who are most disadvantaged. We also hope that at a time of cuts in public expenditure, statutory agencies will use the report to ensure that the poorest and most disadvantaged are not disproportionately targeted.

Peter Williams

Chair, Trust for London

Introduction and summary

Aim of the report

London's Poverty Profile is an independent assessment of poverty and inequality in the capital. It brings together a range of different indicators to reveal how London compares to the rest of the country, how the various populations within London differ, and how London has changed over time.

This report is the third in the series. If the first LPP highlighted differences across London while the second looked at the effects of the recession, the focus of this one is on the changes that have been and are taking place in London as they affect people in poverty and facing exclusion.

There are three reasons for emphasising change:

First, the changes which are happening in London all the time are part of the backdrop to many of the problems examined here. Population change is at the heart of this. So too is what has been happening to housing. Consequent upon this, the need for, and the demands placed upon, public services are changing, especially for health, education and transport.

Second, whether things have been getting better or worse should be a factor in determining how radical a change of policy might be needed. From this perspective, the most serious problem of all is what to do about in-work poverty, due both to its scale and because it has got steadily worse *despite* increasing financial support via tax credits.

Third, the way things are changing is an aspect of any social problem in its own right. This is a real-world issue, that lies beyond the statistical analysis of the type this report comprises. But deepening anxiety, provoked for example by an increasingly insecure job market, or worries about forthcoming changes to the benefit system may be a widespread feeling.

The importance of changes in population, housing and the need for services is reflected in each topic having a chapter to itself in the report. The rest of the report covers the same subjects as the original: low income, dependence on social security benefits, income and wealth inequality, work and worklessness, low pay, ill-health and poor educational outcomes.

While we present results at a variety of geographical levels – from all London to the 640 electoral wards – our preferred level remains the five sub-regions used by the Office for National Statistics. That is because this presentation conveys the crucial point about the capital that the five boroughs that make up the Inner West are not typical.

Of course there are residents of all five boroughs who face poverty and disadvantage. Some living here are among those hardest hit by the welfare reforms. But in both the scale of the overall problem and the recent changes, this part of London – *central* London more or less – has fared the least badly. In reading this report, therefore, it is important to bear in mind that the image conveyed by this, the most prominent and in some ways *over-represented* part of London (e.g. in the area it occupies on the tube map) is not an accurate impression of London as a whole.

Key findings

- 1 Since the original report, over the period which covers the recession, child poverty has fallen in London, while working-age poverty has risen. But the number of children and working-age adults in in-work poverty grew. Over one million people now live in low-income families where at least one adult is working, an increase of 60% over the last decade.
- 2 Housing costs are a critical factor in explaining why London has the highest poverty rates of all England's regions. Taking account of housing costs, the poverty rate in London is 28%, compared to 22% in the rest of England, and the gap has grown in the last decade.
- 3 220,000 households live in overcrowded accommodation, 60,000 more than a decade ago with most of this increase in the private rented sector.
- 4 The proportion of households in temporary accommodation has nearly halved since 2005 and has fallen since the last report but is still 10 times higher than the English average. London now accounts for 75% of all households in temporary accommodation in England, and most are housed in the private rented sector.
- 5 Housing benefit changes mean that many parts of Inner London, particularly the Inner West, may become unaffordable for low-income families renting privately. Outer London boroughs, where housing is cheaper, often have lower levels of public services per head: 8 of the 10 primary care trusts with the fewest GPs per population are in Outer London and 35% of Outer London primary schools are full or overcrowded, compared to 19% in Inner London.
- 6 The poorest 50% have less than 5% of financial or property wealth. The richest 10% have 40% of income wealth, 45% of property wealth and 65% of financial wealth.
- 7 The number of unemployed Londoners is now above 400,000, the highest number since 1996, and the rate is rising more quickly than the national average. In total 900,000 working-age adults were either unemployed, economically inactive but wanting a job, or in a part-time job because they could not find a full-time one.
- 8 The unemployment rate among young people is at its highest level for nearly 20 years (23%) and is still rising. Despite, on average, being better qualified than other young people in the rest of England, young Londoners are more likely to be unemployed.
- 9 The number of low-paid jobs has increased by 60,000 since 2005 and now numbers 470,000, although the proportion of jobs which are low-paid remains the same at 1 in 7. Nearly 50% of young adults are paid less than the London Living Wage.
- 10 Educational attainment continues to improve and children eligible for free school meals in London are more likely to attain minimum developmental and educational standards at age 5, 11 and 16 than similarly poor children in the rest of England.
- 11 Poor children in London are more likely to lack everyday items than their counterparts outside London, with 60% of children in low-income families unable to afford a week's holiday away from home.
- 12 Babies born in Southwark, Croydon, Haringey and Harrow are twice as likely to die before their 1st birthday than those born in Bromley, Kingston and Richmond. Adults in Hackney are twice as likely to die before the age of 65 as those in Kensington & Chelsea.

Changes over time

The table below summarises how the key indicators in the report have changed since the last report and over the last decade. All of the indicators measure “bad” things, such as low income, unemployment, premature death etc. So a rise in the measure is a negative outcome, a fall is a positive one.

		Since first report	Over last decade
Housing and homelessness	Homelessness acceptances	Down	Down
	Temporary accommodation	Down	Down
	Rough sleepers in London	Up	Up (since 2003)
	Overcrowding in London	Up	Up
	Mortgage repossessions	Down	Up
	Landlord repossessions	Down	Down
Income poverty	Poverty after housing costs	Flat	Flat
	Child poverty	Down	Down
	Working age poverty	Up	Up
	Pensioner poverty	Flat	Down
	In work poverty	Up	Up
	Workless poverty	Down	Down
Inequality	Income inequality	Flat	Flat
Work and worklessness	Unemployment	Up	Up
	Receiving out of work benefits	Up	Down
	Unemployment and underemployment	Up	Up (since 2003)
	Young adult unemployment	Up	Up
Low pay	Numbers of people in low paid jobs	Up	Up (since 2005)
	Proportion of jobs that are low paid	Flat	Flat (since 2005)
Health	Infant mortality	Down	Down
	Premature mortality	Down	Down
Low educational outcomes	Low attainment age 11	Down	Down (since 2004)
	Low attainment age 16	Down	Down (since 2004)
	Lacking qualifications aged 19	Down	Down (since 2006)

From the table, there are three clear groups of topics – those where the indicators have improved, those that have deteriorated and those where the picture is mixed.

In health and education, the picture is positive. Mortality rates are down, both in the short and medium term. The proportion of children falling short of set standards of attainment has fallen at age 11, 16 and 19.

Conversely, the picture on employment is a negative one. The proportion of people unemployed or underemployed is higher than when we wrote the last report and higher than a decade earlier. The number of children and working-age adults in low-income working households has risen as well.

The indicators on housing and poverty are mixed. Child and pensioner poverty is down, but working-age poverty is up. Official homeless acceptances are down, and even following the rise at the end of 2010, are lower than they were three years ago. But rough sleeping is up, as is overcrowding.

One way of looking at this is that the table shows the early wave of effects of the recession. Those indicators that relate to the job market changed immediately. Some areas can be ameliorated by government policy. Child poverty is a good example of that, where rises in child tax credit and child benefit brought child poverty down nationwide despite the recession. Some indicators are on much longer term trajectories, where the effects of the economic downturn will only show up in a few years if they show up at all.

Differences across London's boroughs

The table below brings together all the borough level indicators in the report. For each indicator, the four boroughs with the highest level are coloured in bright red. The next four are coloured orange, and the next eight are coloured light orange. The remaining 16 (the remaining half) are coloured beige. So the darker the colours, the deeper the problems.

		Housing				Work, benefits and low income				In-equality		Low pay		Health		Education			Services				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Outer West and North West	Barnet																						
	Brent																						
	Ealing																						
	Harrow																						
	Hillingdon																						
	Hounslow																						
	Richmond																						
Outer South	Bromley																						
	Croydon																						
	Kingston																						
	Merton																						
	Sutton																						
Inner West	Camden																						
	Hammersmith & Fulham																						
	Kensington & Chelsea																						
	Wandsworth																						
	Westminster																						
Inner East & South	Hackney																						
	Haringey																						
	Islington																						
	Lambeth																						
	Lewisham																						
	Newham																						
	Southwark																						
	Tower Hamlets																						
Outer East and North East	Barking & Dagenham																						
	Bexley																						
	Enfield																						
	Greenwich																						
	Havering																						
	Redbridge																						
	Waltham Forest																						

- | | | | |
|--------------------------------|--|-----------------------------|---|
| 1 Homelessness acceptances | 7 Unemployed | 12 Low pay by place of work | 18 19 Year-olds lacking level 3 |
| 2 Temporary accommodation | 8 Child poverty | 13 Infant mortality | 19 Childcare places |
| 3 Mortgage repossession orders | 9 Pay inequality | 14 Premature mortality | 20 GPs |
| 4 Landlord repossession orders | 10 Concentration of benefit recipients | 15 Early years development | 21 Overcrowded schools |
| 5 Out-of-work benefits | 11 Low pay by residence | 16 Attainment at KS2 | 22 Affordable housing in social renting |
| 6 Pension Credit | | 17 Attainment at GCSE | |

This table shows very clearly the concentration of disadvantage in London's Inner East & South. Particularly for the indicators on work, benefits and low income and those on education, the colours in the Inner East & South are darkest.

The Outer East is the next most coloured area, but is itself a mix of boroughs with serious problems across a range of issues (Barking & Dagenham, Waltham Forest) and boroughs with far fewer problems (Havering and Bexley for example). Every borough in the Inner and Outer East is coloured red for at least one indicator.

The contrast between the Inner East & South and Inner West is stark, with the latter quite blank in comparison. The obvious exception is the inequality section, as some of the most unequal boroughs are in the Inner West. It also features highly in relation to low pay and some services. But in the income and benefits indicators, the Inner West does have above average levels of disadvantage.

On this subset of four indicators, the Outer South only has one borough (Croydon) above average on any of them. The Outer South is clearly a very different place from the Outer East or even Outer West. Such problems as it has are confined to low paying jobs in the boroughs themselves and overcrowded schools.

In the Outer West, Brent stands out somewhat as scoring badly on more indicators. The range of Indicators on which Brent is above the London average is quite wide. It is in the top quarter (that is, coloured orange or darker) for at least one indicator in each sub-section apart from inequality. In that respect, it looks more like a borough in the east than one in the west.

Chapter one:

An overview of London

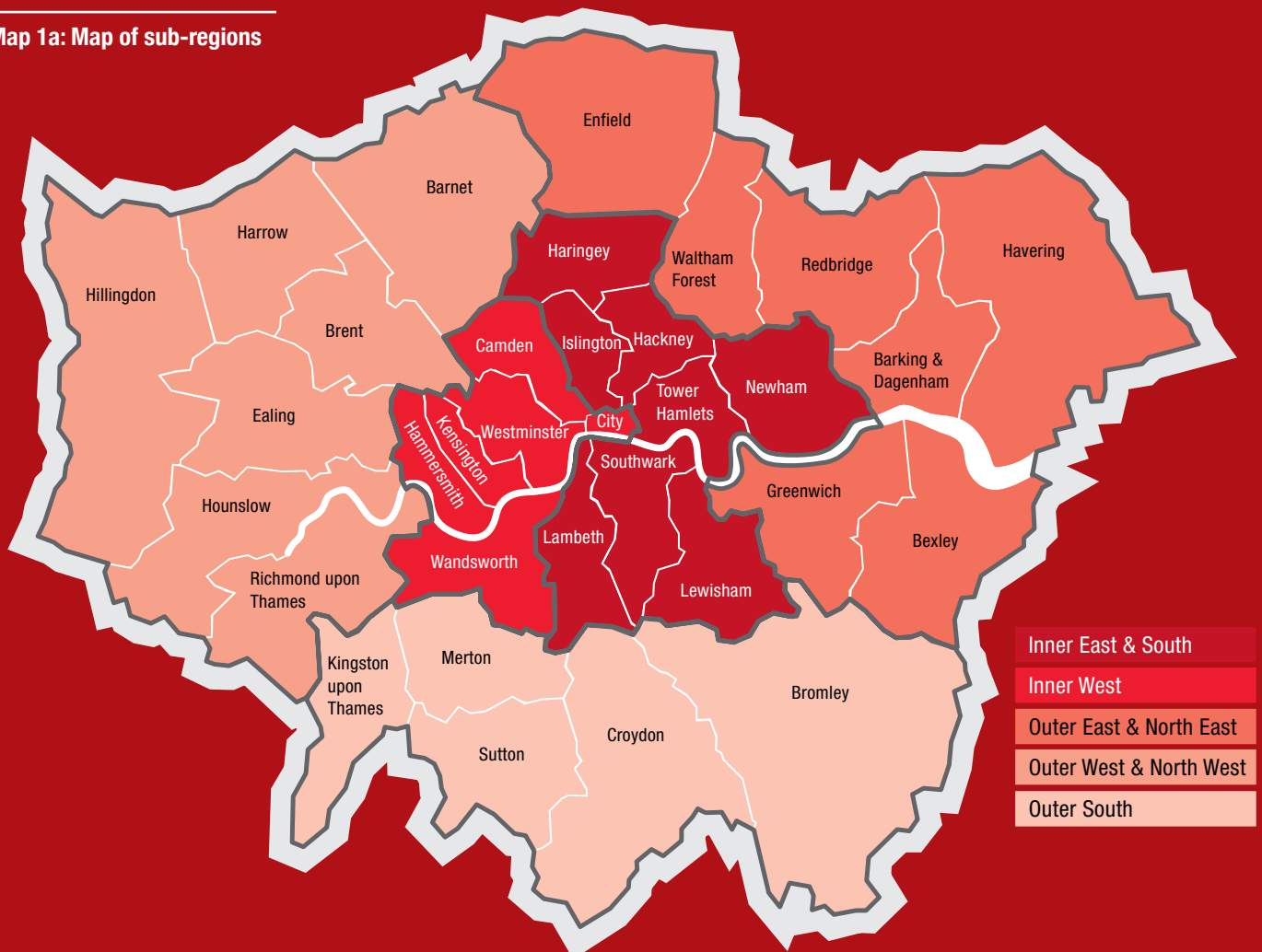
The first chapter sets out some background facts about London – its population, its geography and its distinct demography. This provides important context for interpreting the analysis in the later chapters.

Geography

In this report we look at London in different ways. Sometimes we consider London as a whole. This allows us to compare London to the rest of England, but masks the huge variations within the capital. Sometimes we split London in Inner and Outer, which does allow for more subtlety, but still implicitly suggests that Newham and Wandsworth, or Barking & Dagenham and Richmond are somehow the same.

In trying to look for patterns across London, we find breaking it into five sub-regions to be both useful for presentation and of real analytical benefit. The sub-regions, shown in the map below, acknowledge the differences within Inner and Outer London. It also allows us to look along an East/West axis, which is frequently more meaningful than an Inner/Outer one.

Map 1a: Map of sub-regions



As the map shows, the sub-regions are of different sizes. The Outer South & Inner West contain only five boroughs each, whereas the Inner East & South has eight boroughs. Their demography also varies from one to another. The table below sets out some key statistics for each sub-region, on population size, age and ethnicity.

Population and demography

Table 1b: London's population and demography

Sub-region	Total population (1,000s)	% change in last decade	% aged 16 and under	% aged over 60	% not White British
Inner East & South	1,943	+8%	21%	12%	49%
Inner West	1,107	+16%	16%	14%	43%
Outer East & North East	1,645	+6%	23%	18%	34%
Outer South	1,218	+7%	21%	19%	30%
Outer West & North West	1,829	+7%	21%	17%	46%
Outer London	4,692	+7%	21%	18%	37%
Inner London	3,061	+11%	19%	13%	47%
London	7,754	+8%	20%	16%	41%

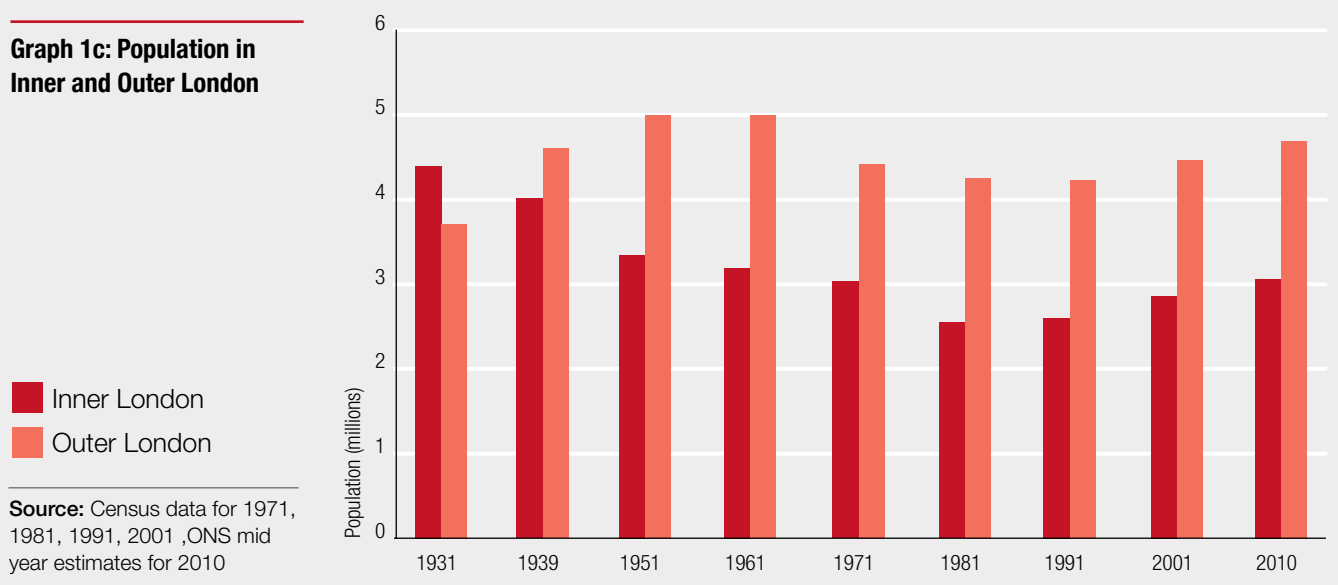
Source: ONS, mid year population statistics, 1999 and 2009

The Inner West of London has seen the largest population growth over the last decade. The increase of 16% is twice the rate of any other sub-region. Notably, though, the Inner West has the lowest proportion of its population aged under 16, at only 16%, compared to a London average of 20%.

With the exception of the Inner West, there is little variation across the five sub-regions in the proportion of the population who are aged under 16. Where there is variation, though, is among the over 60s population. In the Outer South, for instance, the over 60s make up 19% of the total, compared to 12% in the Inner East & South.

Inner London, both east and west, has a higher proportion of its population coming from an ethnic group other than White British. In the Inner East & South, 49% of the population come from a non-white British ethnic group compared to 30% in the Outer South. But 46% of the population of the Outer West & North West is not White British. In this regard, the Outer West has more similarities with Inner London than the rest of Outer London, which has much lower proportions of ethnic minorities.

Graph 1c: Population in Inner and Outer London



Source: Census data for 1971, 1981, 1991, 2001, ONS mid year estimates for 2010

The population of London, both Inner and Outer, has been growing steadily since the 1980s. In 2010, some 7.8 million people lived in London, of which just over 3 million were in Inner London. London's population is now much higher than its 1980s low point, but it is still lower than its 1950s high point. The size of the current population is not unprecedented.

Growth in Inner London in the last decade has been greater in relative and absolute terms than in Outer London. But Outer London still accounts for 60% of the total.

One of the reasons why London has grown, and grown at a faster rate than other English regions, is because of its high birth rate. In 2009, there were 130,000 live births in London. The capital accounts for around one-seventh of England's population, but around one-fifth of its births. In London, the ratio of births to deaths is around 2 to 1. In the rest of the country it is around 1.25 to 1. So in London births outnumber deaths to a much greater extent than elsewhere.

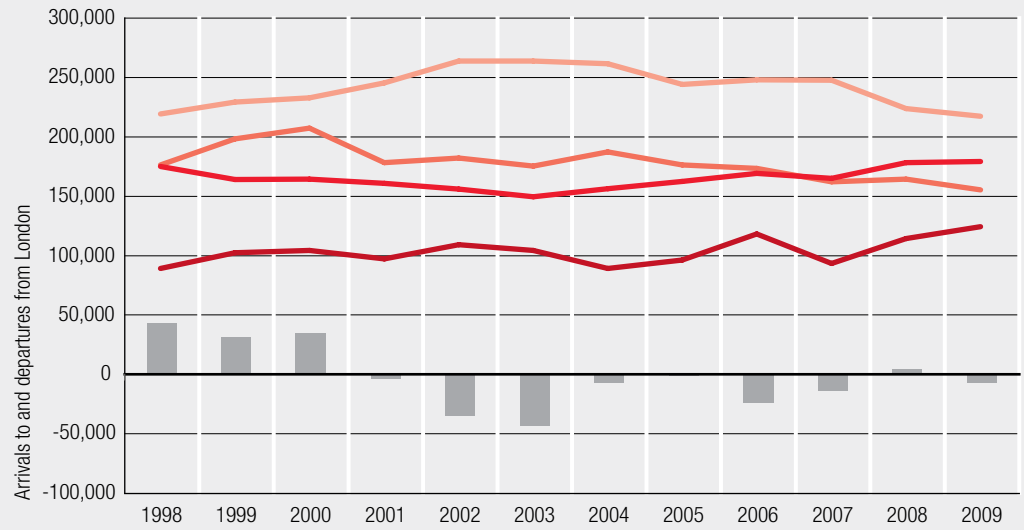
Migration

Thousands of people move in and out of London every year. The graph below shows migration to and from London, both domestically and internationally.

Graph 1d: Migration in and out of London

- London domestic emigration
- London international immigration
- London domestic immigration
- London international emigration
- Difference

Source: ONS Long Term International Migration Statistics Series 2.1 and ONS Internal Migration time Series, GOR Level Moves

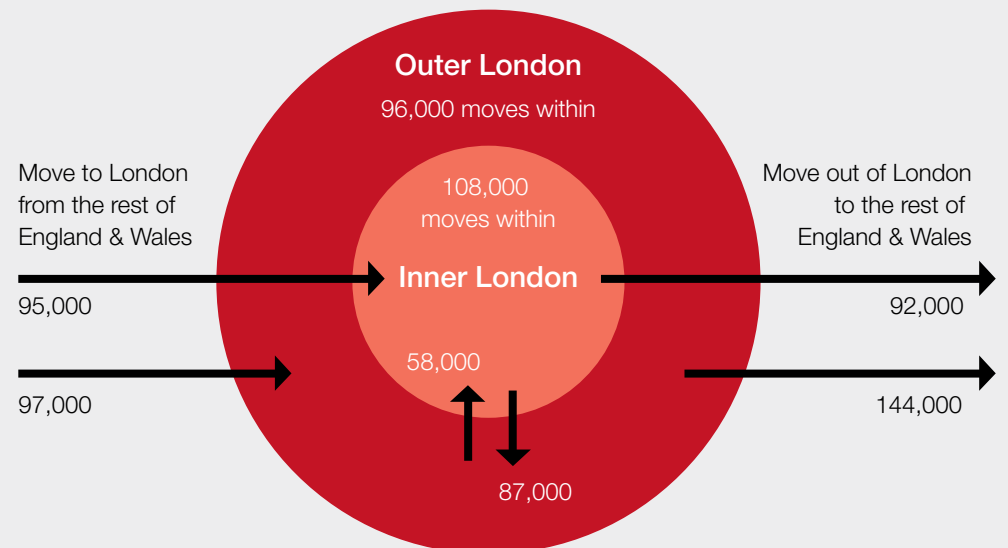


International inward migration (150,000 people in 2009) is higher than international outward migration (120,000 people), but these two figures have been converging. Moreover, the former is lower than at any time in the previous 12 years.

Domestic outward migration is higher than domestic inward migration (220,000 compared to 180,000). Again, though, these figures are converging. In the last three years, the number of people moving into London from the rest of Great Britain has overtaken the number moving to London from other parts of the world.

Over the last decade, the total inward minus total outward migration has left a small net outward flow in almost every year. In sum, then, London's population grows because births outnumber deaths, not because of immigration. But that is only part of the story. London's population is not remotely static.

Graph 1e: Domestic population flows in and out of London



Source: Source: ONS Internal migration, 2010

Just over 100,000 people in Inner London moved to other boroughs in Inner London in 2010. A slightly smaller number of people in Outer London moved to other Outer London boroughs. Moves to neighbouring boroughs are very common. These numbers do not include people who moved within the same borough.

In 2010, as in previous years, more people moved from Inner to Outer London (87,000) than the other way around (58,000). While the number of people moving into Inner London from the rest of the country was equal to the number of people moving in the other direction, rather more people moved from Outer London (144,000) to the rest of England & Wales than the other way round (97,000).

Looking beneath these figures, the most common flow of population within London is from the Inner East & South to the Outer East & North East. In 2010, 32,000 people moved outwards, and 17,000 people moved inwards.

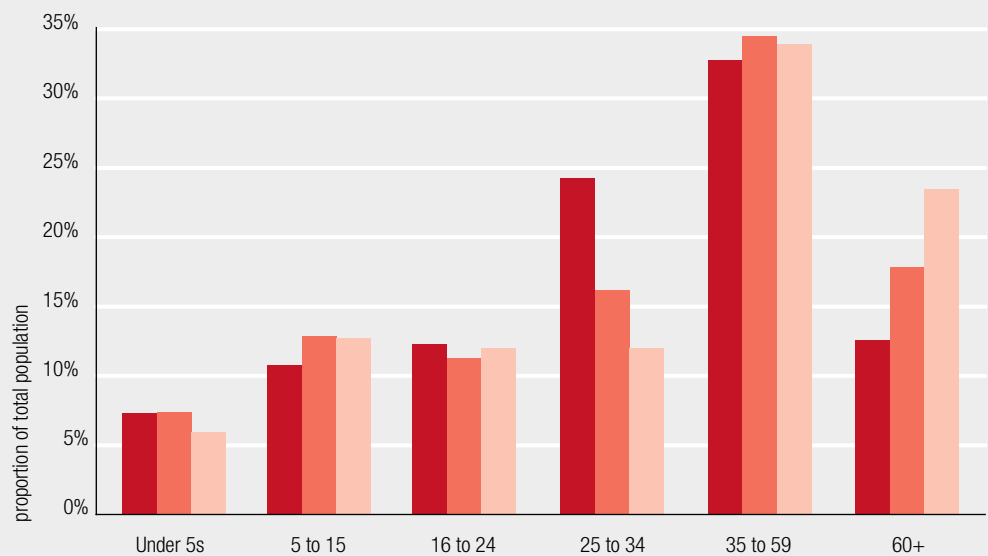
The overall turnover is higher in Inner London than Outer London. In 2010, 11% of the Inner London population moved either in or out, compared to 8% of the Outer London population. So Inner London has had both higher population growth and higher turnover in recent years.

Population characteristics

Graph 1f: Age structure in London

■ Inner London
■ Outer London
■ Rest of England

Source: ONS mid 2009 population estimates

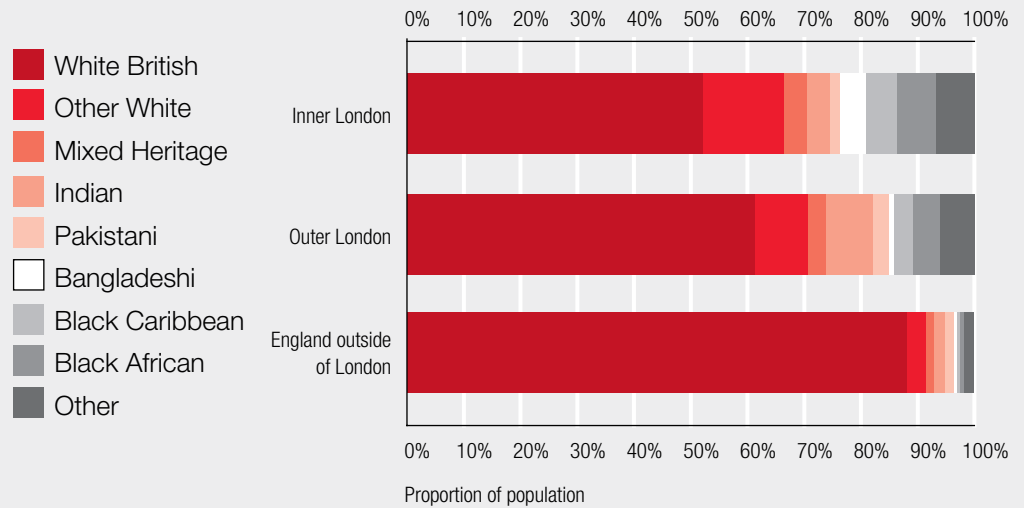


One reason why there are proportionately more births in London than elsewhere is that the number of people of child bearing age is higher. 25–34 year olds make up a far higher proportion of London's population than they do the population of the rest of England. London, both Inner and Outer, also has a slightly higher proportion of under 5s than the rest of England.

London also has far fewer older people as a proportion of its total population. This is particularly true of Inner London.

The different age structure in London also leads to a different household structure. Compared to the rest of England, London has far fewer couple households with no dependent children. Conversely, London has slightly more single person households, lone parent and multi-adult households.

Graph 1g: Ethnicity in London and the rest of England



Source: ONS mid 2009 population estimates

London's population is far more ethnically diverse than the population of the rest of England. Around a half of people in Inner London are from an ethnic group other than White British. Around a third are from a non-White ethnic group.

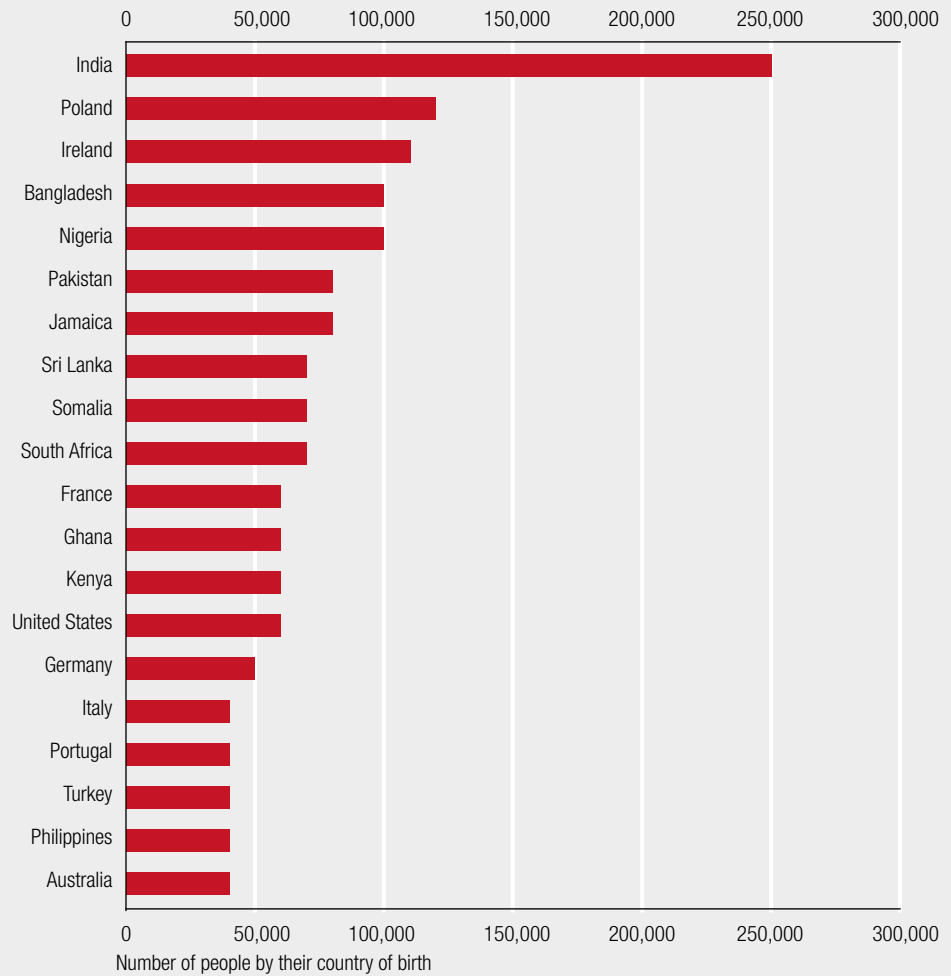
In Inner London, the largest non-White ethnic minority groups are Black African and Black Caribbean. In Outer London around 40% are not White British, and 30% are not White. In Outer London, the largest non-White ethnic minority group is Indian.

In the rest of England, around 15% of people come from non-White British ethnic groups, and under 10% are not White.

The White Other group is a diverse group in itself. It includes long standing populations such as the Irish population as well as more recent arrivals from Eastern Europe, Latin America and elsewhere.

The ethnic mix is only one way of looking at diversity in London. The next graph looks at the different countries of birth of London's population.

Graph 1h: London's population by country of birth (excluding UK)



Source: LFS, ONS, the data is the average for Q4 2008, Q4 2009 and Q4, 2010

Around a quarter of a million people living in London were born in India. This is by far the largest group of Londoners not born in the UK. Overall, one-third or 2.6 million people living in London were born outside the UK.

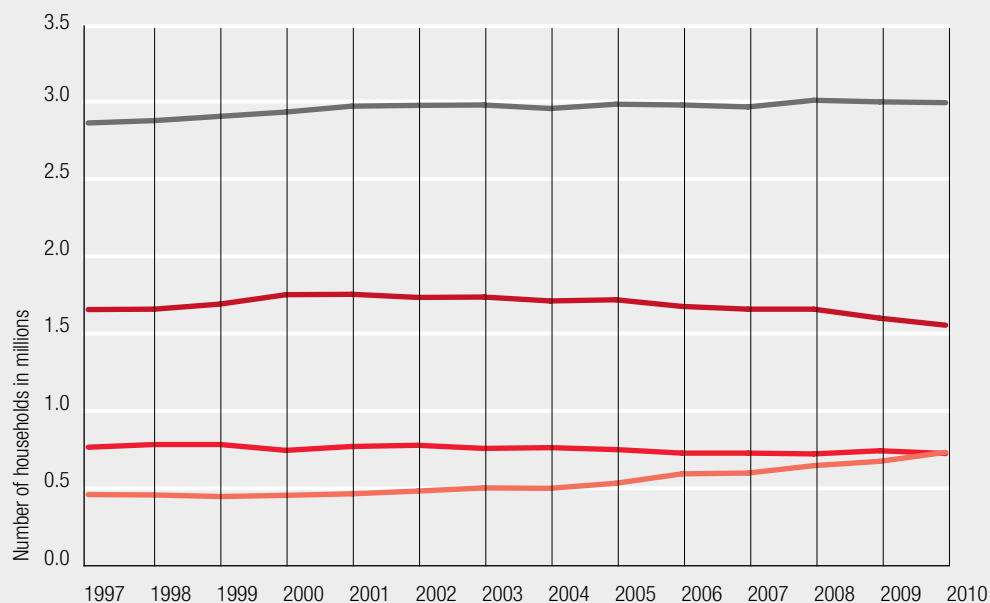
The graph above limits the countries to those with at least 40,000 people living in London between 2008 and 2010. 20 countries had a population of at least 40,000 living in London and another 35 countries had a population of at least 10,000.

The final graph in this section concerns London's changing housing mix.

Graph 1i: Housing tenure in London

- Total
- Owner occupiers
- Social renters
- Private renters

Source: Labour Force Survey, ONS



In 2010, there were around 3 million households in London. This is an increase of 4% since 1997. Over the same period, the population grew by 8%. So the population grew faster than the number of households.

All the growth in household numbers has been in the private rented sector. The number of owner occupying households in London has declined over the last decade. The number of social renters is more or less the same.

The trends in this graph indicate that private rental will soon overtake social rental as the second most common housing tenure in London. In 2010 the figures were almost equal so in fact this change may have already happened.

