




Trust for London
Tackling poverty and inequality


WPI | ECONOMICS

London's Poverty Profile: 2020

April 2020

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Thanks also go to the members of the advisory group, who provided helpful insight and input into the creation of the LPP.

Foreword

The publication of London's Poverty Profile is a moment when we can reflect on the nature of poverty and inequality in the city. It is an opportunity to assess trends and identify how life for low-income Londoners might be changing – to tell a story about a city where so many are firmly anchored in poverty by low wages and the high costs of housing, transport and childcare.

The story of the last ten years should be a familiar one: the increase of poverty in the private rented sector; the convergence of poverty across Inner and Outer London; and the rise of in-work poverty.

But the 31 days of March 2020 have changed everything. We are experiencing a once-in-a-lifetime crisis that has temporarily changed our way of life. Households from across the income spectrum are on the precipice; many will have fallen over by the time this crisis ends. More people will be unemployed, relying on the safety net of social security. More evictions are highly likely, despite the government's promises.

The data in this report has become the baseline – the point from which we should measure the changes that are occurring right now. Our job is to make sure that you have access to the latest data via our website, to ensure that the work you are doing is informed by evidence that is as relevant as it can be in the forthcoming months. We will also release another deep dive into poverty and inequality in London in the autumn of 2020.

It has been said that the COVID-19 pandemic is the greatest crisis this country has faced since World War II. The troops on today's frontline include those who were economically undervalued in yesterday's world – the cleaners, delivery drivers, shop assistants. And many of the economic casualties are relying on the safety net of social security in ways they might never have imagined.

But amid the crisis there is hope: communities are coming together to look out for each other; businesses are using their resources to support humanitarian relief; and the government and politicians are working collaboratively with all areas of society to prevent catastrophe.

The sacrifices made in World War II led to the creation of the welfare state. We hope that, following COVID-19, civil society, businesses and government will continue to work together to create a new social settlement that ensures that no one has to live a life of poverty, and that social and economic prosperity is shared more equitably.

Jeff Hayes, Chair, Trust for London

Background

London's Poverty Profile (LPP) provides evidence on and insight into poverty and inequality in London. It shines a light on these issues to prompt action from local and national government, the third sector, faith groups, practitioners, experts, businesses, the public and indeed anyone who cares about making London a fairer city to live in.

This report marks a departure from previous iterations of the LPP. The LPP is now primarily an online resource, with data updated on a regular basis. Instead of publishing one comprehensive report every two years, from here on we will be releasing periodic reports throughout the year, each taking a deep dive into different dimensions of poverty and inequality in the city.

This report marks the start of this shift by providing the reader with an overview of the scale and nature of poverty and inequality in London. The LPP is divided into five themes:

1. People

Gives an overview of the demography and rich diversity of London and Londoners. This theme provides a frame through which poverty and inequality of outcomes can be explored across the LPP.

2. Living Standards

Focuses most heavily on poverty, demonstrating how hard it is for Londoners to translate their earnings, benefits and assets into wellbeing. It also looks at wider indicators of living standards, including life expectancy and health.

3. Housing

Shows the importance of housing in understanding poverty and inequality, and looks at the significant challenges of affordability and poor-quality housing faced by Londoners, including those who are homeless.

4. Work, Worklessness and Benefits

Highlights the nature of work in London and the inequality of work outcomes, including overall employment and unemployment rates, the types of contracts people are on, and their earnings and benefits.

5. Shared Opportunities

Looks at the wide range of other areas where we can see poverty, inequality and opportunity overlapping – for example, access to public services, the quality of public services, air quality and pollution, community cohesion, and a range of issues around violence, crime and other concerns, such as female genital mutilation (FGM).

We hope you find the LPP helpful and interesting. But, most of all, we hope you use it to make the case for action to tackle poverty and inequality in London.

Poverty and inequality in London: what you need to know

Despite living in a global city with a level of economic performance to be proud of, many Londoners struggle to make ends meet, secure good-quality affordable housing, or tie down the decent work they need to lift themselves above the poverty line. As a result, poverty is higher in London than in any other region or country in the UK. Across a wide range of indicators, there is a gulf in outcomes between Londoners on low incomes and those who are better off, both in the capital and across the rest of the UK.

As national attention turns to levelling up regions of the UK that have been left behind economically, the LPP shows that across several dimensions of poverty and inequality Londoners fare the worst. Some people may be surprised by this, given the amount of wealth in the city. But, time and again, this report shows that proximity to wealth does not mean that Londoners can access it.

What has changed in the last five years?

Q1 2020	Five years ago
28% of Londoners (2.5 million people) are in poverty	27% of Londoners (2.3 million people) are in poverty
81% of London population growth has been down to more births than deaths over the last five years	
56,000 London households are in temporary accommodation, an increase of 30% compared with five years ago	43,000 London households are in temporary accommodation (2014)
75.6% employment rate in London	71.6% employment rate in London
19,961 families in London were affected by the benefits cap in November 2019 – a 76% increase over the last five years	11,354 families in London were affected by the benefits cap
76% of children in poverty in London (550,000) are in working families	68% of children in poverty in London (470,000) are in working families (2013/14)

London's Poverty Profile 2020 key statistics

1. People

8.9 million – the population of London today

having grown 12% in the last decade



9.8 million – the projected population by 2030

1 in 3 Londoners (36%) were born outside of the UK

compared with just 11% in the rest of England



2. Living Standards

Poorest 10% of Londoners

earn 1.8% of total net income

Poorest 50% of Londoners

earn 23.9% of total net income

Richest 10% of Londoners

earn 31.7% of total net income

One in five (21%) Londoners report high levels of anxiety



Poverty rates in Inner London are 10 percentage points higher

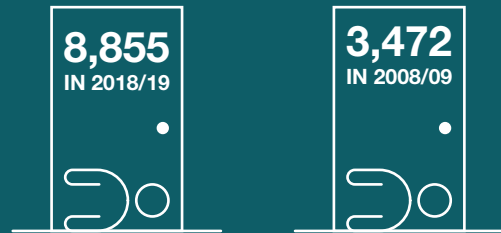
than in many parts of the North of England



3. Housing

8,855 people were seen sleeping rough in London by outreach workers in 2018/19

3,472 people were seen sleeping rough in London by outreach workers in 2008/09

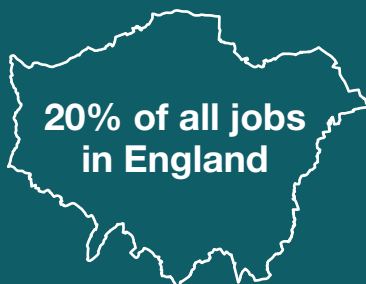


Households in poverty in London face housing costs that, on average, amount to 56% of their net income



4. Work, Worklessness and Benefits

6.1 million jobs in the capital in 2019



67% of London adults in workless families are in poverty



5. Shared Opportunities

Violence and sexual offences are 2.1 times as prevalent

in the most income-deprived 10% of London neighbourhoods compared with the least income-deprived 10%

15.5% of 19-year-olds in Inner London do not have level 2 qualifications

(GCSEs or equivalent), compared with 14% in Outer London and 18.4% in the rest of England

1. People

With over 8.9 million people, London is by far the UK's biggest city, representing more than 13% of the UK's total population.¹ Across a range of metrics, it is also the most diverse.



The LPP looks at the diversity of London's population across categories including age, race, disability, family type, gender, qualifications and country of birth. This helps us to understand the lives and experiences of Londoners and unpick the nature of poverty and inequality.

Key statistics

12% population growth

over the last decade



9.8 million

the projected population by 2030



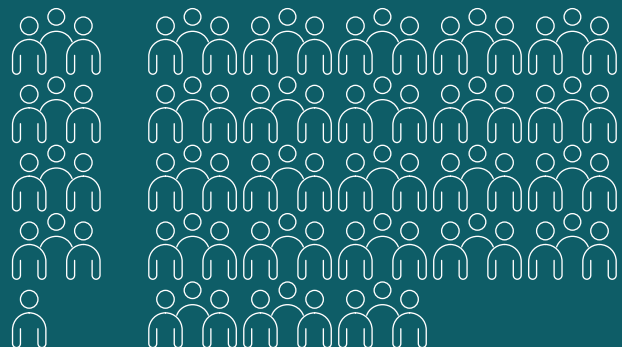
**1 in 3 Londoners (36%)
were born outside of
the UK**

compared with just 11% in the rest of
England



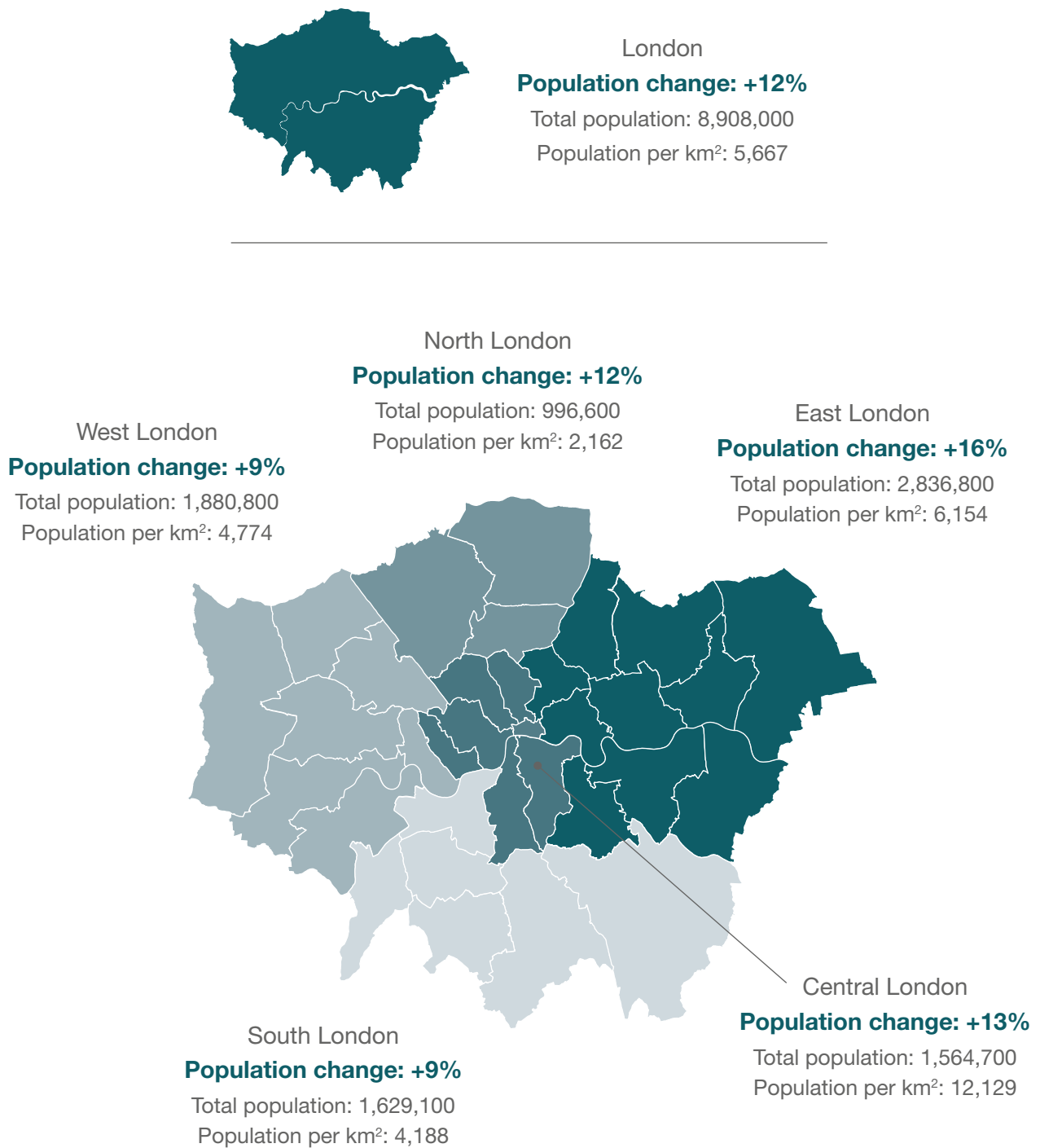
**The proportion of a
borough's population
that is black and minority
ethnic (BME) varies from
13% to 69%**

(variation from Richmond upon Thames
to Brent)



London's population at a glance

Figure 1. Population size and population change over the last decade (2008–2018)



Source: Nomis; Greater London Authority (GLA)

London's population is comparatively young

The average (median) age in London is 35.3, compared with 40.1 in the UK overall.² In Inner London, almost half the population is made up of those who are in their early 20s to early 40s (47%), compared with the rest of England where three in ten (31%) are in this age group.

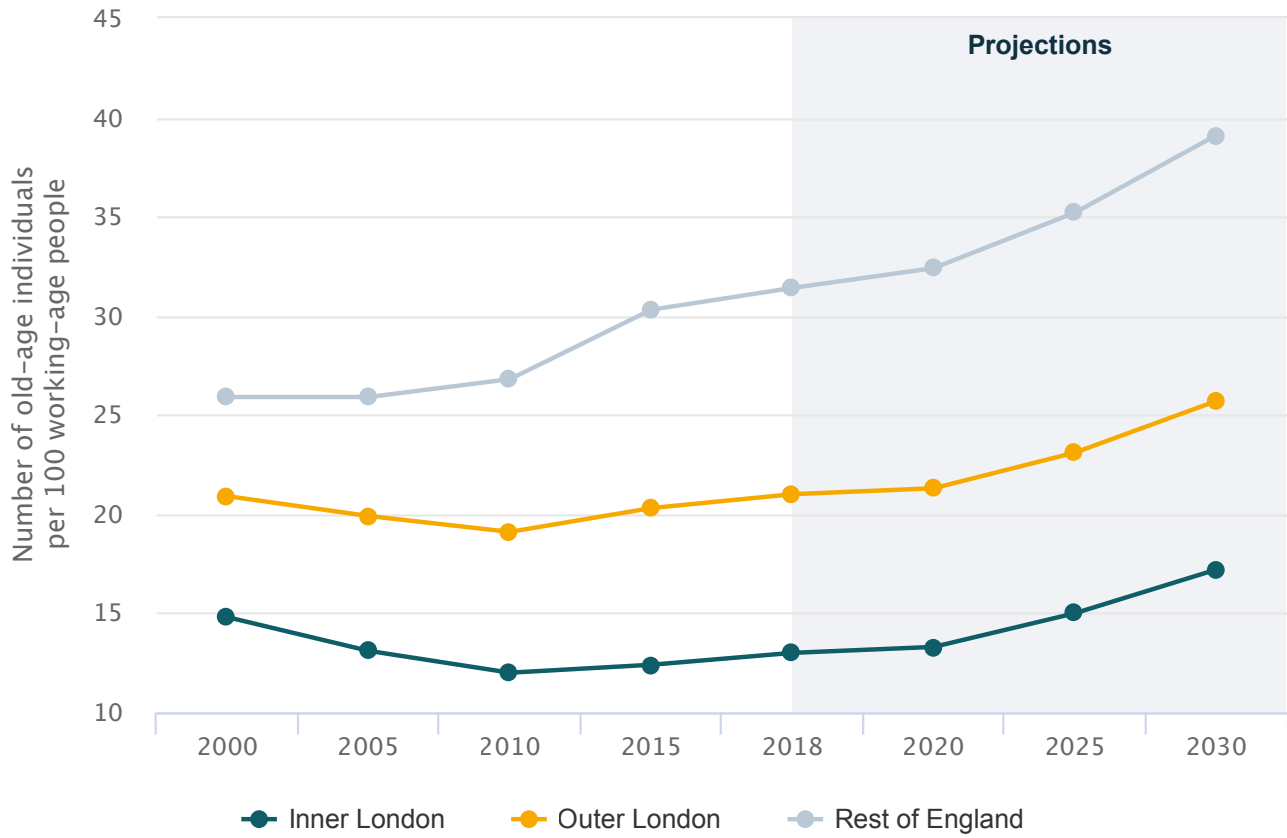
Figure 2. Population by age group for London and rest of England (2018)



Source: Nomis

In Inner London, there are 13 people aged 65 and over for every 100 working-age adults. In Outer London this figure stands at 21; for the rest of England it's 31.