Chapter two:

Housing and homelessness

Key points

- Having declined every year since 2003, the proportion of households accepted as homeless in London was the same in 2010 as 2009 at around 3 per 1,000. The rate did start increasing at the end of 2010.
- The proportion of households living in temporary accommodation in London, despite falling for five years, is more than 10 times higher than the English average. London now accounts for 75% of all households in temporary accommodation in England, most of which are housed in private rented accommodation.
- The number of people found sleeping rough in London has risen in each of the last three years and in 2010 stood at 3,800, of which 2,300 were in contact with services for the first time. Around 1,000 rough sleepers are from Central and East European countries.
- The number of households living in overcrowded accommodation has risen by 60,000 in the last decade and now stands at 220,000. Most of this increase has been in the private rented sector where overcrowding has increased by 100% over the last decade.
- Of the 9 boroughs with the lowest average house prices in 2008, 7 have seen falls of at least 5% since. House prices in the most expensive areas have kept rising.
- Newham and Barking & Dagenham had the highest levels of mortgage repossessions among London boroughs. Enfield, Haringey, Bexley and Brent have the highest rate of landlord evictions.
- Added to these existing problems, 104,000 households in London will be affected by changes to the housing benefit system starting in 2011, which will mean their levels of benefit will no longer be sufficient to cover their rent.
- Those who stand to have the biggest shortfall in their weekly rent are households in the Inner West of London and larger households throughout the capital. The average shortfall these households will face will be in excess of £20 per week. Larger families in the Inner West, requiring more than three bedrooms, will face a shortfall of over £100 a week on average.

Background

In the first *London's Poverty Profile* (LPP) report, we identified housing as a key reason for the high rates of poverty in the capital. High housing costs, linked to a shortage of supply relative to the very high demand, left low-income households in London with less disposable income than their counterparts in other parts of the country.

We also identified high rates of homelessness and overcrowding, and our more recent LPP publication, *Reporting on the Recession*, showed that levels of housing repossession were higher in London than in the rest of the country.

In this chapter we look again at these trends, to see what has changed in the years since those reports were published. But this report is set against a very different background.

The changes to Housing Benefit, in particular Local Housing Allowance, announced by the coalition government affect households in London far more than elsewhere. In particular, the introduction of the national cap on the level of LHA that can be received only affects claimants in London. We look at the number of claimants affected by these changes, and the extent to which their incomes will reduce.

Going beyond this, to estimate the number of households who will be forced to leave their homes, to move to cheaper parts of London or leave London altogether, is impossible to do with any certainty. Some movement is surely inevitable, though, and this will add to the high levels of population turnover in the capital.

Homelessness and overcrowding

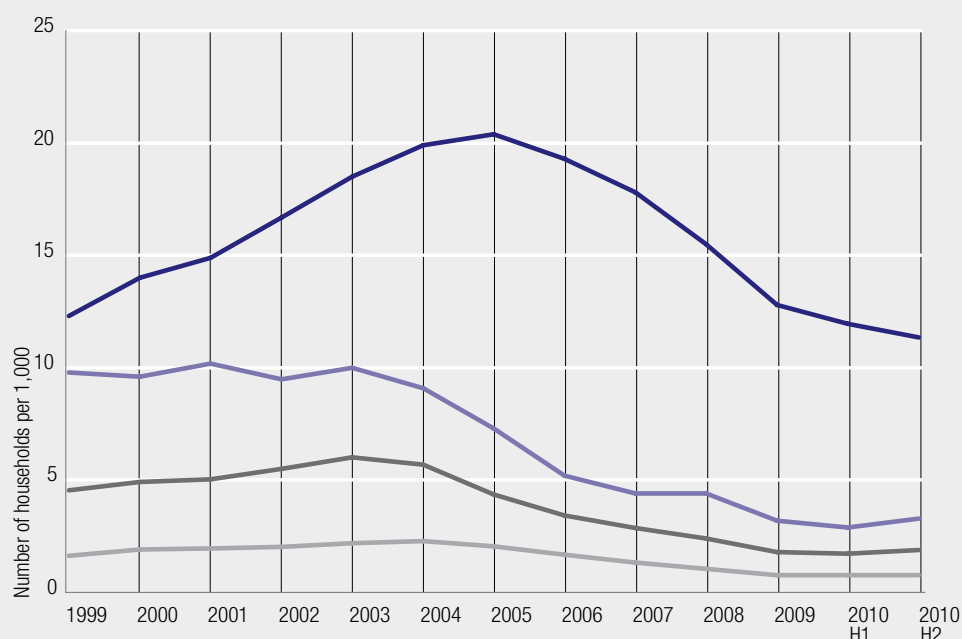
The first graph shows two things. Firstly, it shows the total number of households accepted as homeless in London as a proportion of all London households. This is compared, over time and to the proportion for the rest of England.

It also shows the number of households accommodated under statutory duties in temporary accommodation. This is a snapshot of figures from the 31st of March each year. Again, this is shown as a proportion of all households, and compared over time to the rest of England.

Graph 2a: Proportion of households accepted as homeless and the proportion placed in temporary accommodation

- Temporary accommodation at the end of the year – London
- Homeless acceptances London
- Homeless acceptances Rest of England
- Temporary accommodation at the end of the year – rest of England

Source: Department for Communities and Local Government Live Tables



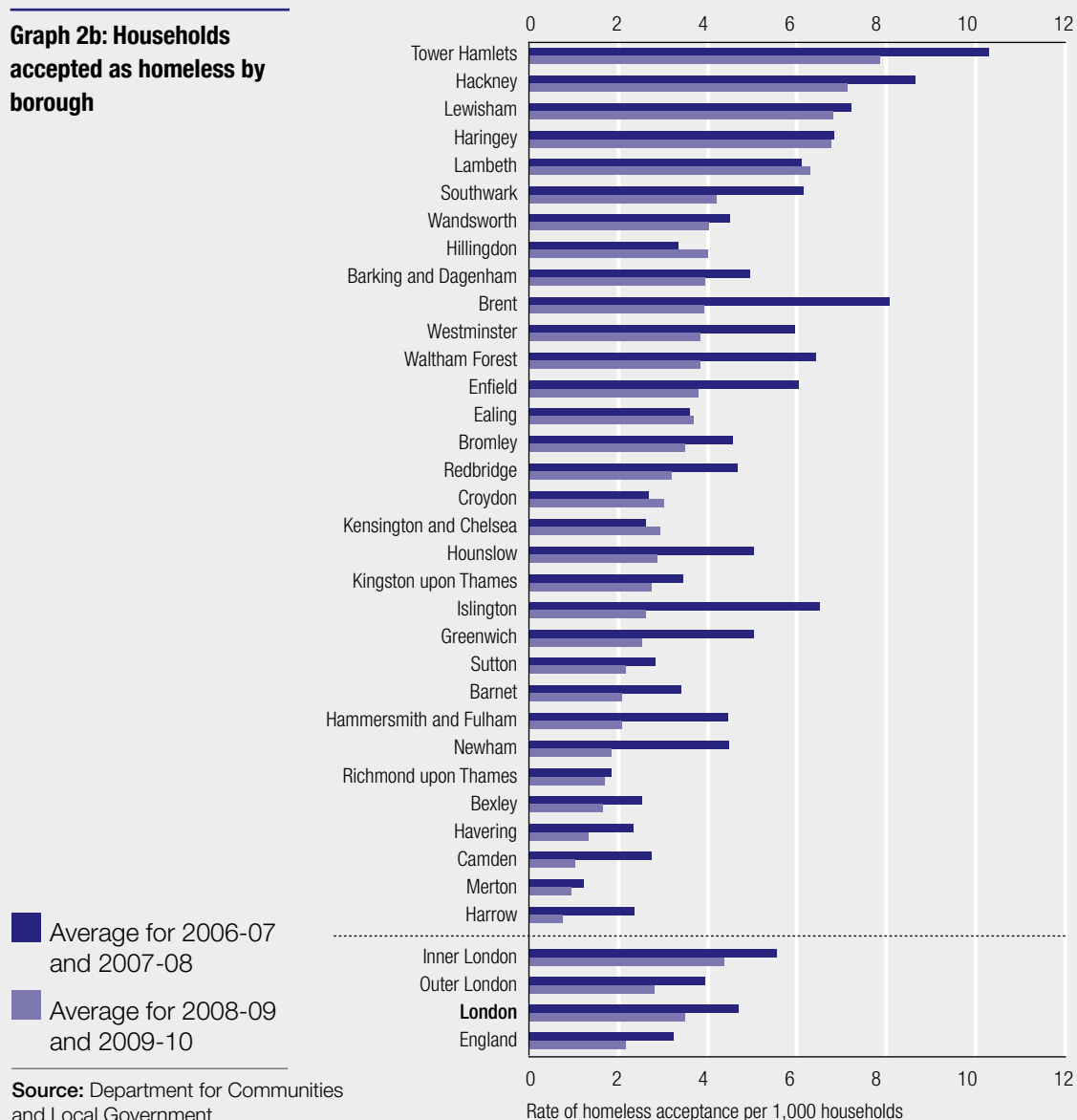
The rate of homeless acceptances in London is slightly higher than in the rest of England, at 3 acceptances per 1,000 households per year, compared to 2 elsewhere. While this figure is higher than the national average, it is lower than some other large cities such as Birmingham and Sheffield.

In 2010, 9,700 households were accepted as homeless in London. The proportion of households placed in temporary accommodation under statutory duties in London is more than ten times as high as the rest of England – 11 per 1,000 (or 40,000 households) compared to 1 per 1,000. This is a reduction of 20,000 or one-third since 2007. However, London now accounts for 75% of all households in temporary accommodation in England, compared to 69% in 2007.

Both the number of homeless acceptances and the number of households in temporary accommodation had been declining in recent years. But the fall in the number of households being accepted as homeless had stopped by 2010 both in London and in England as a whole.

In fact, in the second half of 2010, the number of both homeless applications and acceptances had risen slightly in London compared to the same time in 2009. The figures for the first quarter of 2011 continue this upward trend.

Graph 2b: Households accepted as homeless by borough



Source: Department for Communities and Local Government

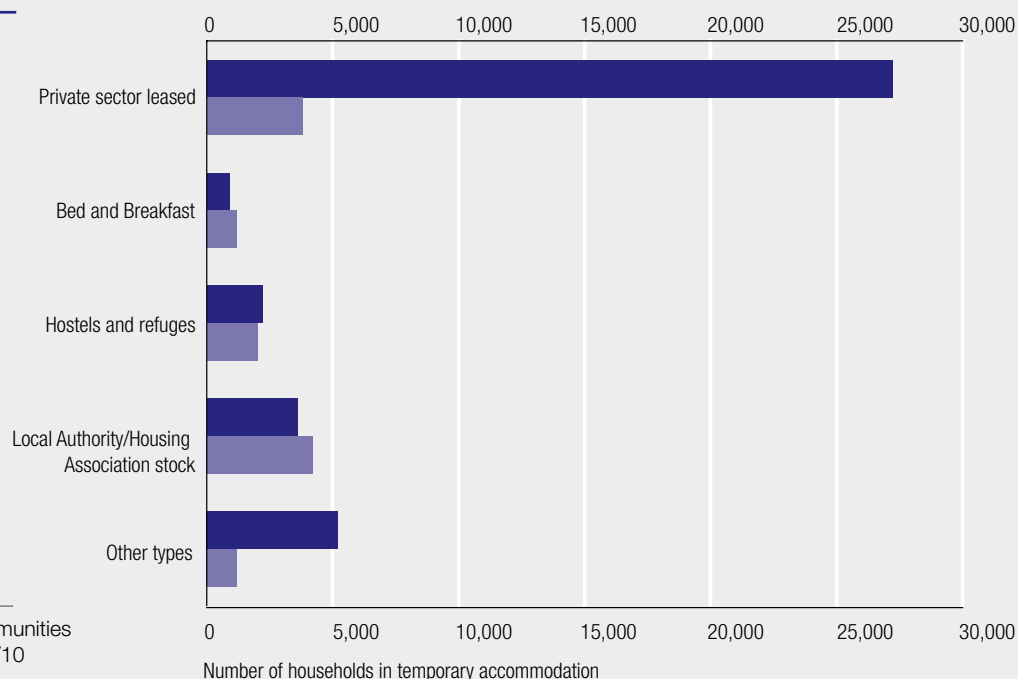
There is significant variation between boroughs. The proportion of households accepted as homeless in Tower Hamlets is 8 times higher than in Merton, Harrow or Camden. This is a much greater difference than, for instance, in the rate of receipt of out-of-work benefits. The six boroughs with the highest proportion of households accepted as homeless are all in the Inner East & South – Tower Hamlets, Hackney, Lewisham, Haringey, Lambeth and Southwark.

Homelessness acceptances came down in almost every borough between 2007/08 and 2009/10. In a number of boroughs, such as Brent, Islington, Greenwich, Harrow, Newham and Camden, it fell by more than half. There were exceptions such as Hillingdon, Lambeth, Ealing, Croydon and Kensington & Chelsea, which all saw slight increases in homelessness acceptances.

But overall the pattern is hard to discern. Rates of acceptance are determined by local policy as well as local need. Councils aim to prevent households from even applying for homeless status, by offering other types of support and housing options. This was a national policy which reduced the number of homeless applications made right across the country.

Once the application has been made, the variation in acceptance rates is sizeable. For instance, in 2009/10, 71% of applicants in Lewisham were accepted as homeless, compared to 14% in Havering. The reasons for not accepting applications also vary. About 7% of all homelessness decisions in London are defined as “intentional”^[1]. But this varies a lot between boroughs from about 1% to 15% of all decisions.

Graph 2c: Temporary accommodation by tenure



Source: Department for Communities and Local Government, 2009/10

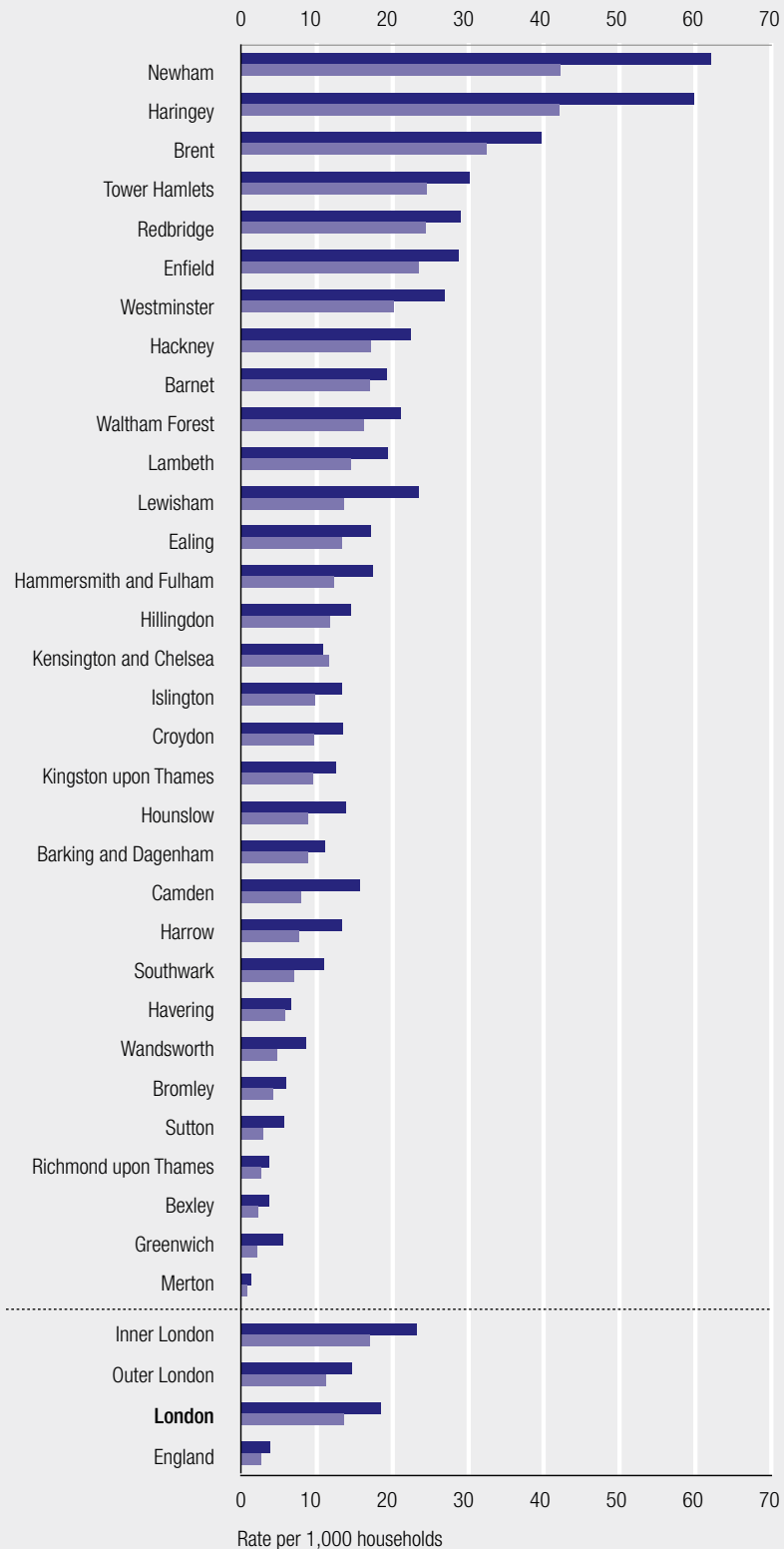
[1] The decision as to whether a person became homeless “intentionally” is made by the local authority based on whether the individual or household “did (or did not do) something that caused them to leave the accommodation”. This could include failure to pay rent or mortgage interest, antisocial behaviour or leaving accommodation that it would have been reasonable to stay in.

Of the 40,000 households in temporary accommodation in London, 27,000 are in privately rented accommodation. This figure is, however, lower than in recent years, reflecting the overall decline in the number of people in temporary accommodation.

Private rental accommodation has been used to absorb London’s homelessness problem. But most of these households will have their rent covered by Local Housing Allowance, which is due to be capped. Private landlords naturally want to charge the maximum possible to let their properties to homeless families. With this maximum about to be reduced, they could withdraw their accommodation from this part of the market.

The system of temporary accommodation is due to change with the new homelessness duty. Currently, households are placed in temporary accommodation until such time as the local authority can find them suitable social housing. Under the new duty, councils will be allowed to discharge their duty to homeless households in the private sector. This duty will expire after 12 months, so a household placed in private accommodation for one year will no longer be deemed to be in need.

Graph 2d: Households in temporary accommodation by borough



■ Average for 2006-07 and 2007-08
 ■ Average for 2008-09 and 2009-10

Source: Department for Communities and Local Government

The graph shows the borough in which households come from, not the one in which they are housed. So a household from Westminster placed in Barking would show up in the former.

Like homelessness acceptances, the proportion of households in temporary accommodation has come down almost everywhere. But the differences between boroughs are huge. In Merton, around 1 household per 1,000 is in temporary accommodation. In Newham, it is 42.

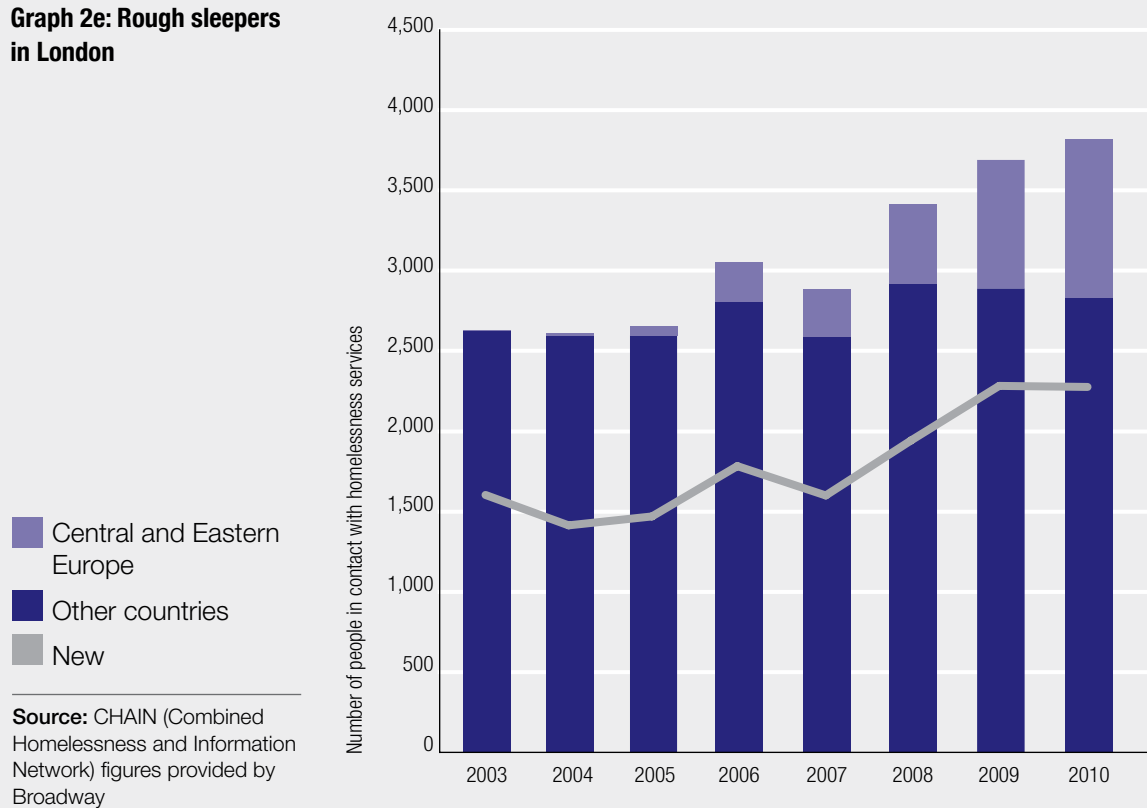
Like the homelessness graph above, this represents local need as well as a local practice. There is the additional factor of local availability of suitable housing.

Inner London has a higher rate than Outer London, although its decline has actually been greater (a fall of 6 per 1,000) than Outer London (a fall of 4 per 1,000, from a lower starting point).

South London boroughs, including Merton, Greenwich, Bexley, Richmond and Sutton have a proportion of households in temporary accommodation similar to the national average. Tower Hamlets, Enfield, Redbridge, Brent, Haringey and Newham are all at least 20 times the national average.

So far our analysis of homelessness has looked at official processes of homeless acceptance by boroughs and their subsequent duty to accommodate homeless families. The next graph looks at rough sleeping, a more visible manifestation of homelessness. The Mayor of London has signed up to a target of reducing rough sleeping by 2012. The target is that, by next year, no one will sleep rough for two successive nights.

Graph 2e: Rough sleepers in London



The figures in the graph above relate to the number of people in contact with services who work with rough sleepers. They come from the CHAIN database, a project funded by the Mayor of London's office. They represent a total of people over the year, rather than a snapshot on a particular date.

In 2010, 3,800 people were seen sleeping rough at least once over the course of the year by street outreach teams. This is around 1,200 more than in 2004. This follows a different trajectory to the figures on official homeless acceptances, which fell in London from around 2003.

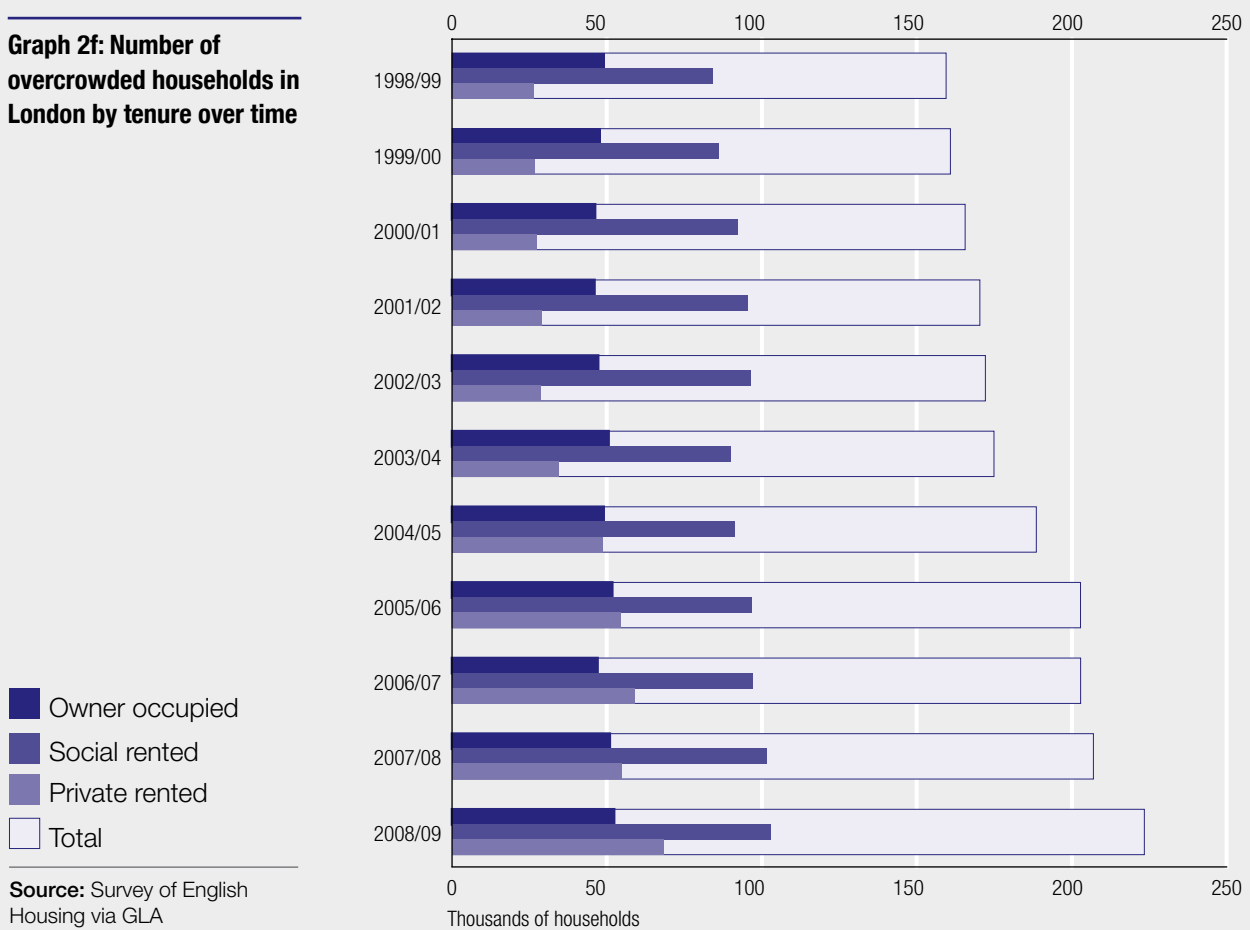
In 2010, 2,300 of all those seen rough sleeping were in contact with outreach teams for the first time. This is around two-thirds of the total, and is effectively the group targeted by the No Second Night Out initiative to reduce rough sleeping. The aim of this work is to direct people who have just begun to sleep rough towards services designed for them. In effect it is dealing with the “flow” of people who become rough sleepers, rather than the “stock”.

2004 marks the accession of the Central and Eastern European states to the European Union. The graph shows that most of the increase in rough sleeping since 2004 comes from this group, who now number just under 1,000.

The reason so many Central and Eastern Europeans were seen sleeping rough is that, until 2011, they had limited entitlement to public funds. So in many cases, if someone from one of these countries lost their job, they would not be eligible either for out-of-work benefits or for support with their housing.

However, the transitional arrangements put in place in 2004 expired this year. Theoretically, many more Central and Eastern Europeans are now eligible for public assistance. This could result in a decrease in the number of people sleeping rough if the individuals and relevant agencies are aware of what the change in entitlements implies.

Graph 2f: Number of overcrowded households in London by tenure over time



By 2008/09, 220,000 households in London lived in overcrowded conditions. This represents some 7% of London households. Across England as a whole, only 3% of

households are overcrowded. The figure of 220,000 is a rise of 60,000 compared to a decade earlier, an increase of around 40%.

Of those households living in overcrowded conditions, 100,000 households are in social rented accommodation, a rise of 20,000 compared to the end of the 1990s.

But the rise in overcrowding in private rented accommodation has been much greater. Some 70,000 households in the private rented sector now live in overcrowded conditions, compared to 30,000 in 1998/99, an increase of over 100%.

This rise is a result of two things. Firstly, the number of households in private rented accommodation grew by around 50% over that period. Secondly, the risk of overcrowding among households in that tenure has grown as well.

Over the same period, the number of owner occupied households that are overcrowded has barely changed at all.

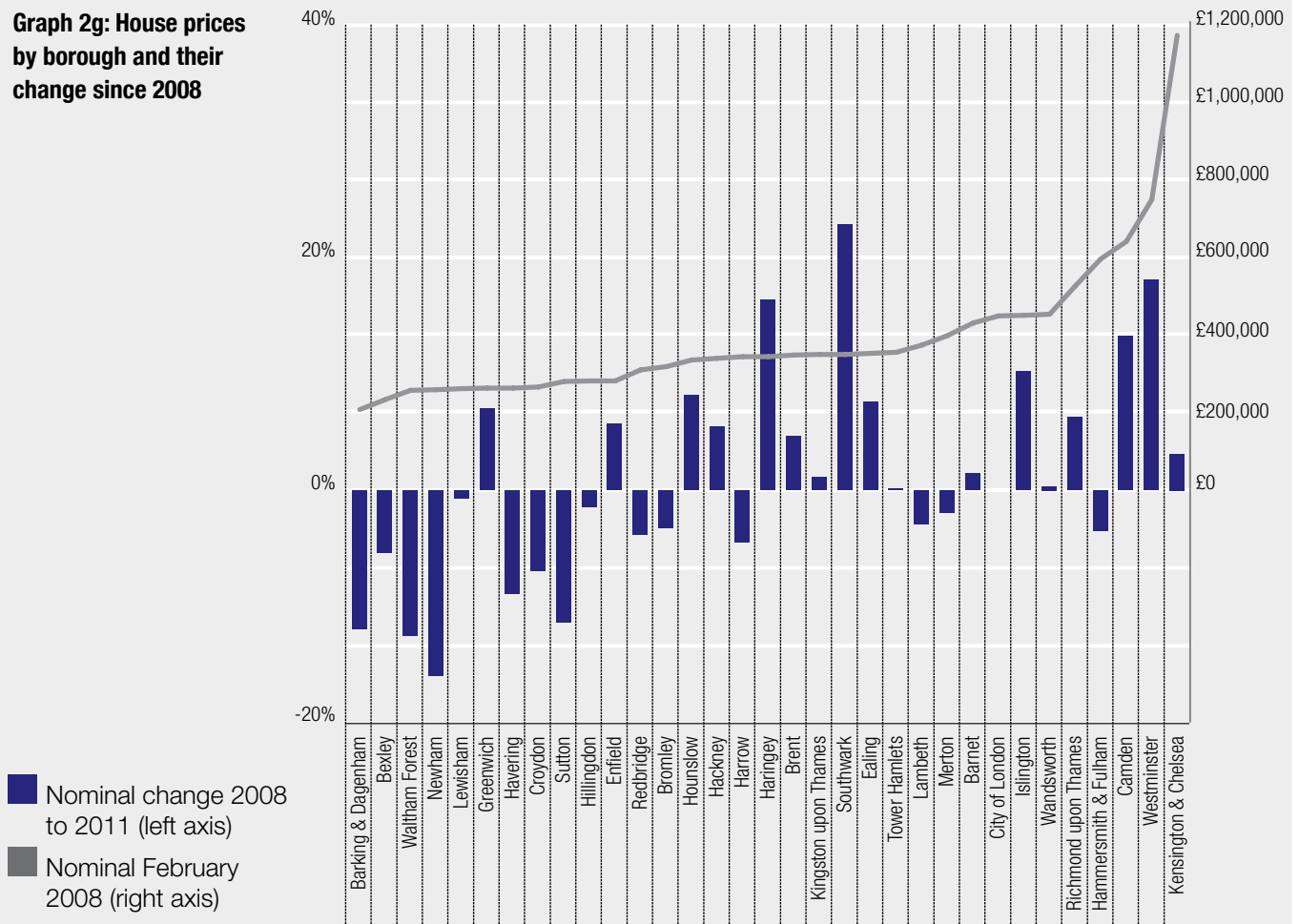
House prices and repossessions

This section looks at housing repossessions. Households who cannot afford either their mortgage or rent payments are clearly in extreme financial distress. We start by looking at house prices, both as background to the issue of mortgage repossessions, but also as an indicator of inequality in itself.

The graph below shows two things. The average price of a home in each borough in 2008 (the grey line), and the change in price in the three years since (the purple bars). The graph is ordered left to right by lowest to highest price in 2008. We chose 2008 as that was the supposed “high point” for house prices in the UK.

The “average” price for each borough is based on sale prices, adjusted for the mix of types and sizes of house sold.

Graph 2g: House prices by borough and their change since 2008



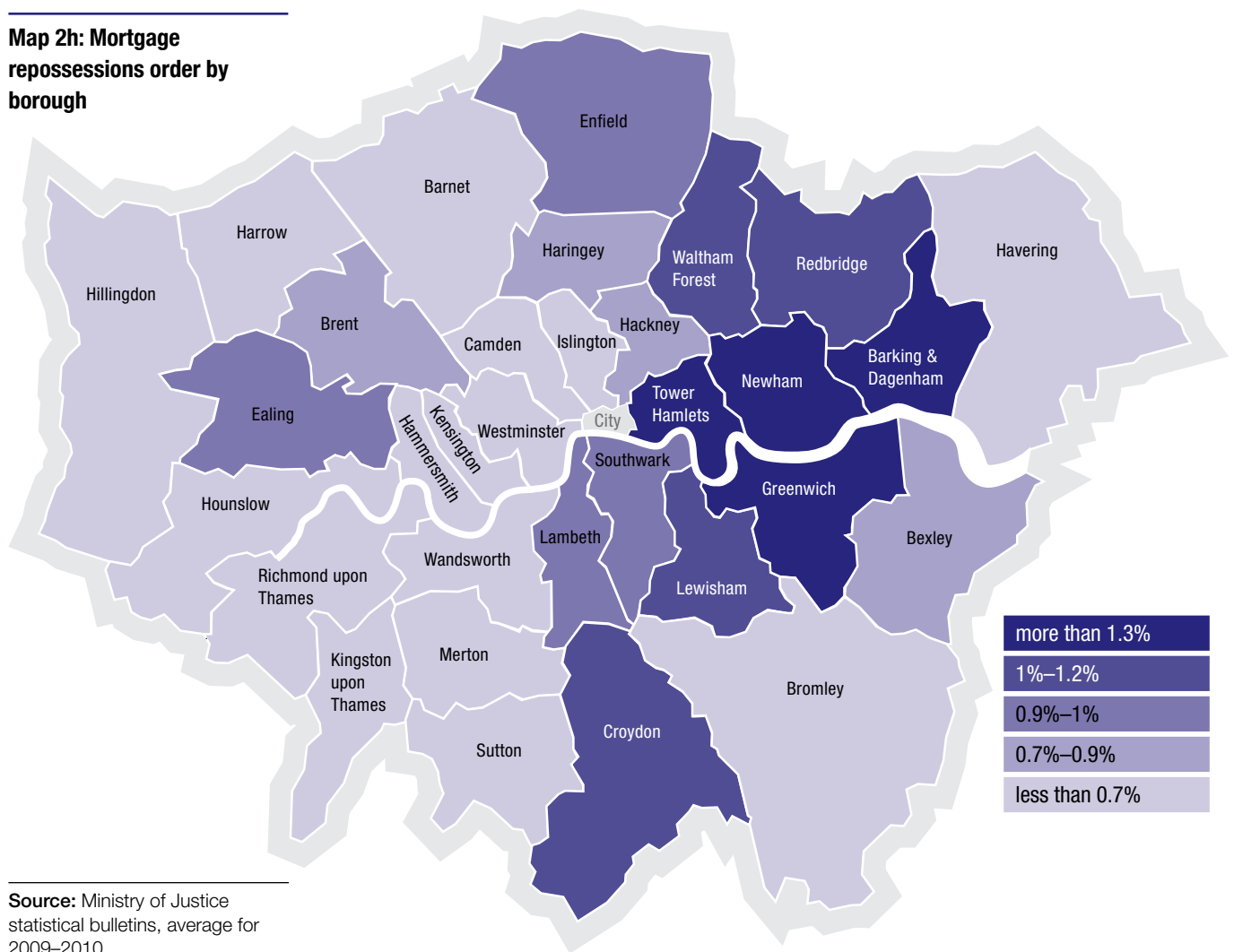
Source: Acadametrics 2011

The lowest house prices in London are found in the Outer East & North East – Barking & Dagenham, Bexley, and Waltham Forest. Greenwich and Havering are also low compared to the rest of London, as are the Inner East & South boroughs of Newham and Lewisham.

But what is most notable about the graph is the relationship between low prices in 2008 and falls since. Of the 9 boroughs with the lowest average house prices in 2008, 7 have seen falls of at least 5% since.

Rises in prices are less obviously related to prices. Some of the largest rises in percentage terms were in areas where prices were average for London, notably Haringey and Southwark.

Map 2h: Mortgage repossessions order by borough



Source: Ministry of Justice statistical bulletins, average for 2009–2010

At around 2.5% of all households with a mortgage (or 500 households per year), Newham has the highest rate of mortgage repossession orders in London, followed by Barking & Dagenham at 2% of all such households (415 per year). Newham and Barking & Dagenham are also among the cheapest areas in London in terms of house prices.

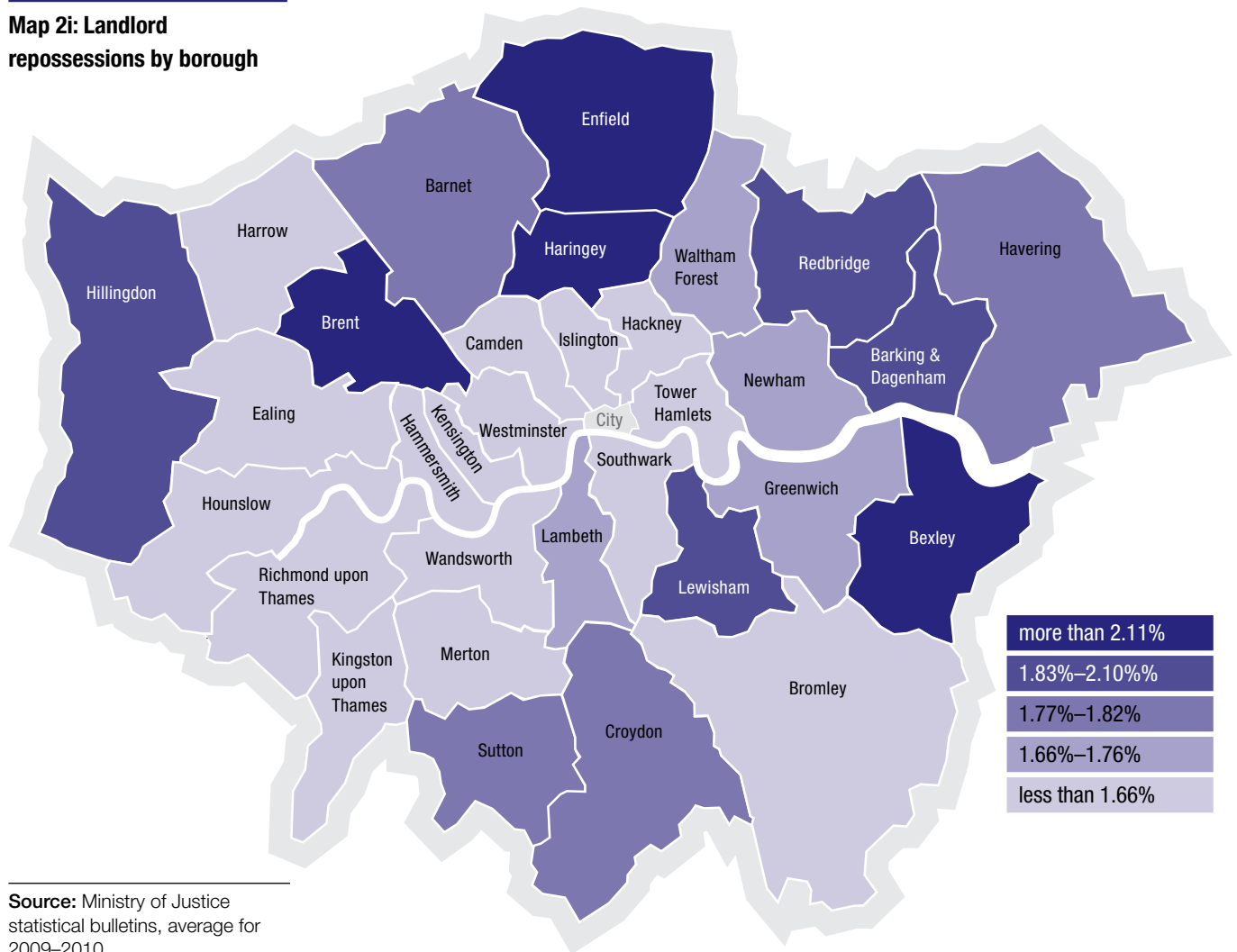
There is a substantial difference between these two boroughs with the highest rates and other boroughs. The difference between Newham with the highest rate and Richmond with the lowest rate is about 10 times.

Problems of mortgage repossession appear to be concentrated in East London, both Inner and Outer. Out of the 10 boroughs with the highest rates of repossession orders, all except Croydon and Ealing are in the Inner East & South and Outer East & North East.

The number of mortgage repossessions fell in every borough in 2010. Compared to 2007–08, the total percentage of households facing a repossession order either fell or stayed the same. In Newham, the borough with the highest rate, the number of mortgage repossessions halved between 2008 and 2010.

The fall may be a result of a number of different factors, including low interest rates, and the introduction of the Mortgage Pre Action Protocol (MPAP) for possession claims relating to mortgages which came into effect in 2008. The aim of the protocol is to reduce the number of repossession orders, by encouraging landlords to pursue other means of paying off arrears.

Map 2i: Landlord repossessions by borough



Source: Ministry of Justice statistical bulletins, average for 2009–2010

Enfield had the highest rate of landlord repossession orders in London. About 1,050 households or 2% of all households living in rented accommodation in Enfield had received a landlord repossession order in 2010. Both Haringey and Brent had a higher number of households (1,200 and 1,300 respectively) but also had relatively larger rental markets, as a result of which repossession as proportion of all renting households was slightly lower than Enfield.

The difference between boroughs with highest and lowest rates of landlord repossession orders is smaller than mortgage repossession orders.

Except for Haringey and Lewisham, the other 8 boroughs with highest rates of landlord repossession orders are in Outer London.

Similar to mortgage orders, landlord repossession orders over the last two years had either fallen (notably in Haringey and Brent) or remained stable across all boroughs.

Changes in the Housing Benefit system

Local Housing Allowance (LHA) is a benefit paid to low-income households who rent their properties in the private sector. The level payable depends on the size of the household and the average rental prices for that type of property in the local area. The rate for each property size is based on the average (50th percentile) rental figure for the area, i.e. half of the rental properties of that size in the area will be affordable on housing benefit. Increases in LHA are linked to local rents and reviewed every month.

From April 2011, the rate was set at the 30th percentile of rent levels in each area, reducing the number of affordable properties from 50% to 30%. There will also be a cap on the total amount of LHA payable. At the moment it only applies to new applicants. Existing claimants are receiving transitional protection and their benefit will be reduced from January 2012 onwards, depending on when the anniversary of their claim falls.

As well as this, single people aged between 25 and 35 who at the moment claim the Single Room Rate in order to live alone, will no longer be able to do so. Their benefits will be limited to the cost of a single room in a shared house.

Graph 2j: Households in London affected by changes in LHA



Source: *Impacts of Housing Benefit proposals: Changes to the Local Housing Allowance to be introduced in 2011–12*, DWP, 2010

This graph shows the number of households whose Local Housing Allowance will not fully cover their rent following the changes introduced this year. In total, an estimated 104,000 households in London will have to supplement their LHA with other income in order to cover their rent.

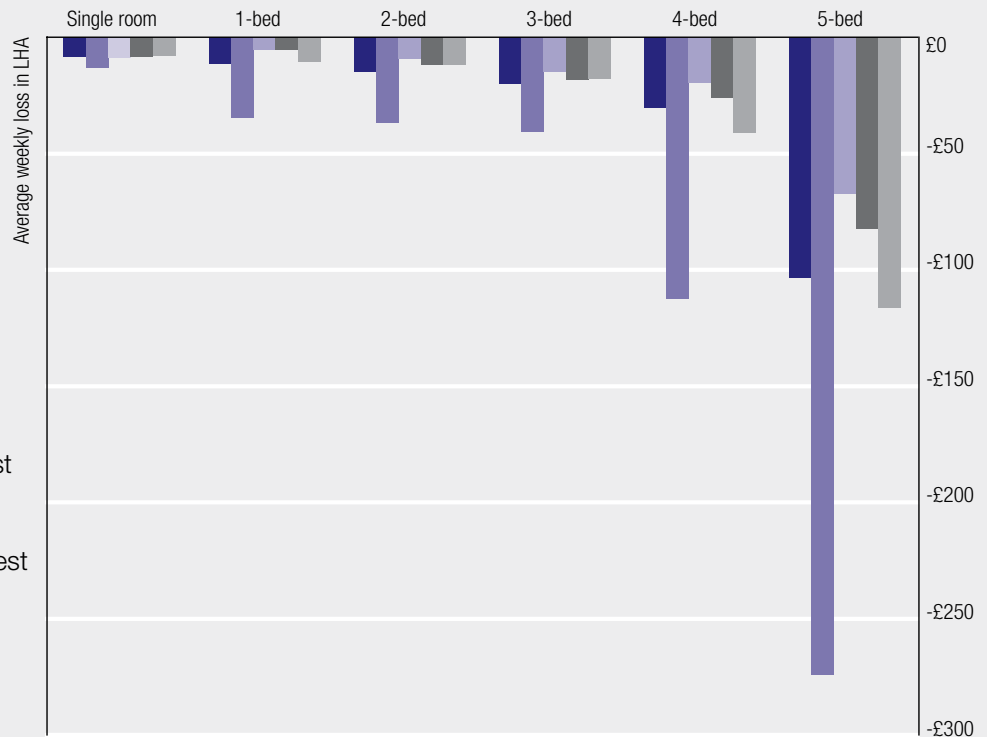
Of these, 12,000 are single adults aged under 35 currently living alone who will now only receive the single room rate of LHA.

Most households affected will be in one or two-bedroom accommodation. The number of places with 4 or more bedrooms that will be affected is estimated at around 5,000.

The distribution of households affected is quite even across the sub-regions. The introduction of the 30th percentile limit affects all parts of London.

There is another dimension, though, which is the amount of money by which households are affected. The graph above includes all households even if they only lose out by £1 per week. The next graph looks at the average rent shortfall. The distribution is very different.

Graph 2k: Average weekly shortfall in rent resulting from changes to Local Housing Allowance



Source: *Impacts of Housing Benefit proposals: Changes to the Local Housing Allowance to be introduced in 2011–12*, DWP, 2010

Households in the Inner West of London stand to lose the most money as a result of changes to LHA. This is true for all household sizes. In fact, the average loss for a one-bedroom rental in the Inner West £35 per week (around £150 per month) is greater than the average loss for a 3-bedroom rental anywhere else (up to £20 per week or £85 per month in the Inner East & South).

The average losses for all 4-bedroom rentals are in excess of £25 per week (£110 per month). For households in 5-bedroom accommodation, losses are at least £60 per week (over £250 per month).

For all household sizes, the average weekly loss is smallest in the Outer East & North East. This could mean that this sub-region becomes the most “affordable” area in London, particularly in relation to larger properties.

On average, 1- and 2-bedroom households affected in Outer London are affected by a few pounds per week. It is the larger households (mainly families with children) who will face the most serious difficulties in paying their rent.

These changes to LHA only affect private renters. People receiving housing benefit in Local Authority or Housing Association accommodation will be affected by the overall benefits cap, due to be introduced in 2013. The precise details of this change are not clear yet, so we concentrate on the immediate changes in the private sector.

Nor are the effects limited to a one-off change in the administration of the benefit. Local authorities will have the power to increase LHA in line only with inflation, and indeed the generally lower Consumer Price Index (CPI) rate, rather than the rate of increase in actual rents.

Research by Shelter and Cambridge University showed that following the changes, parts of every borough will become “unaffordable” to private renters in 2011 ^[2]. Moreover by 2015, after years in which LHA is uprated below the rate at which rents themselves increase, almost two-thirds of London’s neighbourhoods will be hard to afford for LHA claimants.

Given a shortfall between the level of rents and the level of benefits paid, there are four possible responses. Firstly, the household could cut back on expenditure in other areas. The scope for this among households that are already on low incomes must be limited.

Secondly, the landlord could lower the rent. But a survey by London Councils found that 60% of landlords would not lower their rents, and almost no landlord was prepared to lower the rent by more than £20 per week ^[3].

Thirdly, households could move into smaller, cheaper properties. This would add to the already rising levels of overcrowding in London.

Finally, households could move out of the area and move elsewhere. But as we showed above, this is not simply a matter of moving from the expensive Inner boroughs to the cheap Outer boroughs. There will be a shortfall of affordable accommodation right across London.

Some of those households forced to move may well declare themselves homeless. The Mayor of London estimates there will be a 50% rise in homeless acceptances (not merely applications) across London. The written evidence to the DWP Select Committee indicated an expected doubling of statutory homelessness in Westminster and Camden^[4].

[2] *Which neighbourhoods in London will be affordable for housing benefit claimants 2010–16, as the Government’s reforms take effect?*, Shelter, 2010, available from tinyurl.com/6ga5fr8, accessed 26th June 2011

[3] *The Impact of Housing Benefit Changes, Research and Briefing*, London Councils, September 2010, www.londoncouncils.gov.uk/policylobbying/housing/benefit/landlordsurvey.htm accessed 22nd August 2011

[4] Written evidence from the Mayor of London to the Work and Pensions Committee on Changes to Housing Benefit announced in the June 2010 Budget – Work and Pensions Committee, available from www.publications.parliament.uk/pa/cm201011/cmselect/cmworpen/469/469vw40.htm, accessed 25th June 2011.

Chapter three:

Income poverty

Key Points

- Over the last decade, the rate of poverty in London has remained fairly static at 28% after housing costs (AHC) and 17% before housing costs (BHC). On the BHC measure, there is no difference between London and the rest of England. On the AHC measure, the difference is large and growing.
- Since the last report, and therefore during the recession, child poverty fell in London, but poverty among working-age adults rose. Pensioner poverty remained static.
- Poverty among children and pensioners has fallen in Inner and Outer London over the last decade. 38% of children in London are in poverty now compared to 41% at the end of the 1990s. The comparable figures for pensioners are 21% and 31%.
- Among working-age adults poverty has risen, as it has in the rest of the country. 26% of working-age adults in London are in poverty, compared to 24% a decade ago. While the level in Outer London is lower, the total rise in the capital is attributable to this region.
- Over half of working-age adults and children in poverty in London live in a household where someone is in paid work. One million people (330,000 children and 680,000 working-age adults) live in low-income working households.
- Within London, child poverty is much higher among the Inner London boroughs. The rate of child poverty in Tower Hamlets is five times that of Richmond.
- Poor children in London are more likely to lack everyday items than poor children outside London. This means that not only are more children in London poor, but their experience of living in poverty is harsher.

Background

Low income is at the heart of poverty. Previous reports in this series have established that London has a much higher than average proportion of its population in low-income households, and how the trends in Inner and Outer London were diverging. This chapter updates and expands on that work.

The measure of low income, or income poverty in this report is based on household income. This income is after council tax, income tax and national insurance have been deducted. A household is considered to be in income poverty if its income is below 60% of the national median. In doing so, it relates to the gap between the poorest and the middle, not the poorest and the richest. Using this measure, poverty is itself a type of inequality.

Clearly, this is a relative measure as the national median changes each year. But that is because poverty is inherently relative – it relates to the ability to participate in mainstream society, and afford the minimum standard of living that would constitute the norm. Although only one measure, it is a convenient proxy. We also include analysis of material deprivation – households that cannot afford to buy certain every day goods or services.

In 2009–10, the most recent year for which data is available, the low-income weekly thresholds for different household types are listed in the table. Below this figure a household is considered to be living in poverty.

Official statistics are calculated both before and after housing costs have been deducted from income (these comparisons are adjusted for the size and composition of the household).

Low-income thresholds in 2009–10

	Low-income threshold Before Housing Costs	Low-income threshold After Housing Costs
Single adult	£166	£124
Couple with no children	£248	£214
Lone parent with two children under 14	£265	£210
Couple with two children under 14	£347	£300

Source: Households Below Average Income, Department for Work and Pensions, 2009/10

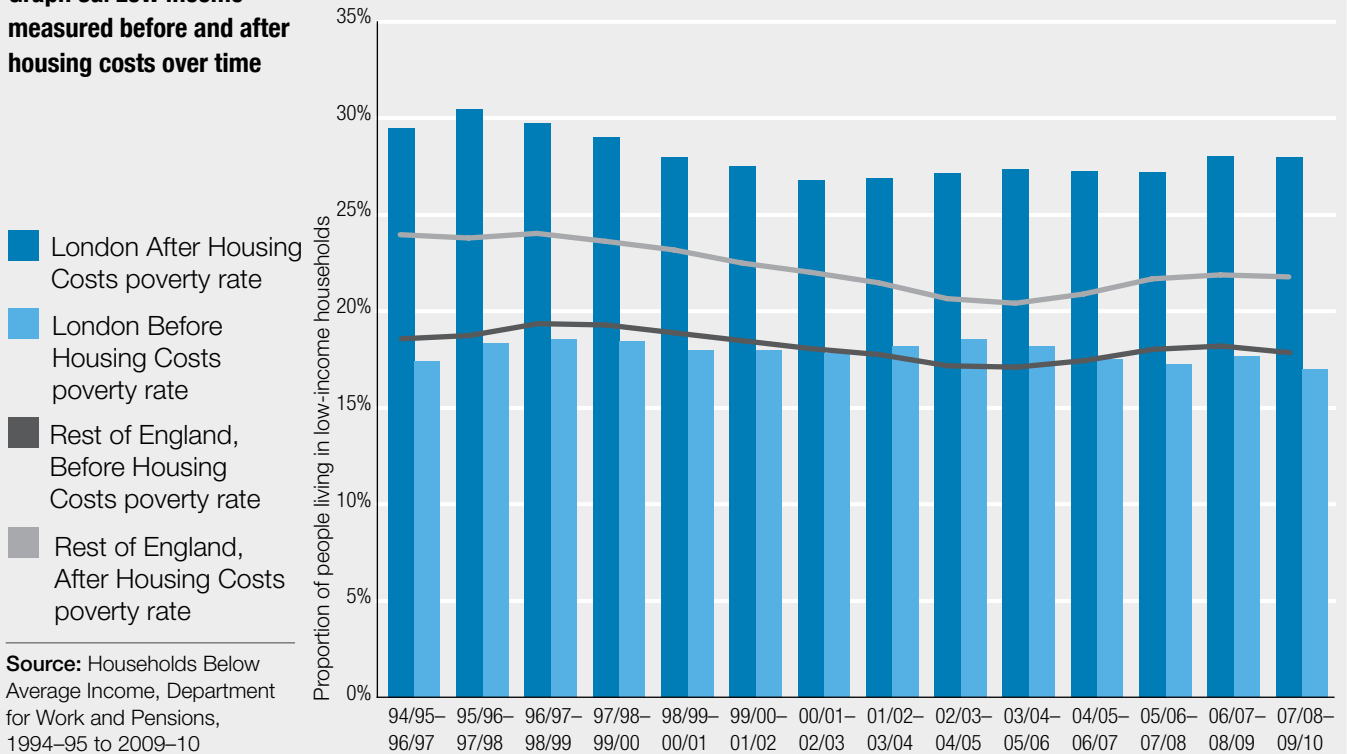
All of this is within a new national context. The current government is signed up to the target of “eradicating” (reducing to 10%) child poverty by 2020, a target now set down in law.

The last report showed that while poverty, for all ages, was higher in Inner London than anywhere else in England, it was reducing. In Outer London, where poverty rates were still high, but not as high as Inner London, rates were actually increasing for children and working-age adults.

Changes over time

The first graph shows a long time trend of poverty in London for the whole population. It shows the rates both before housing costs have been deducted from household income and after deduction. For greater accuracy, we use a three-year rolling average.

Graph 3a: Low income measured before and after housing costs over time



Source: Households Below Average Income, Department for Work and Pensions, 1994-95 to 2009-10

The broad trends in poverty over time in London are quite flat. In the three years to 2010, the proportion of the population in poverty was almost identical to that ten years earlier: 17% Before Housing Costs (BHC) and 28% After Housing Costs (AHC). Over the last decade the AHC rate has slightly dipped and then risen, while the BHC rate has barely changed at all.

Using the BHC rate, poverty in London is no higher than the rest of England. But using the AHC rate, there is a gap of 6 percentage points. This gap grew during the last decade.

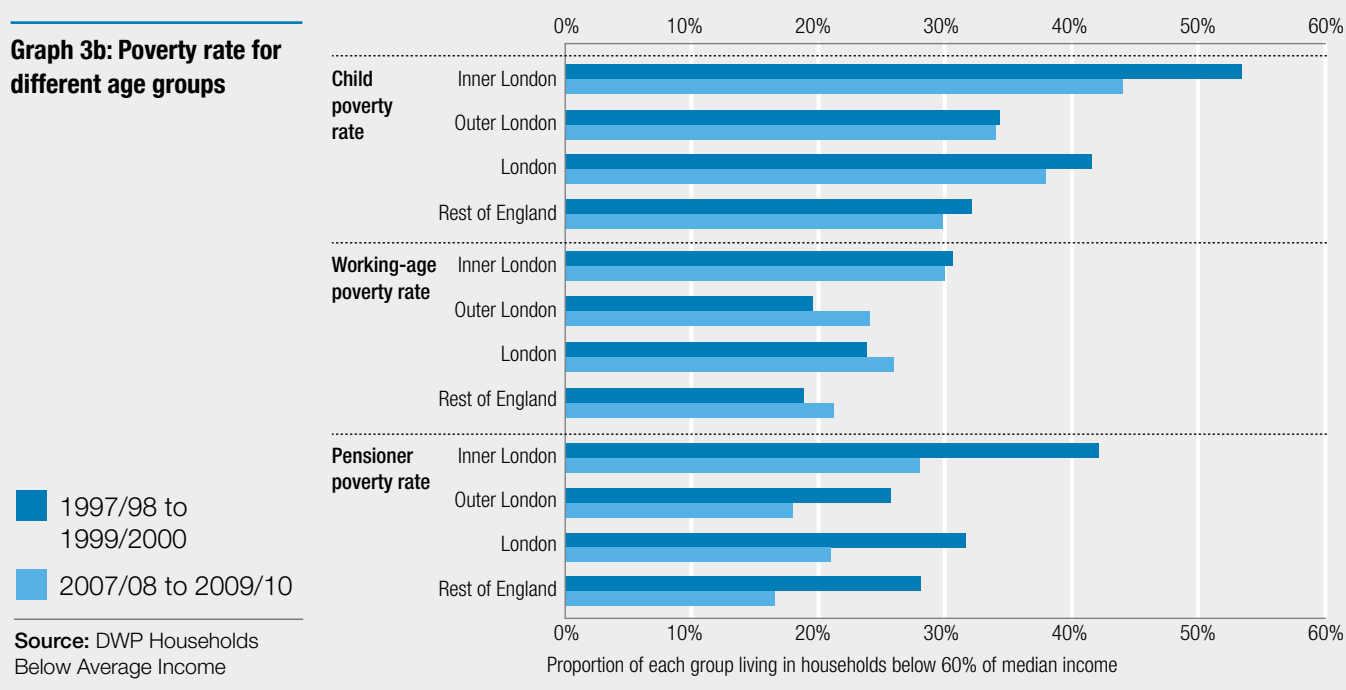
This is not just a statistical quirk. BHC income includes housing benefit, which for many low-income households in London is substantial. But it does not deduct the rent which that income pays for. A household in London is not materially better off for receiving more housing benefit than a household elsewhere. In both cases the benefit goes straight to the landlord. Most perversely, an increase in rent, if accompanied by a commensurate increase in housing benefit, could actually lead to a household being lifted out of poverty on this measure, despite their disposable income not rising at all.

High housing costs in London contribute to its high level of poverty. Rented accommodation in London is 50% more expensive than the national average, as are average mortgage payments^[5]. These high costs affect everyone in London, not just the wealthy. The first *Poverty Profile* showed that average housing costs for people on below average incomes were around £30 a week more than in the rest of England.

For all of these reasons, to get an accurate picture of poverty in London we have to look at incomes after housing costs have been paid. The analysis that follows uses the AHC definition.

[5] Source: *Focus on London*, 2010, Greater London Assembly, <http://www.london.gov.uk/who-runs-london/mayor/publications/society/facts-and-figures/focus-on-london> accessed 8th September 2011

Graph 3b: Poverty rate for different age groups



Source: DWP Households Below Average Income

For all age groups, poverty in London is higher than in the rest of England. The gap is greatest for children, 38% of whom are in low-income households in London, compared to 30% elsewhere. This very high rate has actually come down in recent years, and was 41% at the end of the 1990s. However, child poverty in London is still higher than any other English region.

Pensioner poverty has also reduced, both in London and elsewhere. 21% of pensioners in London are in low-income households, compared to 17% in the rest of England. This means that a lower proportion of pensioners than working-age adults are in poverty. This was not the case a decade ago.

This is due not just to the fall in pensioner poverty, but also the rise in poverty among working-age adults. This has happened throughout the country, but Outer London has seen a bigger rise than anywhere, from 20% to 24%. This is still lower than the rate in Inner London, which at 30% is roughly the same as a decade earlier.

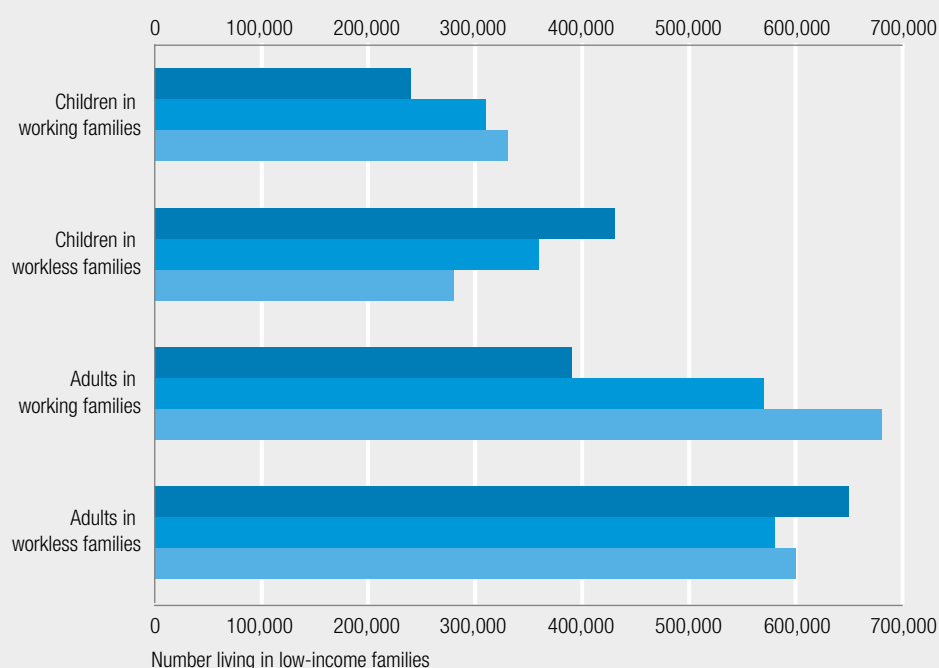
In the first *Poverty Profile* report, we said that Inner London, while having high rates of poverty, was seeing some reduction in those rates. Outer London, while not quite as high was seeing an increase. Over the three years since, however, their trajectories have converged. Child poverty has fallen in Inner and Outer London, and working-age poverty has risen. Pensioner poverty, in Inner and Outer London, has been quite flat in the last three years.

The next graph looks at children and working-age adults in poverty, according to the work status of the family they live in. We define a family as working if any adult is undertaking paid work, including part-time work. In this context, part-time work is simply defined, by the employee, as a job with fewer hours than a normal full-time job.

Graph 3c: Children and working-age adults in London in low-income households by work status

■ 1997/98 to 1999/2000
■ 2004/05 to 2006/07
■ 2007/08 to 2009/10

Source: Households Below Average Income, DWP



Overall, there are around 610,000 children and 1.28 million adults living in low-income households in London. Whereas the total number of children in poverty has dropped over the last ten years, the number of adults in poverty has actually risen.

The number of children living in low-income working families (in-work poverty) in London has steadily risen since the late 1990s. There are 330,000 children living in in-work poverty, up by 90,000 or 40% since the late 1990s. Of this rise, some 20,000 was in the last three years.

By contrast, the number of children living in low-income workless families has dropped by 150,000 over the same period to 280,000. As a result, the share of in-work poverty has increased from a third to more than half over the period.

Trends for adults in low-income follow a similar pattern. The number of adults in low-income working families increased by 290,000 or almost three-quarters in the ten-year period (in absolute terms). In relative terms, taking account of the changing population, the proportion of working-age adults in low-income, working households has risen from 12% to 17%. It now stands at 680,000, having risen by over 100,000 in the last three years alone. In total, one million people in London are in in-work poverty.

What accounts for this change? Focussing on children, the number of children in workless families fell by over 100,000 in the decade to 2009–10. But the commensurate rise in the number of children in working families has largely been in families where one adult, and possibly the sole earner, works part-time. Among such families, the risk of poverty is still quite high. Part-time work is not sufficient to lift a family out of poverty.

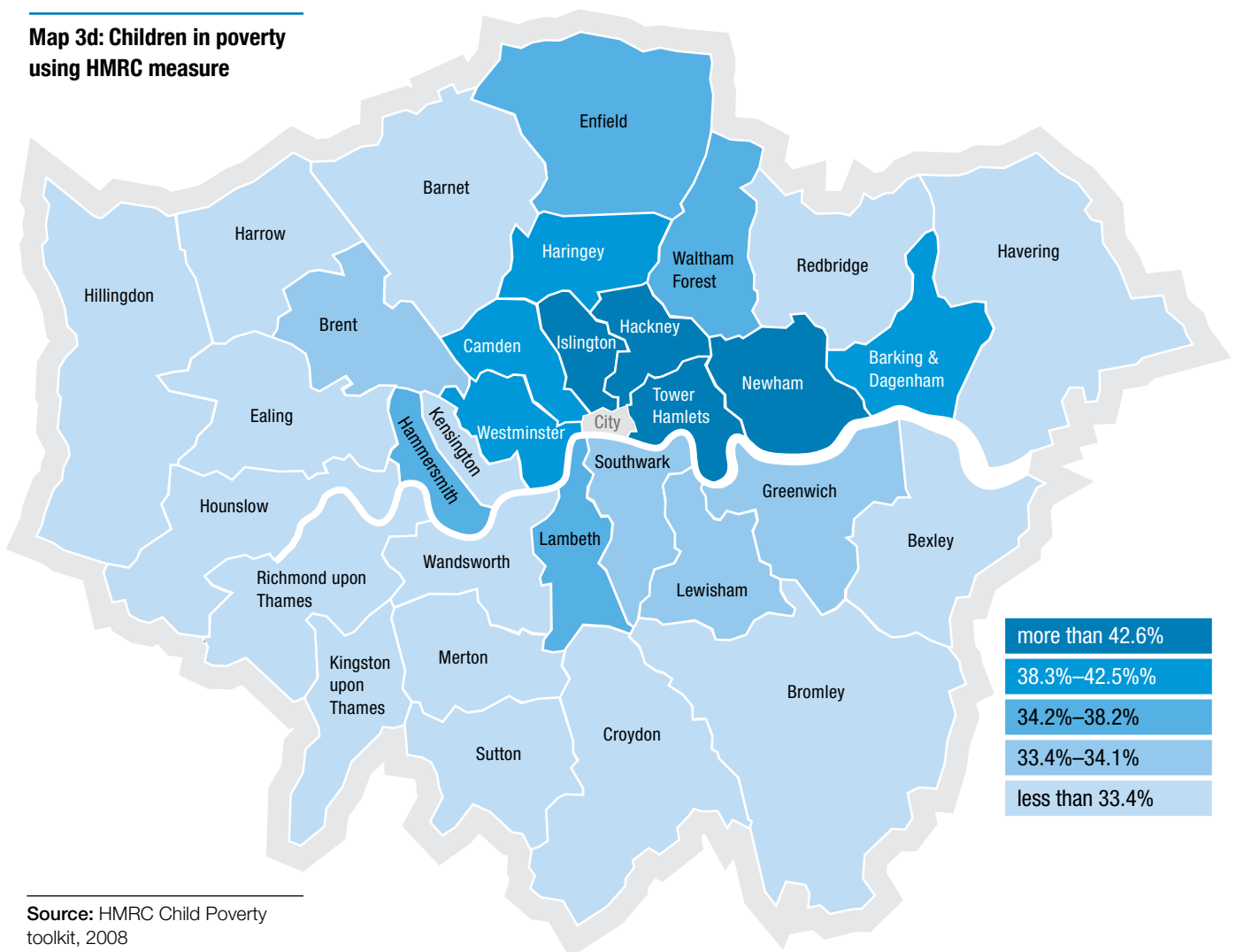
For working-age adults, the pattern is similar. There are now fewer in workless families and more in working families, but the biggest rise has been in families where the main earner is self-employed or where at least one earner is in part-time work. In addition to these changing risks of poverty, the total number of working-age adults in London has grown significantly over the last decade.

Child poverty

Discussions of poverty in London often centre around the disproportionately high level of child poverty in the capital. The previous Mayor set up a Child Poverty Commission and a number of boroughs have signed a Child Poverty Pledge. The previous section set out the overall rates of child poverty, and here we expand on those findings. We look at how the level of child poverty varies across boroughs, and how it affects children materially.

The first graph uses a measure of poverty devised by HM Revenue & Customs, used to monitor poverty at a local level. It is based on tax credit and out-of-work benefit data. All children living in households receiving out-of-work benefits are considered to be in poverty in this measure. Additionally, those in households receiving tax credits whose income is still below 60% of the BHC median are included. This produces an estimate of 530,000 children, substantially higher than the official BHC estimate of 350,000, but lower than the AHC estimate of 630,000.

Map 3d: Children in poverty using HMRC measure



Source: HMRC Child Poverty toolkit, 2008

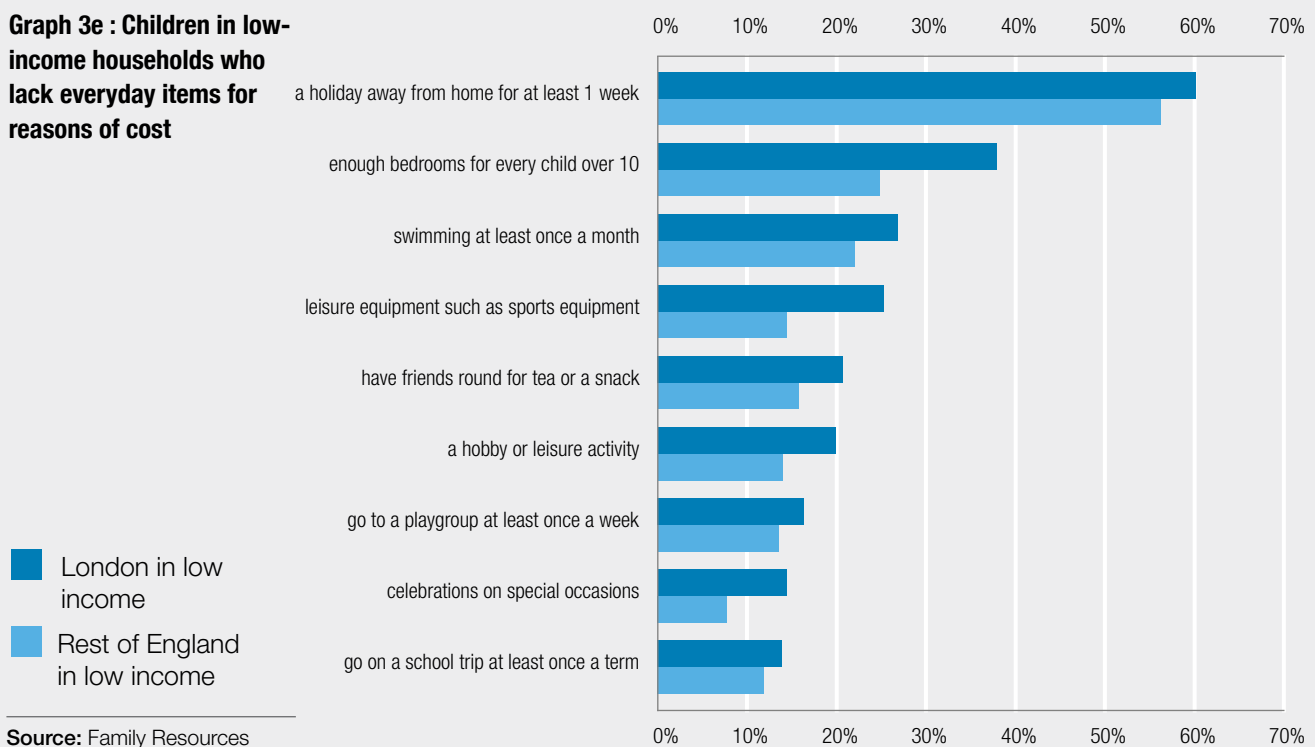
Over half of children in Tower Hamlets are in households either receiving out-of-work benefits or tax credits insufficient to lift them out of poverty. This is five times as high as the rate in Richmond. The four boroughs with the highest level of poverty using this measure are all in the Inner East & South though two of the next four are in the Inner West. Only two boroughs in Inner London are below the London average.