Figure 3. Old-age (aged 65 and over) dependency ratio by area over time



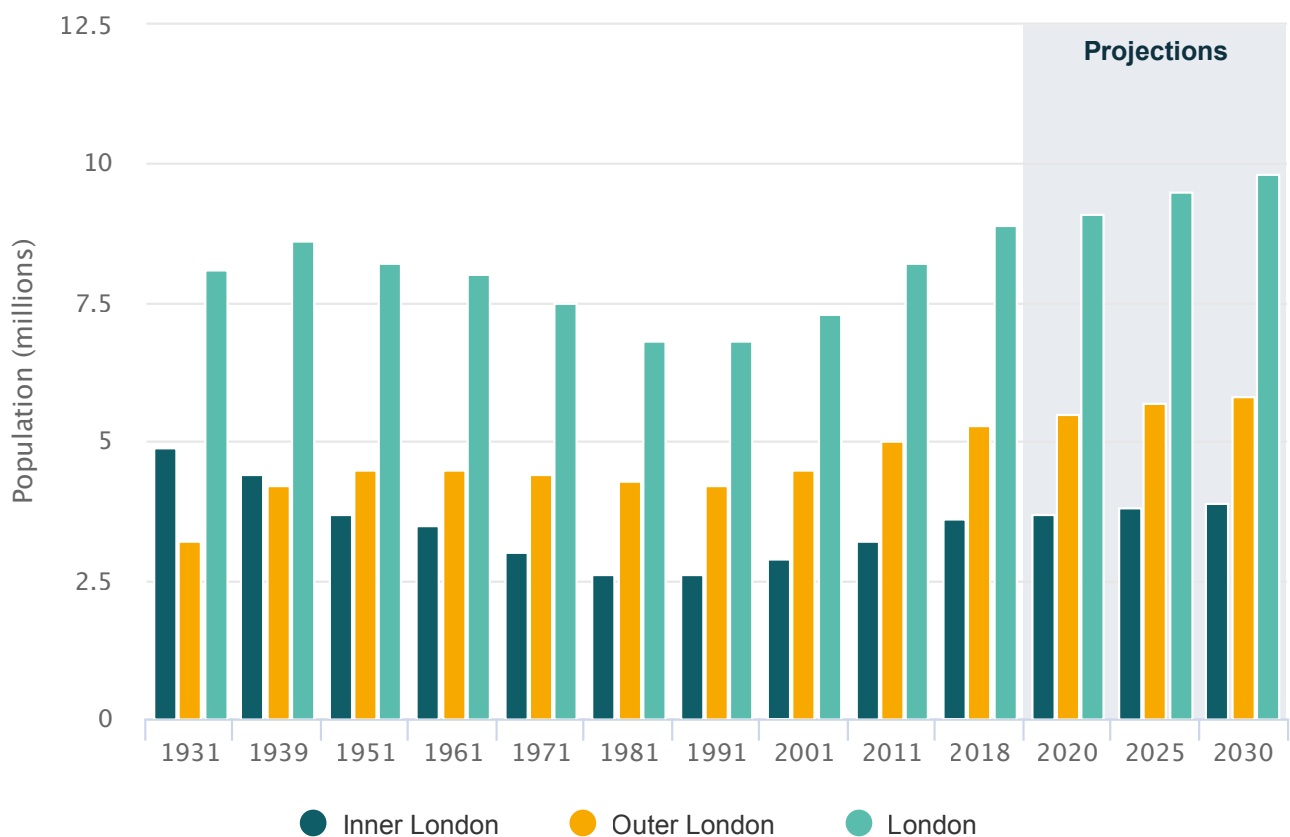
Source: Nomis



London's population continues to increase

London's population has grown significantly over the last two decades and by 2030 is expected to be close to 9.8 million. This would represent nearly a 10% increase from 2018.

Figure 4. London's population over time (1931–2030)



Source: NOMIS, GLA.

London's increasing population is driven both by the dynamics of births and deaths and by people coming to live and work in London from other parts of the UK and other countries.³

Births and deaths are the main driver of population growth

Each year, the number of births in London significantly outweighs the number of deaths.

Over the last five years, there were ~2.6 times as many births in London as deaths.

This imbalance between births and deaths increased London's population by 393,759, which represents 80.5% of the total rise in population over the period.

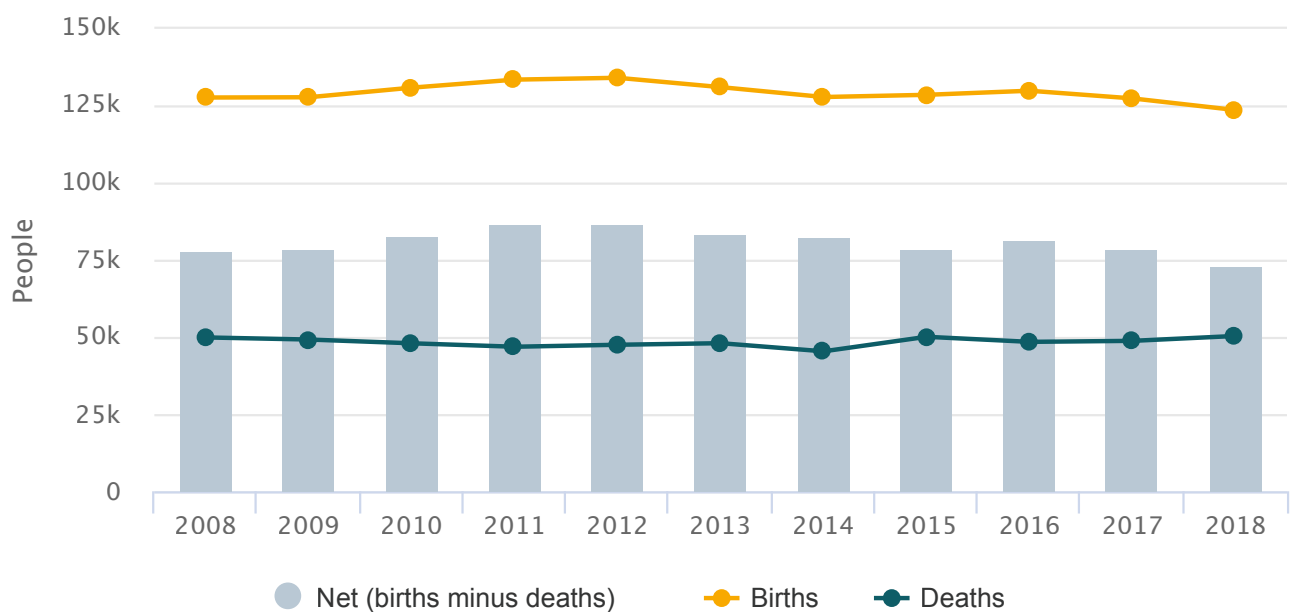
Net migration has a relatively small impact on population growth

Despite high inflows of people from other parts of the UK and abroad, net migration has contributed far less to London's growth.

Over the last five years, net migration accounted for just 19.4% of the total rise in London's population (94,994 people).

The relatively low contribution of migration to London's growth is due to the large number of Londoners leaving the capital to live in other parts of the UK, a trend that has risen over the last decade.

Figure 5. Births and deaths in London (2008–2018)



Source: Office for National Statistics (ONS)

Londoners' work status and reasons for not working

London's population aged over 16 can also be split by work status and reasons for not working:⁴

66% are working (compared with 59% in the rest of England).

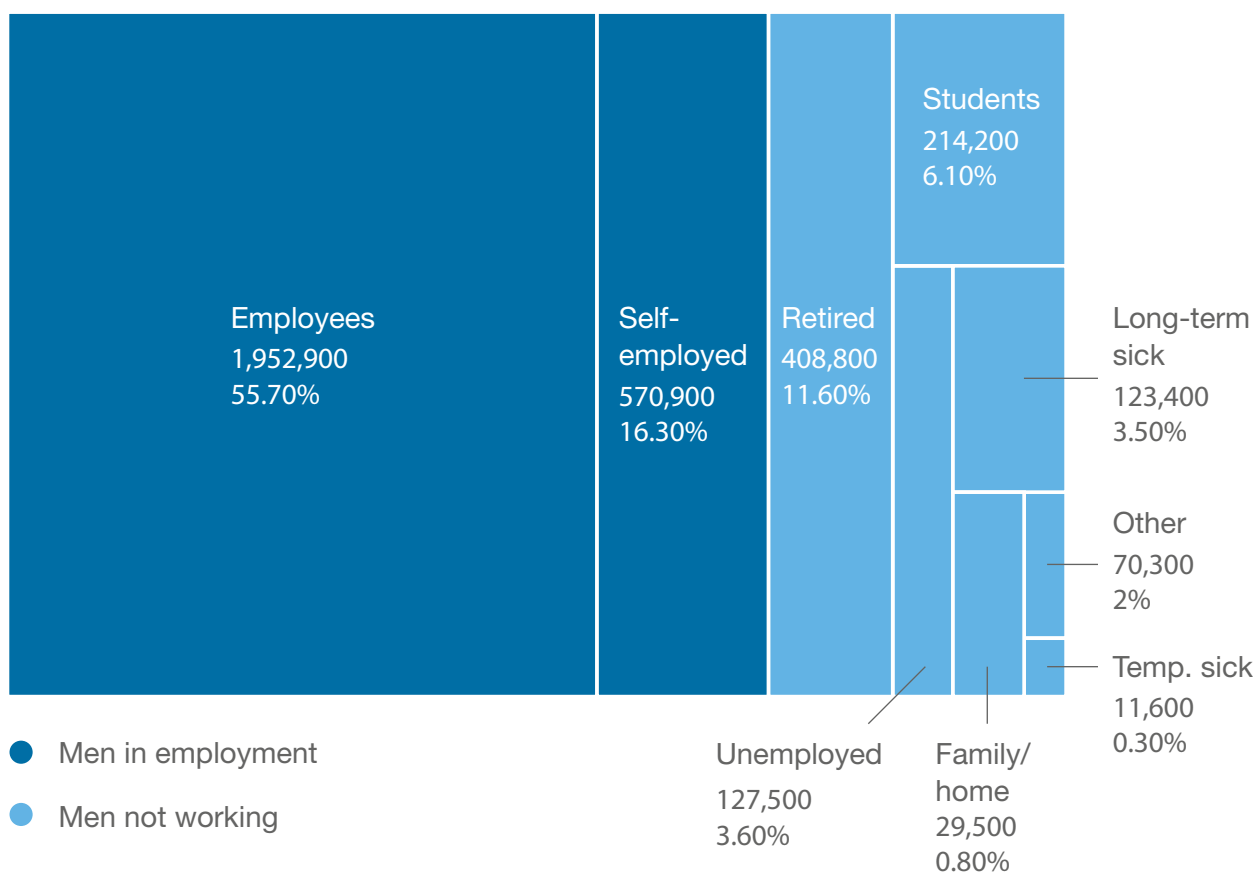
13% are retired (compared with 23% in the rest of England).

6% are students (compared with 4% in the rest of England).

4% are off work because of long-term sickness (compared with 4% in the rest of England).

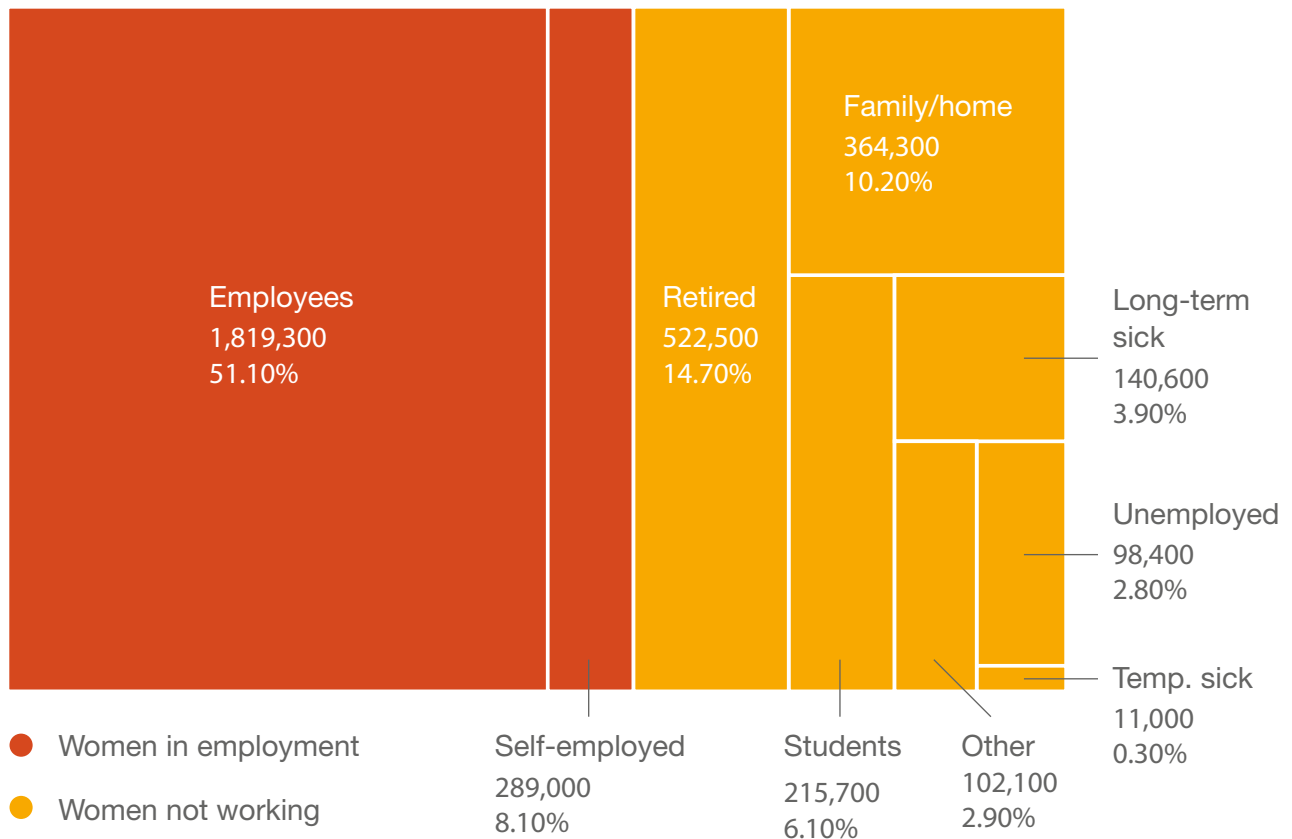
There are significant differences between men and women.

Figure 6. Economic activity status of London men aged 16 and over (2019)



Source: Nomis

Figure 7. Economic activity status of London women aged 16 and over (2019)



Source: Nomis

More about London's population

London's population is evenly split between men and women.

Single people without children (27%) are the most common family type in London. In the rest of England this family type accounts for 19% of the population.⁵

Pensioners account for 21% of families in London, compared with 32% of families in the rest of England.

In London 1.2 million people (13%) report having a disability – the lowest proportion of all English regions.⁶

More than one in three Londoners (36%) were born outside of the UK and 41% are BME. In the rest of England 11% of people are BME and 11% weren't born in the UK.⁷

In London, 68.3% of those aged between 16 and 64 have gained at least A levels or equivalent qualifications and above, while 6.6% of this group have no qualifications. This compares with 59.4% and 7.8% respectively in the rest of England.⁸

Areas of London are demographically diverse

Within London there are significant demographic differences across sub-regions, boroughs and neighbourhoods. For example, the proportion of each borough's population that is BME varies from 13% (Richmond upon Thames) to 69% (Brent). Average age varies between 31 (Tower Hamlets) and 40 (Bromley and Havering).⁹

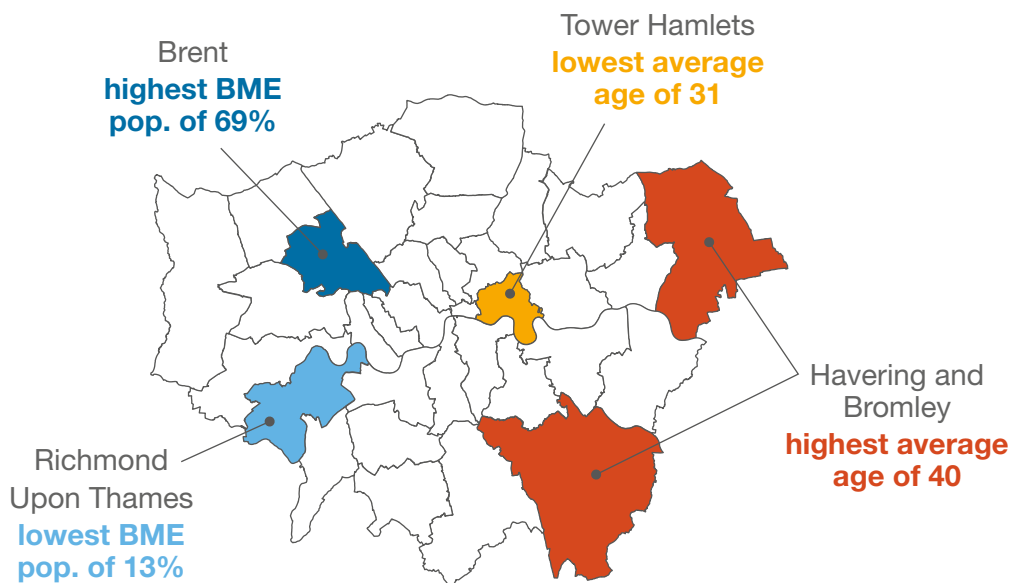


Figure 8. Demographics of London boroughs

London borough	Population per square kilometre, 2018	Average age, 2017	BME (%), 2016	Main language is not English (%), 2011	Largest migrant population by country of birth, 2011
Barking and Dagenham	5,893	33	49%	19	Nigeria
Barnet	4,577	37	36%	23	India
Bexley	4,127	39	21%	6	Nigeria
Brent	7,792	36	69%	37	India
Bromley	2,216	40	19%	6	India
Camden	11,595	36	38%	23	United States
City of London	2,645	43	27%	17	United States
Croydon	4,523	37	41%	14	India
Ealing	6,315	36	49%	34	India
Enfield	4,178	36	39%	23	Turkey
Greenwich	6,049	35	37%	17	Nigeria
Hackney	14,790	33	49%	24	Turkey
Hammersmith and Fulham	11,224	36	34%	23	France
Haringey	9,605	35	35%	30	Poland
Harrow	5,061	38	56%	28	India
Havering	2,292	40	16%	5	Ireland
Hillingdon	2,679	36	50%	19	India
Hounslow	4,971	36	52%	29	India
Islington	16,038	35	30%	20	Ireland
Kensington and Chelsea	13,139	39	35%	28	United States
Kingston upon Thames	4,820	37	31%	16	Sri Lanka
Lambeth	12,485	35	47%	20	Jamaica
Lewisham	8,829	35	37%	16	Jamaica
Merton	5,566	37	35%	21	Poland
Newham	9,759	32	68%	41	India
Redbridge	5,422	36	53%	25	India
Richmond upon Thames	3,474	39	13%	10	Ireland
Southwark	11,167	34	37%	20	Nigeria
Sutton	4,730	39	28%	10	Sri Lanka
Tower Hamlets	16,036	31	54%	34	Bangladesh
Waltham Forest	7,306	35	49%	26	Pakistan
Wandsworth	9,468	35	25%	17	Poland
Westminster	11,839	38	42%	31	United States

Source: GLA

2. Living Standards



London is a successful city. The capital accounts for around a quarter of the UK's economic output, has productivity and average salaries that far outstrip all other parts of the UK, and is home to many national and multinational companies.¹⁰ However, beneath the headlines is a picture of dramatic inequality in living standards.

This is most obvious in the disparity in net income across the capital. The poorest 10% of Londoners take home just 1.8% of London's total net income, and the poorest half take home less than 25%. This compares with 31.7% for the 10% of Londoners with the highest incomes.¹¹

Key statistics

Poorest 10% of Londoners

earn **1.8%** of total net income

Poorest 50% of Londoners

earn **23.9%** of total net income

Richest 10% of Londoners

earn **31.7%** of total net income

One in five (21%) Londoners

report high levels of anxiety



Costs of living are 15–58% higher in London

than the rest of the UK



The BME poverty rate is 38% in London

nearly twice that of white groups (21%)



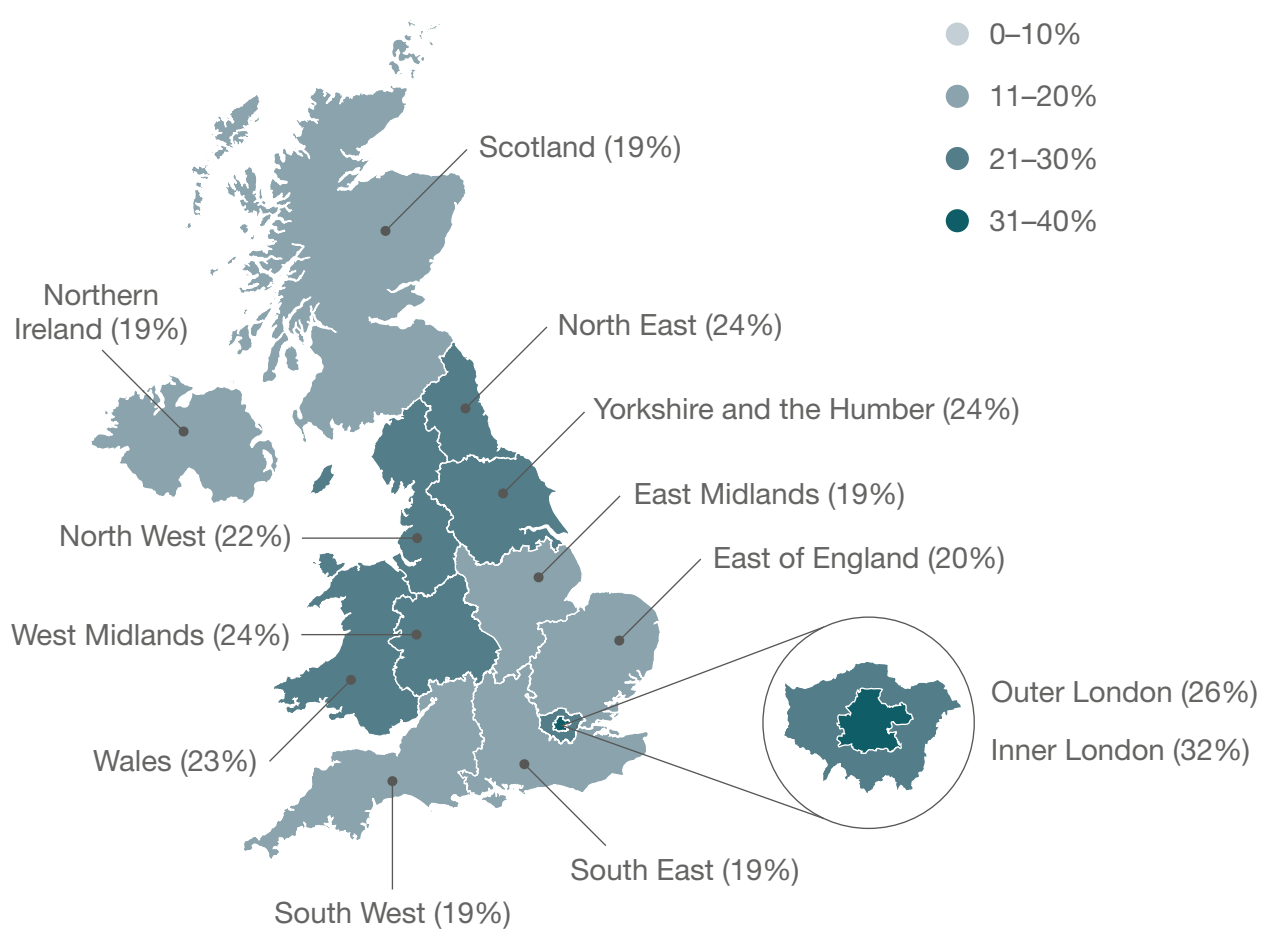
Poverty rates in Inner London are 10 percentage points higher

than in many parts of the North of England



The inequality of incomes in London is far greater than in the rest of England. When combined with housing costs that are much higher than in other parts of England (see ‘Housing’ section), it is no surprise that poverty is more prevalent in London than in any other part of the UK. In fact, based on the relative low-income measure of poverty (after housing costs), 28% of Londoners (2.5 million people) are in poverty, compared with 22% in England overall. Inner London has poverty rates that are 10 percentage points higher than in many parts of the North of England.

Figure 9: Poverty rates in Inner and Outer London compared with the rest of the UK (2018/19)

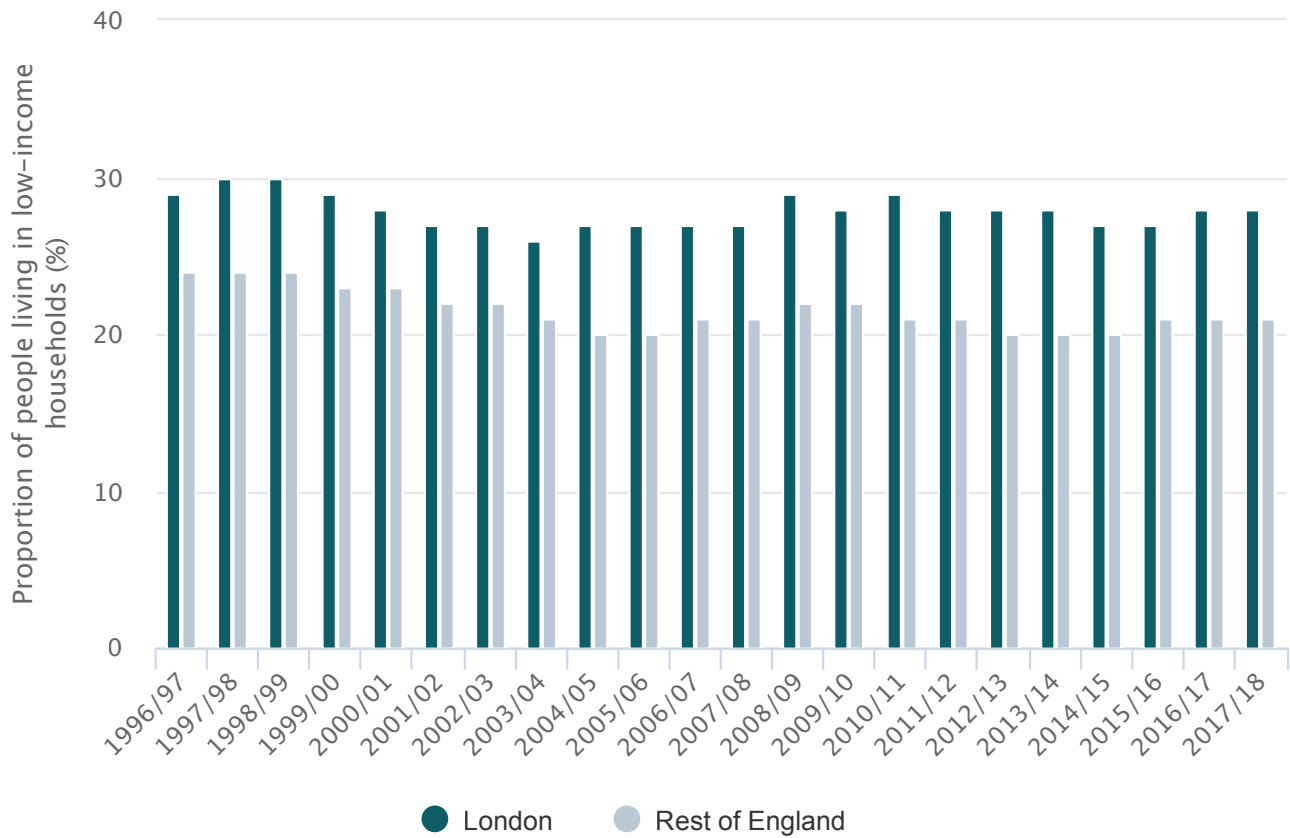


Source: ‘Households Below Average Income’, 2018/19, Department for Work and Pensions (DWP)
 Note: Three-year averages have been used to ensure sufficiently large sample sizes

The relative low-income measure of poverty is one of those used in the government’s ‘Households Below Average Income’ publication. It measures the number and proportion of individuals who have household incomes below a certain proportion of the average in that year – and is used to look at how changes in income for the lowest-income households compare to changes in incomes near the ‘average’. More technically, it assesses whether a household’s equivalised net income for the relevant financial year is less than 60% of median equivalised net household income for that financial year. For more details see www.gov.uk/government/collections/households-below-average-income-hbai--2 (accessed 19 April 2020).

This is not a new phenomenon; poverty has been more prevalent in London than the rest of England for at least the last 20 years.

Figure 10. Proportion of people in poverty over time (after housing costs)



Source: 'Households Below Average Income', 2018/19, DWP

Note: Three-year averages have been used to ensure sufficiently large sample sizes

Who is in poverty? (2017/18)

Poverty is not spread equally across London's population¹²

Four in ten children in London (37%) live in households in poverty. This compares with 25% of working-age adults and 24% of pensioners.

37% of people living in a household that includes a disabled person are in poverty, compared with 24% of those in a household that does not include a disabled person.

54% of people living in single-parent families are in poverty. This compares with 28% of single people without children and 29% of couples with children. Poverty is least prevalent among couples without children (13%).

At 38%, the poverty rate among BME groups in London is nearly twice that of white groups (21%).

28% of women and 27% of men in London are living in poverty.

51% of workless households are in poverty, compared with 23% of working households.

31% of adults with fewer than five GCSEs or equivalent are in poverty. This compares with 21% of adults with five GCSEs or equivalent or more.