The fact that these Inner West boroughs feature prominently in this measure is worth noting. These children are the ones living in households most affected by the changes in the Local Housing Allowance rules (see Chapter 2).

Comparing these figures to the rest of the country, we can see that Tower Hamlets, Islington and Hackney all have higher rates of child poverty than any other local authority in the country. Eight of the ten English local authorities with the highest rates of child poverty are in London.

The next graph looks at the material experience of poverty for children in London and elsewhere in England. It shows the proportion of children who live in households who go without everyday items because their families cannot afford them. The items are included in the annual DWP Family Resources Survey as the basic items that most families consider essential.

Graph 3e : Children in low-income households who lack everyday items for reasons of cost



Source: Family Resources Survey and Households Below Average Income survey, DWP, 2006–07 to 2008–09

Children in low-income families in London are more likely to lack any of the shown items, making the experience of poverty much worse than in rest of the country.

In London, six out of nine items are unaffordable to at least 20% of children, compared to three items in the rest of England.

Though not shown in the graph, the proportion of children living above the poverty line and not being able to afford essential items is quite similar in London and the rest of the country, with the exception of one item – enough bedrooms for every child over the age of 10.

For this item, there is a ten percentage point gap between the non-poor children living in London and in rest of the country and 13 percentage point gap for poor children. This means that irrespective of income, it is more difficult in London to find accommodation that is big enough to match a family's needs.

Chapter four:

Income and wealth inequality

Key points

- London, and Inner London in particular, is more unequal than any other region of England. In Inner London, 17% of people live in the poorest tenth of households in the country and 18% live in the richest tenth.
- The richest tenth of London households by income account for 40% of all income. This is more than twice as much as the entire bottom half of households.
- But differences by wealth are more striking still. The richest 10% in terms of financial wealth account for two-thirds of all such wealth in London. The bottom half effectively account for none of the financial wealth in the capital.
- Kensington & Chelsea and Westminster are the most polarised boroughs in London. In both cases half of benefit recipients live in the most deprived quarter of neighbourhoods. The richest quarter of neighbourhoods account for only 5% of benefit recipients.
- Conversely, the least polarised boroughs are concentrated in the Inner East & South.
- Kensington & Chelsea has the biggest gap between high and low earners, both in relative and absolute terms. The top quarter of high earners earn on average £40 per hour. Low earners (the bottom quarter) earn £12 per hour.

Background

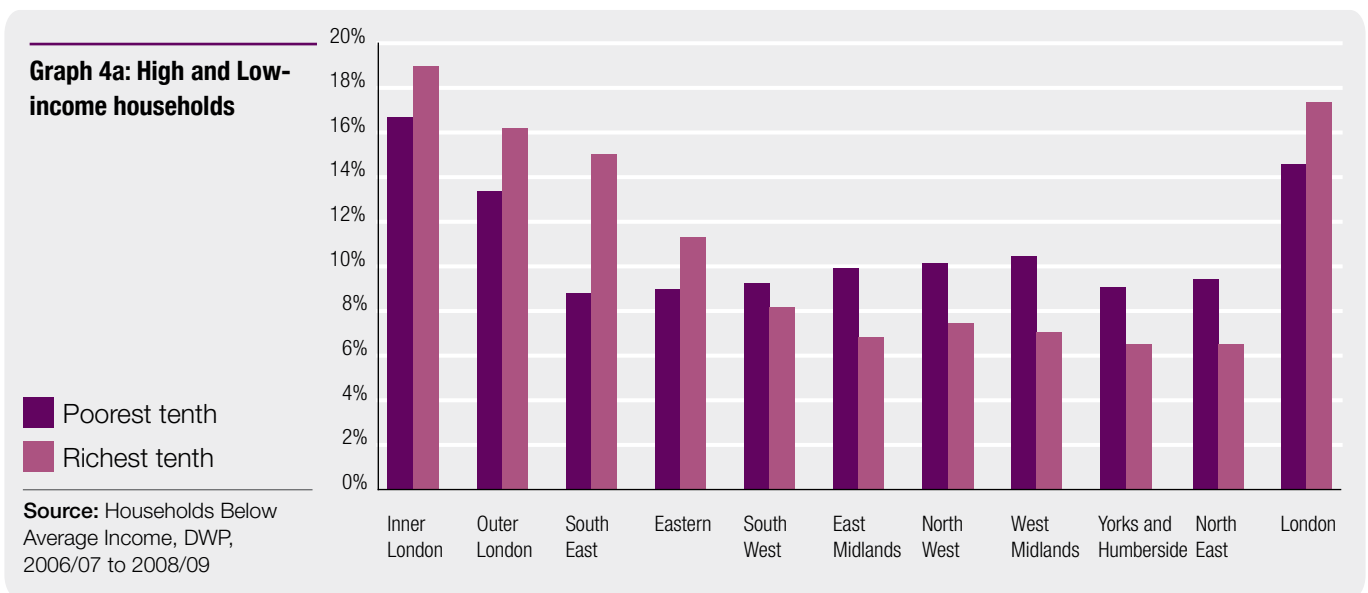
Inequality in the UK, and London in particular, has risen up the agenda in recent years. Books such as *The Spirit Level* became essential reading for politicians of all parties. The report by The National Equality Panel analysed a range of inequalities across the UK, between rich and poor as well as different groups (including ethnicity, gender, disability, age and sexual orientation) and parts of the country.

The last *Poverty Profile* showed London to be the most unequal region in the UK, with the highest proportion of both rich and poor people. It also showed the geographical inequalities within London. For instance, it found that Haringey was London's most divided borough, with the highest proportion of wards that were either very rich or very poor. It also showed that while, in general, Inner London boroughs contained rich and poor areas, Outer London boroughs contained rich or poor areas.

The lack of available data means we are not able to repeat that analysis this time around. But we do include new analysis of wealth inequalities and the polarisation of boroughs.

Income and wealth inequalities

The first graph looks at the proportion of people in each region who are in the top and bottom tenths of the income distribution after housing costs.



Inner London has the highest proportion of people in the top and the bottom deciles of income distribution. With about 17% of people in Inner London living in the poorest tenth of households in the country and a further 19% living in the richest tenth, Inner London is more unequal than all regions in England.

Outer London also has an above-average proportion of both rich (16%) and poor people (13%). Overall in London, 14% of people live in the poorest tenth of the population nationwide and 18% live in the richest tenth.

Apart from London, no other region has significantly more than 10% of its population in the bottom tenth of the income distribution. The South East and East do, though, have more than 10% of their populations in the richest decile.

This graph is quite similar to that presented in the previous report. The only noticeable difference is the proportion of people in Outer London who were in the bottom tenth has dropped slightly. This is unlikely to be statistically significant.

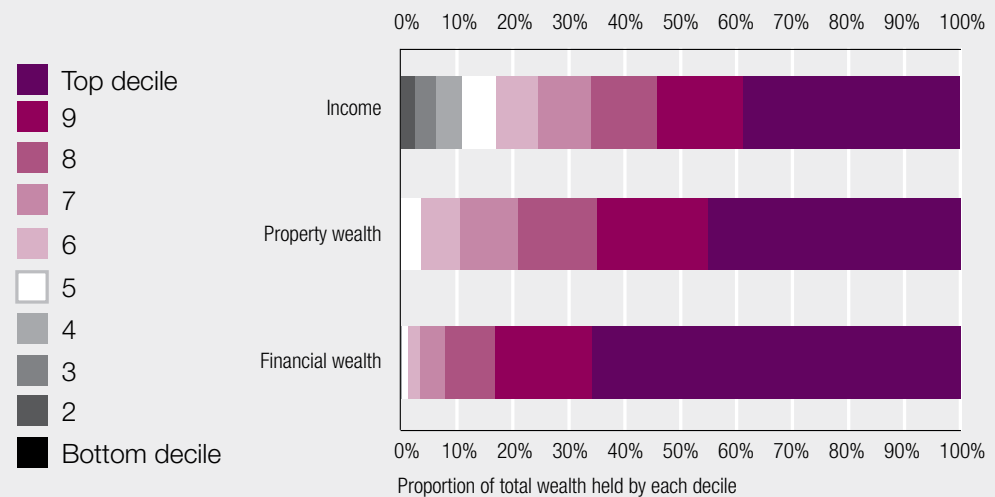
The next graph looks at the total wealth of London's households. It looks at the share of income, wealth in the form of property (mainly housing) and financial wealth^[6] held by each decile of the population. We do not look at pensions as pension wealth is concentrated among older workers as they have been saving for longer.

The deciles are recalculated for each type of wealth, so those who are in the bottom tenth for income might be in another decile for financial or property wealth. Pensioners, for instance, have lower than average incomes but many own their own homes.

In some cases, the amount of wealth owned by a household, or even the entire bottom decile of households, may actually be negative. This would be due to household debts, or negative equity on their properties. We have set these values to zero for presentation purposes, as in any case, relative to the total wealth of London, the numbers were small.

According to the most recent available figures, the total annual income wealth of London was around £90 billion AHC and £110 billion BHC. Financial wealth was £150 billion and housing property wealth was £500 billion.

Graph 4b: Income, property and financial wealth in London



Source: Wealth and Assets Survey, ONS 2006–2008 and Households Below Average Income Survey, DWP 2006/07 to 2008/09

The top 10% of households by income in London account for 40% of all income. The top 20% account for just over half. The bottom half (five deciles, including the bottom decile who effectively have 0% of total income) account for around 15% of all London's income.

The top 10% of households by property wealth account for 45% of that wealth. The top two deciles account for around two-thirds. The bottom four deciles (40% of households) have no or nearly no household wealth at all, mainly because they rent their accommodation from other landlords. Many of these households are in social housing, meaning that they get housing provided at below market rents. The value of this service is not included as an asset, however.

The richest 10% by financial wealth (savings and non-property assets) account for two-thirds of the financial wealth in London. The wealth of the bottom half (five deciles) is effectively zero in comparison. In fact, for most of the bottom three deciles, total liabilities (debts) are greater than total assets.

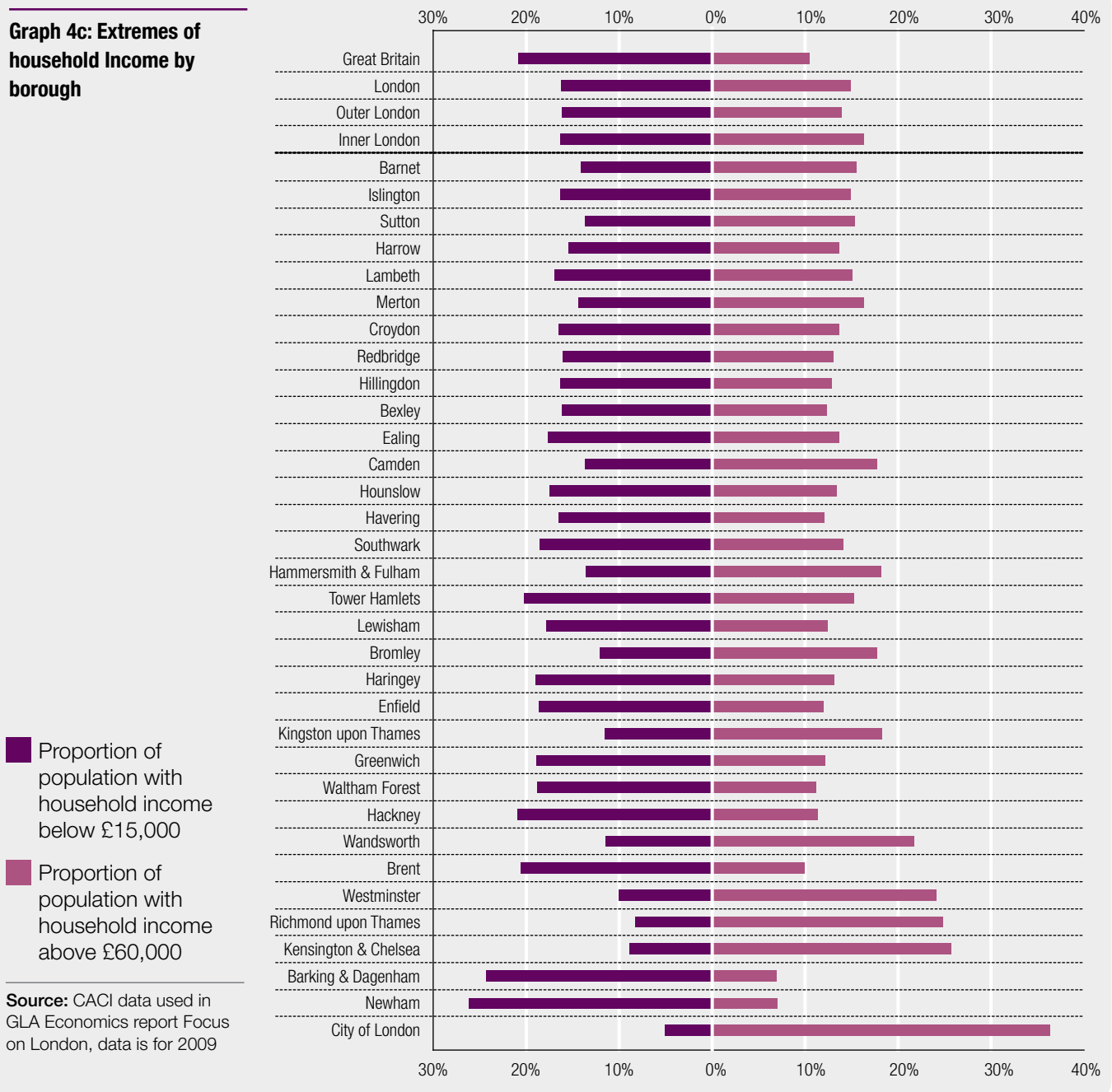
[6] The definition of financial wealth comes from *Wealth in Great Britain*, Office for National Statistics

Gross financial wealth is the sum of: formal financial assets (not including current accounts in overdraft) + informal financial assets held by adults + children's assets + endowments for the purpose of mortgage repayment. Financial liabilities are the sum of: arrears on consumer credit and household bills + personal loans and other non-mortgage borrowing + informal borrowing + overdrafts on current accounts. Here we consider net financial wealth – gross financial wealth minus financial liabilities.

Borough level inequalities

The next graphs look at inequalities within London's boroughs. London is a mix of rich and poor, but the extent to which these groups are separated geographically is what we consider here.

Graph 4c: Extremes of household income by borough



The graph above shows the number of households with very high (light purple bars) or very low (dark purple bars) incomes when adjusted for household size. The bars are ranked bottom to top by the difference in size of these two bars – those at the bottom have the biggest difference.

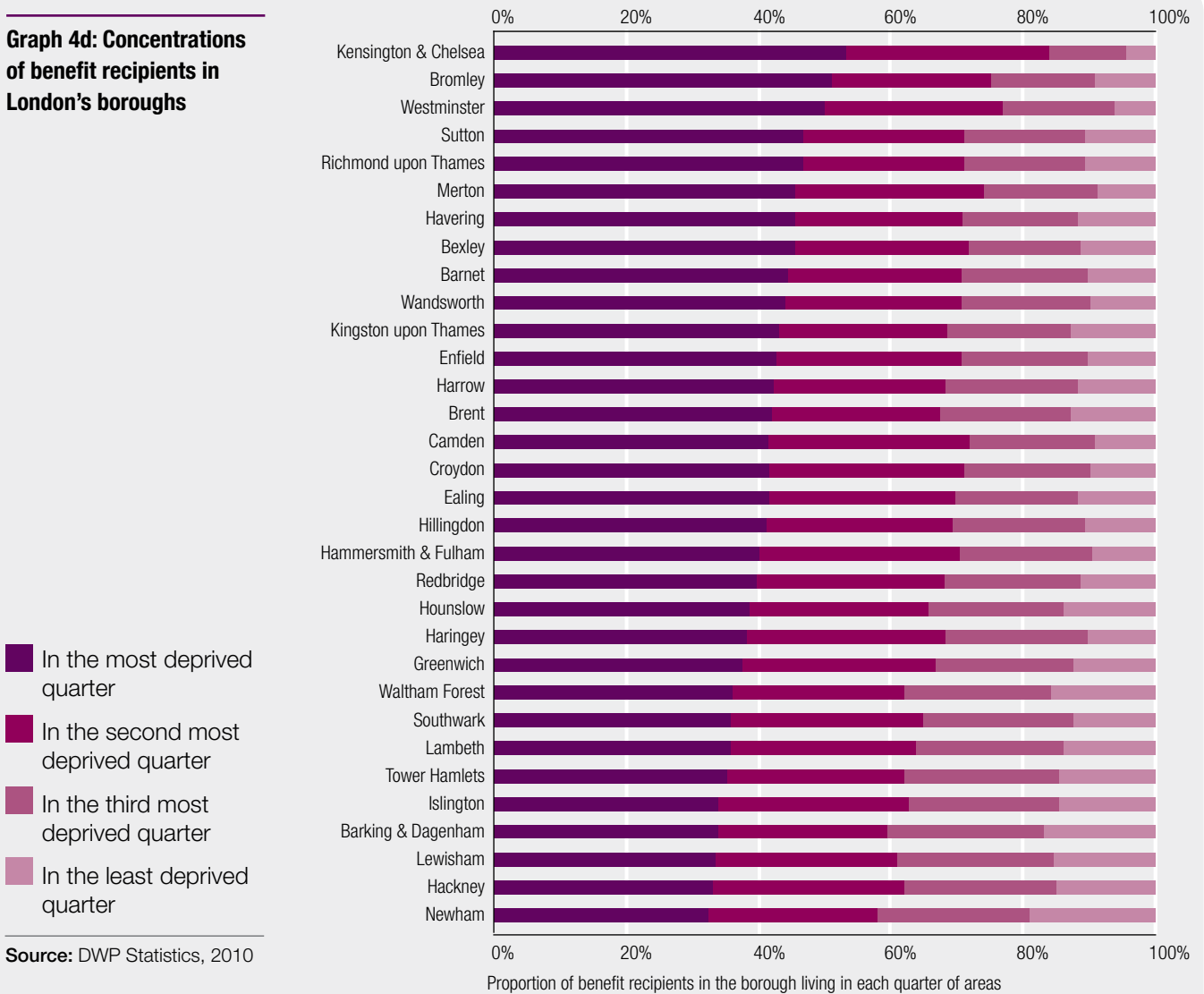
Newham and Barking & Dagenham have a lot of low-income households and very few high-income households. For Richmond, the City of London, Kensington & Chelsea and possibly Westminster, the opposite is true.

But for all other boroughs, at least 10% of households have an income above £60,000 and 10% have an income below £15,000.

The next graph focuses in on those with low incomes, specifically those receiving out-of-work benefits. It divides each borough up into small neighbourhood areas (Lower Level Super Output Areas, to use the statistical term) and ranks these areas according to the proportion of people receiving benefits. The most deprived quarter in each borough is the quarter with the highest proportion of benefit recipients. The second most deprived quarter has the second highest proportion and so on.

We then look at what proportion of all benefit recipients live in each of these quarters. A completely equal area would have a quarter of recipients living in each quarter of areas. A completely unequal area would have all its recipients confined to one quarter. Some level of polarisation is of course inevitable, but the graph looks at how these levels vary across boroughs.

Graph 4d: Concentrations of benefit recipients in London's boroughs



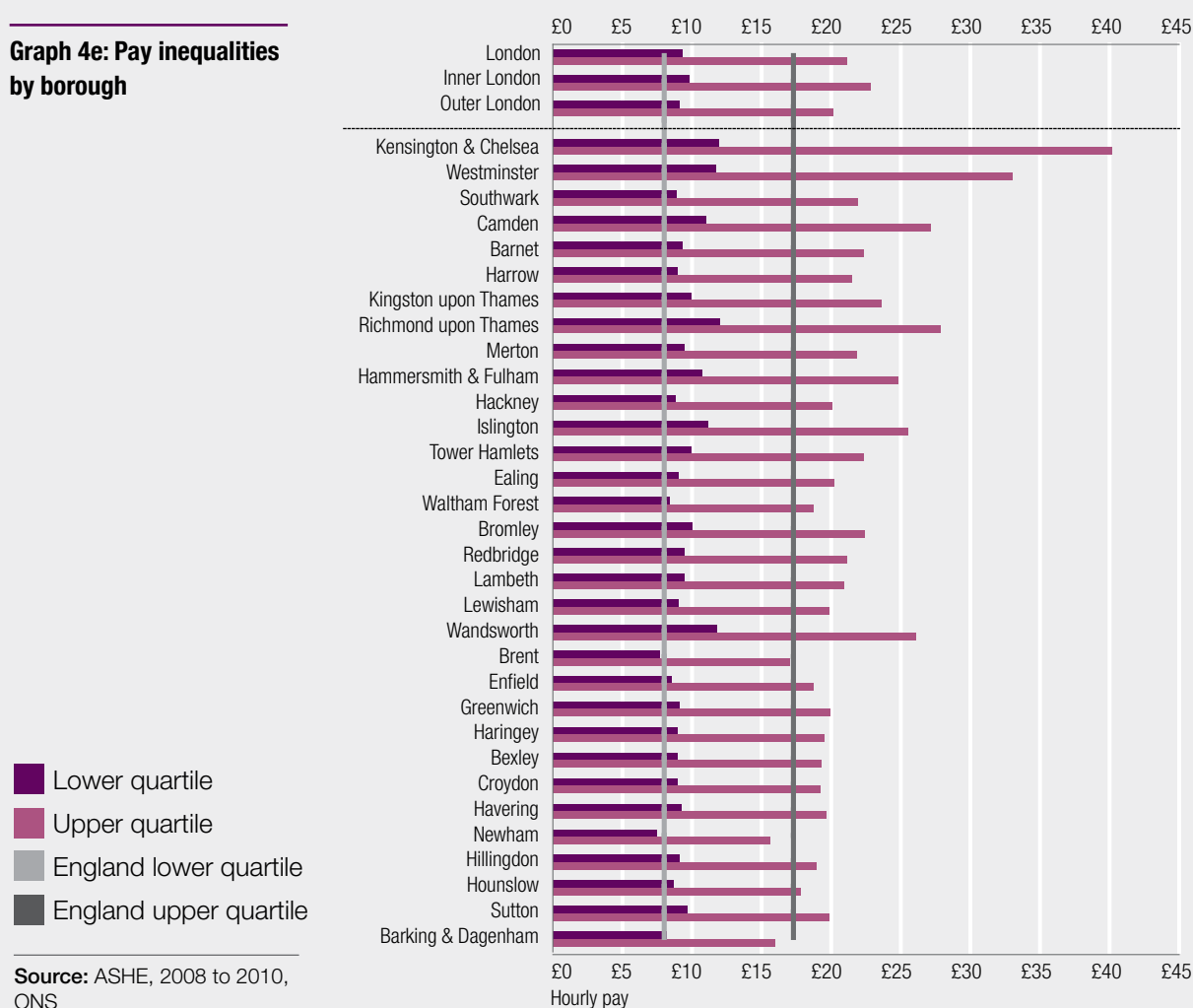
On this measure, Kensington & Chelsea is the most polarised borough in London. Just over half of its benefit recipients live in one quarter of its neighbourhoods. This figure is not much lower in Westminster or Bromley. The quarter of least deprived areas in Kensington & Chelsea and Westminster have only 5% of benefit recipients.

Contrast this with Newham and Barking & Dagenham. In these two boroughs, even the least deprived quarter has a fifth of benefit recipients. The most deprived has around 30%.

There is a correlation between the level of benefit recipiency and the degree of polarisation. The less polarised boroughs tend to be the ones with more benefit

recipients (see Graph 5a). Still, though Kensington & Chelsea has the ninth fewest benefit recipients but is the most polarised. Together with Westminster these boroughs are more polarised than their overall benefit reciprocity levels may suggest.

Graph 4e: Pay inequalities by borough



The graph above ranks boroughs by the differences between the pay of the top quarter and the bottom quarter of employed residents. Ideally, we would like to look at the difference between the top and bottom tenths (which we would expect to show a greater level of inequality) but the data is not always available, particularly for those boroughs where inequality is greatest.

The difference in London is greater than the average in England. In London, Kensington & Chelsea has the biggest gap between high and low earners, both in relative and absolute terms. Those in the top quarter earn on average £40 per hour and the bottom quarter earn on average £12 per hour.

Inequality is high in areas where both the top and bottom quartile pay is high (most obviously, Kensington & Chelsea). It is low where both top and bottom quartile pay is low (Newham, Barking & Dagenham). So even in unequal areas, the low paid are better paid.

But the variation in pay is much greater at the top end than the bottom. The top 25% in Kensington & Chelsea earn £40 per hour, some 2.5 times higher than the top fifth in Newham. The bottom fifth in Kensington and Chelsea are also better paid than the bottom fifth anywhere else, but the difference is not as great (1.6 times higher than Barking & Dagenham, where bottom quartile hourly pay is lowest).

Chapter five:

People receiving benefits

Key points

- The proportion of working-age adults in London receiving an out-of-work benefit remained static at around 14% between 2007 and 2010, though rose in Outer London.
- Elsewhere in England the proportion rose, meaning that London is now at the England average.
- In total, some 740,000 working-age adults were receiving an out-of-work benefit in London in 2010.
- With the exception of Kingston and Richmond, every borough in London has at least one ward where the level of out-of-work benefit recipiency is above the London average – and therefore above the national average. In Newham, Hackney and Islington, all wards are above the average.
- Many areas in Inner London where proportions of people claiming out-of-work benefits were high have seen small falls over the last three years. All areas in Outer London where rates were high have seen rises.
- Overall, a lower proportion of people in London claim a disability-related benefit, either in or out of work, than in the rest of England (around 7% compared to 8%). However, among the over 45s, the proportion of recipients in London is higher than the national average.
- In Newham, Hackney and Tower Hamlets, 40% or more of pensioners receive the guarantee element of Pension Credit. This rate is over three times as high as Bromley, Richmond, Bexley or Kingston.
- The high number of older people in the Outer London boroughs still means that five of the six boroughs with the largest numbers (as opposed to rates) of pensioners receiving the guarantee part of Pension Credit are in Outer London.

Background

The number of people receiving out-of-work benefits is often used as a short hand for disadvantage or deprivation in an area. It is a useful proxy, and it allows us, in this chapter, to look at very local areas as well as boroughs and sub-regions. But as indicated in Chapter 3, London also has a high proportion of low-income households where at least one adult is working, and in a large proportion benefits are not claimed.

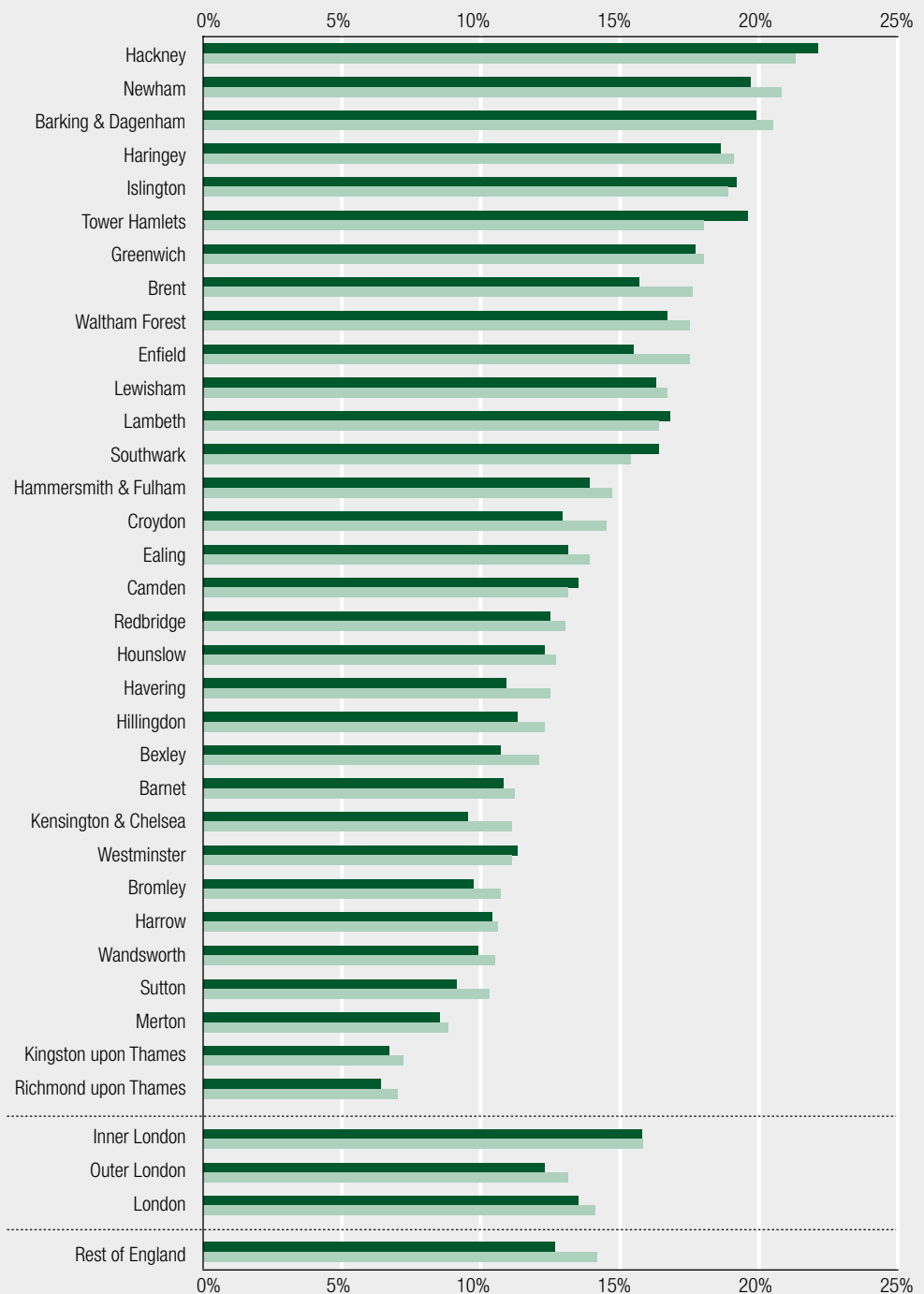
The benefits system, and the number of people receiving out-of-work benefits, is probably the area in which the new coalition government has been its most radical. New initiatives apply to both the short-term, with changing conditions for qualifying for different types of benefit, and the long-term, with the introduction of Universal Credit.

In much of this, the Government is, however building on changes made by its predecessor. It was the Labour government who introduced changes to Income Support that moved lone parents onto Job Seeker's Allowance once their youngest child turned 12. This has since come down further to 7 years old, with a further change to children aged 5 planned for October 2011. But the principle had already been established. This is equally true of the changes to disability benefits.

Because of these changes, and other changes to eligibility for incapacity benefit, it is difficult to track the numbers of people claiming particular types of benefit over time. In the analysis that follows, then, we group all out-of-work benefits together.

Out-of-work benefits

Graph 5a: Proportion of people receiving out-of-work benefits by borough



2007
2010

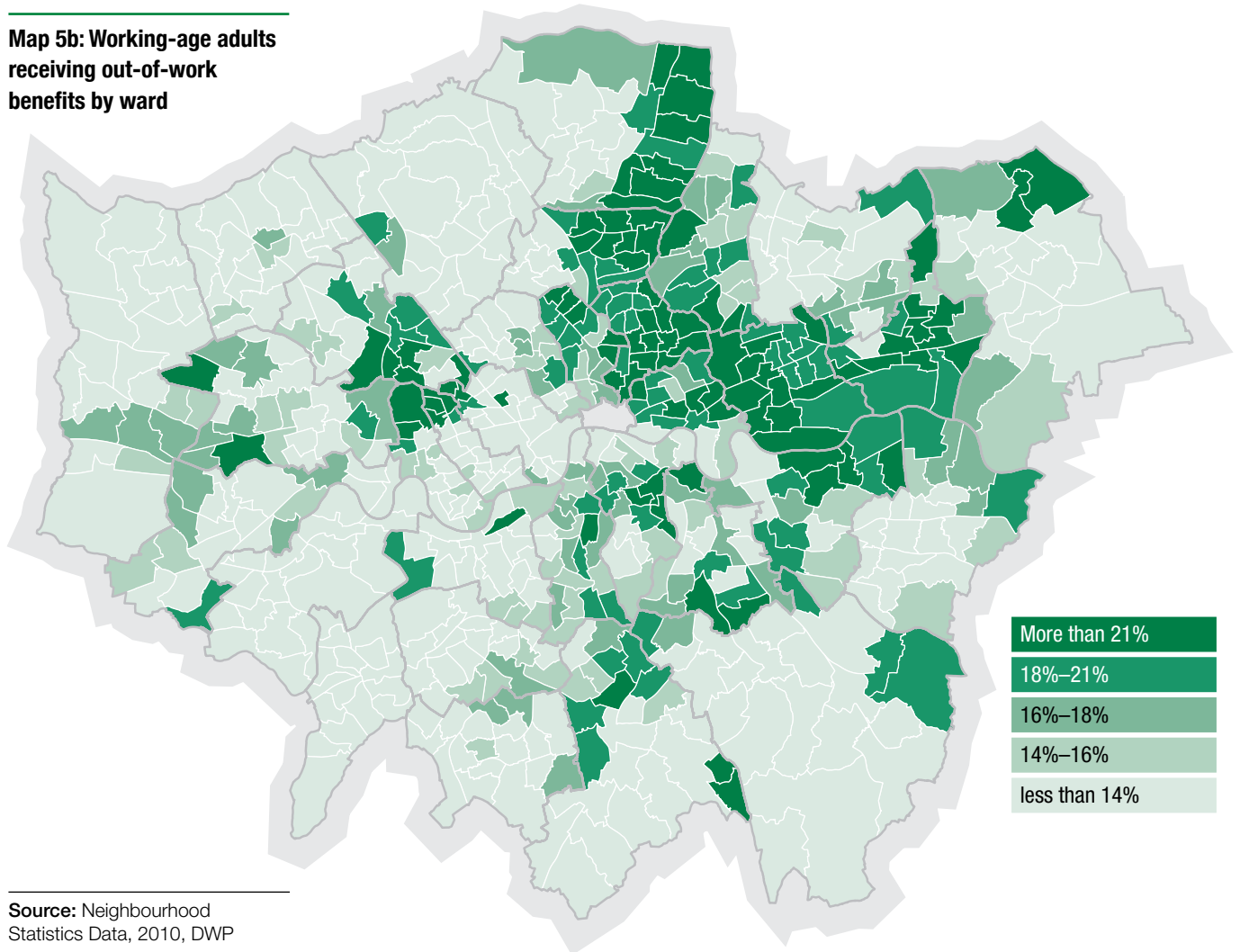
Source: DWP WPLS series, the data is for February 2007 and February 2010

The proportion of working-age adults claiming an out-of-work benefit in London in 2010 was very similar to the level it was in 2007. This is in contrast to the rest of England, where the proportion rose. The proportions in London and the rest of England are now almost identical, at around 14%. Around 740,000 working-age people in London claim an out-of-work benefit.