Poverty rates among different groups in London



54%

(over half) of Londoners living in single-parent families are living in poverty



37%

(four in ten) children in London live in households in poverty



37%

of Londoners living in a household that includes a disabled person are living in poverty



24%

of London's pensioners are living in poverty



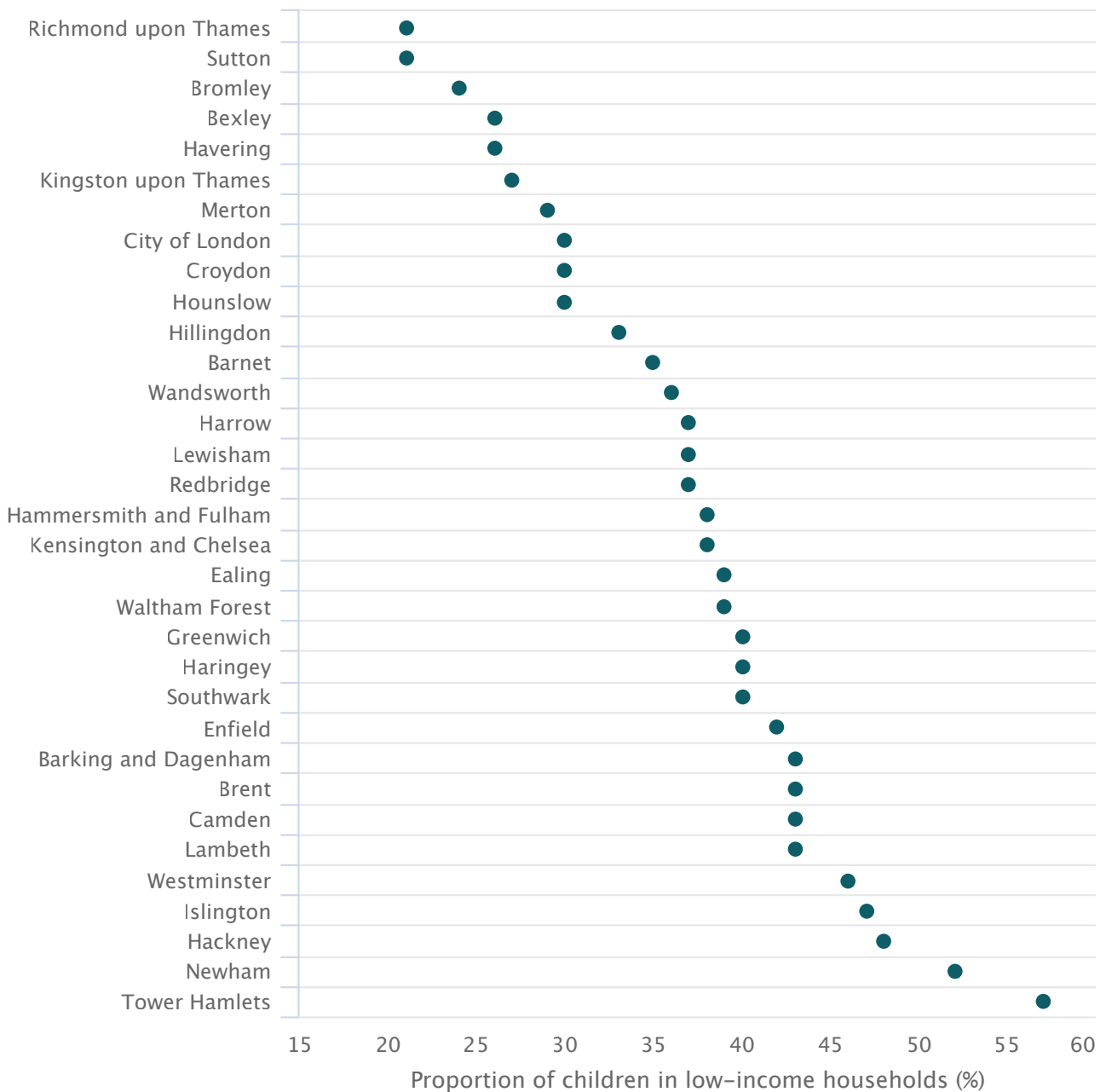
25%

of working-age adults in London are living in poverty

Rates of poverty across London boroughs are varied

Poverty is not distributed evenly across London boroughs. The most recent research suggests that close to six in ten children (57%) in Tower Hamlets live in households in poverty, compared with two in ten children (21%) in Sutton.¹³

Figure 11. Children in relative low-income households after housing costs (2017/18)



Source: Stone and Hirsch (2019)

Wealth is very unequally distributed between Londoners

Wealth is also very unequally distributed between Londoners. Those in the bottom half of London's wealth distribution hold just 6.8% of the capital's total wealth, compared with those in the top 10%, who hold 42.5%.¹⁴

Figure 12. Proportion of total wealth held in each decile in London (2017/18)



Source: WPI Economics; ONS



Wider measures of living standards

Other measures of poverty and inequality also highlight the challenges faced day to day by Londoners. For example, 45% of children in households in poverty in London also report being materially deprived, compared with 38% in the rest of England.

Of children in poverty in London...



56%

cannot afford a holiday away from home with family for at least one week a year



18%

cannot afford to attend an organised activity outside of school once a week



13%

cannot afford to have friends round for tea or a snack once a fortnight



6%

cannot afford to eat fresh fruit or vegetables every day

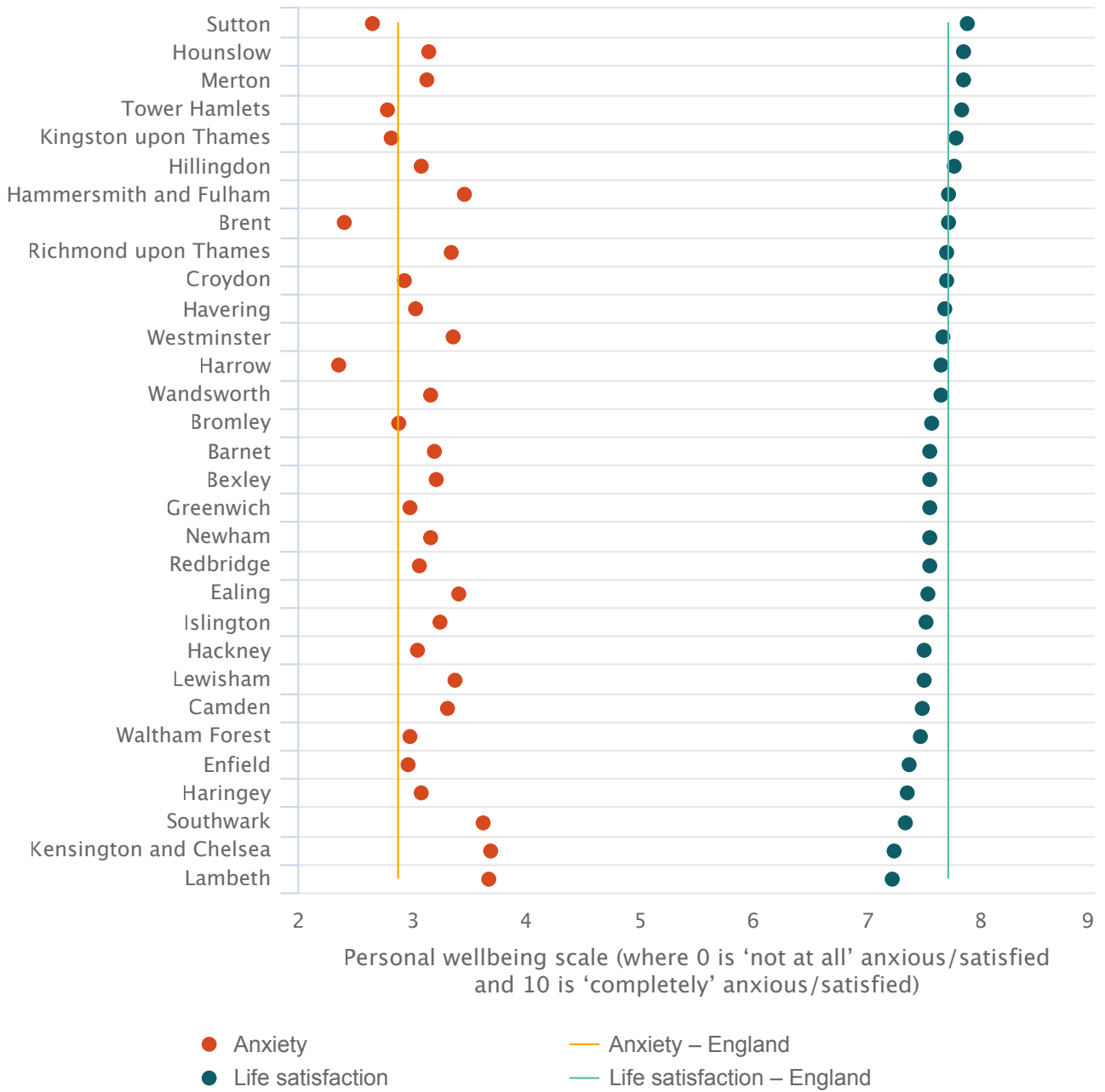
Other research shows that, because the costs of living in London are between 15% and 58% higher than in the rest of the UK (depending on household composition), more than four in ten Londoners (41%) have insufficient income to reach an acceptable standard of living.¹⁵ This compares with 29% for the UK overall.¹⁶

Living standards are not just about poverty, incomes and wealth. A wide range of other factors contribute to living standards and wellbeing and, again, there is a large range of outcomes across London on many of these indicators. For example, healthy life expectancy – which is the average number of years people live before their health deteriorates – of women living in the worst performing London borough (Tower Hamlets, 57.2 years) is more than 13 years lower than in the best performing borough (Southwark, 70.8 years).

Equally stark differences can be seen in infant mortality rates, with the worst performing borough (Kingston upon Thames, 5.6 per 1,000 live births) having an infant mortality rate that is more than 3.5 times as high as the best performing borough (Richmond upon Thames).

Differences can also be seen in direct measures of wellbeing. Overall, one in five Londoners (21%) report high levels of anxiety. However, as with happiness, life satisfaction and feelings that things done in life are worthwhile, estimates vary by London borough.¹⁷

Figure 13. Personal wellbeing estimates by London borough (2018/19)



Source: ONS

3. Housing

Housing is often the single biggest expense for any household and is a major driver of poverty in London. It also plays a key role in our wellbeing and sense of place. But many Londoners do not have access to genuinely affordable housing that also offers stability and is of good quality. At its most extreme, London has a persistent homelessness problem, from rough sleeping to temporary housing and 'hidden' homelessness, like sofa-surfing.



Key statistics

On average, households in London spend 18% of their net income on meeting housing costs

This compares with 11% in the rest of England



Households in poverty in London face housing costs that, on average, amount to 56% of their net income

This compares with 37% for those in poverty in the rest of England



8,855 people were seen sleeping rough in London by outreach workers in 2018/19

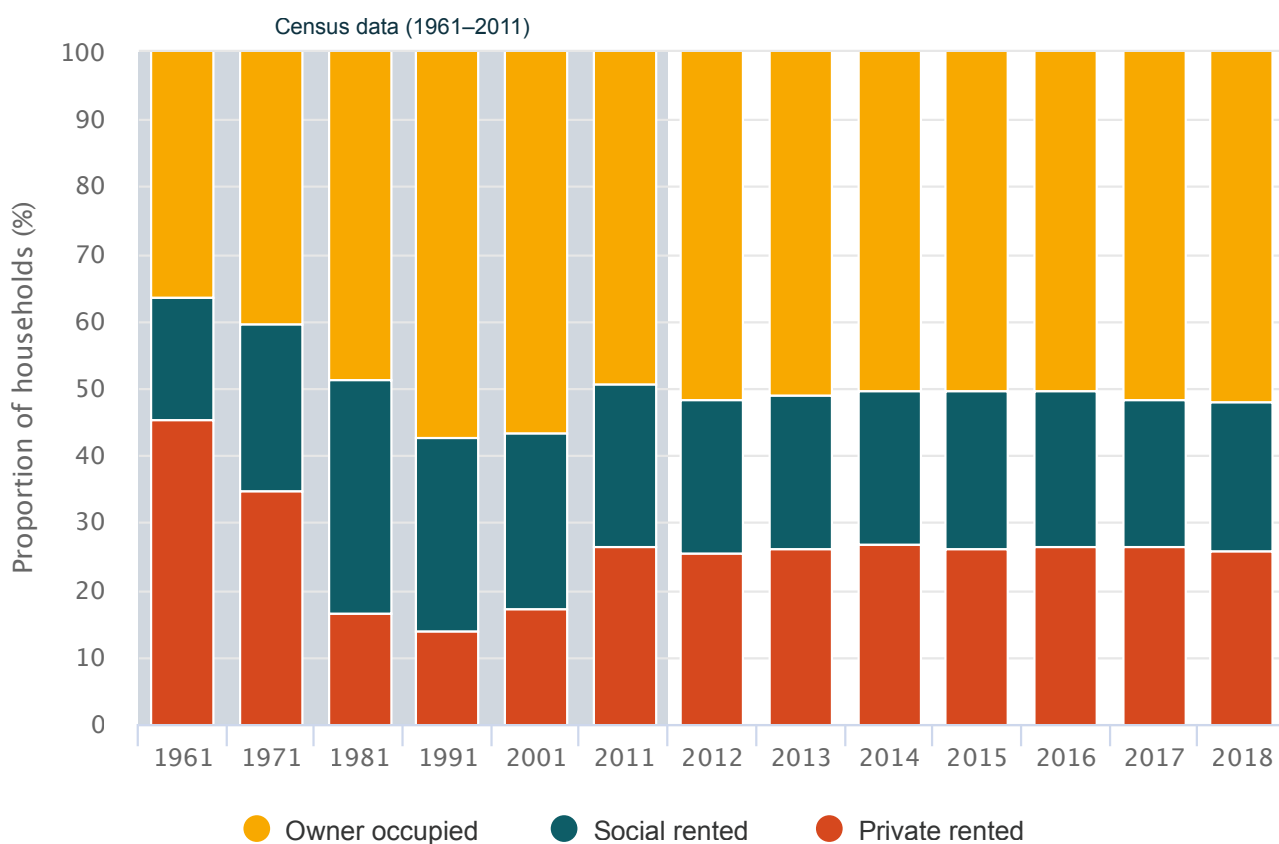
3,472 people were seen sleeping rough in London by outreach workers in 2008/09



Housing tenure in London

Around half of London households (52%) are owner occupied, with the remainder split between private renters (26%) and social renters (22%); this situation has been relatively constant since the early 2000s. This is in contrast to the rest of England where, at 68.5% in 2018, the proportion of households living in owner-occupied accommodation is 16.5 percentage points higher than in London.¹⁸

Figure 14. Proportion of London households by type of tenure over time (1961–2018)



Source: Census; ONS; GLA

Housing affordability is a major challenge for many Londoners

On average, households in London spend 18% of their net income on meeting housing costs. This compares with 11% in the rest of England.¹⁹

Rental costs for a one-bedroom dwelling:



Lower quartile
of market rents

£1,050
London

£480
England



Average
affordable rent

£640
London

£420
England



Average
social rents

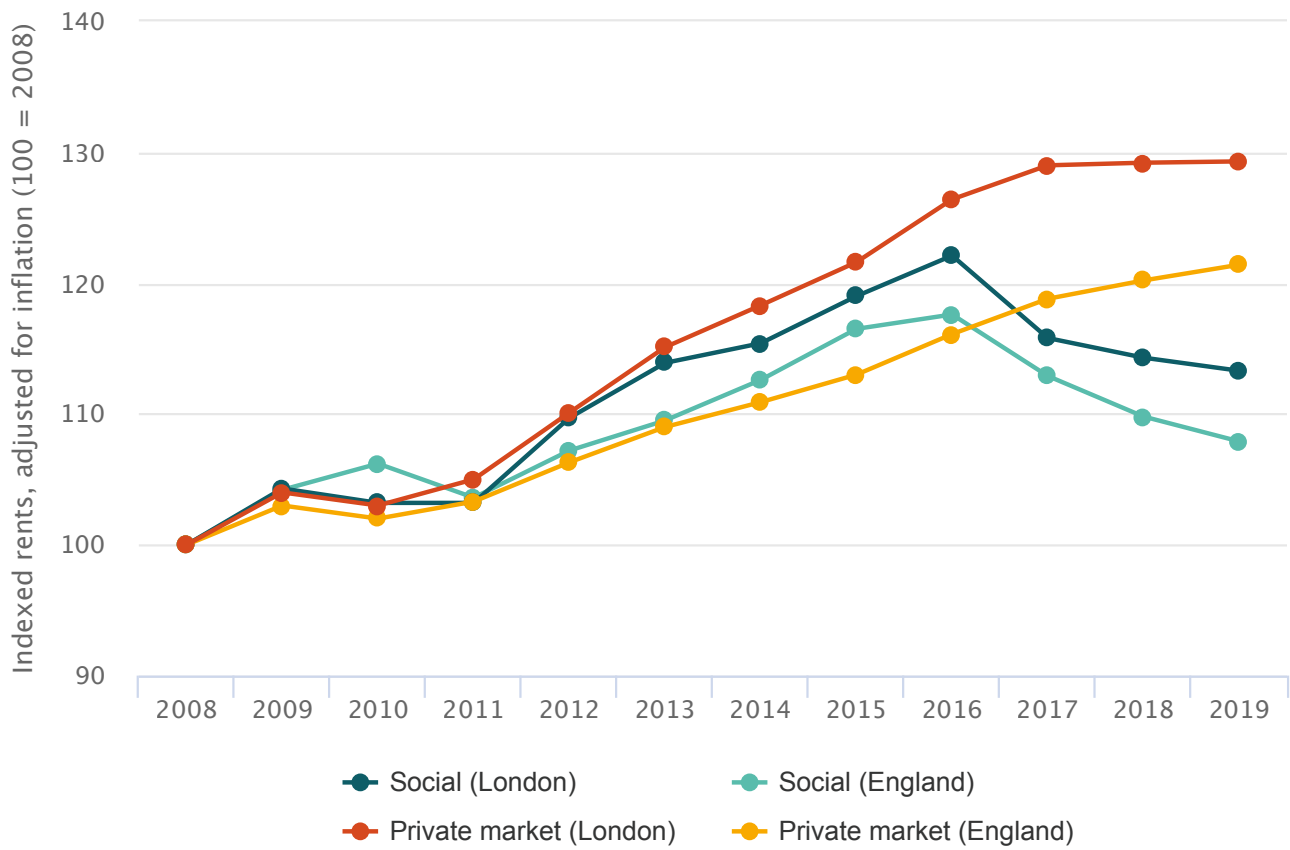
£430
London

£310
England

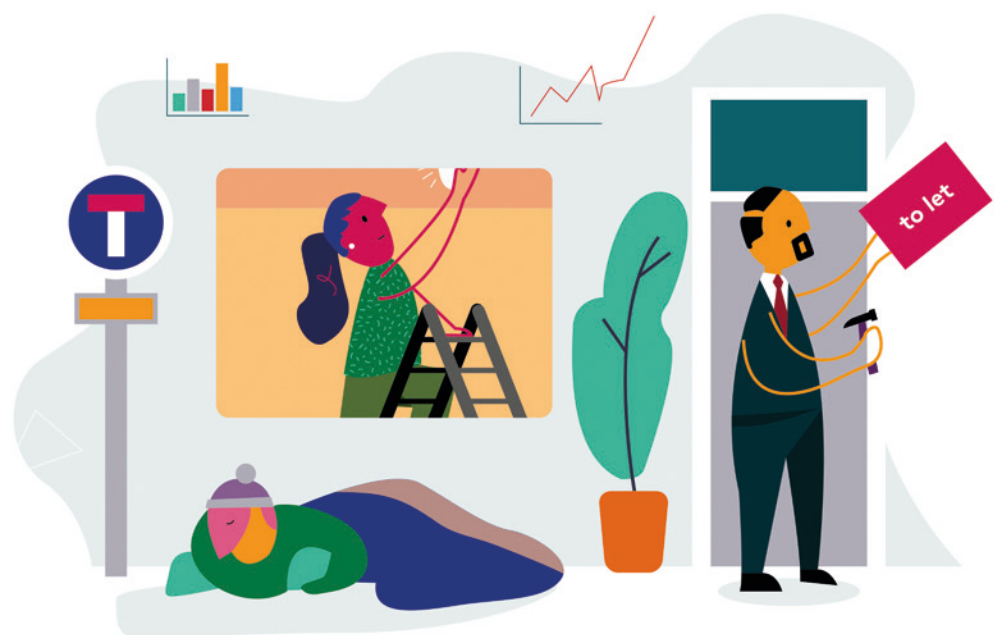
Source: Valuation Office Agency; Ministry of Housing, Communities and Local Government (MHCLG)

London's increases in housing costs have outstripped those of the rest of the UK. Private rents in the capital have risen by 29% since 2008, compared with 21% in England. Social rents have increased by 13% in London and 8% in England.²⁰

Figure 15. Social and private market rents in London and England in real terms, indexed to 2008 (2008–2019)



Source: MHCLG; ONS



Rising housing costs have also disproportionately affected low-income families. Since 2009/10, those in the bottom two deciles of income distribution have experienced increasing housing costs (as a proportion of income), while housing costs have fallen for those in the top three deciles.²¹ Housing affordability for lower earners has also been damaged by benefit reforms, which have reduced assistance with rent payments for the poorest households.²²

High and rising housing costs mean that poverty rates in London after housing costs are almost twice as high as poverty rates before housing costs. The gap between the two measures is much smaller for the rest of England, demonstrating the significant impact that housing costs have on poverty rates in London.

Figure 16. Proportion of people in poverty before and after housing costs (2017/18)



Source: DWP

Households in poverty in London face housing costs that, on average, amount to 56% of their net income. This compares with 37% for those in poverty in the rest of England.²³

The last decade has seen a large shift in how those in poverty are split between different tenure types.

**In 2007/08,
of those in poverty in London:**

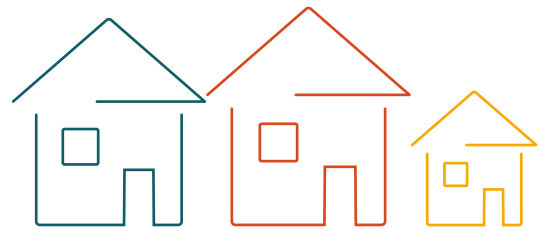


43% were in social rented accommodation

24% were in private rented accommodation

33% were owner occupiers

**In 2017/18,
of those in poverty in London:**



37% were in social rented accommodation

39% were in private rented accommodation

24% were owner occupiers

Source: 'Households Below Average Income', DWP

Housing in London often does not meet need

As well as the challenge of affordability, Londoners also experience real issues with the nature of homes in London, such the condition of properties, security of tenancy and overcrowding. While the fall in the proportion of homes below the Decent Homes Standard has been a little faster in London than the rest of England, there are still over half a million homes that fall short of what is considered decent.²⁴

Another issue is overcrowding. Nearly one in four children (22%) in London live in overcrowded accommodation, twice the proportion in the rest of England (11%). The issue is most prevalent among those living in the social rented sector, where four in ten children (40%) live in overcrowded accommodation.²⁵

In 2017/18, 8% of London households were overcrowded:

15% of households in the social rented sector

12% of households in the private rented sector

3% of owner-occupied households

Source: GLA

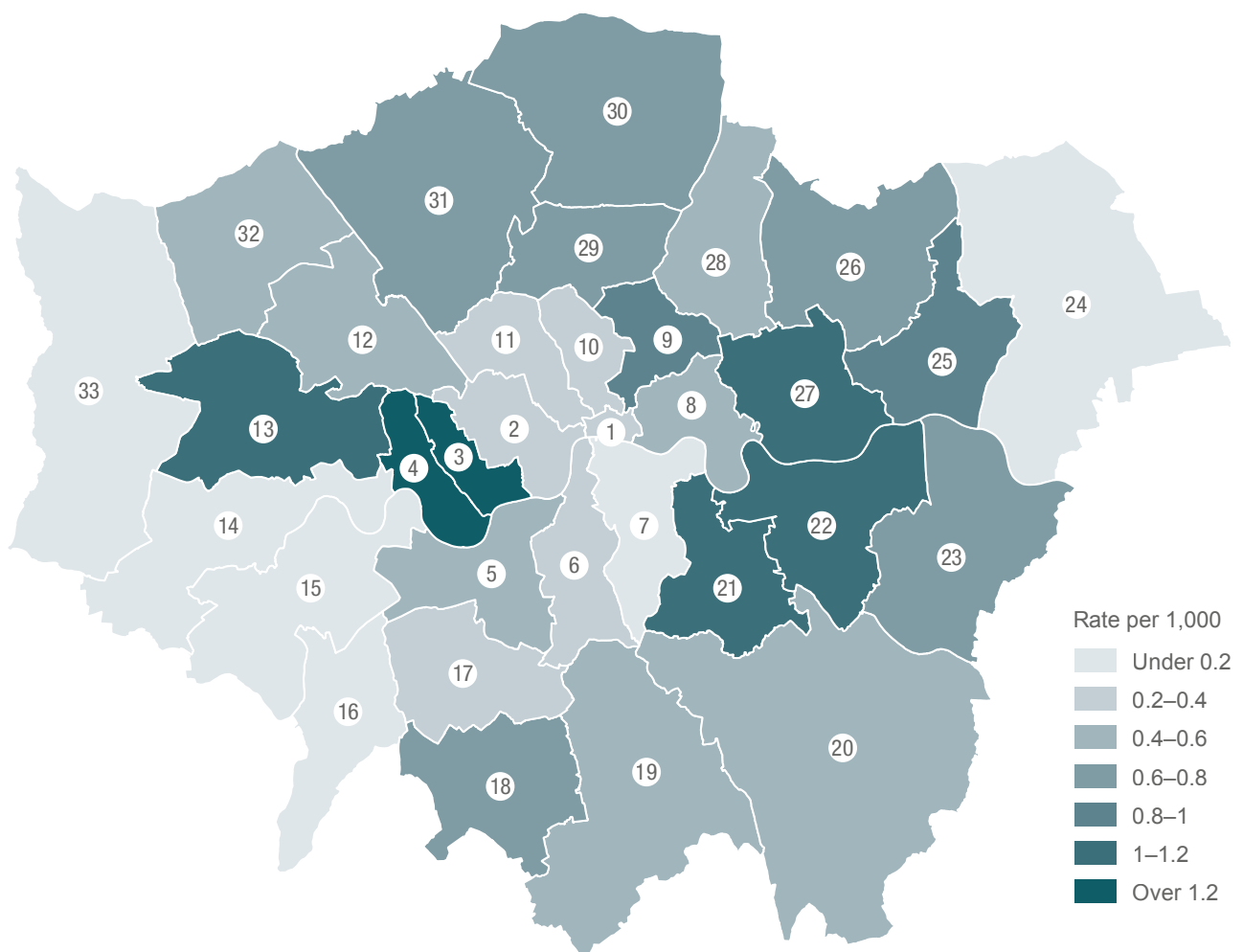
Homelessness is a major problem in London

Perhaps the most apparent demonstration of housing in London not meeting needs is homelessness – specifically, people having to sleep rough. The number of people sleeping rough in the capital has been on the rise, more than doubling between 2008/09 and 2016/17.

In 2008/09: 3,472 people were seen sleeping rough in London by outreach workers; this increased to 8,855 in 2018/19.

Local authorities also now have a much broader statutory responsibility to assist those facing or currently experiencing homelessness, with legislation having significantly extended these responsibilities in 2017.²⁶ In 2018/19, there were 60,880 instances of London boroughs accepting one of the three homelessness duties. The incidence of homelessness also varies significantly by London borough.²⁷

Figure 17. Main homelessness duties owed by London boroughs (2018/19)



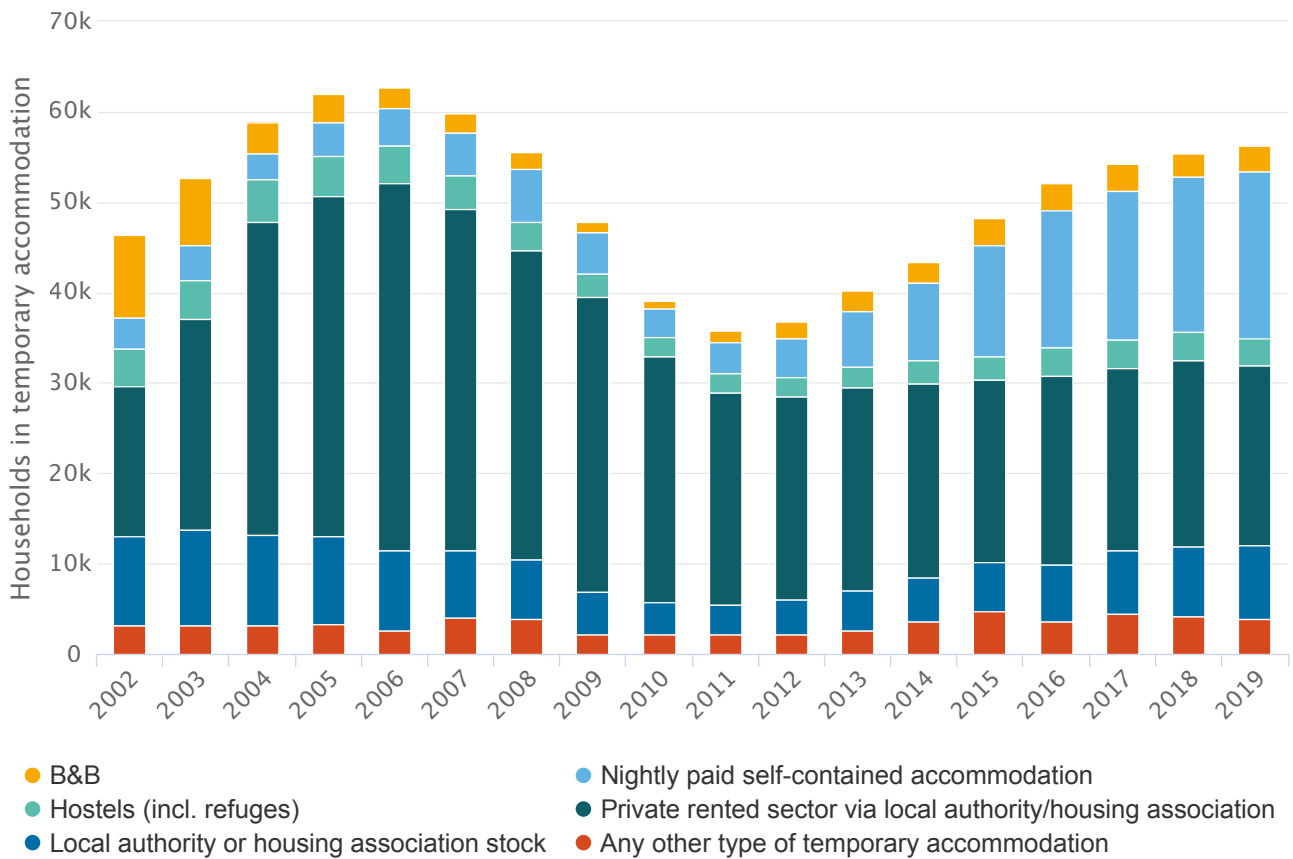
London borough key:

- | | | |
|--------------------------|-------------------------|-------------------------|
| 1 City of London | 12 Brent | 23 Bexley |
| 2 Westminster | 13 Ealing | 24 Havering |
| 3 Kensington and Chelsea | 14 Hounslow | 25 Barking and Dagenham |
| 4 Hammersmith and Fulham | 15 Richmond upon Thames | 26 Redbridge |
| 5 Wandsworth | 16 Kingston upon Thames | 27 Newham |
| 6 Lambeth | 17 Merton | 28 Waltham Forest |
| 7 Southwark | 18 Sutton | 29 Haringey |
| 8 Tower Hamlets | 19 Croydon | 30 Enfield |
| 9 Hackney | 20 Bromley | 31 Barnet |
| 10 Islington | 21 Lewisham | 32 Harrow |
| 11 Camden | 22 Greenwich | 33 Hillingdon |

Source: MHCLG

Even these numbers hide the scale of the problem. More broadly, we see that more than 56,000 London households are in temporary accommodation, an increase of 30% compared with five years ago.²⁸

Figure 18. Temporary accommodation types in London (2002–2019)



Source: MHCLG

4. Work, Worklessness and Benefits

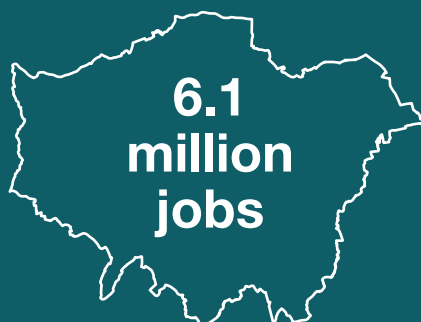


London's position as a global employment centre, with 6.1 million jobs being based in the capital in 2019 (equating to 20% of all the jobs in England), has a huge role play in driving Londoners' experiences of poverty and inequality.²⁹

Key statistics

6.1 million jobs in the capital in 2019

(20% of all jobs in England)



88.6% employment rate for Londoners with qualifications above A level

(ie level 4 qualifications and above)



49.8% employment rate for Londoners with no qualifications



The poverty rate for London adults in workless families is 67%

compared with 9% among households where all adults work full time



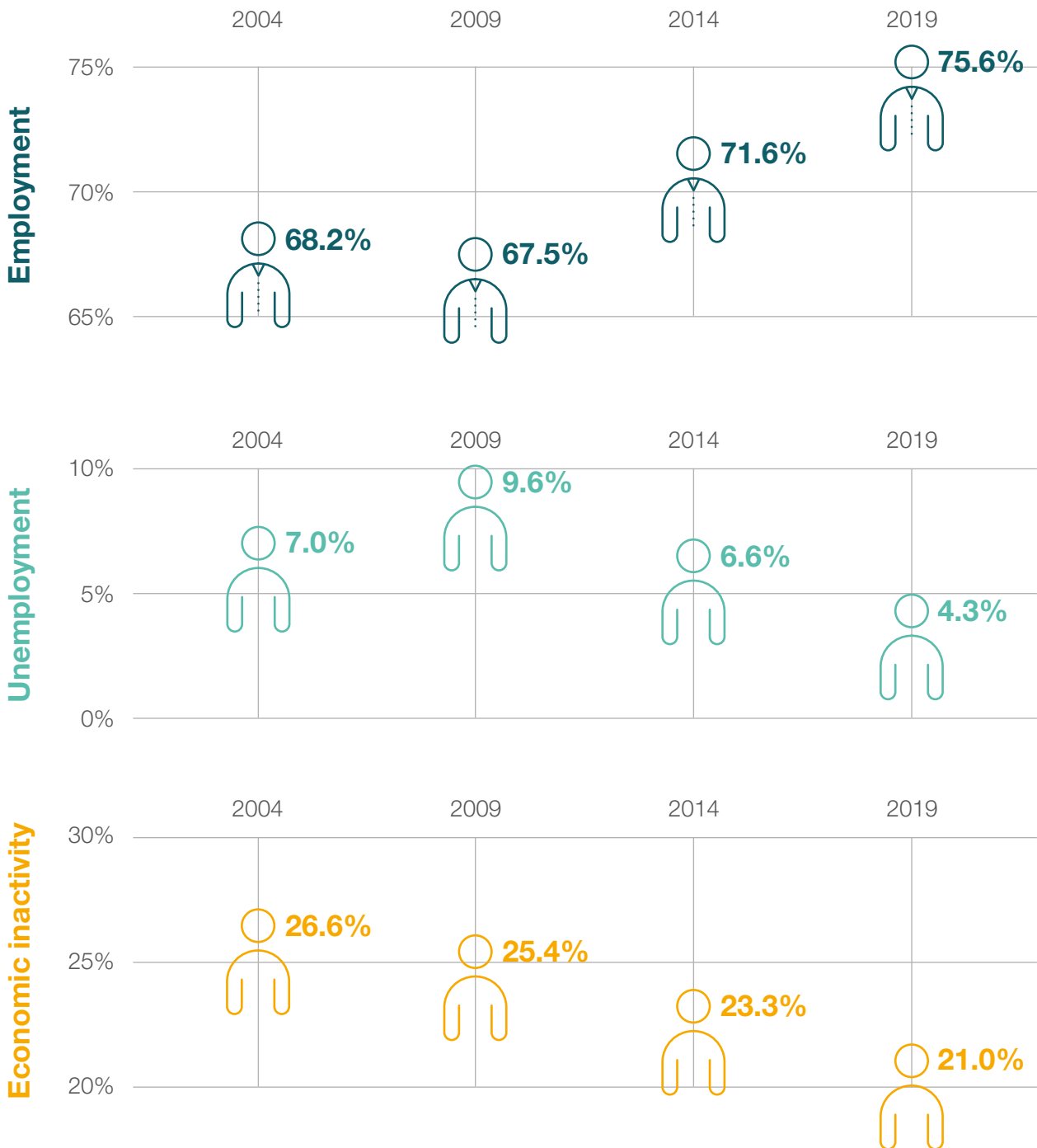
9% poverty rate



67% poverty rate

London's labour market is strong

The last decade has also been one of significant change in the capital, with employment rising by more than 8 percentage points and unemployment in London more than halving from its peak of 9.6% in 2009.



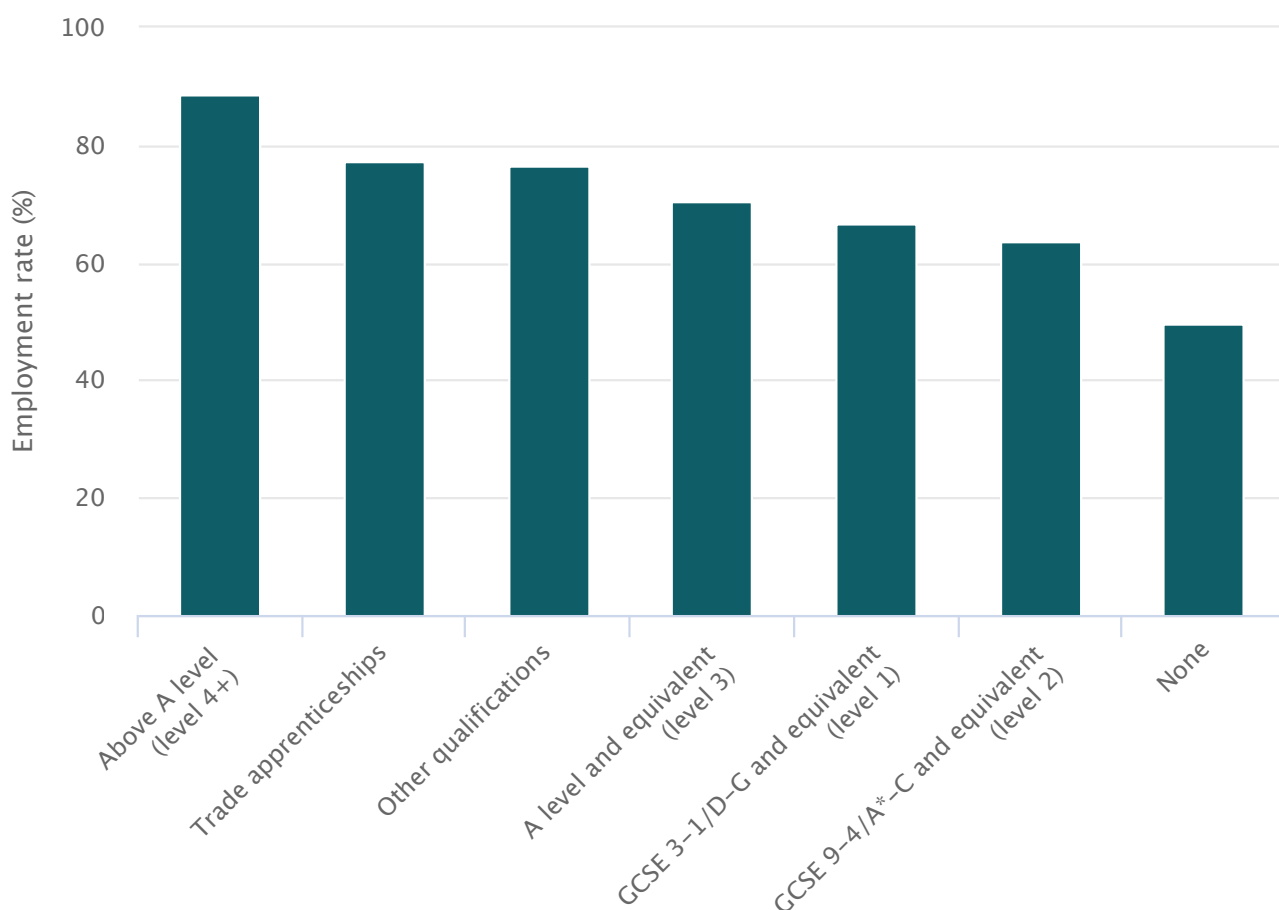
Source: Labour Force Survey national and regional headline indicators (seasonally adjusted) for London September–November quarters for each year, ages 16–64. ONS, via Nomis.

Note that figures will not sum to 100% as the unemployment rate is the number of unemployed people divided by the economically active population, while the employment and inactivity rates are the number of employed or inactive people divided by the total population.

But work (or enough work) is not guaranteed for all Londoners

However, access to employment is not purely a question of physical proximity to job opportunities; even when in employment, many Londoners struggle to secure the decent work needed to lift their families out of poverty. In fact, while at least one person works in 92% of London working-age households, a significant disparity in work outcomes is still seen across London's population. For example, the employment rate for working-age Londoners whose highest qualification is above A level (level 4 and above) is 88.6%, compared with just 49.8% for those with no qualifications.³⁰

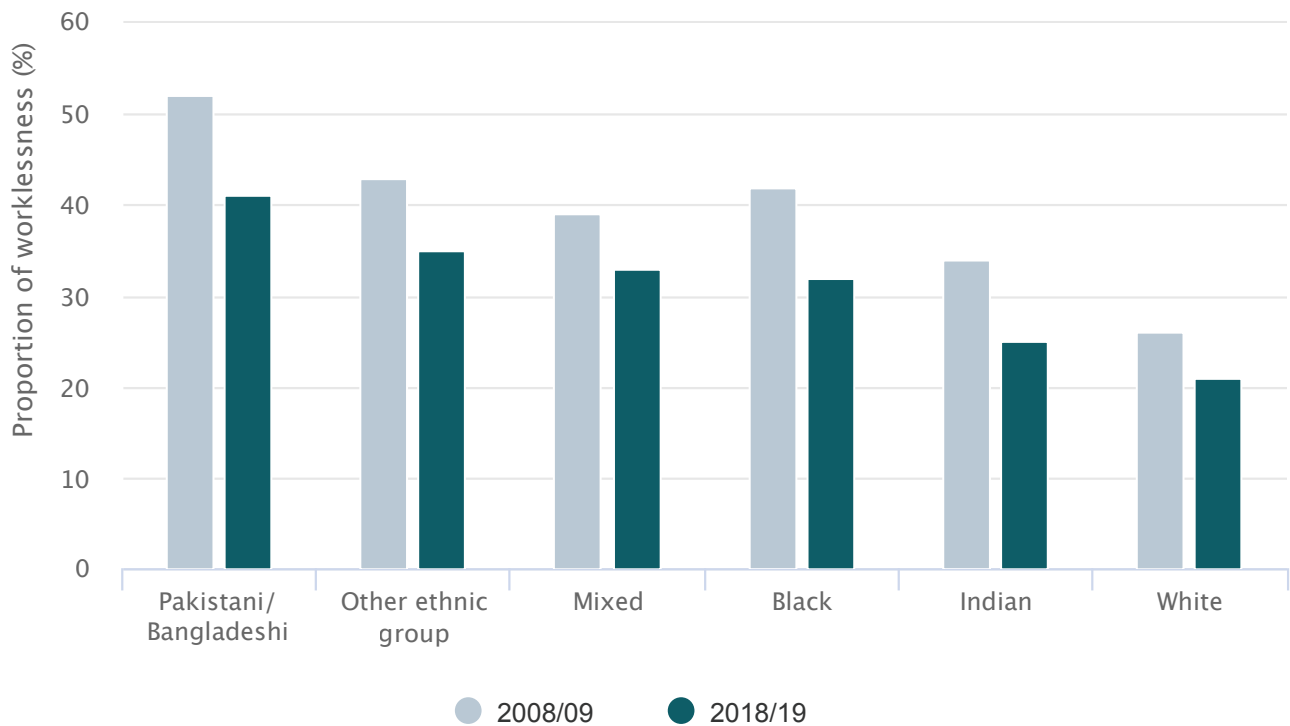
Figure 19. Employment rate of 16- to 64-year-olds by highest qualification level in London (2019)



Source: ONS

There are also large differences between ethnic groups, and some even greater differences when breaking down ethnic groups by sex. For example, 69% of Bangladeshi-born women in London are workless, compared with 17% of Bangladeshi-born men.

Figure 20. Proportion of Londoners (aged 16–64) who are not in paid work by ethnicity (2008/09 and 2018/19)



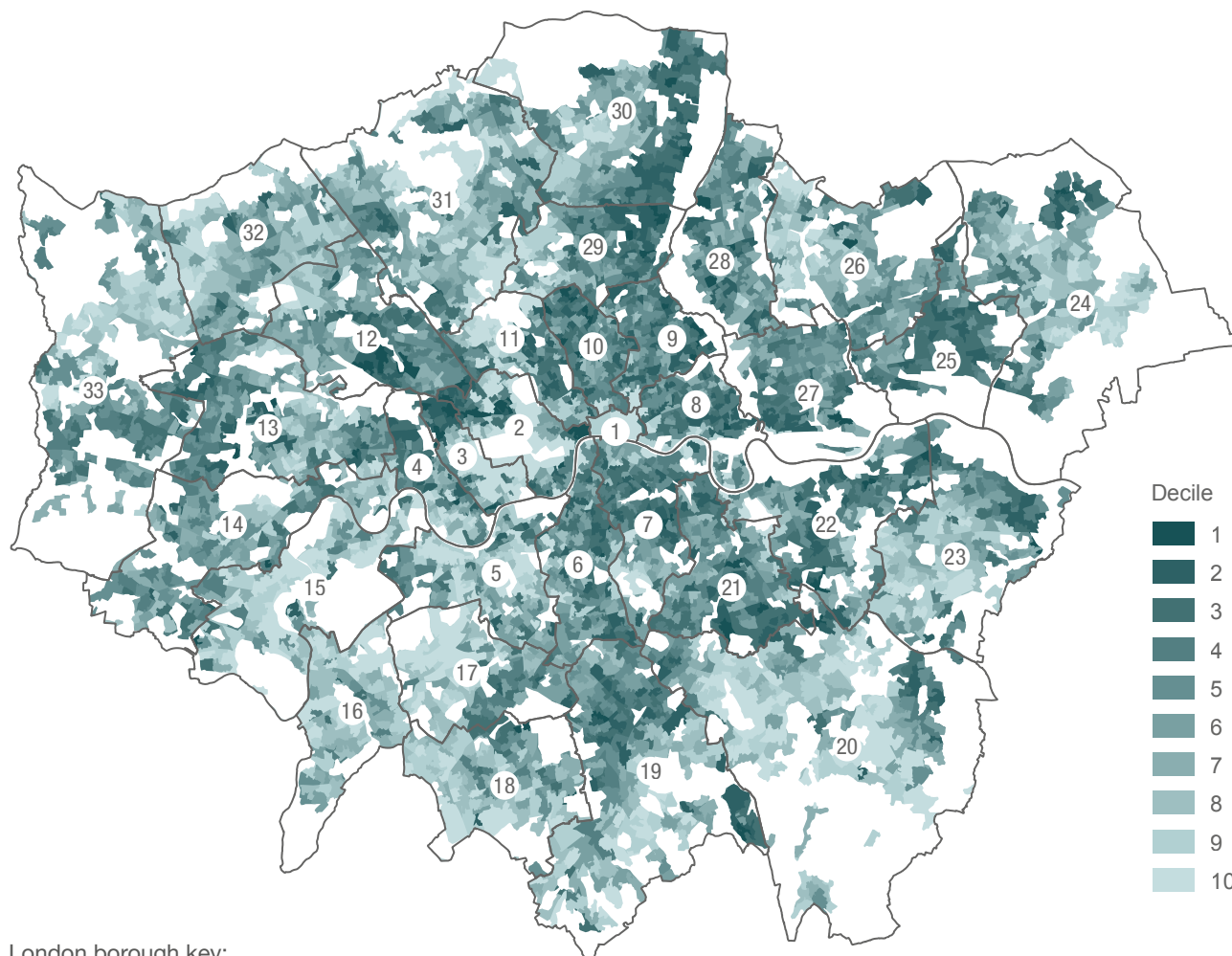
Source: ONS

Work outcomes are also mixed across different parts of London. For example, employment rates vary from 62.9% in Kensington and Chelsea to 81.5% in Merton, while unemployment rates vary from 3.4% in Richmond upon Thames to 7.7% in Tower Hamlets.