In Inner London, the proportion was similar to three years previously, but still higher than the rest of England figure at 16%. In Outer London, it was slightly higher than in 2007, at 13% compared to 12%.

Some areas in Inner London where rates of people claiming out-of-work benefits were high, such as Hackney, Southwark and Tower Hamlets have seen small falls. However other Inner London boroughs with high rates such as Newham, Haringey and Lewisham have seen small rises. All boroughs in Outer London have seen rises, including areas where rates were already high such as Barking & Dagenham, Greenwich, Enfield, Brent and Waltham Forest.

Map 5b: Working-age adults receiving out-of-work benefits by ward



Source: Neighbourhood Statistics Data, 2010, DWP

Areas with the highest proportions of working-age adults receiving out-of-work benefits are concentrated in the Inner East (Hackney, Haringey and Newham) and Outer East & North East (Enfield, Greenwich and Barking & Dagenham).

Parts of Lewisham, Lambeth, Tower Hamlets and Islington also have high proportions of benefit recipients. Clusters of high benefit reciprocity in Outer London are also found in Brent, Havering, Croydon and Ealing.

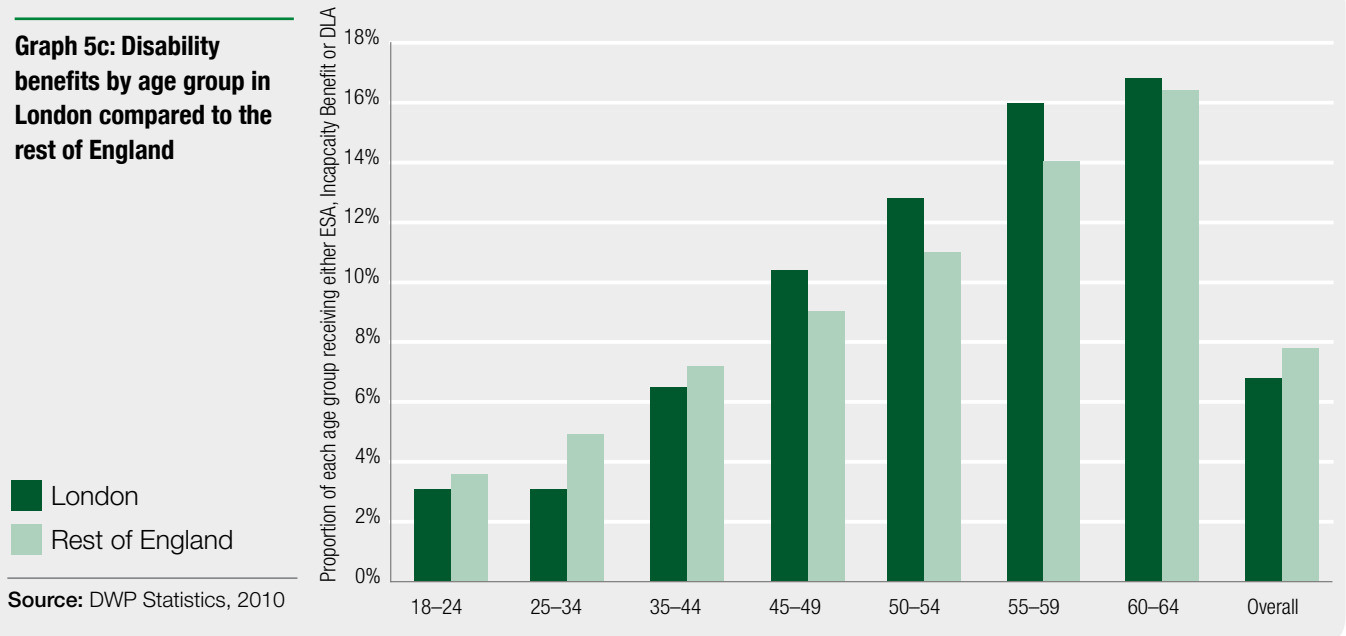
Every borough except for Kingston and Richmond has at least one ward with an above-average level of benefit reciprocity (that is one ward where at least one in seven adults is claiming benefits). Given that the London average is the same as the England average, we can say that these areas are entirely below the national average for benefit reciprocity. In Hackney, Newham and Islington, the proportion in every ward exceeds the national average.

While the graph above shows that the overall level of benefit reciprocity in London is the same as the rest of England, the make-up of this population is slightly different. Even following the recent changes to eligibility rules, a higher proportion of recipients in London

are lone parents, and a lower proportion receive disability-related benefits. The proportion of people receiving disability benefits varies significantly with age, as the next graph shows.

Disability benefits

Graph 5c: Disability benefits by age group in London compared to the rest of England



This graph shows the proportion of adults receiving disability-related benefits. These include Disability Living Allowance (DLA), which can be paid to working people, as well as out-of-work benefits (Employment Support Allowance, Incapacity Benefit, and Income Support, when paid to disabled people).

In London, a lower proportion of under 45s claim a disability-related benefit than in the rest of England. The difference is most marked among those aged 25–34, where 3% of those in London claim such a benefit compared to 5% elsewhere.

But for older age groups, the proportion in London who receive a disability benefit is higher in London than elsewhere. Around 10% of 45–49 year olds, 13% of 50–54 year olds and 16% of 55–59 year olds in London receive a disability related benefit, compared to 9%, 11% and 14% elsewhere.

Yet overall, a lower proportion of people in London (7%) claim disability benefits than elsewhere (8%). This is because of London’s age structure, which is heavily weighted towards younger age groups.

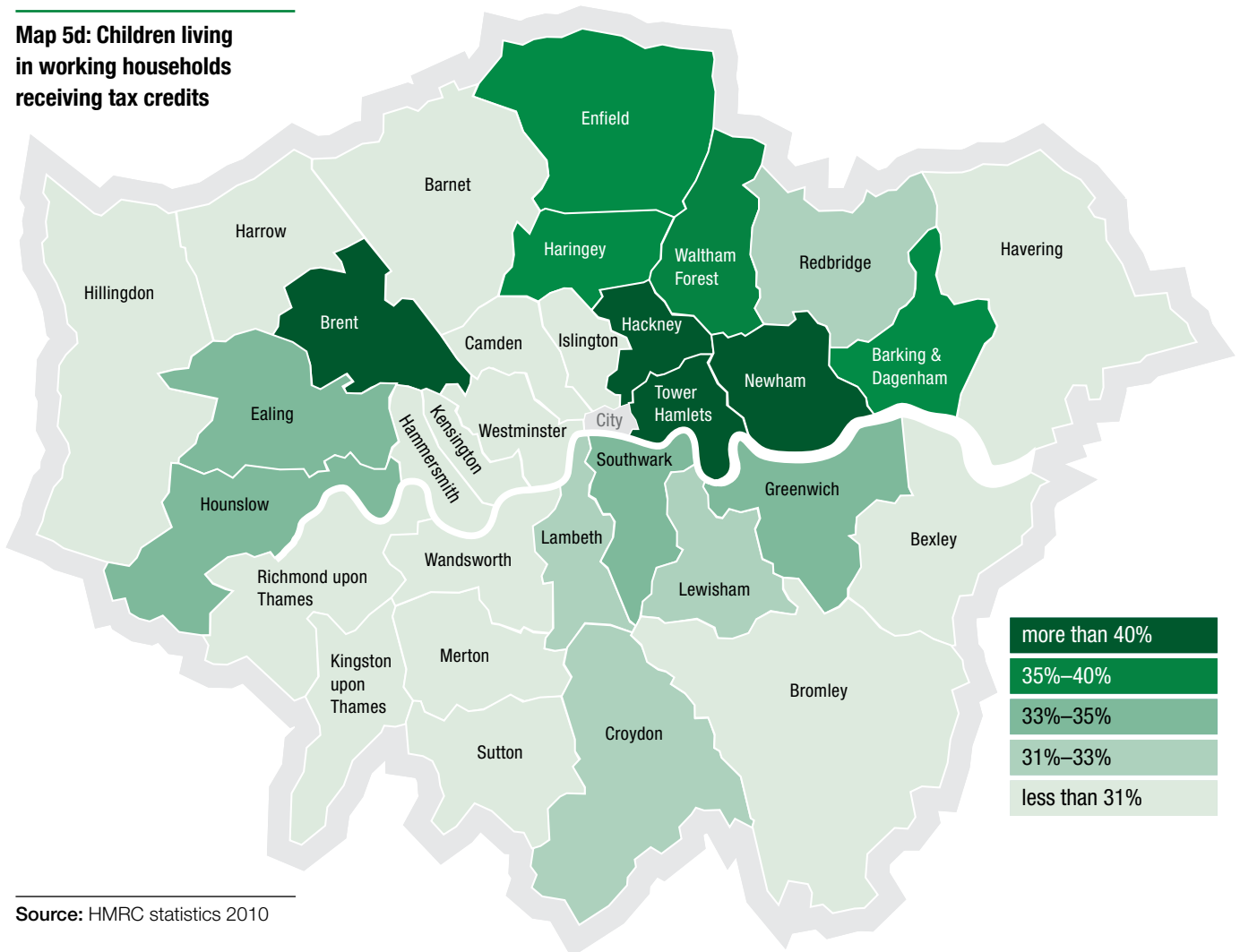
Other analysis shows that just under one-third of all working-age adults in London receiving a disability-related benefit live in the Inner East & South. This amounts to some 67,300 people.

Tax credits and pension credits

While looking at out-of-work benefits gives us a good picture of disadvantage across working-age adults in London, it is only a partial picture. As the chapter on low income showed, more than half of children and working-age adults in poverty in London are living with someone in paid work. In order to look at this more closely, we look at data on tax credits paid to working households.

Such benefits are paid quite widely – the majority of working households with children get something. In order to focus in on lower-income families, we look only at those who receive tax credits above the basic Family Element of £10.50 per week. Broadly, these are households whose total income is below £44,000 per year.

Map 5d: Children living in working households receiving tax credits



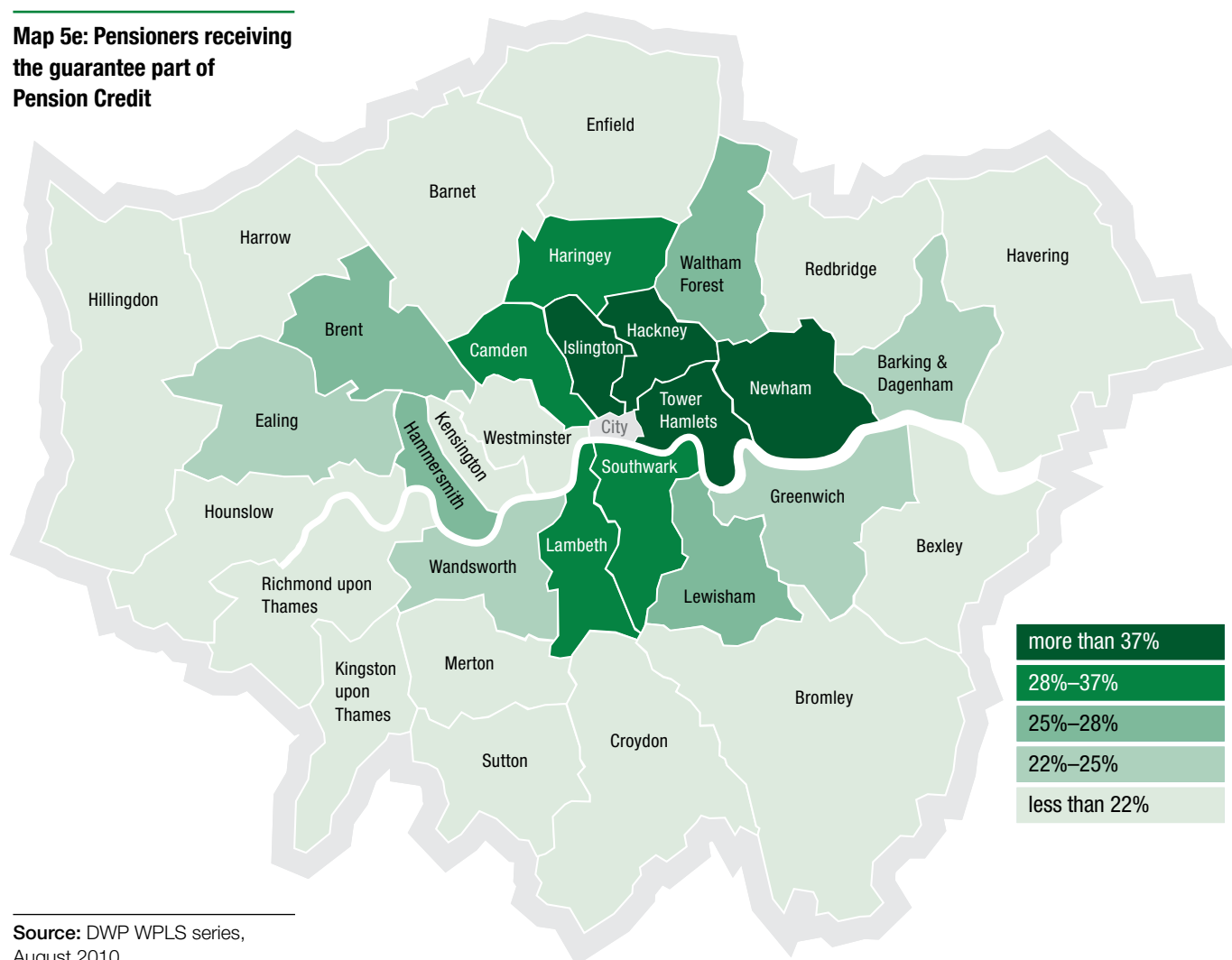
Source: HMRC statistics 2010

Half of children in Newham live in a working household that receives tax credits above the family element. In Tower Hamlets, Brent and Hackney, around two-fifths of children live in such households. Overall, levels of reciprocity are higher in the East (Inner and Outer) but there are high levels in Brent, Hounslow and Ealing in the West as well.

Not all of these children are in poverty by any means. The Working Tax Credit is designed to lift households out of poverty, after all. But this map does show the areas where paid work itself is not enough to provide a household with a decent level of income.

We can also look at low-income pensioners by borough by looking at those who receive the 'guarantee' part of Pension Credit. This is a means tested benefit paid to pensioners with little or no savings.

Map 5e: Pensioners receiving the guarantee part of Pension Credit



Source: DWP WPLS series, August 2010

At 47%, the proportion of pensioners receiving the guarantee part of Pension Credit in Tower Hamlets is twice the London average. It is over 4 times higher than the level in Bromley.

The highest rates of Pension Credit recipiency are found in the Inner East & South. All the top 8 are Inner London. This is not seen among working-age adults or children. Five of the six boroughs with the largest numbers (as opposed to rates) of pensioners receiving the guarantee part of Pension Credit are in Outer London (Brent, Ealing, Enfield, Barnet and Croydon). This is because they have larger pensioner populations.

But despite the fact that proportionately fewer pensioners live in Inner London, those who do live there are poorer. 30% of all pensioners claiming Pension Credit guarantee live in the Inner East & South and 44% live in Inner London.

DWP estimates that around 400,000 eligible claimants are not receiving either JSA, IS/ESA or Pension Credit. Under claiming of Pension Credit is more common than for working-age benefits.

Reducing the numbers not taking up benefits would lead to increasing rates of benefit recipiency in the indicators above. But this would have to be seen as a good thing – people on low incomes would have their income raised. So when looking at the benefit indicators, we need to be mindful that not all rises are bad.

Chapter six:

Work and worklessness

Key points

- Unemployment in London did not begin falling when the recession ended. In 2010, the proportion of working-age adults in London who were unemployed was at its highest since 1997.
- By mid 2011, the number of unemployed people in London was over 400,000. Unemployment was rising faster in London than the national average.
- In addition to rising unemployment, the number of working-age people lacking but wanting work has risen to 350,000. On top of this, there are 170,000 people in part-time work who want a full-time job. In total, there are 900,000 people in London either unemployed or underemployed.
- As a result of the recession, unemployment went up in almost all London boroughs. But both the levels of unemployment and the rises resulting from the recession have been higher in other cities in England such as Hull, Manchester and Birmingham.
- The unemployment rate among young adults in London is, at 23%, far higher than the average (9%) and higher than for young adults in the rest of England (19%). Moreover, it rose in 2010 when the average rate of unemployment was static.
- There are significant variations in worklessness between ethnic groups and by gender. Over two-thirds of Bangladeshi and Pakistani women are not in paid work, compared to one-third of White women.
- Disabled people in London are more likely to lack work than disabled people in the rest of England. This is particularly true in Inner London, where 61% of disabled working-age adults are not working, compared to 50% outside of London. The gap in work rates between disabled and non-disabled adults is higher in Inner London than anywhere else.

Background

The issue of work and worklessness was at the heart of the last *London's Poverty Profile* publication, *Reporting on the Recession*. In that report, we looked at how the economic downturn had affected different groups and areas in London. We also saw how London had fared during the recession compared to other parts of England.

Here, we pick up some of that analysis again, as well as looking at some different aspects. For instance, while in previous reports we have only considered those lacking work (by various different definitions), here we also look at those who are working part-time but want a full-time job. We also look at variations by age, gender, ethnicity and disability.

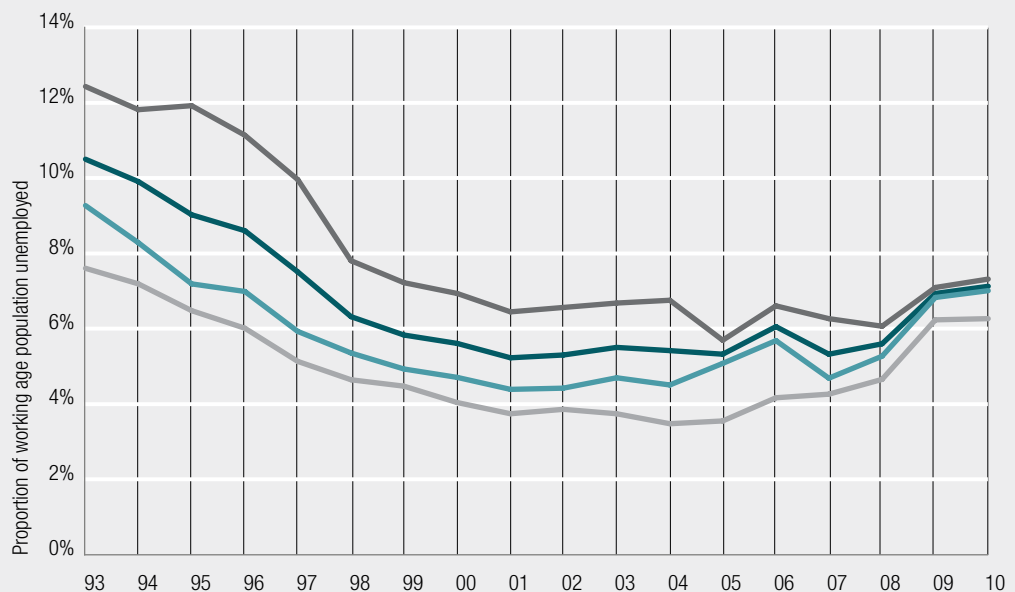
In this chapter we will look at different aspects of worklessness, by which we mean lacking paid employment. Unemployment is the most commonly used definition. To be classed as officially unemployed, an individual must be out-of-work, looking for work and available to start work in the next two weeks. It should be noted that this is not the same as being eligible for Job Seeker's Allowance. JSA eligibility expires for many people after 6 months, when they could still be unemployed.

A broader definition of those "lacking but wanting" work includes the economically inactive who want paid work. People in this group are not officially unemployed as they are either not currently looking for work or not available to start working. Finally, there are those who do not want paid work. This group are mainly either disabled, have a limiting long-term illness or looking after family (undertaking unpaid care work of children or other family members including the elderly and disabled).

Overall levels of worklessness

The first graph looks at unemployment, and shows how the proportion of working-age adults who are unemployed has changed since the early 1990s. 1993, the first year in the graph, was the year in which the country came out of the previous recession, so represents an appropriate starting point.

Graph 6a: Unemployed working-age adults over time



Source: Labour Force Survey, ONS

In 2010, unemployment in London was back up at levels last seen in the late 1990s, at around 7%. This rate was higher in Inner London, but the difference between Inner and

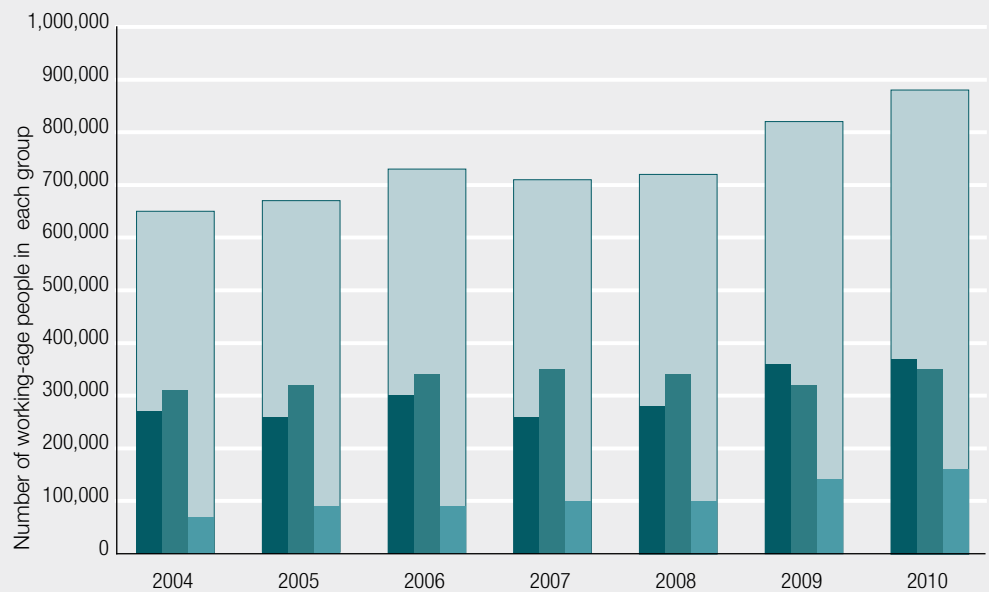
Outer London is now very small indeed – less than a percentage point. This compares to a gap of three percentage points a decade earlier.

Similarly, the gap between London and the rest of England is lower now, at one percentage point, than a decade earlier, when it was close to two.

Graph 6b: Unemployed working-age adults in London lacking but wanting work or working part-time wanting full-time work

ILO unemployed
 Economically inactive who want a job
 In part-time work, could not find a full-time job
 Total

Source: Regional Labour Market Statistics, ONS, 2004 to 2009; Labour Force Survey, ONS, 2010



This presentation of data is based on a measure of underemployment which is used as standard in the United States. The aim is to capture unemployment, underemployment and what are sometimes referred to as “discouraged” workers.

In 2010, there were 370,000 working-age people in London who were officially unemployed. This is 100,000 more than in 2004, an increase of around 40%.

Additionally, there were some 350,000 who would like to work but do not meet the official definition of unemployment. This may be because they are not currently available or looking for work. This figure has not been as affected by the onset of recession, having only risen by around 10% since 2005.

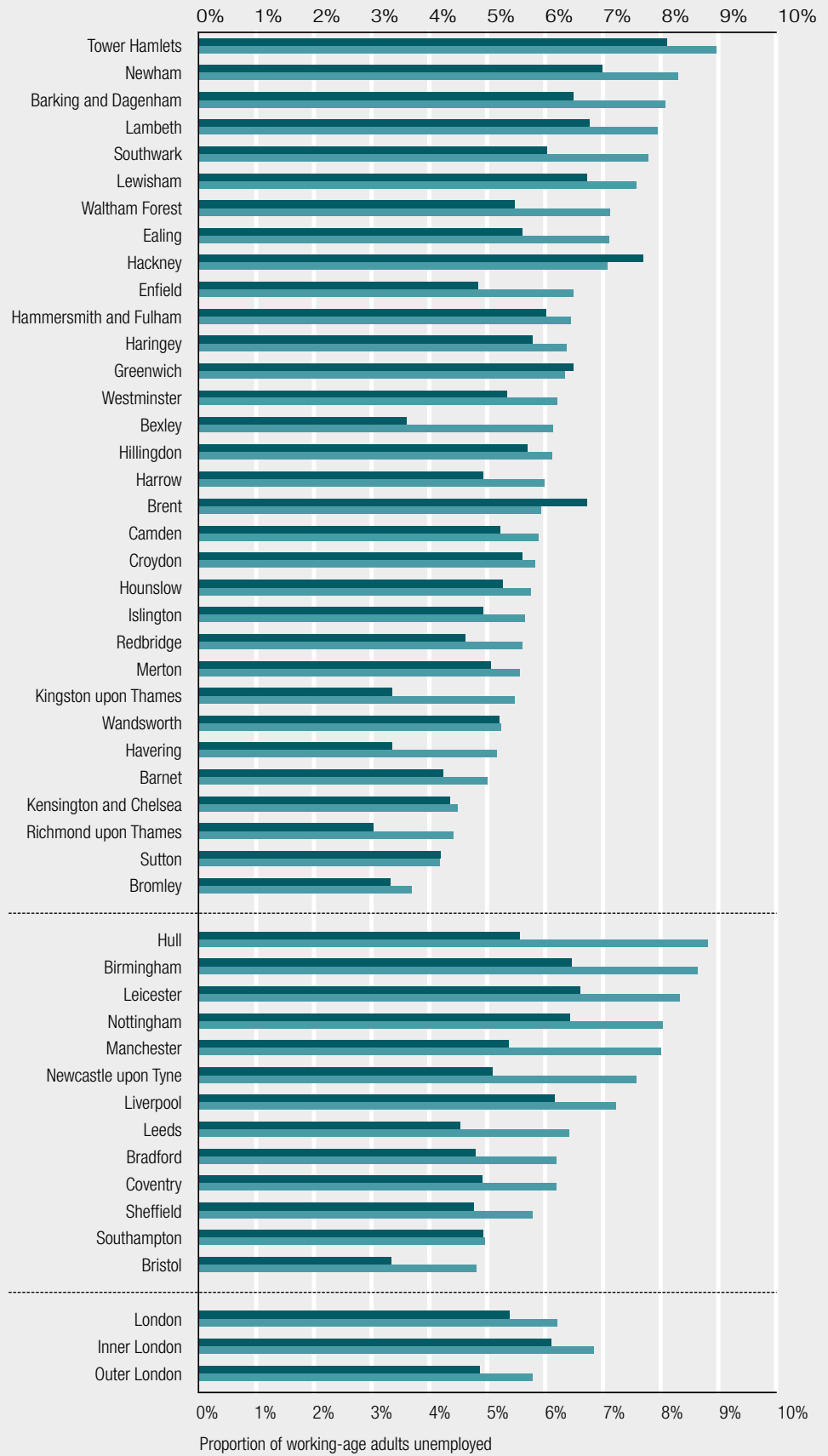
There were also 170,000 people in part-time work who wanted, but could not find, a full-time job. This is more than double the number in 2004. This number has risen quite steadily since 2004, and was rising before the recession began. Across the country, the numbers have increased at a similar rate for both men and women. But as a proportion of total working part-time, it is much higher for men than women.

So, in total, there were almost 900,000 people in London either unemployed or underemployed in 2010, accounting for almost 17% of the total working-age population in London. This compares to 650,000 people in 2004, which is a rise of nearly 40%, when the working-age population only grew by 10%.

The most recent figures do not enable us to update the number of people working part-time looking for full-time work but there are newer statistics on unemployment. Across London as a whole, the number of unemployed people passed 400,000 in the middle of 2011. This is the highest level since 1996.

Unemployment is rising faster in London than the national average. In the last report, *Reporting on the Recession*, we noted that London’s recession had been less severe than that experienced by other parts of the country. It may be that the worst effects were simply postponed.

Graph 6c: Unemployed working-age adults in London's boroughs and other English cities



Source: Annual Population Survey via NOMIS

Rates of unemployment in London's boroughs are similar to those found in other large cities in England. The proportion of unemployed adults in cities such as Hull (9%), Birmingham (8.5%), Manchester and Nottingham (8% in each) is higher than in London on average (6%).

Within London, the highest levels of unemployment are found in Tower Hamlets where around 9% of working-age adults are unemployed, followed by Newham at 8.5% and Lambeth and Barking & Dagenham at around 8%. With the exception of Ealing and Hammersmith & Fulham, all the twelve boroughs with the highest levels of unemployment are in the Inner East & South or Outer East & North East.

Almost all boroughs in London saw an increase in unemployment from the middle of the last decade until the end, with the largest increases in Bexley and Kingston. The only exceptions are Brent, Greenwich, and Hackney, which saw small falls in unemployment and Wandsworth and Sutton where unemployment levels remained the same.

But the rises in cities such as Hull, Newcastle and Manchester were far greater. This does lend some weight to the view that London's recession has so far been less severe than that experienced elsewhere.

The high level of unemployment in Newham needs pointing out. Despite the Olympic park development and the building of Westfield shopping centre in Stratford (though the centre opened after these statistics were collected), Newham still has the second highest level of unemployment of any London borough.

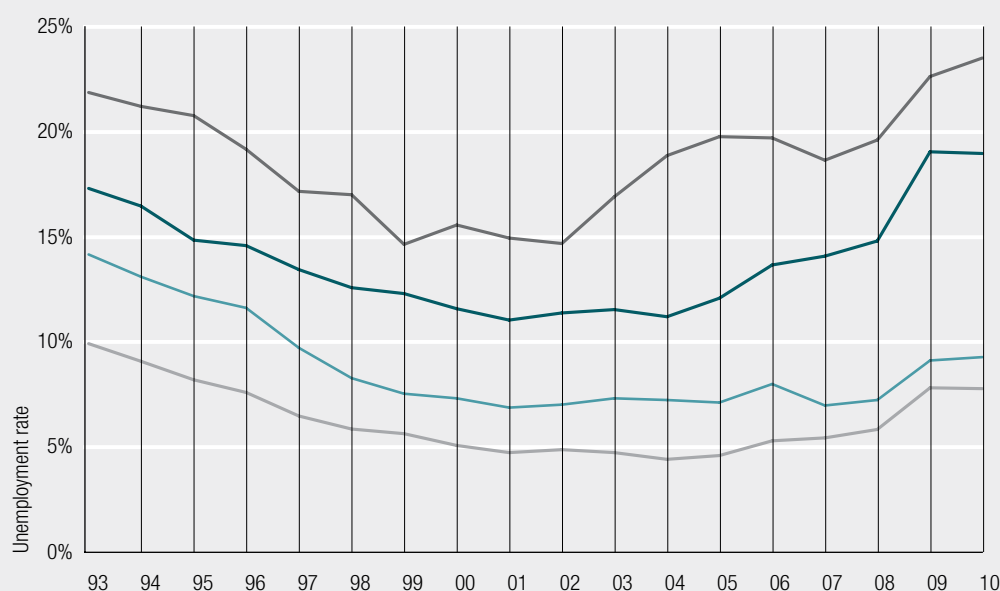
Variations between groups

Having looked at differences between areas, we now look at differences between groups. The next graph looks at unemployment by age, contrasting the under 25s with the population as a whole. The rates are expressed as a proportion of those either working or unemployed (together known as "economically active"). The reason for doing this is to adjust for the large number of 16 to 24 year olds who are in full-time education. For comparison, we show the overall unemployment rate for the whole population, calculated in a similar way.

Graph 6d: Young adult unemployment rates over time

- Aged 16–24 London
- Aged 16–24 Rest of England
- Overall rate London
- Overall rate Rest of England

Source: Labour Force Survey, ONS



Whereas the overall unemployment rate in London is a little higher than the rest of England (9% compared to 8%), the rate for young adults is much higher (23% compared to 19%). Moreover, while the overall unemployment rate in London did not rise in 2010, for young adults it did, though it did not in the rest of England. This means

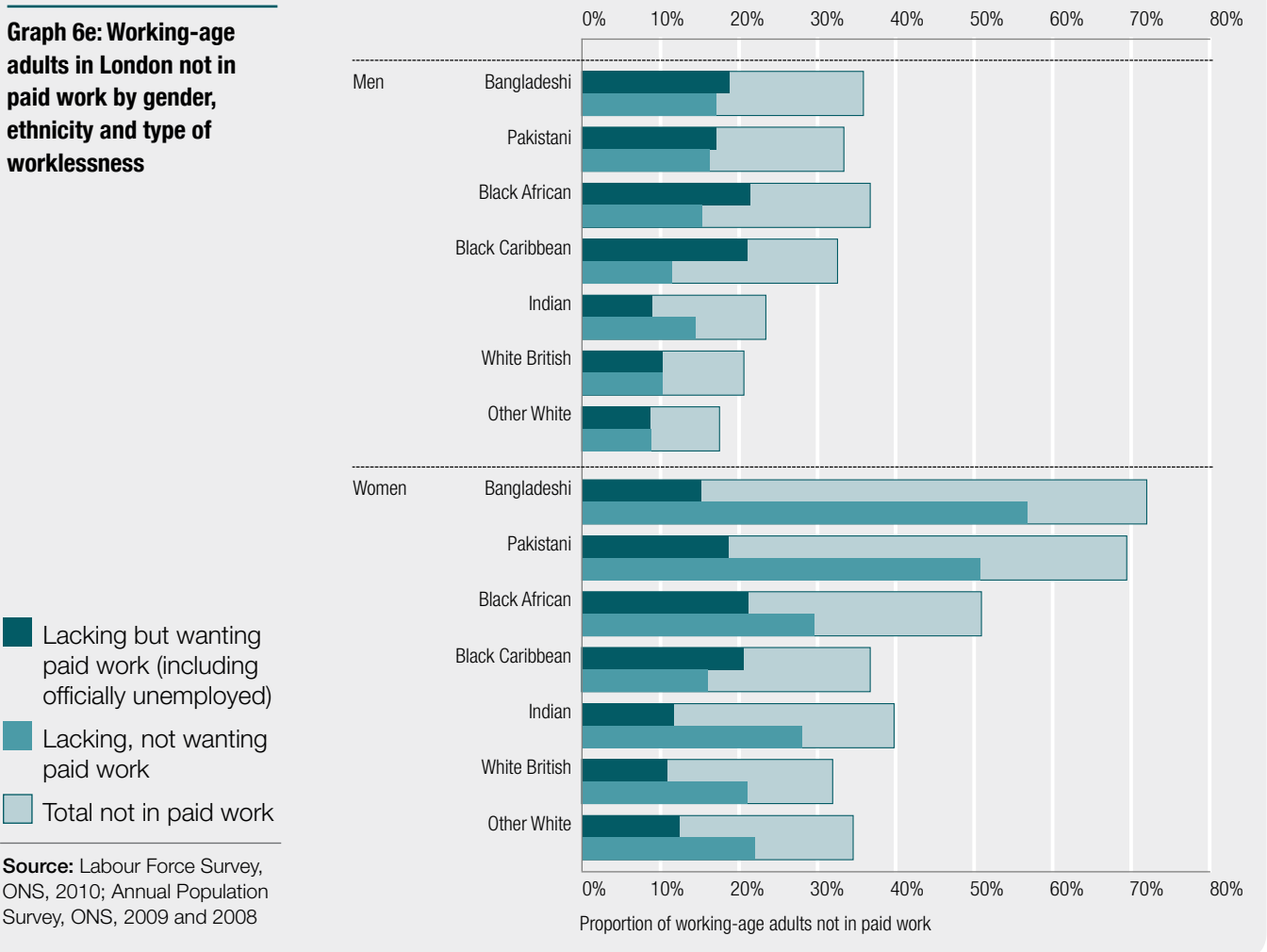
the unemployment rate for young adults is at its highest level since 1993, where this statistical series begins. In 2010, 117,000 young adults aged 16–24 were unemployed.

The rise in the unemployment rate for young adults in London in 2010 is mainly due to increases in Inner London. The rate in Outer London remained similar to 2009.

The next two graphs look at differences by ethnicity and country of birth respectively. The two types of category overlap substantially but there are interesting exceptions.

The first graph looks at those not working by gender and ethnic group. We divide the workless populations into those wanting work (the unemployed and the economically inactive wanting work, as per 6b above) and those who say they do not.

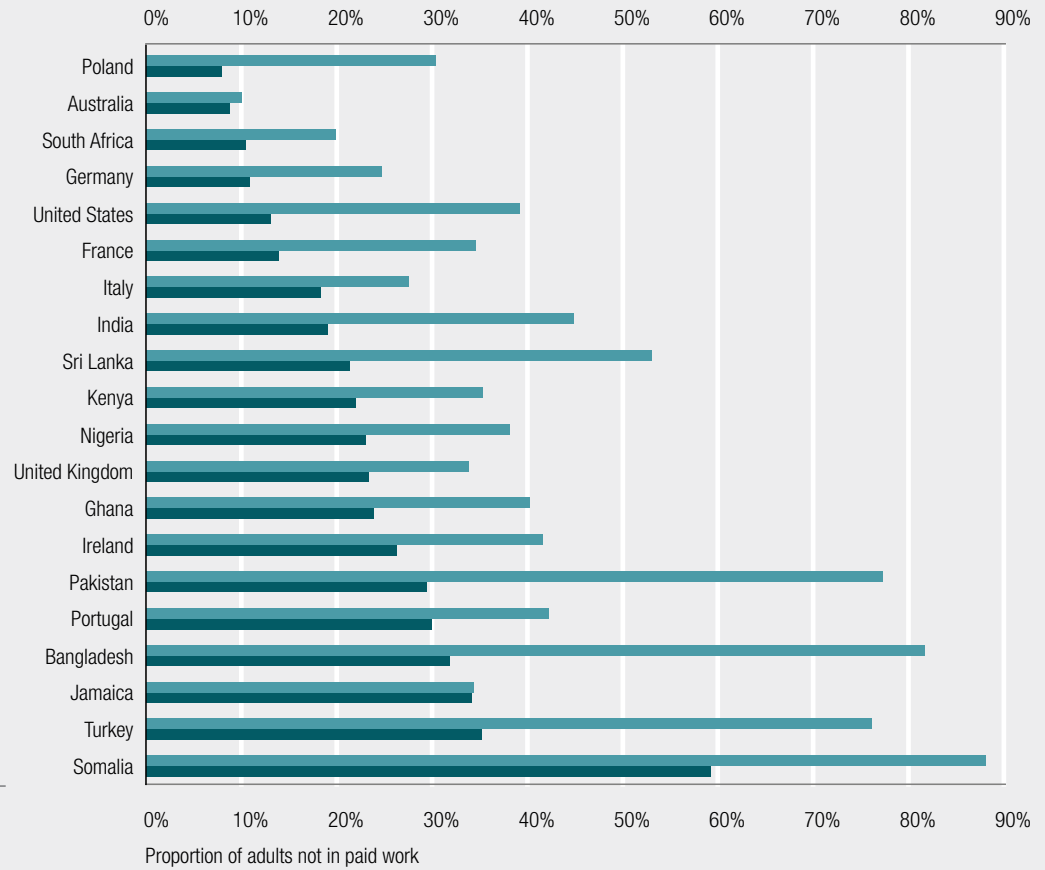
Graph 6e: Working-age adults in London not in paid work by gender, ethnicity and type of worklessness



For all ethnic groups, women are more likely to lack work than men. This is because of the higher proportion of women not wanting paid work, which is mainly due to family/caring responsibilities.

The variations between ethnic groups are much greater for women than men. Over two-thirds of Bangladeshi and Pakistani women are not in paid work, compared to one-third of White women and half of Black African women.

Graph 6f: Working-age adults in London not in paid work by gender and country of birth



Source: Labour Force Survey, ONS 2008–2010

Men and women born in Somalia are more likely to lack paid work than men and women born elsewhere. The proportion of women born in Somalia who are not working is higher than for women born elsewhere, although the difference between Somalia and the country with the second highest rate of women not working (Bangladesh) is only around five percentage points.

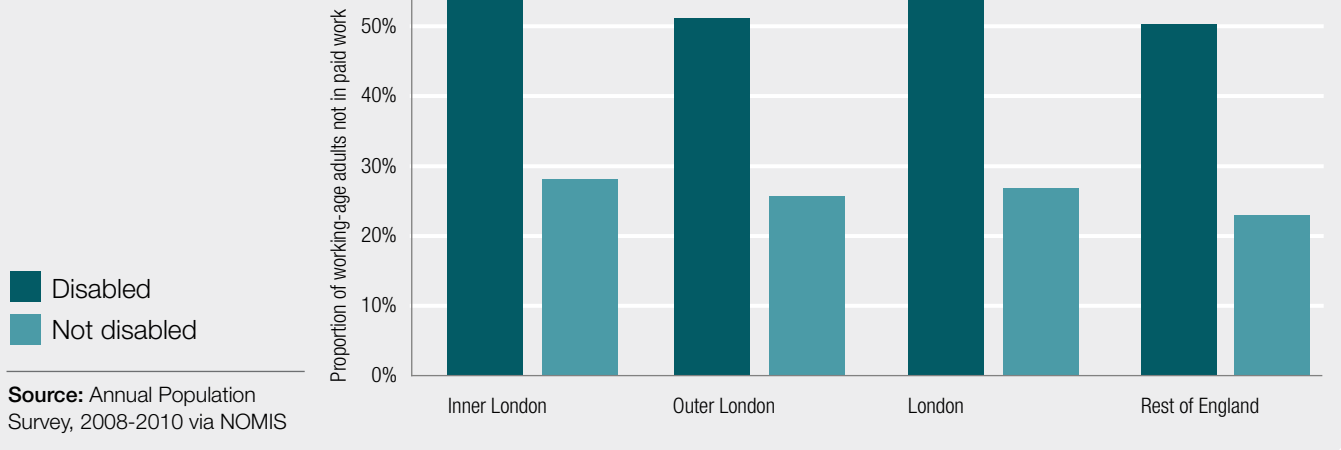
Around 60% of men born in Somalia are not in paid work. This compares to no more than 35% among men born in other countries. Research by IPPR^[7] suggests that these low rates of employment arise because most Somalis arrive in the UK via refugee and asylum routes, rather than via established labour market routes. This is true, but to a lesser extent, of other groups in the graph.

Work rates among some other Black African nationalities, with the exception of Somalis, are actually quite close to the average. Between 20% to 25% of men born in Kenya, Nigeria and Ghana are not in paid work, a similar figure to men born in the United Kingdom. It is quite striking how average the UK is in terms of work rates.

[7] *Britain's Immigrants, and Economic Profile*, IPPR, 2007, available from http://www.ippr.org/images/media/files/publication/2011/05/britains_migrants_1598.pdf accessed 25th August 2011

Finally in this chapter, we look at worklessness by disability status. We look at overall levels of worklessness, rather than just simply unemployment. In the analysis that follows, we have included as disabled anyone counted as disabled under the Disability Discrimination Act and anyone who has a disability which limits their capacity to work in any way. The two groups obviously overlap substantially, but we include anyone counted in either or both definitions.

Graph 6g: Disabled working-age adults lacking paid work



Source: Annual Population Survey, 2008-2010 via NOMIS

In London, as elsewhere in England, disabled people are over twice as likely to lack work as people who are not disabled (55% compared to 27%). In Inner London, 61% lack paid work, as do 51% in Outer London. The figure for the rest of England is 50%.

But the gap in work rates between disabled and non-disabled people in Inner London is, at 33 percentage points, greater than either Outer London (25%) or the rest of England (27%).

The current and forthcoming changes to the benefit system, in particular the moving of disabled people from Incapacity Benefit or Employment Support Allowance to Job Seeker’s Allowance, are designed to get disabled people into work. This graph suggests that the barriers faced by disabled people looking for work in Inner London may be greater than elsewhere in the country.

Background

This report has already shown that the number of people living in poverty in working households in London has been rising steadily in recent years. One factor contributing to in-work poverty is low pay, which this chapter looks at in more depth.

Low income is measured using a widely agreed threshold of household income. No such threshold exists for low pay, but the London Living Wage (LLW) offers a very useful guide, and the Greater London Authority produces a detailed methodology for its annual calculation. The LLW was introduced in 2005, initially at £6.70 per hour. Following a series of annual rises, it was set at £8.30 in 2011^[8].

The London Living Wage is set at a level that ensures a “decent” standard of living, assuming that relevant benefits and tax credits are also claimed. It is not mandatory for employers to pay it, unlike the National Minimum Wage, but the Greater London Authority insists that any companies bidding for work from it pay it.

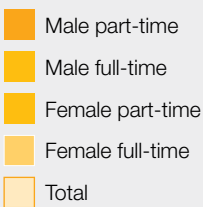
Over 100 companies in London now pay the living wage. Cleaners on the London Underground are paid the living wage, as are all employees working on the Olympic site.

Low-paid jobs

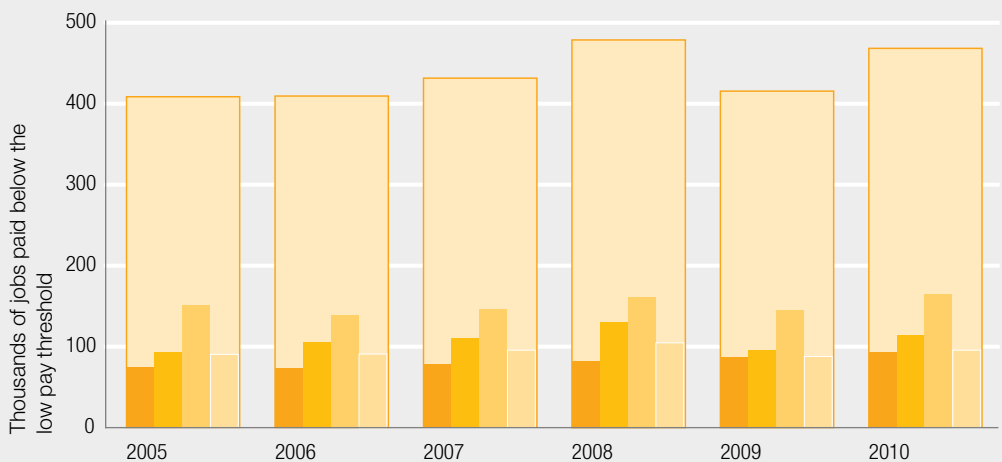
The first graph below looks at whether the number of low-paid jobs changed in London since the introduction of the living wage. It takes as its threshold for low pay the 2010 level of £7.85. This figure is then adjusted for inflation to give us a comparable series over time. So, the relevant threshold in 2009 was £7.50, £7.54 in 2008 (due to inflation actually being negative that year), £7.25 in 2007, £6.96 in 2006 and £6.74 in 2005. These amounts track the London Living Wage quite closely.

In the first graph we look at low-paid jobs in London. These jobs may be taken by people living outside London, but the living wage is paid to employees in the capital regardless of where they live.

Graph 7a: Low-paid jobs in London



Source: Annual Survey of Hours and Earnings, ONS



In 2010, some 470,000 jobs in London were paid below the LLW. At over one-third of jobs below the LLW, women in part-time jobs account for the biggest share of low-paid employees, some 165,000 jobs. Full-time jobs done by women account for a further 95,000 low-paid jobs, as do, coincidentally, part-time jobs done by men. This means

[8] www.london.gov.uk/publication/fairer-london-2011-living-wage-london

that over half (260,000) of low-paid jobs in London in 2010 were done by women and the same number were part-time.

In London, a lower proportion of jobs, for both women and men, are low paid than in England on average. In 2010, 7% of male full-time and 9% of female full-time jobs were paid less than the London Living Wage. In England as a whole, the figures were 14% for men and 19% for women. So not only are the levels of low-paid jobs lower in London, the gender gap is also smaller in full-time work.

Among part-time workers, 42% of male and 34% of female jobs in London are paid below the living wage. There are over twice as many women in part-time work in London as men (490,000 compared to 220,000) and it is this balance, rather than the individual risks of low pay that result in the higher total of low-paid women.

Overall, the number of jobs paid below the LLW increased by 15% or 60,000 since 2005. This rise is mainly due to a rising number of jobs over the period. There were 3,500,000 jobs in London in 2010, compared to 3,200,000 in 2005. The actual proportion of jobs that are low paid has remained quite steady at around one in seven over that period.

The number of men in low-paid work has risen more quickly than the number of women. In 2010, 208,000 men were in low-paid work, compared to 167,000 in 2005, an increase of 25%. For women, the rise was around 20,000, or 8%.

Low pay by sector

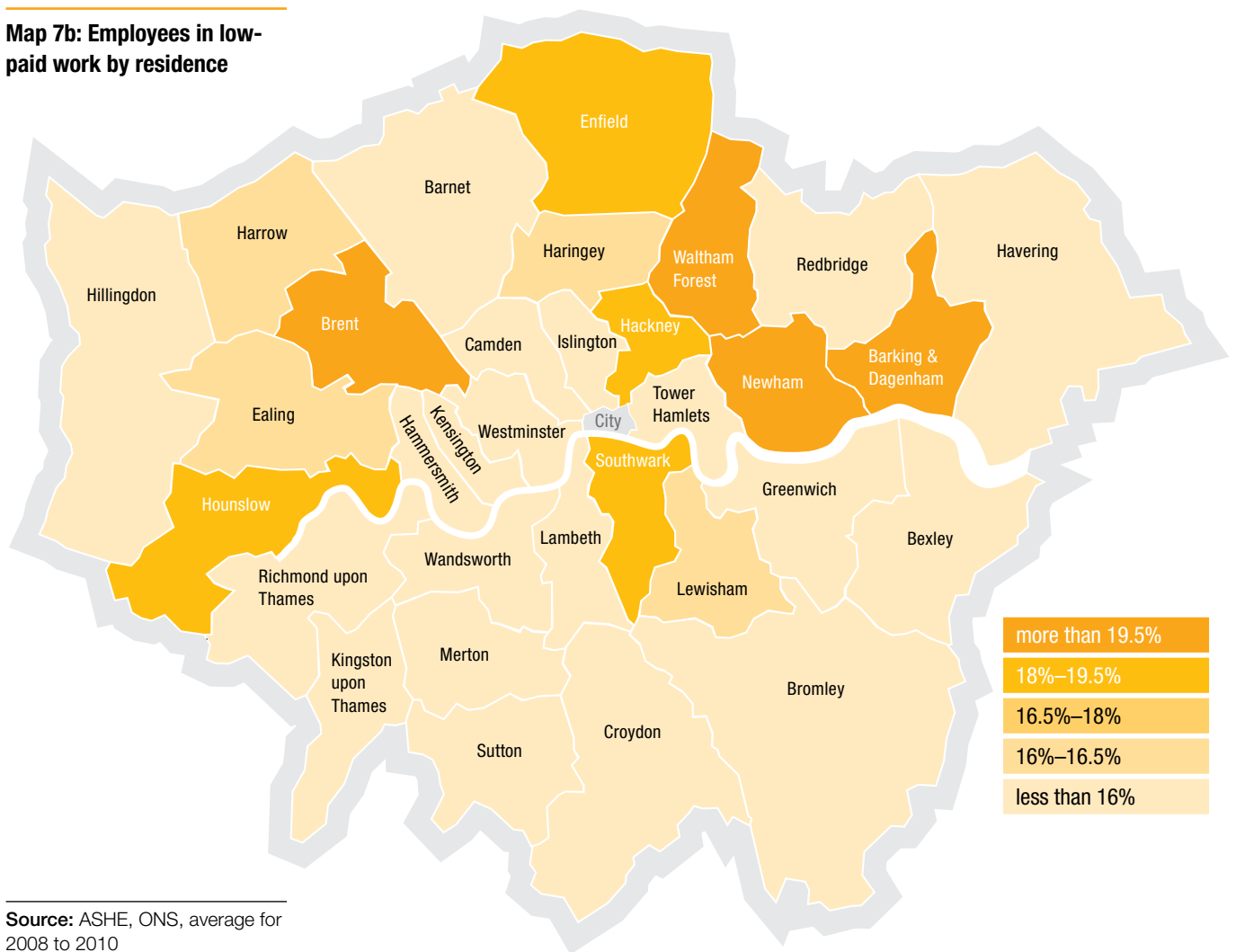
Though a direct time comparison is not possible due to changes in classification of industries, a basic analysis suggests that the shape of the low-paid economy in London has not changed much in the last five years.

Around 25% of low-paid jobs are in the retail sector, and another 20% are in hotels and restaurants. Together these two sectors are over represented in the low-paid economy – they account for just over one-fifth of all jobs in London but just under a half of all low-paid jobs, some 225,000 in total. This goes some way to explaining their geographical concentration in Inner West London, which has a large number of such jobs.

17% of low-paid jobs (paying below the LLW of £7.85 in 2010) are in the public sector. This amounts to 85,000 jobs in London.

IT and finance services are under-represented amongst the low-paid jobs, making up around a quarter of all jobs in London but only 10% of low-paid jobs.

Map 7b: Employees in low-paid work by residence



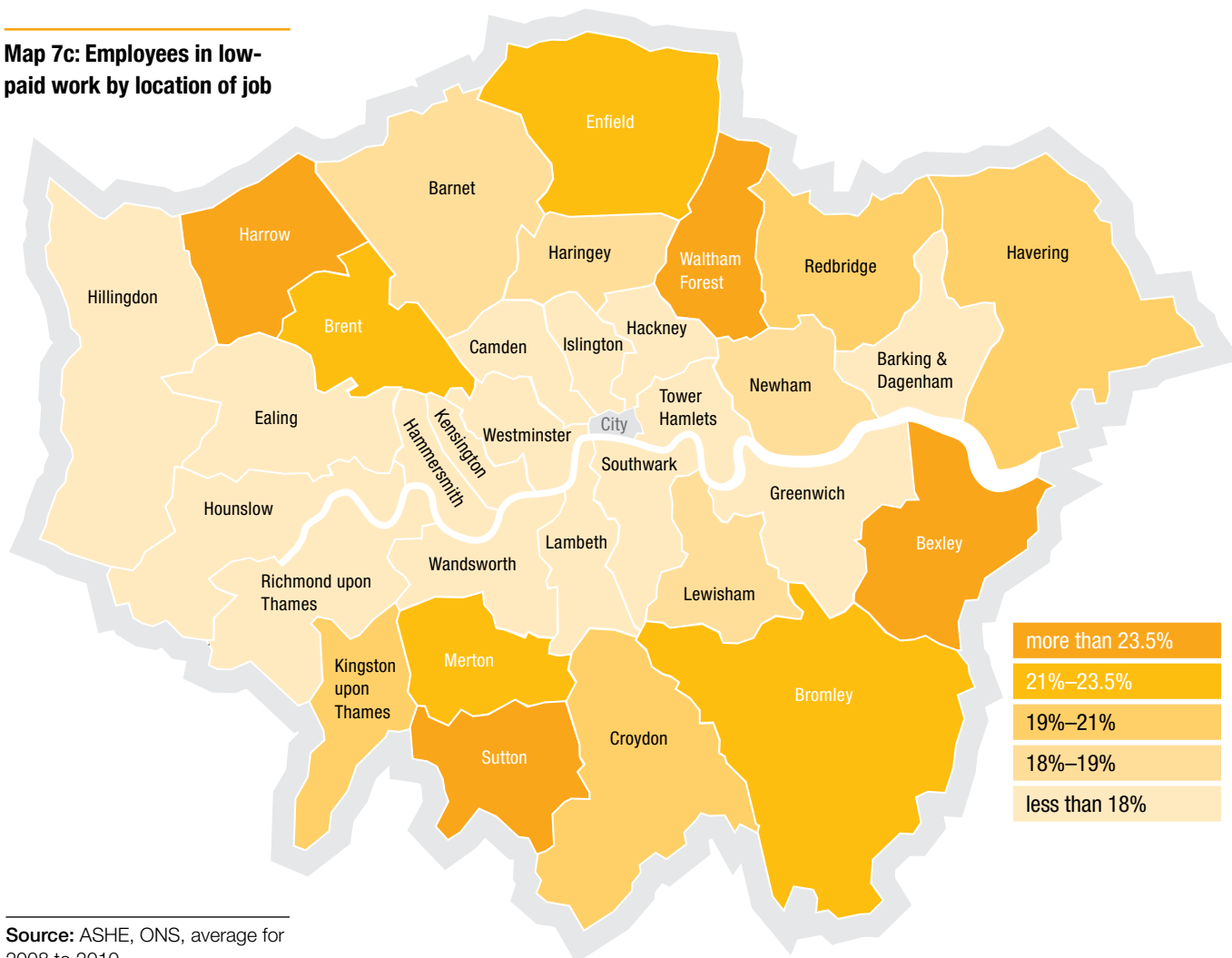
Source: ASHE, ONS, average for 2008 to 2010

Around 25% of workers living in Newham and Brent are paid less than the London Living Wage. The proportion is also high in Barking & Dagenham and Waltham Forest where around 20% are paid below the LLW.

This map has a slightly different pattern to, for instance, the indicator on worklessness or benefit reciprocity. Notably, the proportion of workers living in Tower Hamlets who earn less than LLW is lower than the London average.

Compared to five years previously, there has been no significant change in the proportion of low-paid residents in each borough.

Map 7c: Employees in low-paid work by location of job



Source: ASHE, ONS, average for 2008 to 2010

Outer London boroughs have a higher proportion of jobs that are low paid than Inner London boroughs. In nine boroughs in Outer London, over 20% of jobs are paid less than the London Living Wage.

In Tower Hamlets, less than 5% of jobs are paid below the living wage. It is difficult, in fact, to discern how many people do earn below this threshold as according to the official statistics there are so few. There are only 10% of employees working in Tower Hamlets earning less than £9.80 per hour, which is well in excess of LLW.

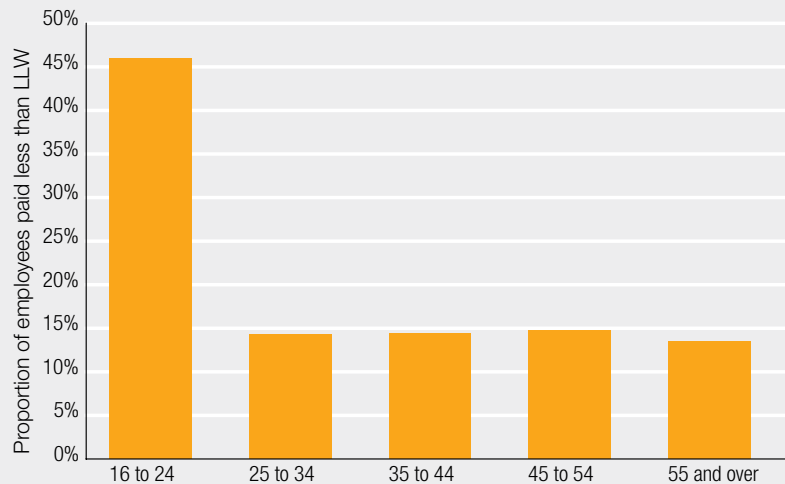
It is difficult to discern changes over time at the borough level as many will not be statistically reliable, but it appears that there may have been an increase in the proportion of low-paid jobs in some Outer London boroughs.

The proportion of jobs that are low paid is higher in Outer London than Inner London. But that does not mean that Inner London has few low-paid jobs, in fact, quite the opposite. Almost one quarter (24%) of all low-paid jobs are in the Inner West of London. The Inner West is only 5 boroughs but accounts for almost one-third of all jobs (1 million of 3.5 million). So, even though the overall rate of low-paid work in places like Camden, Hammersmith and Westminster is not especially high, the high number of total jobs means that many jobs in the Inner West are low paid.

Variations between groups

Graph 7d: Employees in London in low-paid work by age

Source: LFS (4 quarters, 2010); APS (Jan–Dec 2009, Jan–Dec 2008), ONS. The data is the average for 2008 to 2010



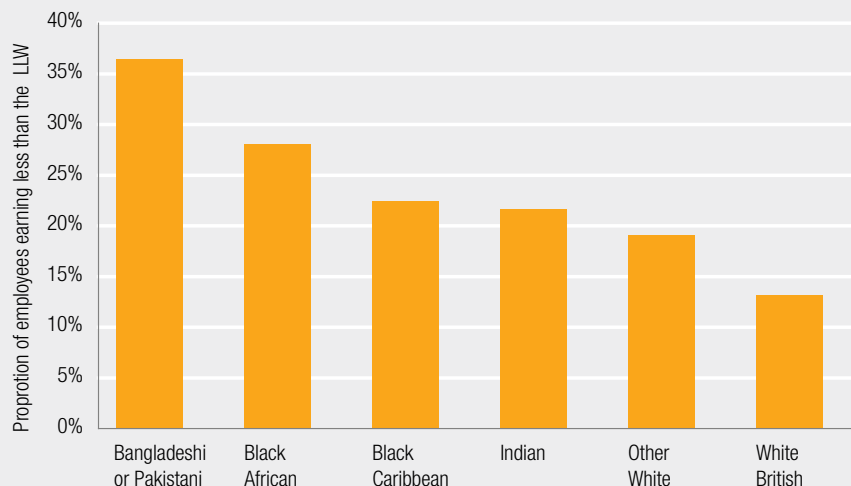
The proportion of under 25s who are paid below the London Living Wage is much higher than for other age groups. Almost half of under 25s earned less than the threshold between 2008 and 2010.

Among other age groups, there is very little difference in the proportion who are low paid. The proportion paid less than the living wage is around 15% for all those aged 25 and upwards.

The high level of young people paid below the living wage is related to the lower level of the minimum wage for under 20s. After age 25, though, the risk of low pay does not decline with age.

Graph 7e: Employees in London in low-paid work by ethnicity

Source: Labour Force Survey, ONS, data is average for 2008 to 2010



Over one-third of Bangladeshi and Pakistani employees are paid less than the London Living Wage. This is a higher proportion than any other ethnic group, and over twice as high as White British employees.

There is more of a gradient – that is, a difference between groups – for low pay than there was for unemployment. For instance, the unemployment rate among people from Indian backgrounds was almost the same as those from White British backgrounds. For low pay, there is a more significant difference.

Chapter eight:

Health

Key points

- There is significant variation in the rates of infant mortality across London's boroughs. The rate in Southwark, Croydon, Haringey and Harrow is twice the rate in Bromley, Kingston and Richmond.
- Poor mental health is much more common in the more deprived parts of London than in the richer areas. In the most deprived fifth of areas, one in five have poor mental wellbeing, compared to one in eight in the least deprived fifth.
- The average 5 year old in London has more missing, filled or decayed teeth (4) than the average child in the rest of England (3.5). Brent has the highest rate (5.5).
- The rate of premature death in London is very close to the English average for men and women. In London, the rate of premature death for men is around 215 per 100,000. For women, it is around 125 per 100,000.
- The 6 boroughs with the highest rates of premature death are all in the Inner East & South. The rates in Hackney and Lambeth are twice those in Richmond and Kensington & Chelsea.

Background

The reason for including health in a report into poverty is the strong and enduring links between the two. Ill health is an additional burden that is more likely to affect those on lower incomes.

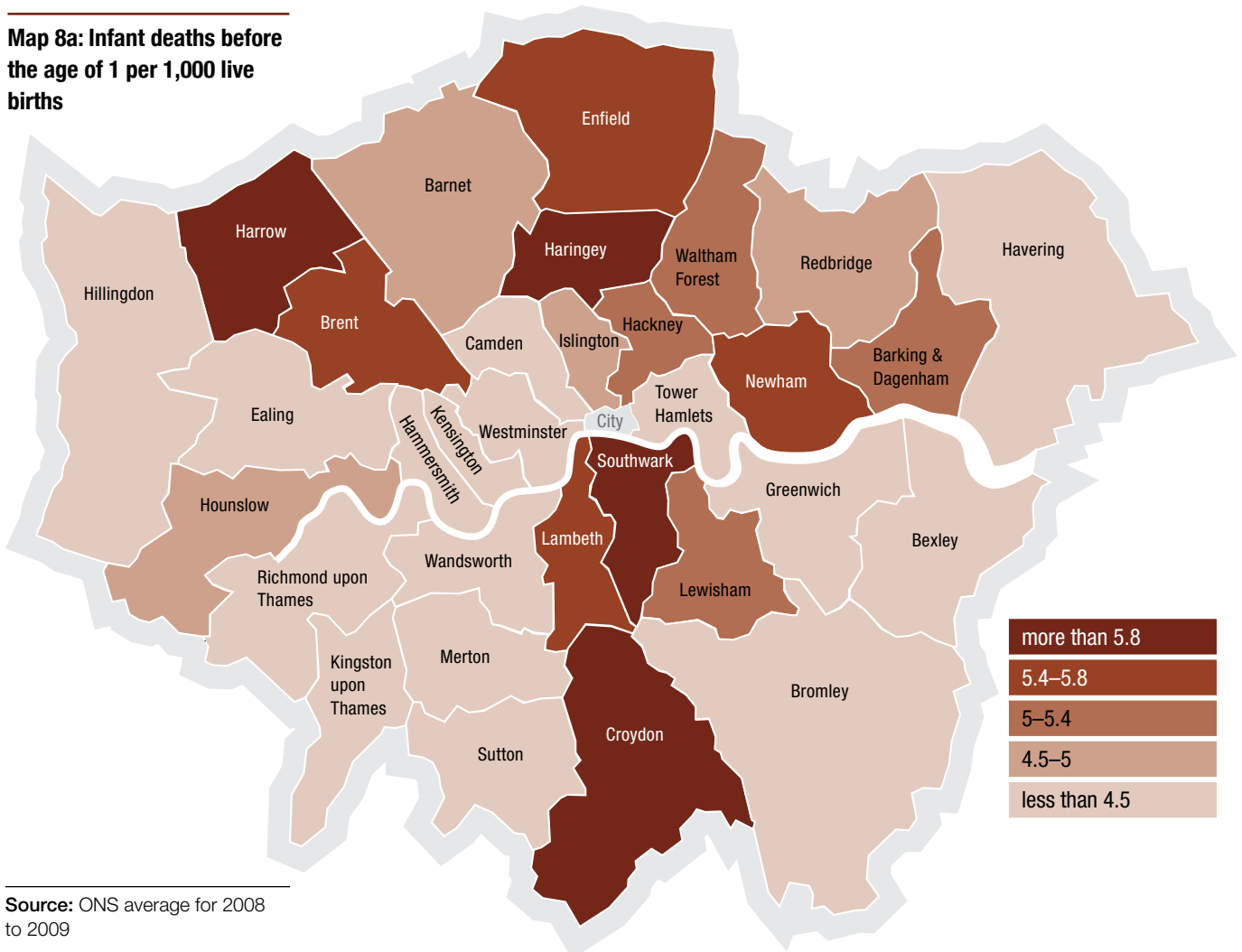
The last government commissioned a wide ranging review of health inequalities across the country (*Fair Society, Healthy Lives: The Marmot Review*^[9]) which demonstrated the gaps in life expectancy, disability and poor mental health between the top and bottom of British society. Following on from this report, a London specific version has been commissioned and we draw on some of its findings here.

The previous report showed that for some measures of ill health, such as poor mental health, obesity and limiting long standing illness, London was below the national average. For others, though, such as premature mortality, Inner London in particular was well above the national average.

Children's health

The first graph looks at infant mortality – deaths of children aged under 1. We combine five years data to get a more accurate picture. The figure is expressed as a rate per 1,000.

Map 8a: Infant deaths before the age of 1 per 1,000 live births



Source: ONS average for 2008 to 2009

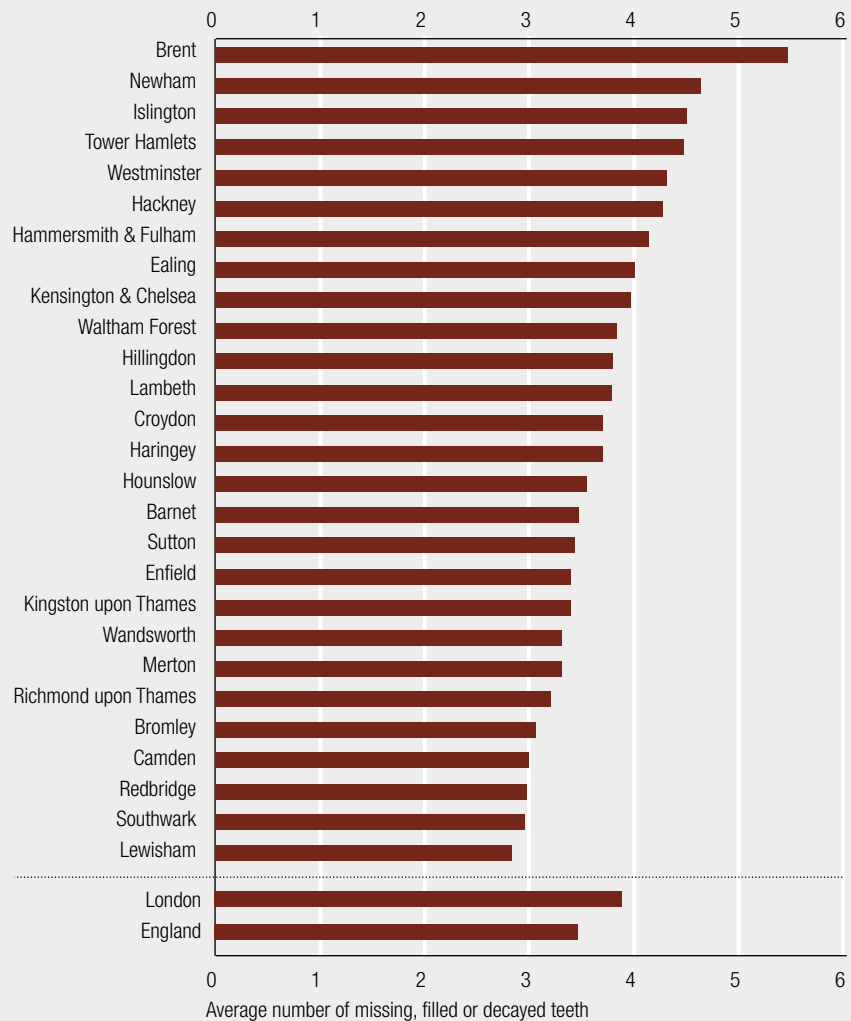
[9] Full report available from www.marmotreview.org/

Southwark, Croydon, Harrow and Haringey have the highest rates of infant mortality in London. In all four boroughs around 6 in every 1,000 babies die within their first year. This is twice as high as the rates in Kingston and Richmond.

All the Inner West boroughs have below average rates for London. Nine of the boroughs with above average rates are in Outer London.

The overall figure for London is, at 4.6 deaths per 1,000 live births, very close to the England average. While the variation is sizeable in London, the total numbers are small. Moreover, they appear to be falling. In the three most recent years of data, there were an average of 550 deaths of infants under the age of one each year compared to around 600 per year at the beginning of the last decade.

Graph 8b: Average number of missing, filled or decayed teeth among 5 year-olds in London's boroughs



Source: NHS Information Centre, 2008

There are five boroughs missing as they did not complete the survey, which does reduce the quality of the indicator.

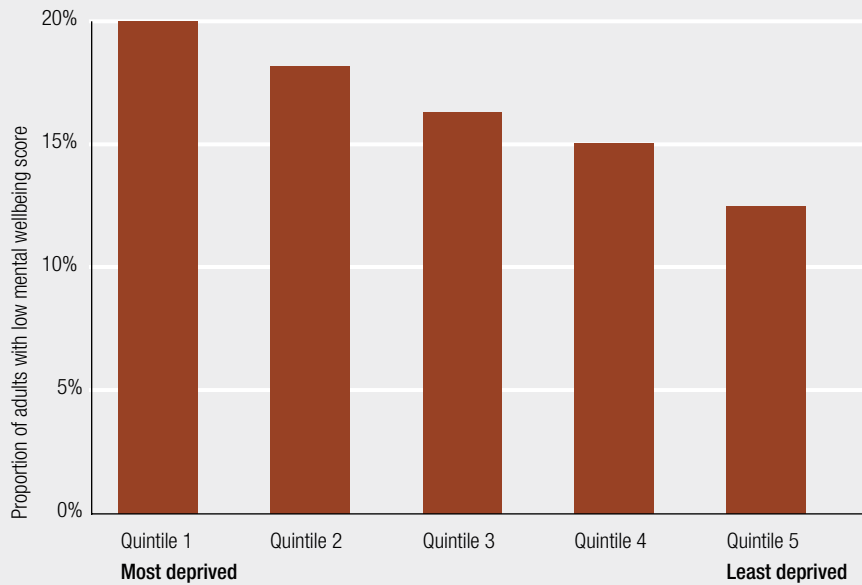
On average, children in London have more missing, decayed or filled teeth at age 5 than the English average (4 compared to 3.5). Children aged 5 in Brent have, on average, over 5 missing decayed or filled teeth.