There are also differences in outcomes within London boroughs. One way to explore this is through the recently published Indices of Multiple Deprivation. This includes an employment domain, which measures the proportion of the working-age population that is involuntarily excluded from the labour market.

Figure 21. Employment deprivation for neighbourhoods in London (2019)



London borough key:

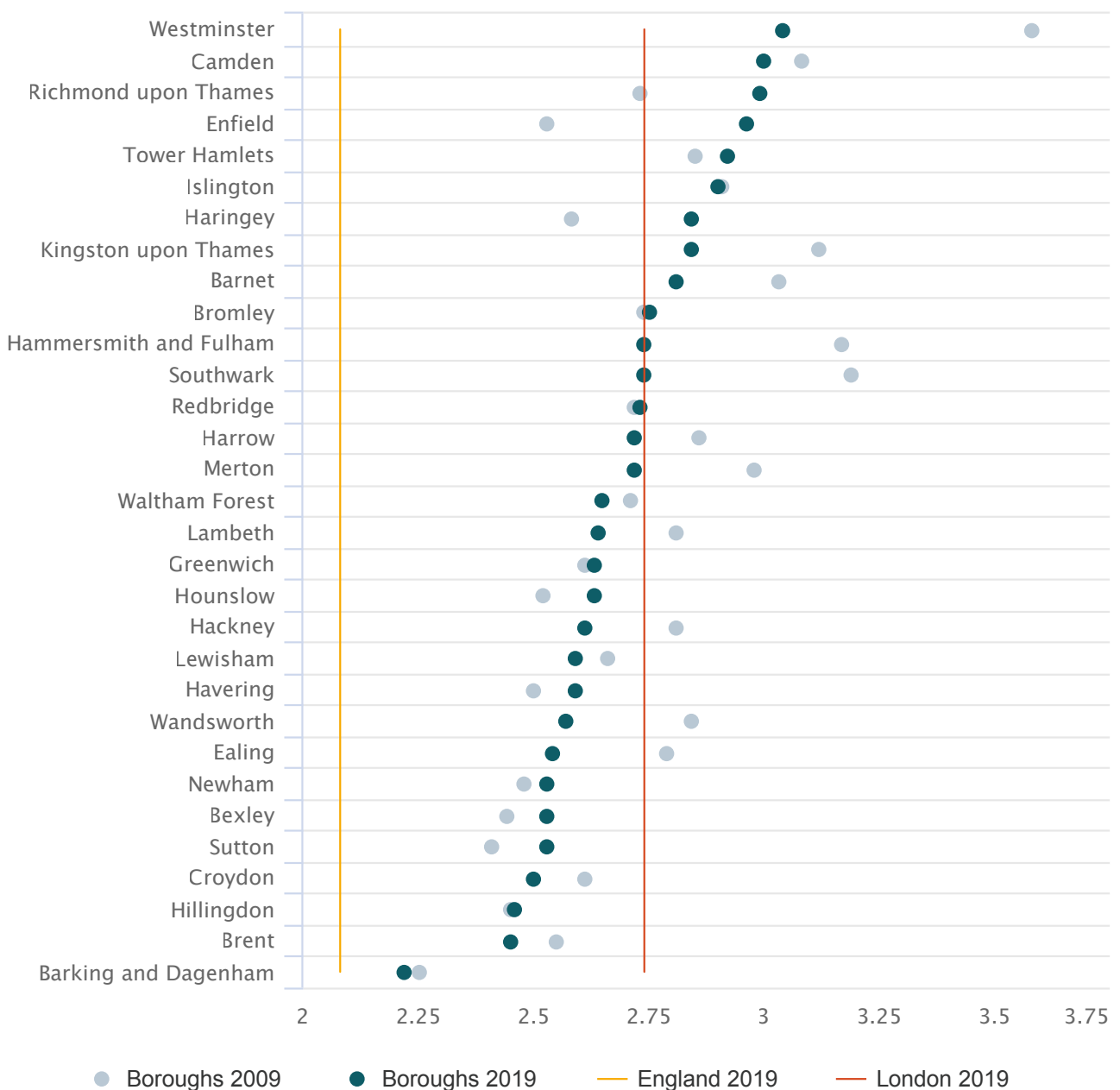
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|--------------------------|-------------------------|-------------------------|
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| 2 Westminster | 13 Ealing | 24 Havering |
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| 7 Southwark | 18 Sutton | 29 Haringey |
| 8 Tower Hamlets | 19 Croydon | 30 Enfield |
| 9 Hackney | 20 Bromley | 31 Barnet |
| 10 Islington | 21 Lewisham | 32 Harrow |
| 11 Camden | 22 Greenwich | 33 Hillingdon |

Source: English Indices of Deprivation 2019, published by MHCLG www.gov.uk/government/statistics/english-indices-of-deprivation-2019 (accessed 19 April 2020). Contains public sector information licensed under the Open Government Licence v3.0.

Pay inequality is varied and high across London boroughs

Those in work in London are faced with levels of wage inequality that are far higher than in England overall; the 80:20 wage ratio is 2.74 in London, meaning those at the 80th percentile of pay earn hourly wages approaching three times as high as those at the 20th percentile. For England overall, the 80:20 wage ratio is 2.08. The ratio also varies significantly across London boroughs, with Westminster and Camden having a ratio above 3 and Barking and Dagenham having a ratio (2.22) approaching the England average.³¹

Figure 22. Pay inequality (80:20 hourly wage ratio) by London borough (2019 and 2009)

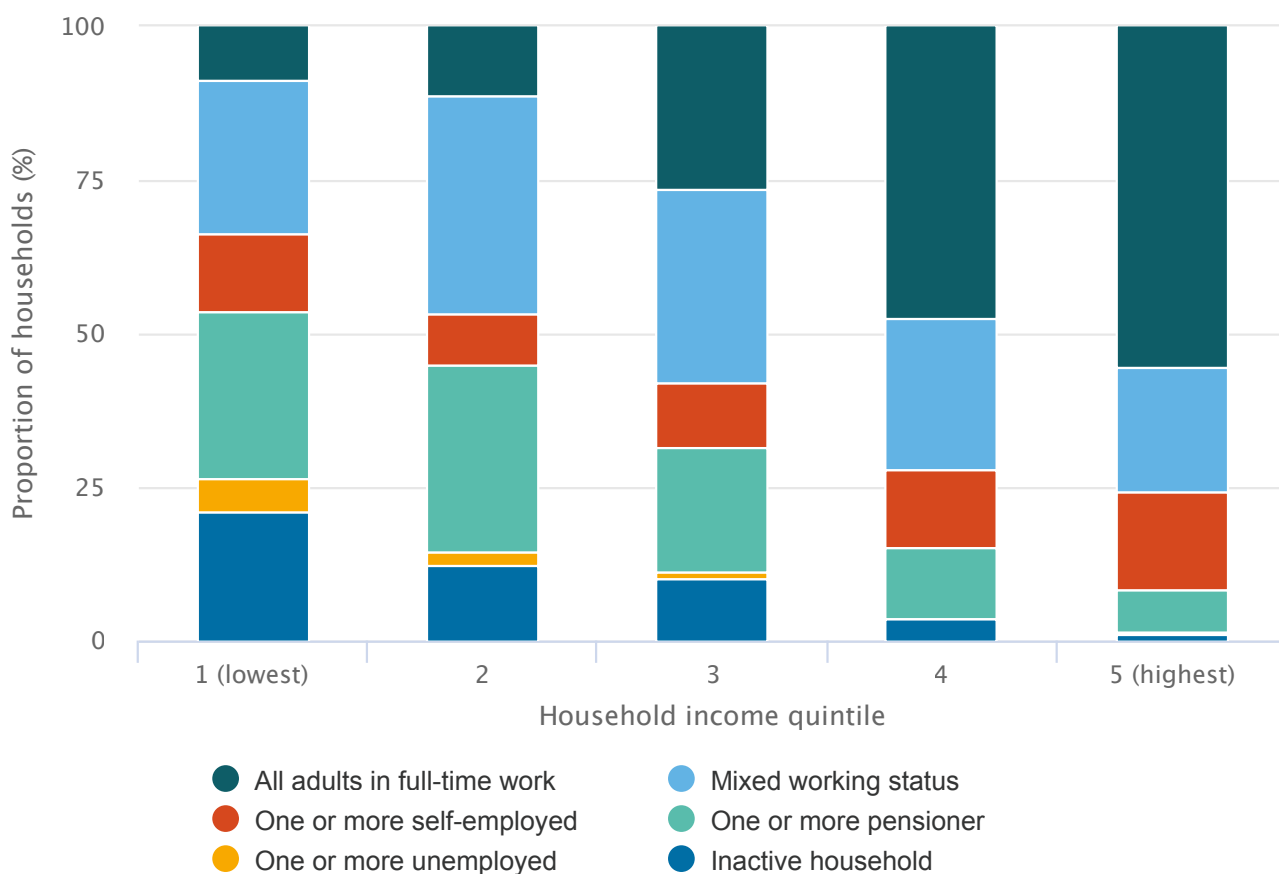


For those that do not or cannot work, benefits provide a vital source of income. But for families, they are often insufficient for making ends meet. This is likely to be a challenge for those Londoners affected by the benefit cap, which in November 2019 limited the benefits of nearly 20,000 families in London (11,062 had their Universal Credit reduced and another 8,899 had their Housing Benefit reduced). The number of families in London with their benefits capped has risen by 76% over the last five years, and 87,665 London families have been affected by the cap since its introduction in 2013.

The work status of households is closely correlated with net income

Just 9% of those in the bottom 20% of London’s net income distribution live in households where all adults work. In contrast, 55% of those in the top 20% of the net income distribution live in households where all adults work. One in five of those in the bottom net income quintile live in workless households.³²

Figure 23. Work status of London households by net income quintile (2017/18)



Source: DWP

Changes in employment and worklessness have driven changes in poverty

There are clear links between work, benefits and poverty in the capital. As with the rest of the country, this relationship has changed over time, with increasing employment rates across the capital driving a corresponding rise in in-work poverty.

Poverty among working families, 2017/18

76% of children in poverty in London (550,000) are in working families, up from 52% a decade ago.

74% of adults in poverty in London (1,050,000) are in working families, up from 62% a decade ago.

Poverty among working families, by work status, 2017/18

The poverty rate for people living in families where all adults work full time is 9%, compared with 6% a decade ago. For people living in families where one or more adults work part time it is 49%, compared with 41% a decade ago.

Work on its own is not enough to tackle poverty. Families need stable work, enough hours and high enough earnings. But this can be a challenge in London. For example:

2.6% of working-age Londoners (155,000 people) are in part-time work but want a full-time job and 3.7% of employed men (93,000) and 6.9% of employed women (145,000) in London are on temporary contracts.

Poverty among workless families, 2017/18

As worklessness has fallen in the capital, a lower proportion of those in poverty have been in workless families. However, poverty rates among workless families are still extremely high.

24% of children in poverty in London (180,000) are in workless families, down from 48% a decade ago.

The poverty rate for London children in workless families is 81% – down from 85% a decade ago.

5. Shared Opportunities

London is home to a wide variety of people with very different lived experiences. In areas such as education, public transport and civic engagement, Londoners are brought closer together.



Key statistics

Weapons offences are over 3 times as prevalent

in the most income-deprived 10% of London neighbourhoods compared the least income-deprived 10%



Violence and sexual offences are 2.1 times as prevalent

in the most income-deprived 10% of London neighbourhoods compared the least income-deprived 10%



Some 64% of women living with FGM in England and Wales are resident in London

21 women in every 1,000 in London live with FGM



15.5% of 19-year-olds in Inner London do not have level 2 qualifications

(GCSEs or equivalent), compared with 14% in Outer London and 18.4% in the rest of England



15.5% Inner London
14% Outer London

18.4% rest of England

What are 'shared opportunities'?

While it may appear that Londoners are divided by large differences in work, housing and background, there is much that is held in common. For the most part, people – in a local area at least – have access to the same public services, use the same physical and social infrastructure and inhabit the same environment. These are 'shared opportunities'. They are things that impact directly on our quality of life; they are the means by which we are able to transfer the material things we have, like money, into a better standard of living. They are also a vital aspect of securing the best possible start in life for the next generation of Londoners.

An obvious example is air quality. Everyone needs to breathe, and people in the same space breathe the same air. Two people living in the same neighbourhood on vastly different incomes would still benefit from the same air quality. We also know that air quality is an important aspect of health and that it is not consistent across London, so we can consider how shared opportunities vary between different areas and different types of people – in particular, rich and poor people and areas.