Overall dental health among 5 year-olds appears to be poorer in Inner London, east and west, than Outer London. Note though that it is Outer London boroughs (Barking & Dagenham, Bexley, Greenwich, Harrow and Havering) that are missing from this analysis.

Adult mental health

Graph 8c: Adults in London with poor mental well-being by deprivation of area

Source: Health Survey For England, 2006, London Boost, via *Fair London, Healthy Londoners* report, London Health Observatory



This graph is based on data from the London version of the Marmot review, *Fair London, Healthy Londoners*^[10].

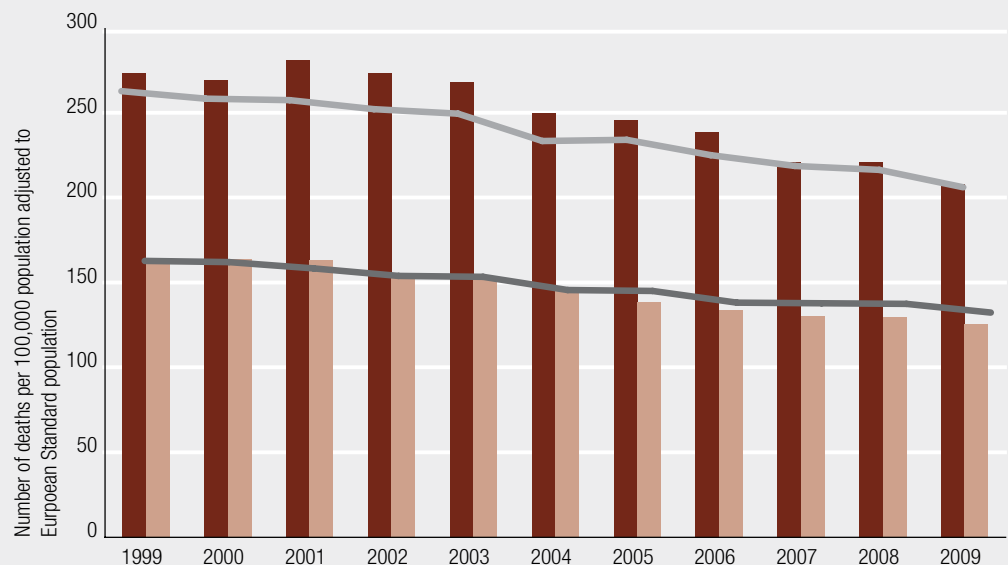
People in the most deprived areas are significantly more likely to have a low mental wellbeing score than people in less deprived areas. 20% of people in the most deprived quintile had a low score, compared to 13% in the least deprived areas and 16% on average.

Mortality

The next graph looks at premature mortality, deaths before the age of 65. Even among people aged under 65, mortality varies a lot by age. In order to make comparisons between areas with different age profiles, we standardise the populations. There are significant differences by gender, as the next graph shows.

Graph 8d: Premature mortality by gender

Source: ONS Mortality Statistics

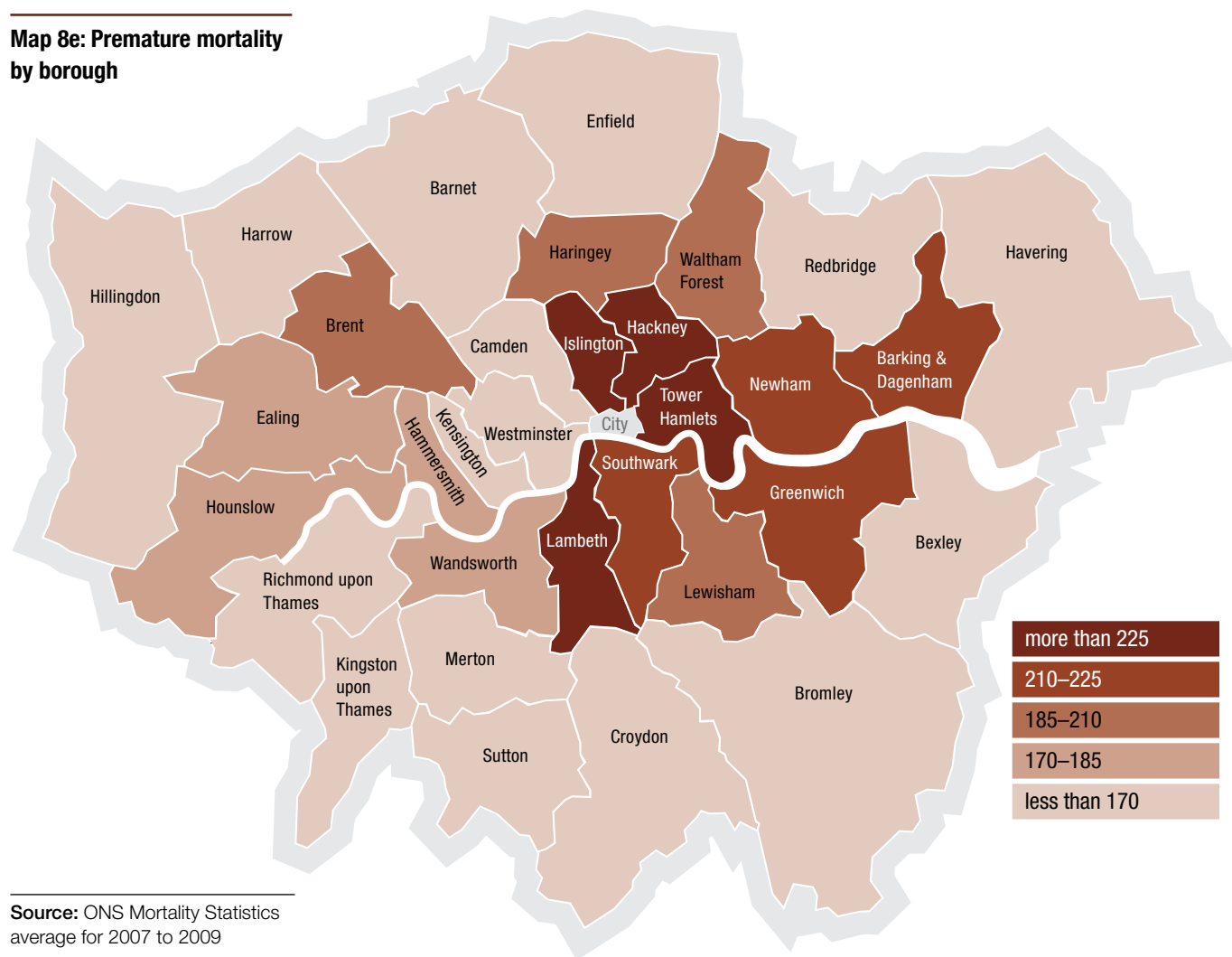


[10] Data available at www.lho.org.uk/viewResource.aspx?id=17151 accessed 25th August 2011

Rates of premature death have declined in London for men and women, as they have elsewhere. In 2009, the rate of premature death in London was the same as the English average at 215 per 100,000. The rate for women in London was much lower, and slightly lower than the English average for women at 125 per 100,000.

The decline in mortality rates in London is such that while the rate for men used to be higher than the English average, it is now the same. The rate for women used to be the same as the English average, and is now lower.

Map 8e: Premature mortality by borough



Source: ONS Mortality Statistics average for 2007 to 2009

The six boroughs with the highest rates of premature mortality are in the Inner East & South – Hackney, Lambeth, Tower Hamlets, Islington, Newham and Southwark. In these boroughs, the rate of premature death is around 220 per 100,000 people. This is almost twice the level of Kensington & Chelsea or Richmond.

Since the last report, rates of premature mortality have come down in almost all boroughs but by no means uniformly. Some of the larger falls are in boroughs with high rates, such as Islington and Newham. But Hammersmith & Fulham and Camden, where the rates are around average, have seen the biggest falls.

Chapter nine:

Low educational outcomes

Key points

- Children from more deprived backgrounds in London are more likely to reach required levels of educational attainment than similarly poor children in the rest of England.
- At age 11, a lower proportion of children receiving free school meals in Inner London (34%) and Outer London (40%) do not attain key skills in Maths and English than similarly disadvantaged pupils elsewhere (47%).
- At age 16, a lower proportion of children receiving free school meals do not get 5 good GCSEs in Inner London (31%) than in Outer London (35%) or the rest of England (44%).
- However a higher proportion of children not receiving free school meals in Inner London, both boys (28%) and girls (22%), do not get 5 good GCSEs than pupils elsewhere in England (24% of boys, 18% of girls).
- By 2010, a lower proportion of 19 year olds lacked Level 3 qualifications (2 A levels or equivalent) in Inner London (48%) and Outer London (43%) than in the rest of the country (50%).
- The eight boroughs with the highest proportions of 19 year olds lacking a Level 3 qualification are in the Inner East & South and Outer East & North East.

Background

The first *London's Poverty Profile* report showed how much levels of educational attainment had improved in London over the previous decade. For 11 and 16 year olds right across the capital, the proportion of children not achieving basic levels of education had fallen significantly. Where Inner London had previously been much worse than other English regions, particularly at GCSE level, it had, by 2007, moved very close to the average. Outer London had a better GCSE pass rate than any region in England.

All this was despite London having a much higher proportion of poor children (proxied by free school meal recipiency) than other parts of the country. 22% of primary school pupils and 19% of secondary school pupils in London get free school meals, compared to 15% and 11% respectively in England on average. Free school meals are offered to children whose parents claim out-of-work benefits. In much of the analysis that follows, we look at the difference in attainment between children on free school meals and other children.

In this chapter we look at whether this improvement has been sustained in the last few years. Again, we look at attainment at age 11 and 16. But we also look at children in early years, and young adults aged 19. Within these groups we analyse differences by gender and low income and look at the differences between boroughs.

All the statistics we use relate to maintained schools, that is, those in the state sector.

Early years

The first graphs in this chapter look at readiness for school among 5 year olds. Early years attainment has long been a priority for governments and the coalition has stressed its importance. In particular, the recent report by Frank Field^[11] set out a child poverty strategy which centred almost entirely around early years development.

The graphs that follow are based on an assessment across a range of different factors. The assessment defines a “good” level of attainment that 5 year olds should reach. Only 45% of children in England do so, implying that the majority of 5 year-olds do not have a “good” level of development.

Our approach throughout this report is to take examples where people from lower income backgrounds lack what could be considered the norm. This “good” level of development cannot be considered the norm if most children do not attain it. We use, then, a lower threshold for attainment, but one that most children meet. We can then see how this varies across different groups.

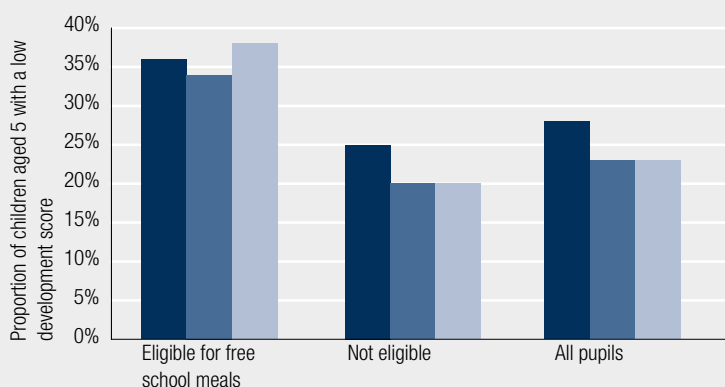
The analysis below uses a recently developed assessment which does not allow us to compare over time. The snapshot of the current situation is, though, revealing.

[11] *The Foundation Years: Preventing poor children becoming poor adults*, available from <http://webarchive.nationalarchives.gov.uk/20110120090128/http://povertyreview.independent.gov.uk/news/101203-review-poverty-life-chances.aspx> accessed 24th August 2011

Graph 9a: Children aged 5 with a low level of educational development by free school meal status

■ Inner London
■ Outer London
■ England

Source: Department for Education, 2010



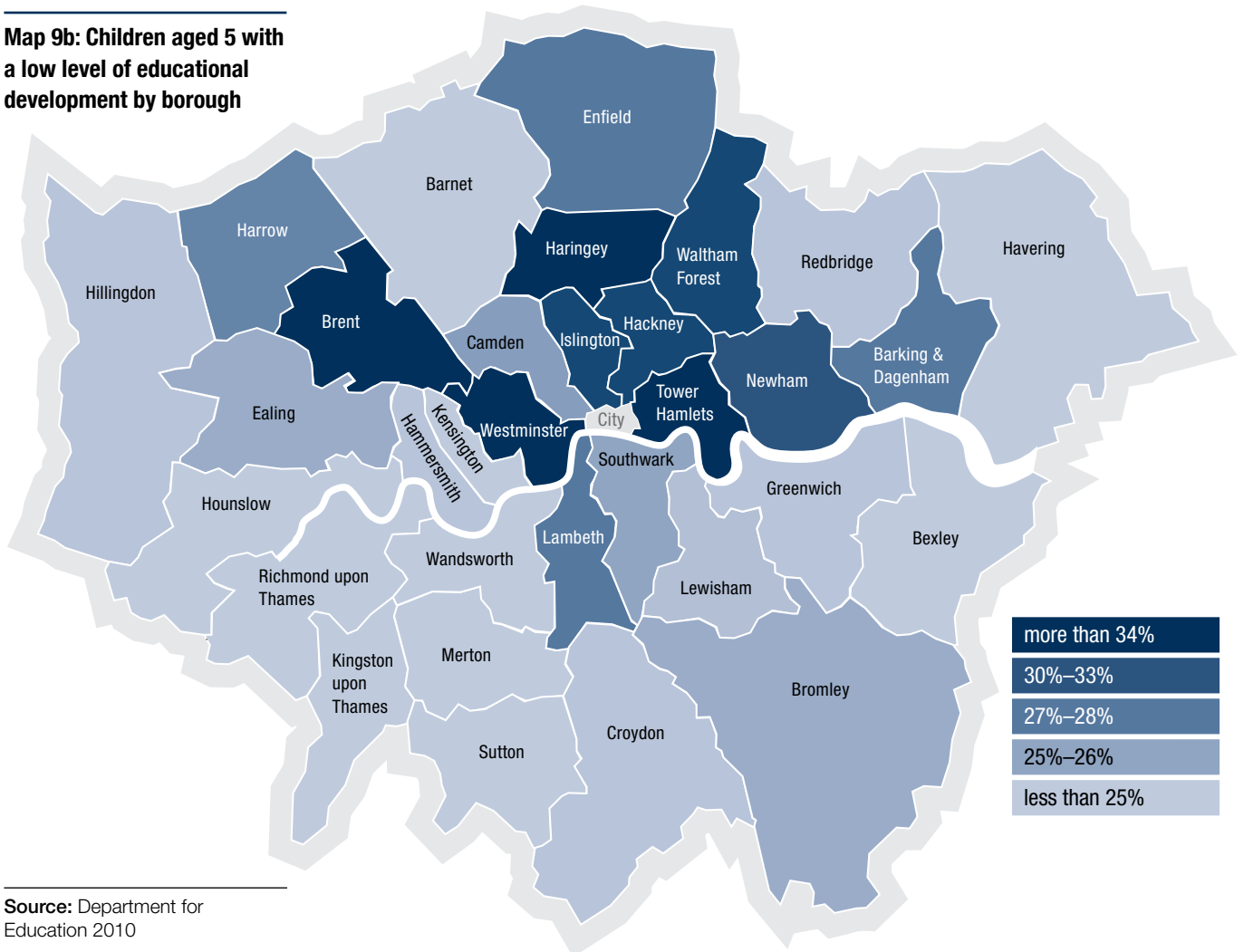
On average, children in Inner London are more likely to attain a low development score than children in Outer London or the rest of England. In 2010, 28% of children in Inner London got a low score compared to 23% in Outer London and in England on average.

In total in London, some 135,000 children were assessed as having a low development score. 30% of boys were assessed as such compared to 19% of girls.

If we look only at children on free school meals, however, a different pattern emerges. In Inner London, 36% of such children have a low level of educational development, compared to 38% in England on average. In Outer London, the figure is lower still, at 34%. So in London, poor children tend to have a better level of educational development at pre-school than poor children elsewhere.

In London and across England, a higher proportion of children whose first language is not English attain a low score than children who speak English as a first language. However, children who do not speak English as a first language tend to attain better in London than in the rest of England, with 30% of such pupils attaining a low score in London compared to 34% in the rest of England.

Map 9b: Children aged 5 with a low level of educational development by borough



Source: Department for Education 2010

The boroughs in which 5 year olds are particularly likely to score poorly are found across London, from Brent in the Outer West to Tower Hamlets in the Inner East, as well as Westminster in the Inner West. In seven boroughs, one-third or more of 5 year olds got a low score in the assessment, four of which were in the Inner East & South.

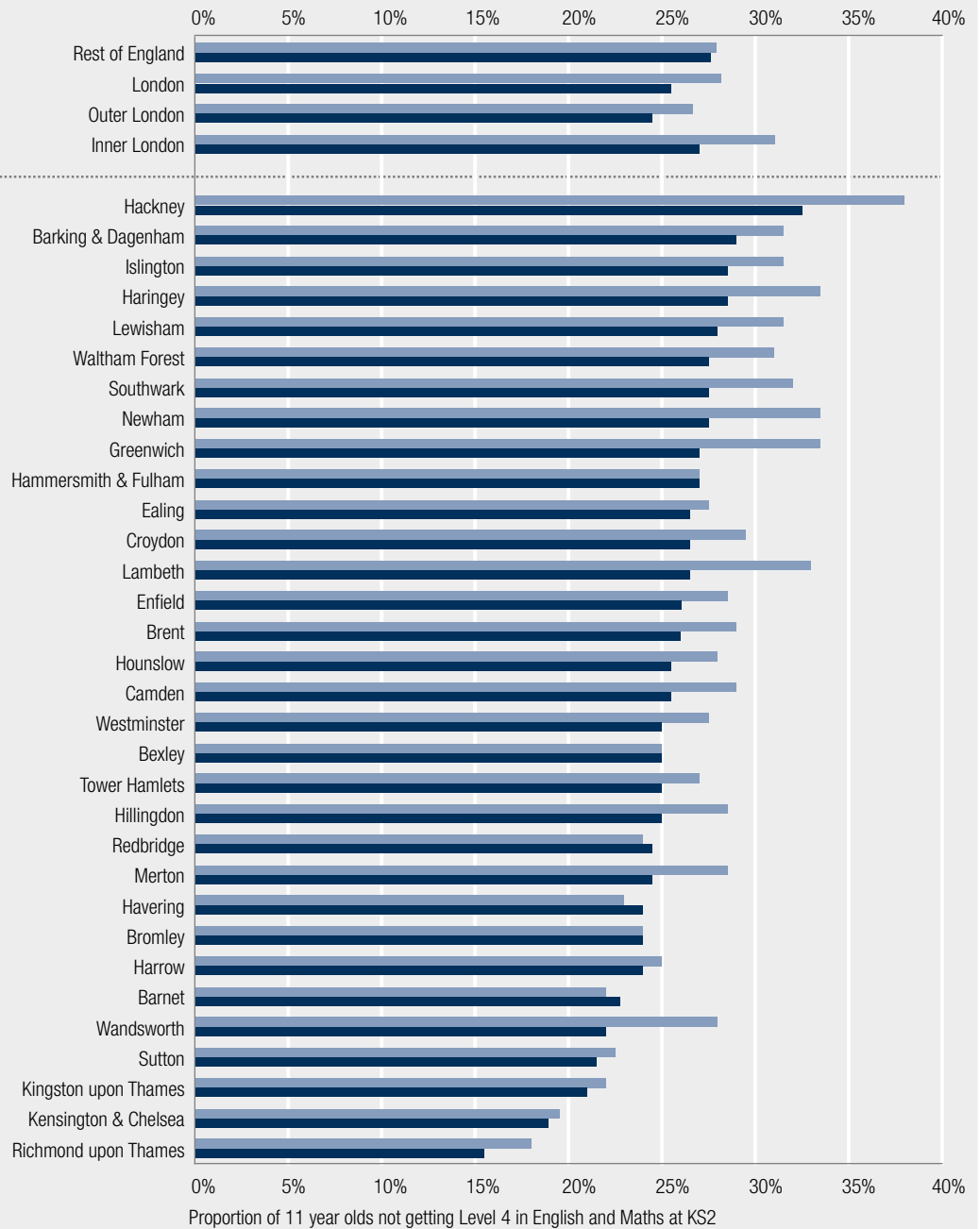
But three of the boroughs with the lowest proportion of children attaining low scores are in the Outer South – Merton, Sutton and Kingston. The proportion of children attaining a

poor score in these three boroughs is less than half that of Brent, Haringey, Westminster or Tower Hamlets. The proportion in Richmond was even lower – a quarter of Brent’s.

11 Year olds

Having looked at early years attainment, we now look at the attainment of 11 year olds. The assessment used here is the Key Stage 2 (KS2) examination for Maths and English. We look at the proportion of children who do not attain a basic level (Level 4, in this case) in both of the exams. To make comparisons over time, we combine two years’ worth of results – 2007 to 2008 and 2009 to 2010.

Graph 9c: 11 year olds not attaining Level 4 in English and Maths at Key Stage 2 by borough



Source: DFE 2007–09; National Pupil Database 2010

On average in 2009–10, 26% (or about 17,500) of all 11 year olds in London fell short of Level 4 in English and Maths and English at KS2. This is lower than the proportion in the rest of the country.

The proportion failing to achieve Level 4 in Inner London (27%) was higher than Outer London (25%), though the difference was quite small and the gap between the two was closing. Compared to 2007–08, Inner London saw a four percentage point drop in proportions failing to reach the appropriate level in 2009–10, while Outer London saw a drop of around two percentage points. The gap between the boroughs is also reducing.

At the borough level, Hackney had the highest proportion of children not achieving a basic level of Maths and English, with about a third of all 11 year olds failing to reach Level 4. This rate was double that in Richmond, the borough with the lowest proportion of students not achieving the level.

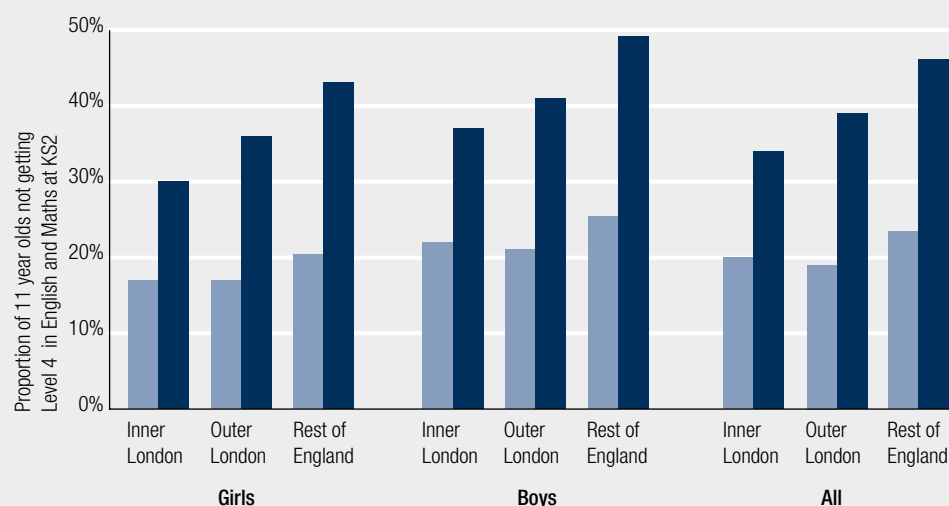
Hackney has though seen a fall in the proportion of children not attaining Key Stage 2 of six percentage points, as big a fall as any borough. Only 3 boroughs deteriorated.

Both Inner and Outer London improved at much faster rates than the rest of England. The proportion of children not attaining Level 4 Maths and English in England outside of London was no lower in 2009–10 than it was in 2007–08.

Graph 9d: 11 year olds not attaining Level 4 at Key Stage 2 by gender and free school meal status

■ Non Free School Meals
■ Free School Meals

Source: Results for Key Stage 2 & 3 National Curriculum Assessments in England, 2010, DfE



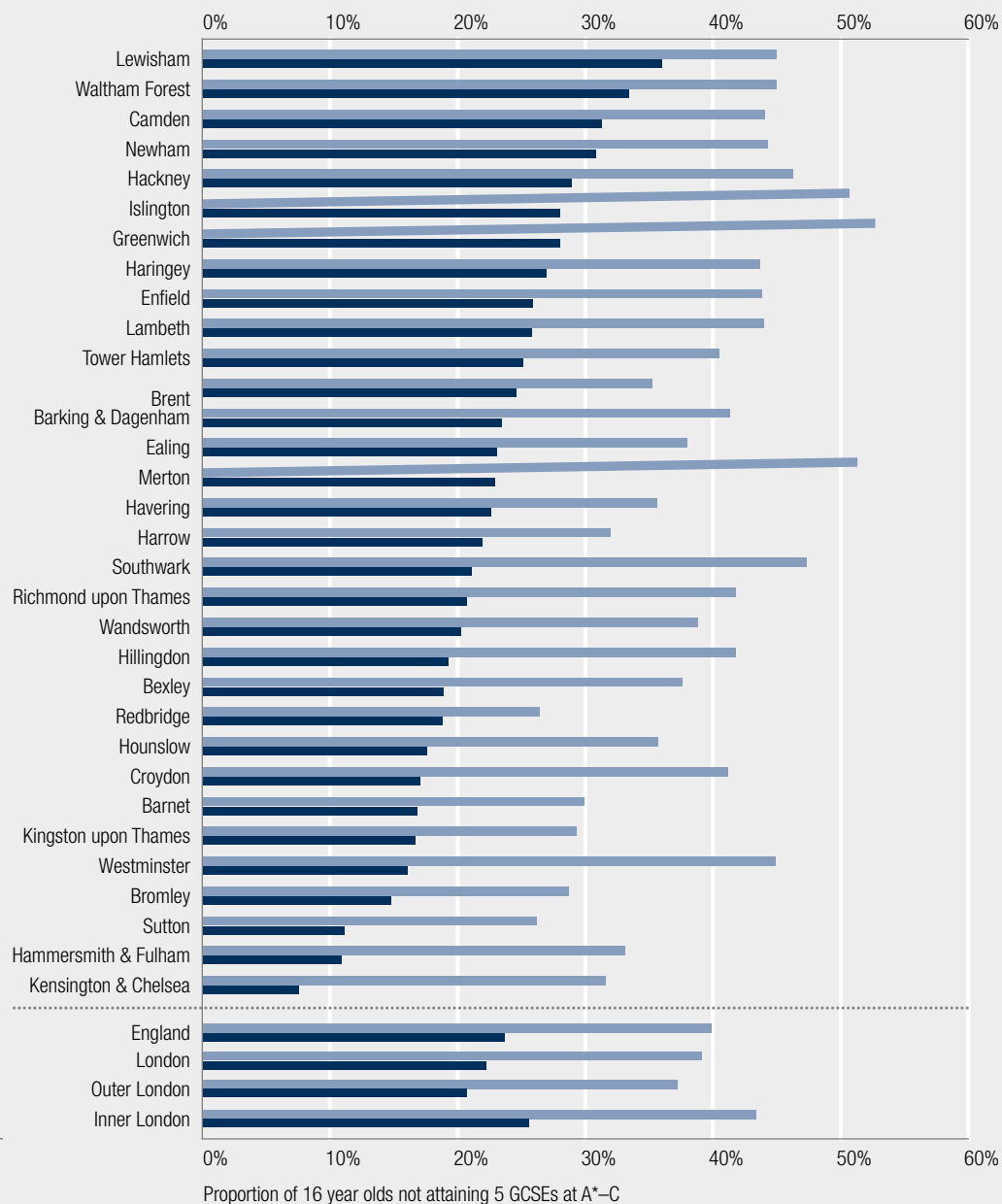
For any given gender and free school meal status, children in London, Inner and Outer, are less likely to fall short of Level 4 at Key Stage 2 than children elsewhere in England. A lower proportion of children receiving free school meals in Inner (34%) and Outer London (40%) lack Level 4 attainment at age 11 than their counterparts elsewhere in England (47%).

At age 11, girls attain better than boys throughout the country for any given free school meal status. But among pupils receiving free school meals, the gap between girls and boys in London is smaller than the gap between girls in London and girls elsewhere.

So there is a “London effect” for children on free school meals that improves overall performance. This effect is more powerful than the gender effect in the free school meal group.

16 Year olds

Graph 9e: 16 year olds not attaining 5 GCSEs at A*-C by borough



Source: DFE statistics

At 22%, the proportion of 16 year olds not getting 5 GCSEs at A*-C is lower in London than the England average (24%). This means that in 2010, around 16,500 16 year-olds in London did not get 5 good GCSEs. The overall story, in London as elsewhere, is of substantial falls in the proportion of children not getting to this level at age 16.

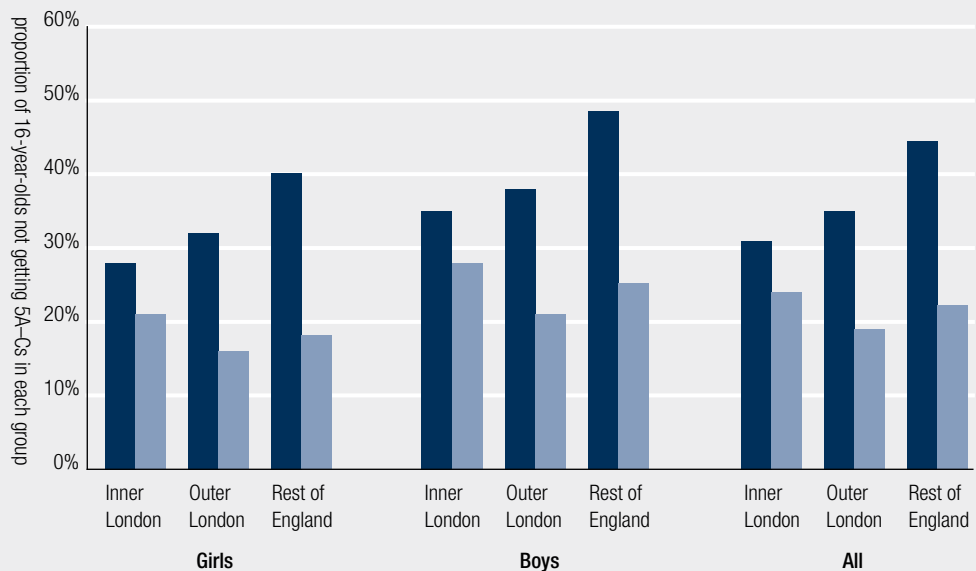
In Outer London, it is lower still, at 21%. The figure for Inner London is 26%, higher than the England average, but around 40% lower than in 2007.

Since 2007, the proportion of pupils not getting 5 GCSEs has fallen significantly everywhere. Boroughs like Greenwich, Merton and Islington, where more than 50% of 16 year-olds did not get good GCSEs in 2007 now have less than 30% not attaining this level. In fact, no borough now has more than 35% of 16 year olds not getting 5 GCSEs at A* to C.

Graph 9f: Proportion of 16 year olds not attaining 5 GCSEs at A*–C by gender and free school meal status

Free School Meals
Non Free School Meals

Source: DFE statistics



This graph in part mirrors the findings for 11 year olds on free school meals (FSM). For any given region and FSM status, girls are more likely to achieve 5 GCSEs at A*–C than boys. The gender difference in London overall (and Inner or Outer taken separately) is around 5 percentage points for any given FSM status. Outside London, the gender gap is bigger, particularly for FSM children.

A lower proportion of pupils receiving free school meals lack 5 good GCSEs in Inner London (31%) than in Outer London (35%) or the rest of England (44%). Conversely, though, a higher proportion of children not receiving free school meals lack 5 good GCSEs in Inner London (24%) than Outer London (19%) or the rest of England (22%).

What this means in combination is that the attainment gap between FSM and non-FSM pupils is lower in Inner London (7%) than Outer London (16%) or the rest of England (22%).

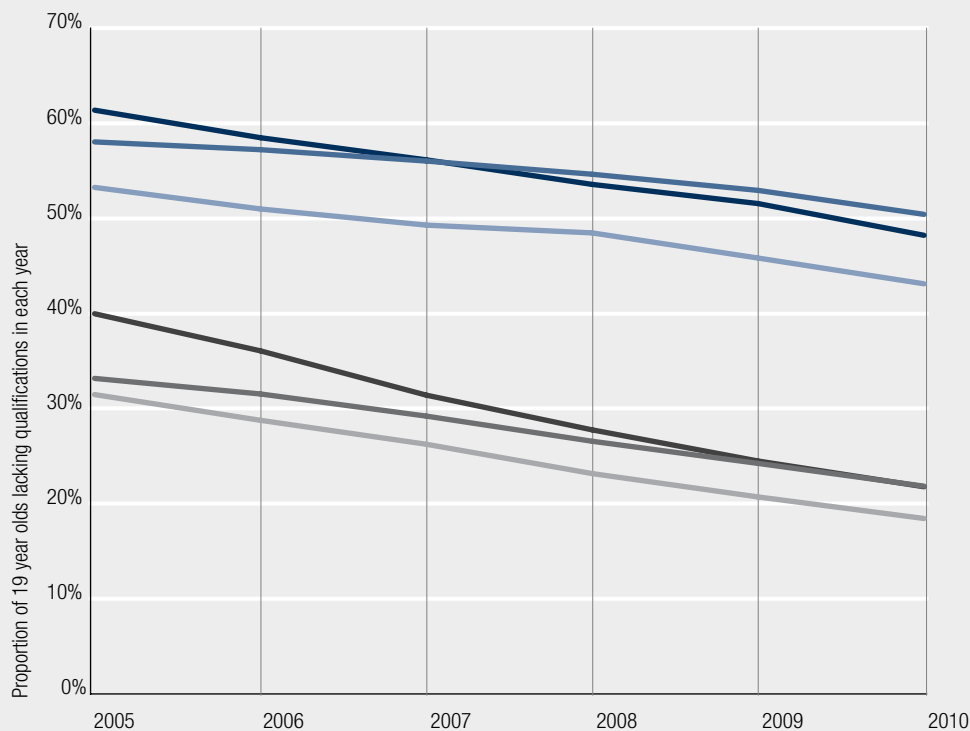
19 Year-olds

Finally in this chapter we look at 19 year-olds lacking qualifications. In particular, we look at those who do not have an NVQ3 and those who do not have an NVQ2 or equivalent. NVQ3 is equal to 2 or more A level passes, but it also covers a range of vocational qualifications, including City and Guilds advanced craft qualifications. NVQ2 is equal to 5 good GCSEs, so this is looking at a similar level of qualification to the GCSE graphs.

Graph 9g: Proportion of 19 year-olds lacking qualifications

- Inner London all lacking level 3
- Rest of England all lacking level 3
- Outer London all lacking level 3
- Inner London all lacking level 2
- Rest of England all lacking level 2
- Outer London all lacking level 2

Source: Department for Education, Level 2 and 3 Attainment by Young People in England



The proportion of 19 year olds lacking qualifications has come down in Inner and Outer London since 2005. For both level 2 (roughly 5 GCSEs at A*–C) and Level 3 (2 A levels or equivalent) these decreases have been larger than in the rest of England. It is now the norm among 19 year-olds in London to have a Level 3 qualification – this was not true in 2005.

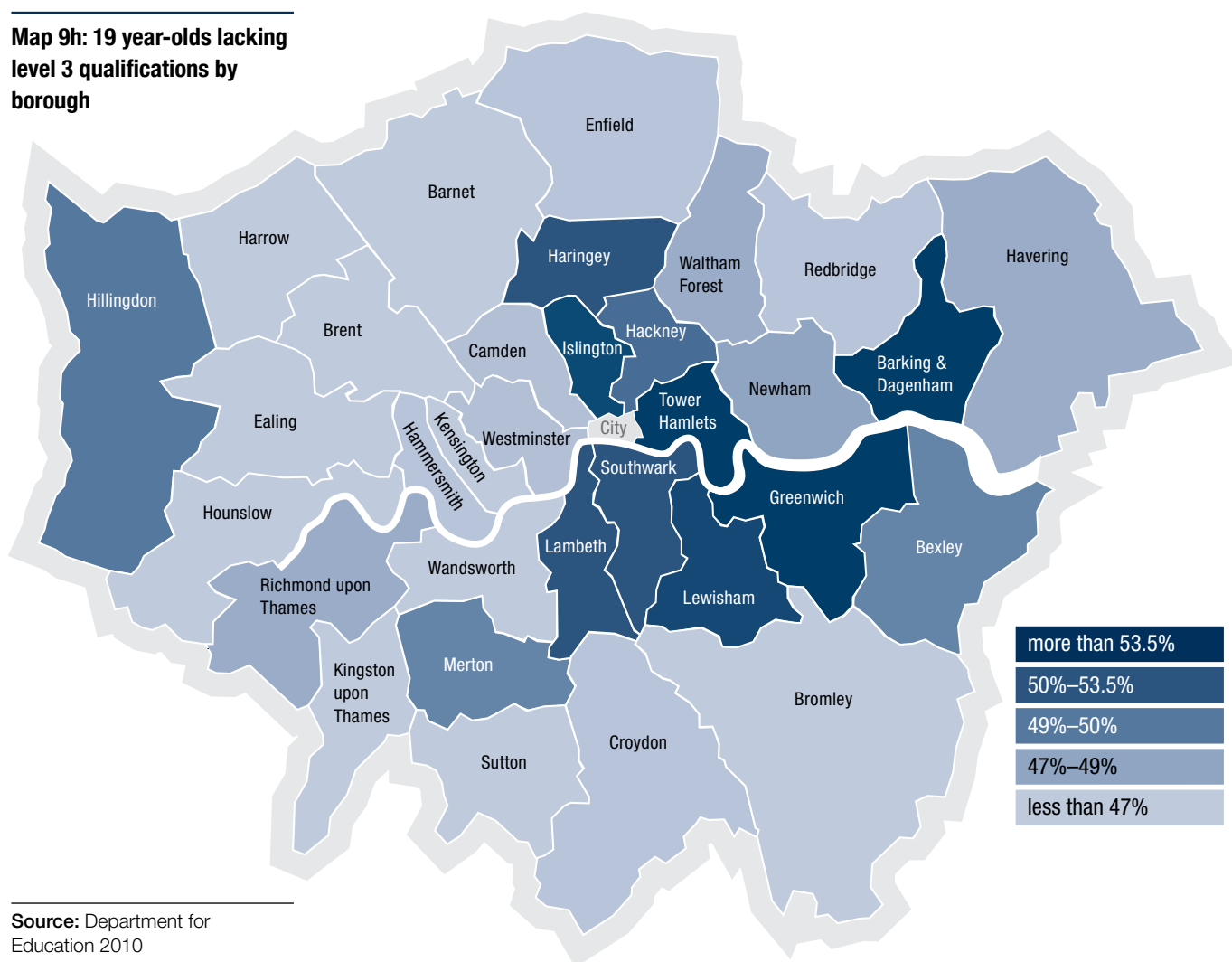
By 2010, fewer 19 year-olds lacked Level 3 qualifications in Inner London (48%) and Outer London (43%) than in the rest of the country (50%). In 2005, a higher proportion of 19 year olds in Inner London lacked a level 3 qualification (61%) than the rest of the country (58%).

The fall in the proportion of 19 year-olds lacking Level 2 in London has been even sharper. From 40% in 2005, some 8 percentage points higher than the rest of England figure, now only 22% of 19 year-olds in Inner London lack a Level 2 qualification. This proportion is now the same as the rest of England.

In Outer London, 19% of 19 year olds lack a Level 2 qualification, down from 31% in 2005.

In total, 14,500 19 year-olds in London lack Level 2, and 33,500 lack Level 3 qualifications. Yet despite being better qualified than other young people in the rest of England, young Londoners are more likely to be unemployed as highlighted in Chapter 6.

Map 9h: 19 year-olds lacking level 3 qualifications by borough



Source: Department for Education 2010

In Greenwich, Barking & Dagenham and Islington, almost 60% of 19 year-olds do not have a Level 3 qualification. This compares to around 35% in Sutton, Harrow and Redbridge.

The eight boroughs with the highest proportions of 19 year-olds lacking a Level 3 qualification are in the Inner East & South or Outer East & North East.

In almost half of the boroughs (14 of 32) 50% or more of 19 year-olds do not have a Level 3 qualification. Compared to 2007–08, the proportion of 19 year-olds lacking Level 3 qualifications has fallen everywhere with no obvious pattern either geographically or in terms of the overall level. Barking & Dagenham, Lambeth, Havering and Westminster saw the largest falls (of more than five percentage points).

Services

Key points

- Low-paid workers tend to depend more on the bus for travel than any other form of public transport.
- The level of childcare provision in London is lower than the England average. In London, there are 4.3 children per childcare place, compared to an England average of 3.8.
- There are on average more children per childcare place in Inner London than Outer London. Newham has less than half the level of childcare provision that Bromley or Richmond has.
- The cuts to Local Authority budgets have been much greater in Inner London than Outer London. All Inner London boroughs received cuts above the London average. Hackney, Tower Hamlets and Newham received the maximum possible cut of 8.9% and the six highest cuts were all in the Inner East & South.
- The number of GPs and school places per head of population varies hugely between boroughs. In both cases, though, there appears to be slightly more provision in Inner than Outer London. 8 of the 10 Primary Care Trusts with the fewest GPs per population are in Outer London. 19% of Inner London secondary schools are overcrowded, compared to 35% in Outer London.
- Housing benefit changes mean that many parts of Inner London, particularly the Inner West, may become unaffordable for low-income families renting privately. If such families were to move to Outer London, this would exacerbate the pattern of access to public services such as GPs and schools.
- Many boroughs in London are falling short of their targeted numbers for affordable housing. Most of the shortfall is in the social rented sector. 17 boroughs met or exceeded their targets for affordable intermediate housing, compared to only three meeting the target for social housing.

Background

This report finishes by looking at public services across London. The measures used are generally quite simple counts of provision expressed in terms of population size. There are three reasons for doing this.

Firstly, the provision of public services is set to change substantially over the course of this parliament. In the medium term, the Government plans to open up delivery of education and health to a range of providers, be they public, private or third sector. In the shorter term, cuts to local authority budgets will inevitably affect provision of services.

Secondly, we identified in earlier chapters how the population of London moves and churns year on year. This turnover will be exacerbated by changes to Local Housing Allowance and, later, changes to Housing Benefit. As Inner London becomes increasingly unaffordable, any increased migration to Outer London will impact on demand for services.

Thirdly, we identified in the first report, and emphasised in this one, the increasing problem of in-work poverty. While the cause of in-work poverty may be low wages and limited working hours, it is exacerbated by poor services. It is the low paid in work who are least able to take time off to go to the doctor, or who are most burdened by high transport costs.

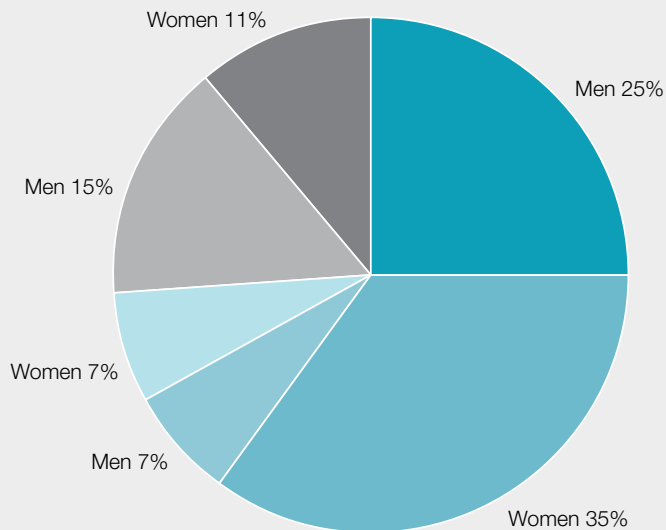
Services for working people

This chapter starts with services that working people rely on, namely transport and childcare. The graph below shows the main modes of public transport used by low-paid workers in London to commute to work. Around half of working people living in London use public transport as their principal method of travelling to work. Here we define low pay as an hourly wage less than the London Living Wage.

Graph 10a: Travel to work patterns (public transport) among low-paid men and women in London



Source: APS, 2009 and 3 quarters of LFS, 2008



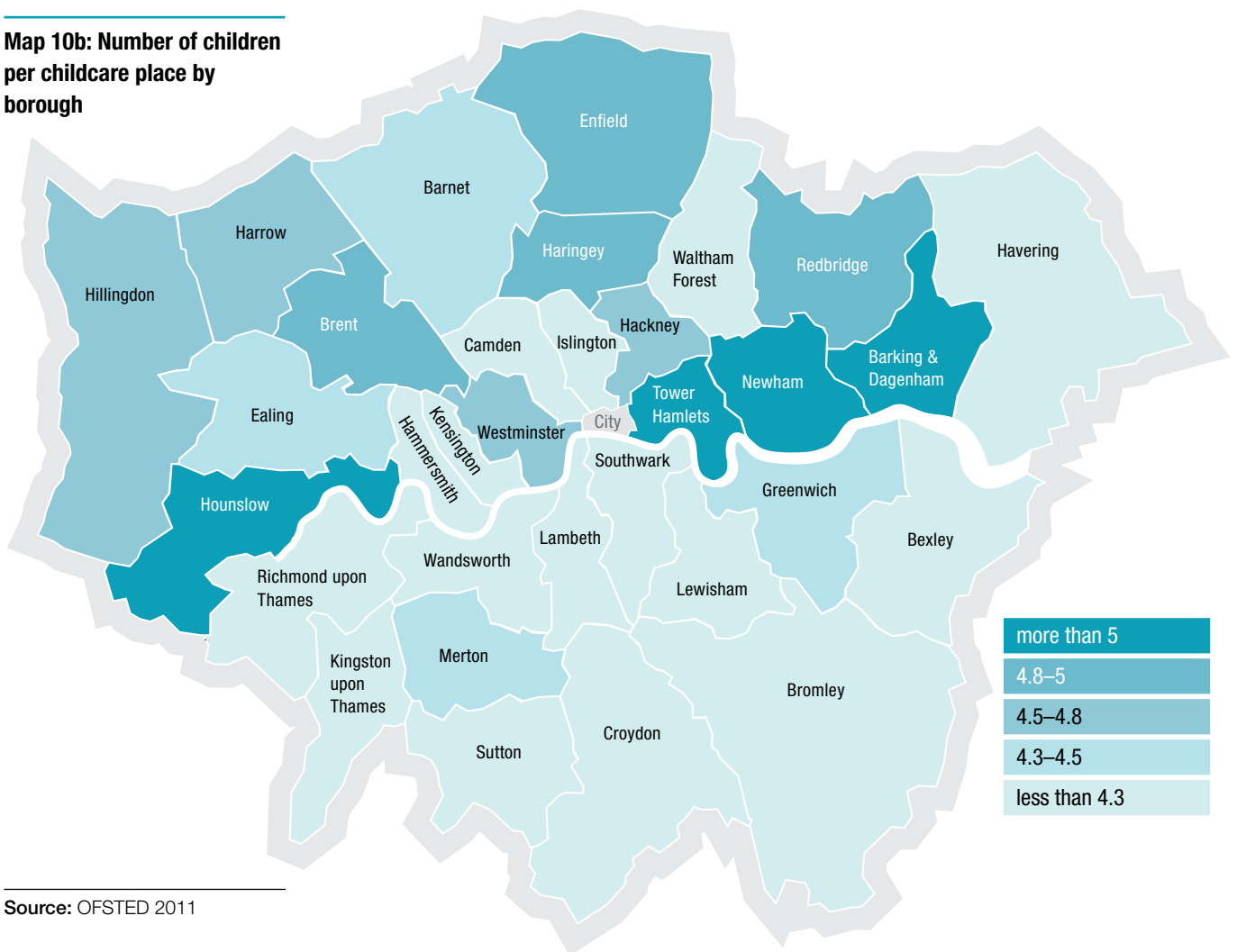
60% of low-paid workers in London who use public transport use the bus to commute to work and 40% use trains or the Underground. Those using the bus are more likely to be women than men.

Though not shown in the graph above, a high proportion of low-paid workers in London (around 40% of all low-paid workers) use cars and taxis to commute to work. London Travel Watch highlighted a number of issues to do with the grey market when low-paid workers rely on cars and taxis, especially unlicensed taxis and poorly maintained and uninsured vehicles.

The majority of jobs are in Inner London, both low paid and well paid. But most people work in the same part of London as they live.

Nevertheless, low-paid people do travel into Inner London from Outer London in substantial numbers. We estimate from the Annual Population Survey that around 160,000 manual and low-skilled workers, who tend to be among the lowest paid, travel to Inner London from Outer London every day. Around half of low-paid workers spend a minimum of one hour commuting daily.

Map 10b: Number of children per childcare place by borough



Source: OFSTED 2011

The level of childcare provision in London is lower than the England average. In London, there are 4.3 children per childcare place, compared to an England average of 3.8.

There are on average more children per childcare place in Inner London than Outer London. In Newham, there are 7.2 children per place, compared to 2.9 in Bromley.

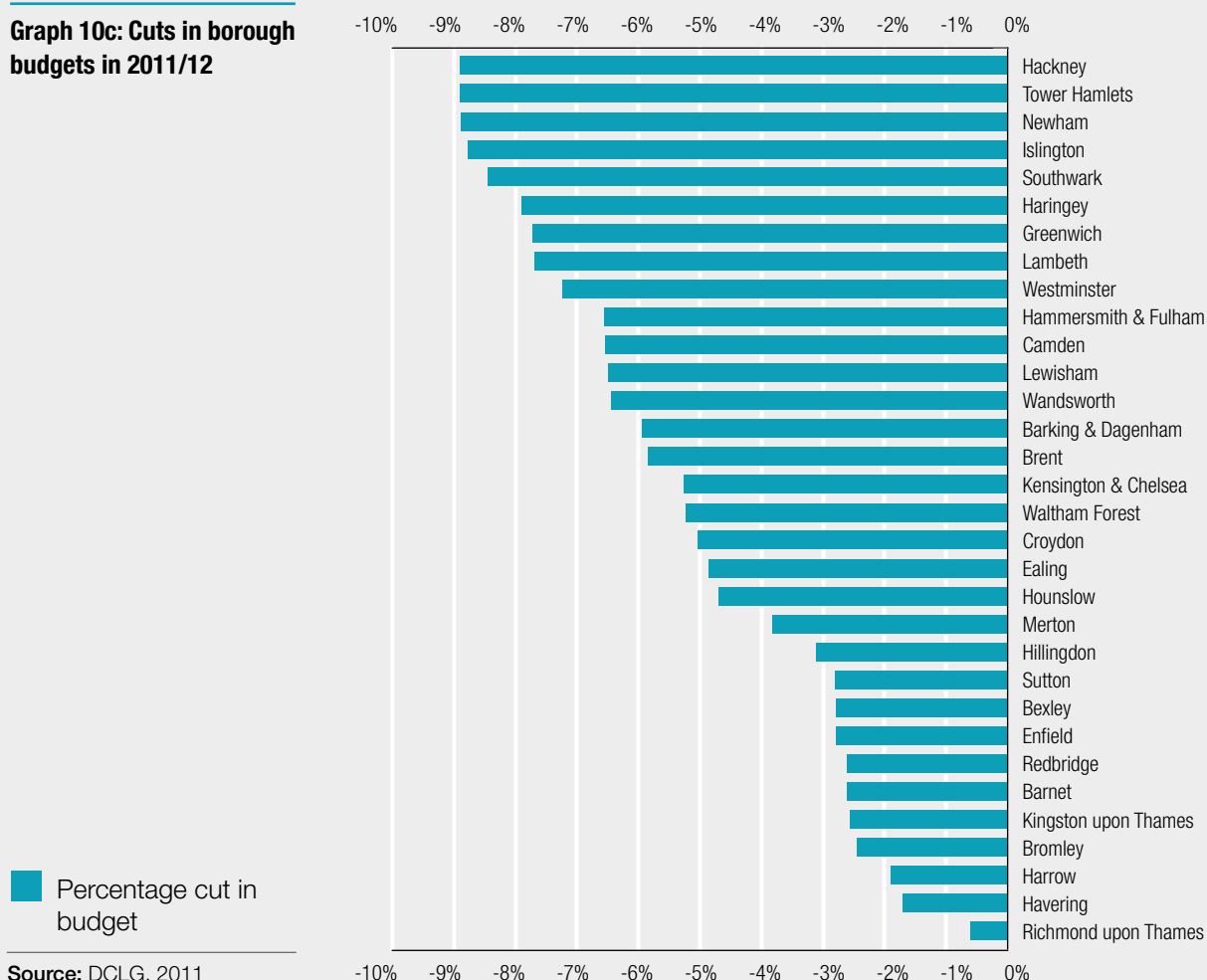
Newham has less than half the level of childcare provision that Bromley, Richmond or Southwark has. The differences between boroughs are clear, but less clear is what a “good” level of childcare might be. Something close to the English average may be a good place to start.

The Daycare Trust estimates that in London, it costs an average of £5,668 a year for 25 hours per week of childcare (for a child aged under 2 years), the highest average childcare costs in the UK^[12].

Public services

Having looked at services specifically for working people, the next section looks more generally at public services. It starts by looking at the reductions to borough budgets, measured in “spending power”. This means the total reduction once grants and council tax revenue have been taken into account.

Graph 10c: Cuts in borough budgets in 2011/12



Source: DCLG, 2011

Tower Hamlets, Newham and Hackney have all seen cuts in their budget spending power of 8.9%. As well as being the highest cuts in London, they are the highest in the country, along with Manchester and Birmingham. (The cuts were capped at 8.9%). In contrast, Richmond, Havering and Harrow have seen cuts of less than 2%.

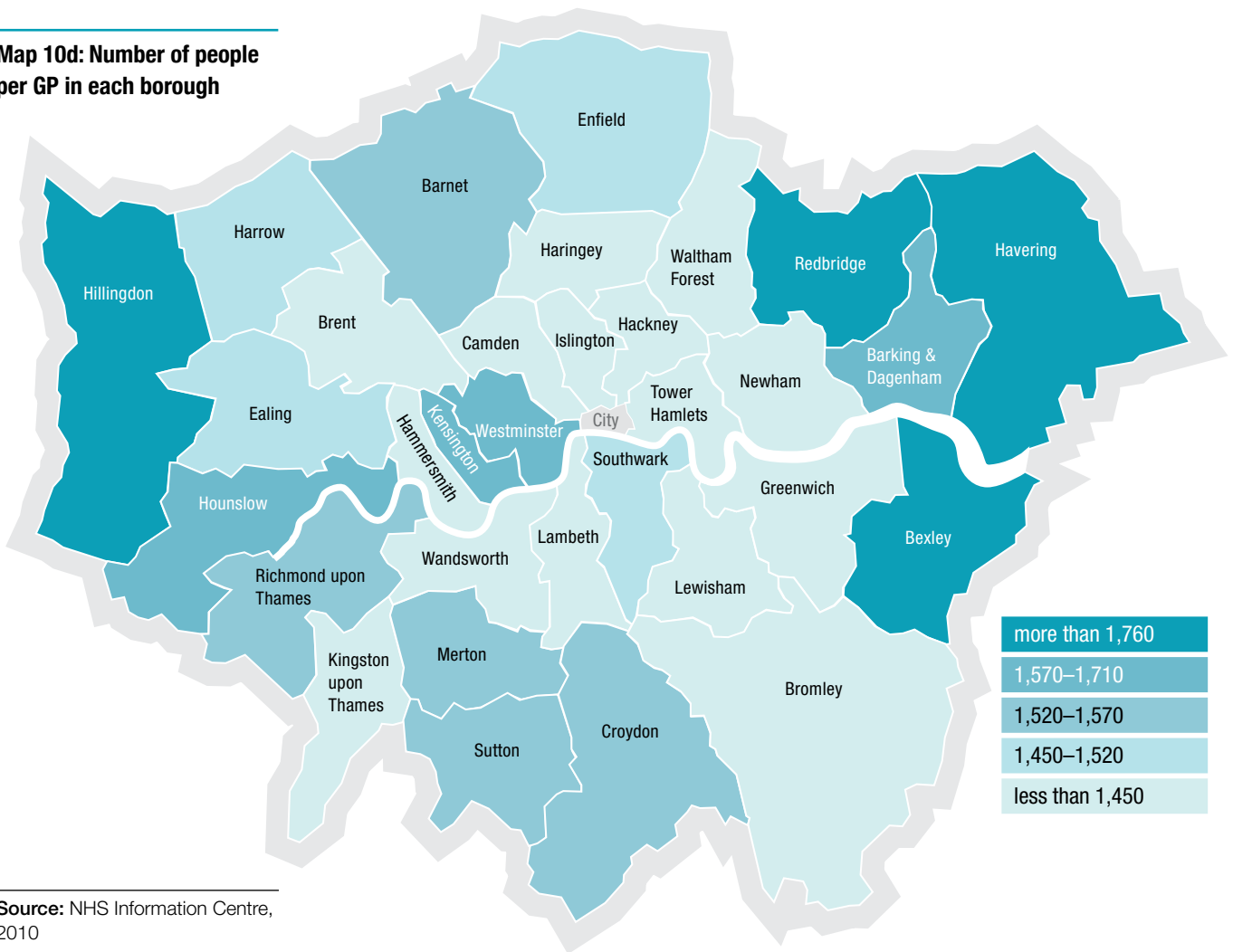
To put this in financial terms, Newham has £44 million less to spend in 2011/12 than in 2010/11 (£335.8 million compared to £368.2 million). Tower Hamlets has £41 million less (£342.6 million compared to £376 million). Richmond has £1 million less (£166.7m compared to £167.7 million).

[12] Daycare Trust, *London Childcare Costs, Facts and Figures*, www.daycaretrust.org.uk/.../London.../london_childcare_facts_and_figures_2010__1.11.10.pdf accessed on 25/06/2011

Inner London boroughs have seen, on average, much higher cuts than Outer London boroughs. Every single Inner London borough, East and West, has a higher than average cut compared to London’s boroughs as a whole. So more affluent boroughs

in Inner London have seen bigger cuts than poor boroughs in Outer London, such as Barking & Dagenham or Waltham Forest. But poor Inner London boroughs have been cut the most.

Map 10d: Number of people per GP in each borough



Source: NHS Information Centre, 2010

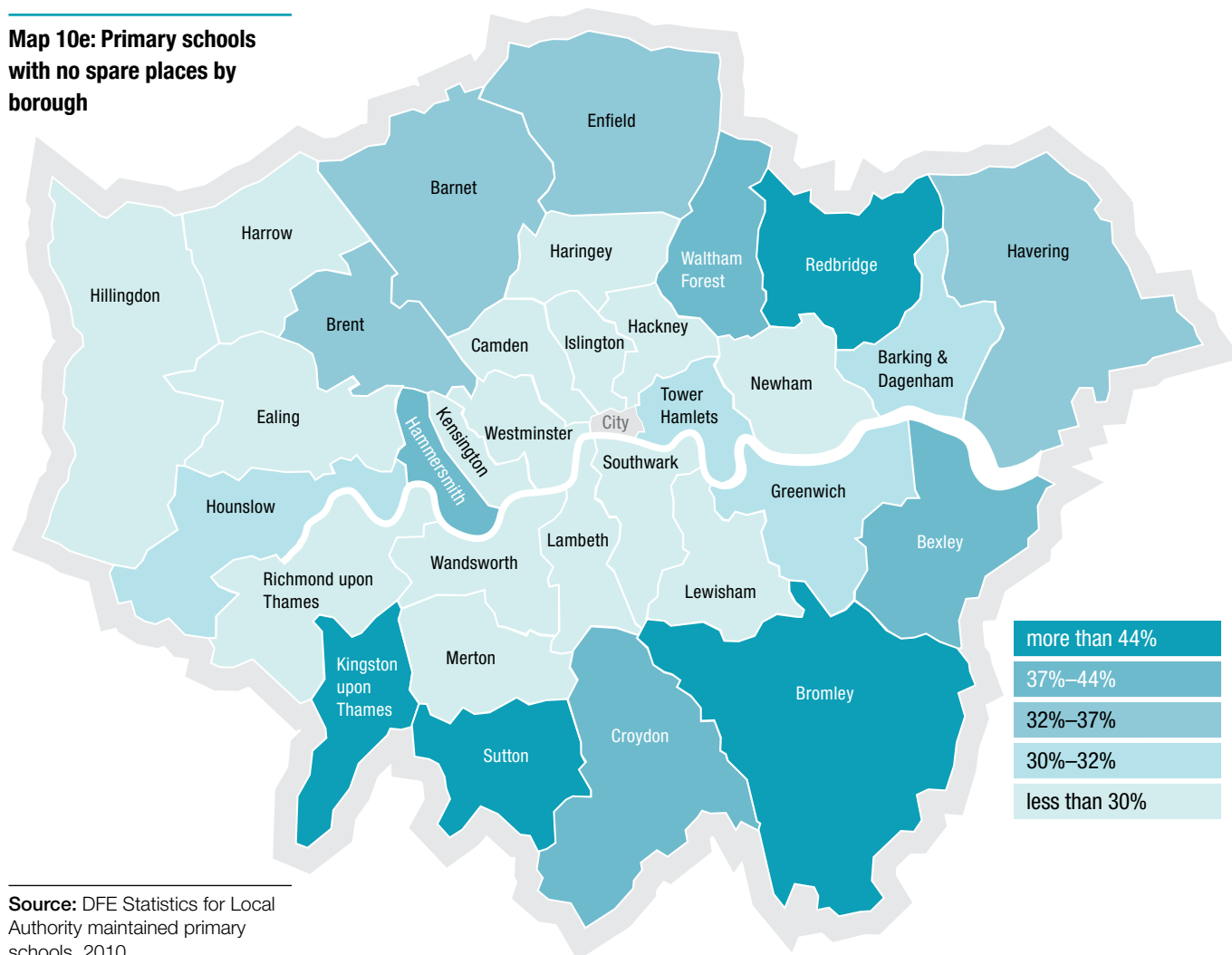
On average, boroughs in Outer London have more people per GP than boroughs in Inner London. In Redbridge and Bexley, there are almost 2,000 people per GP. In Wandsworth, Hackney and Lambeth, there are around 1,000 people per GP.

Only three Inner London boroughs (Westminster, Kensington & Chelsea and Southwark) have more people per GP than the London average.

We know that, on average, Outer London boroughs have a higher proportion of older people than Inner London boroughs, and older people tend to have greater health needs. Further analysis of the data shows that the proportion of patients in Redbridge, Bexley, Havering and Hillingdon who are over 75 is around twice that of Lambeth, City & Hackney, Wandsworth, Tower Hamlets and Newham.

The next graph shows the proportion of primary schools that either have no spare places or actually have more children than spaces already.

Map 10e: Primary schools with no spare places by borough



Source: DFE Statistics for Local Authority maintained primary schools, 2010

The proportion of schools in Outer London that are full or overfull is, at 35%, higher than the England average (20%). The proportion in Inner London is lower, at 19%.

Nine of the ten boroughs with the highest proportion of full or overfull primary schools are in Outer London, with a noticeable clustering in the Outer South. In Croydon, Redbridge, Kingston, Bromley, Sutton and the Inner London borough of Hammersmith & Fulham, over 40% of primary schools have no spare places.

When we analysed the changes to Housing Benefit, we noted that areas in Inner London may become unaffordable for low-income families. If such families were to move to Outer London, that would exacerbate the pattern in the graph above.

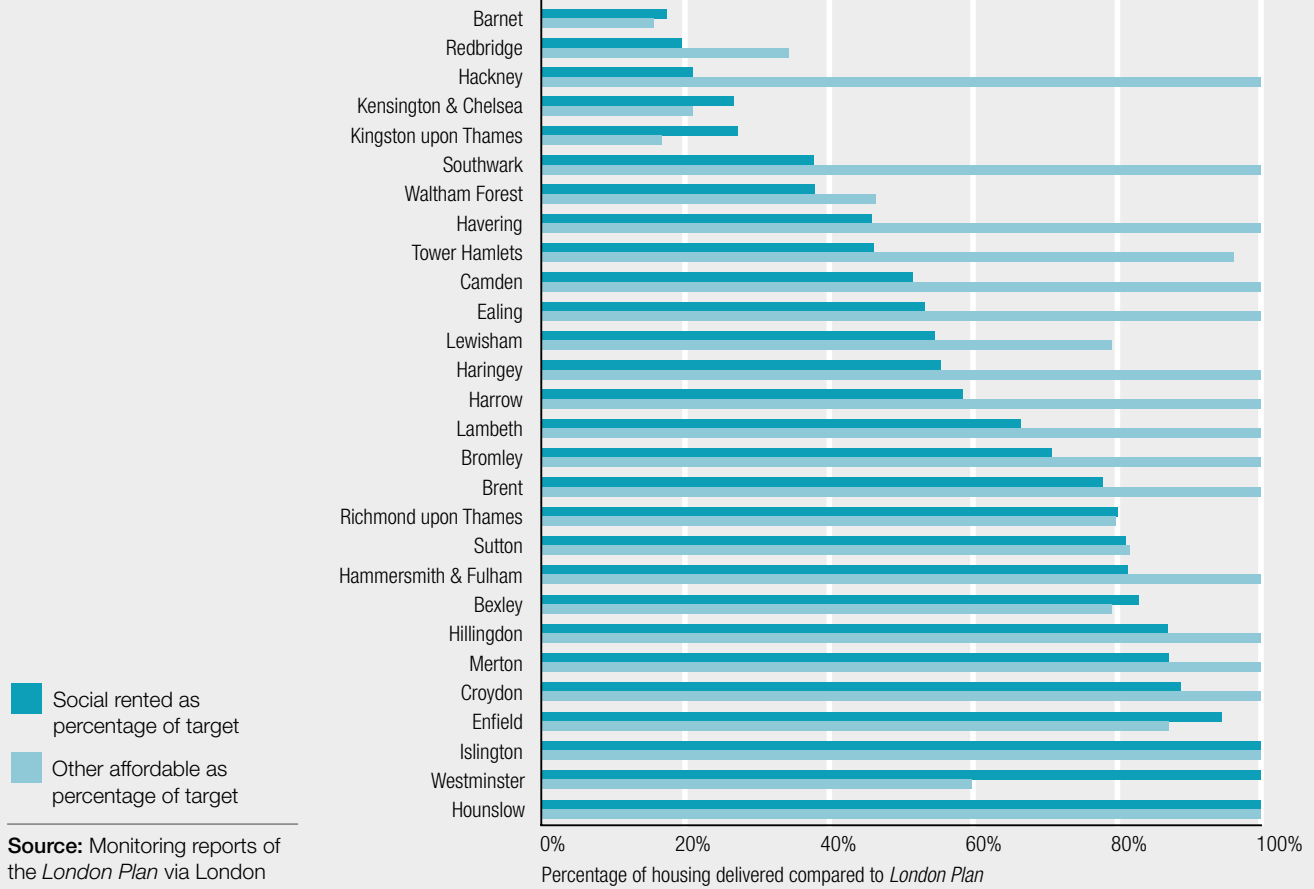
The final graph in this chapter returns to the main theme of the report – housing. In the London Plan in 2008/09^[13], a target for new house-building was set for all of London, and divided up across the 32 boroughs. This target was to build at least 30,500 new homes a year, half of which should be “affordable”. It was envisioned that of these, 70% would be in the social rented sector and the remaining 30% in the private rented sector.

Targets varied from borough to borough. The annual target for all new build housing (half of which was to be affordable) in Newham was 3,500, and 3,100 in Tower Hamlets. Richmond’s target was 270.

The graph below shows the proportion of the target that each borough has delivered in the three years since the report. In some cases, the target has been exceeded, and for presentation is presented as 100%.

[13] Available from www.london.gov.uk/thelondonplan/thelondonplan.jsp, since superseded by the *London Plan 2011*.

Graph 10f: Affordable housing delivered by borough



In the majority of boroughs, greater progress has been made towards the target for intermediate housing than towards the target of social housing. 17 boroughs have met or exceeded their targets for affordable intermediate housing, compared to only three meeting the target for social housing.

Two boroughs that exceeded their targets for intermediate housing did not even build a quarter of their required social housing (Wandsworth and Hackney). This clearly represents a policy decision, to concentrate new building of affordable housing in the private sector.

13 boroughs did not reach 50% of their target amount of new build social housing between 2008 and 2010. There is no obvious geographical pattern to this. The two boroughs that delivered the lowest amount relative to their targets, Greenwich and Barking & Dagenham, are in the Outer East & North East.

Unsurprisingly, those boroughs with lower targets got closest to meeting them. Hounslow's total annual target of 445 was less than a quarter of the target Greenwich was required to meet.

All of this is retrospective, and the recent *London Plan* contains no annual targets for local authorities. Rather, it suggests that boroughs work on their own targets that will contribute towards an overall total for London of 13,200 new affordable homes each

year^[14]. The balance between social housing and “intermediate” (shared ownership) in this has shifted too, from 70:30 to 60:40.

Within this, and nationwide, the nature of social housing is changing. Previously lifetime tenancies were available at social rents, which did not reflect the market value of the property. It is intended that lifetime tenancies be abolished and social rent be replaced with “affordable rent”, which will charge rates at up to 80% of the local market value of the property regardless of the income of the household. Inevitably, these market rents will be much higher in London than elsewhere. Moreover, the difference between social rents and market rents will be greatest in London.

There are official statistics on housing waiting lists which can provide an indication of overall demand for social housing. The variation between boroughs is so great that one must assume that they are not all compiled in the same way. There are, though, interesting things to note.

Waiting lists for social housing in Newham especially but also Tower Hamlets are far larger than in any other borough. In Newham, the waiting list is equivalent to 35% of all households in the borough. In Tower Hamlets it is 25%. The London average is 11%.

Waiting lists are longer in the Inner East & South (Newham, Tower Hamlets, Haringey and Lambeth are among the eight boroughs with the longest lists) than the Inner West. They are longer in the Outer East & North East than Outer West & North West or Outer South.

What this suggests is that in addition to the housing shortages in the “rich” Inner West, there is more substantial mismatch between demand and supply in other boroughs as well. According to Shelter’s Local Housing Watch data, it would take Newham almost 40 years to clear its waiting list at current rates of construction. This is not only because it has the highest proportion of households on waiting lists, but also because its rate of letting to new social tenants is so low.

[14] *London Plan 2011*, available from www.london.gov.uk/publication/londonplan, accessed 26th August 2011

London's Poverty Profile has established itself as a uniquely independent and comprehensive source of data on poverty and inequality in the capital. This latest report uses the most recent government data to consider London's progress on key indicators since the first report in 2009 and over the last decade.

The analysis covers income poverty, economic inequality and a range of associated issues including worklessness, low pay, educational outcomes and poor health. It includes an expanded chapter on housing and a new section on public services.

The report compares London to the rest of England and other cities, as well as comparing sub-regions and boroughs within the capital. It also analyses differences by gender, disability status, age, ethnicity and country of birth.

London's Poverty Profile is commissioned by charitable funder Trust for London and produced by independent think tank New Policy Institute.

All the data, graphs and maps in this report are available from www.londonspovertyprofile.org.uk, alongside news and case studies.

www.londonspovertyprofile.org.uk

Trust for London

www.trustforlondon.org.uk

6 Middle Street
London EC1A 7PH

t +44 (0) 20 7606 6145

e info@trustforlondon.org.uk

New Policy Institute

www.npi.org.uk

306 Coppergate House
16 Brune Street, London E1 7NJ

t +44 (0) 20 7721 8421

e info@npi.org.uk

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