Public services

The quality of services provided by government or local authority-funded bodies



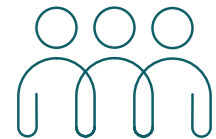
Environment

The quality of the local environment and availability of green space/ recreational facilities etc



Infrastructure

How easy it is to get around, communicate and access opportunities



Community

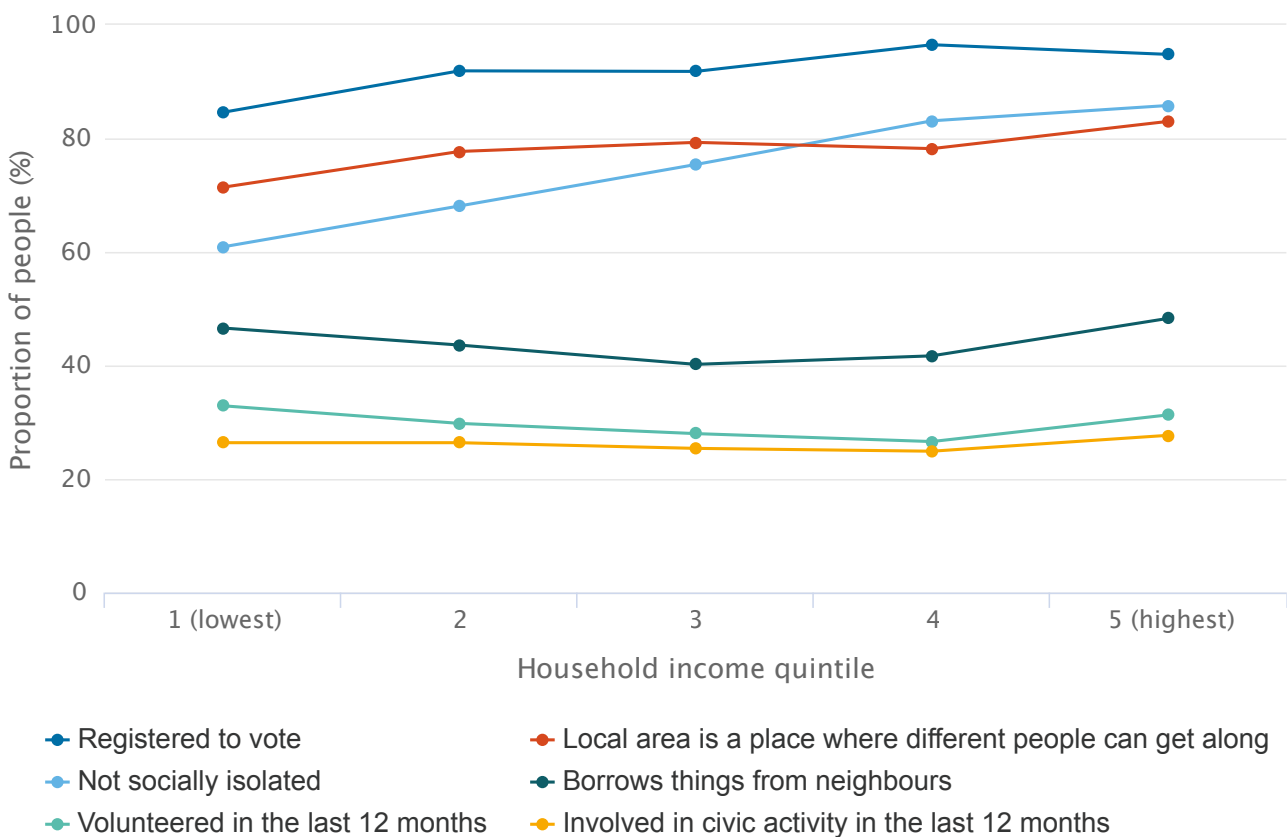
The positive and negative impacts of the relationship between people locally

Experiences Londoners have in common

There is a great deal that unites people in London, no matter how different their lives may seem. One example is that the sense of community and perceptions of local areas remain remarkably consistent across Londoners within different income groups. In the 2018/19 Survey of Londoners, all income brackets saw an average of 40–50% of respondents say that they regularly lend and borrow things with their neighbours. Just under double that number in all income groups claim that their local area is somewhere that different people can get along.³³

Despite some difference in turnout at elections, there is a remarkable consistency in the proportion of Londoners registered to vote and how many participate in civic events such as campaigning. A positive indication for the future development of London is that people from all income backgrounds seem to be similarly committed to making their city a better place.³⁴

Figure 24. Social inclusion and involvement by household income (2019)



Source: GLA

There are a range of areas where opportunities and experiences are more equally shared across Londoners than might be expected. For example:

- GP surgeries record consistent performance results despite income differences in their catchment areas.³⁵
- Poorer areas of London have better access to green spaces than wealthier areas.³⁶
- While schools rated as outstanding by Ofsted are still more likely to be located in areas with lower income deprivation rankings, these deprivation scores are significantly higher than in the rest of England.³⁷

The differences seen in more deprived areas

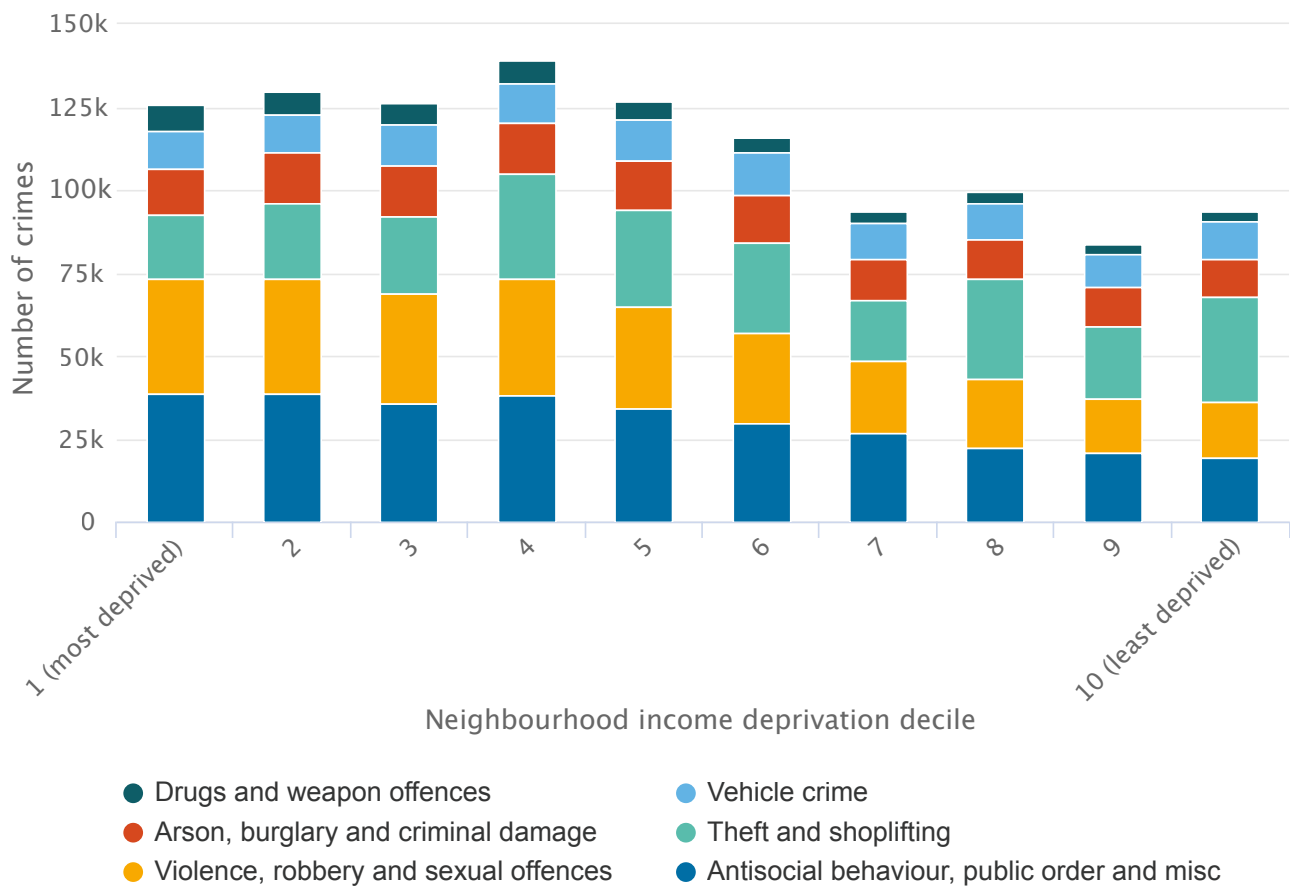
While some opportunities are shared across a variety of indicators, there is a strong relationship between poverty in London and a lack of shared opportunities. Crime is a very clear example of this.

Compared with the least income-deprived 10% of neighbourhoods, in the most income-deprived 10% of neighbourhoods:

Weapons offences are over 3 times as prevalent.

Violence and sexual offences are 2.1 times as prevalent.³⁸

Figure 25. Crimes recorded by neighbourhood income deprivation decile in London (2018/19)



Source: data.police.uk

Air pollution also varies markedly by the poverty of an area, with people living in the most deprived areas exposed to high levels of a range of different pollutants.³⁹ For example, nearly 20% of people living in the neighbourhoods of London with the highest NO₂ levels are simultaneously living in the city's most deprived neighbourhoods, whereas just 1% are living in its least deprived neighbourhoods.⁴⁰

Other ways in which Londoners share very different opportunities are less to do with economic inequality and more with the fact in a city as diverse as London, some problems fall overwhelmingly on certain parts of society. An extreme example of this is FGM – a crime that predominantly affects women and girls from particular communities. Some 64% of women living with FGM in England and Wales are resident in London, and 21 in every 1,000 women living in London live with FGM – rising to 47.4 in Southwark, the worst affected borough – compared with 4.8 in England and Wales as a whole.⁴¹

Some shared opportunities are stronger in London

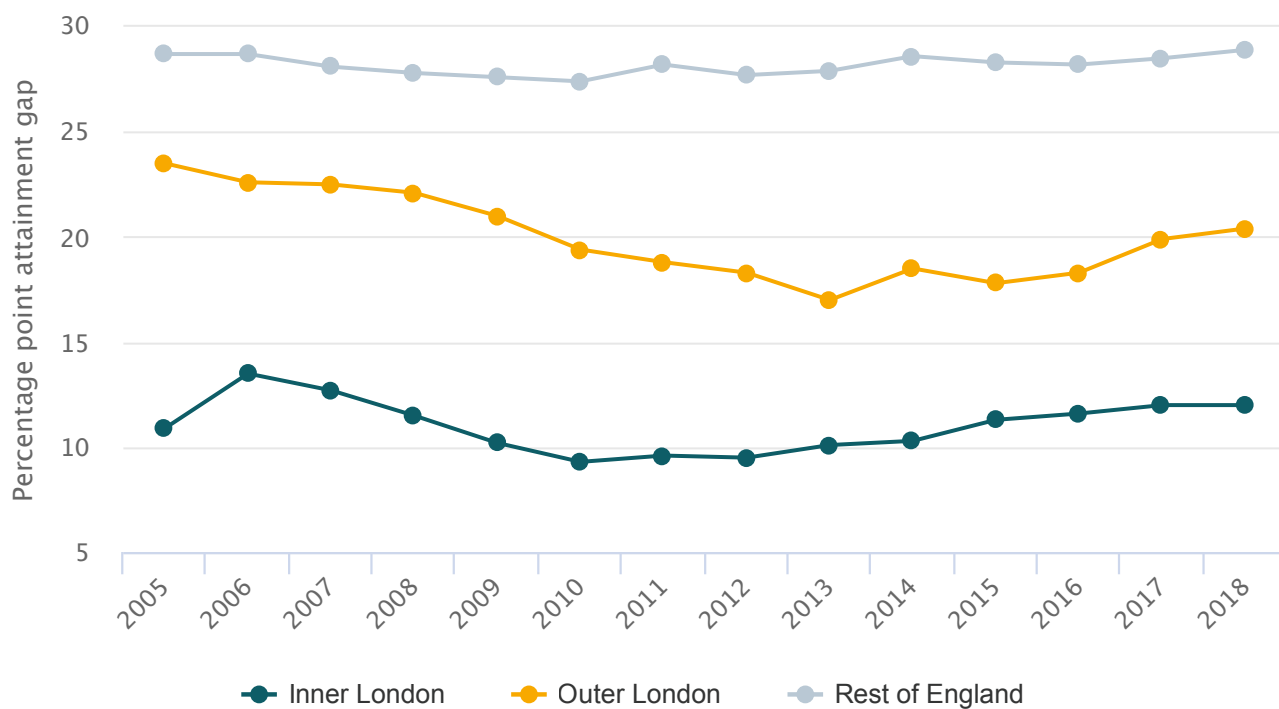
There are some opportunities in London that, when compared with opportunities in other parts of the UK, provide low-income Londoners with greater chances to avoid or reduce the impacts of poverty.

For example, London schools serve pupils from all backgrounds better than is the case in the rest of England. The results in the capital are partly due to the London Challenge, a programme that saw money, expertise and innovation used to improve schools in the capital.

In Inner London, 15.5% of 19-year-olds do not have level 2 qualifications (GCSEs or equivalent). In Outer London, the figure is 14%; in the rest of England it is 18.4%.

The level 3 attainment gap between those eligible for free school meals (56.2% achieved level 3) and those not eligible (68.2% achieved level 3) in Inner London is 12%. The attainment gap in Outer London is 20.4% and in the rest of England is 28.9%.⁴²

Figure 26. Level 3 attainment gap between free school meals and non-free school meals students at 19 years of age (2005–2018)

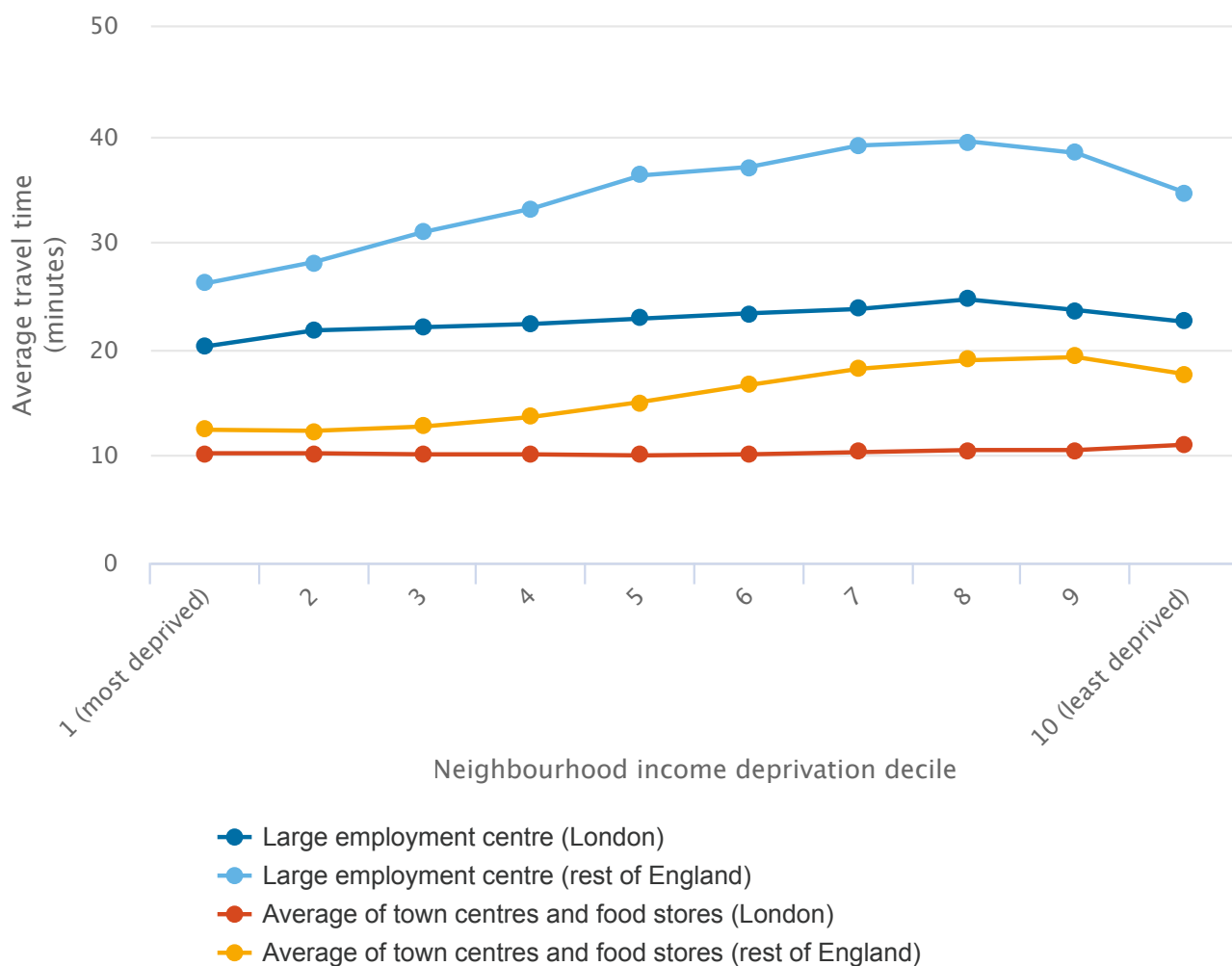


Source: Department for Education

However, this strong performance is not always carried through to A level and, while disadvantaged young Londoners are more likely than those in other regions to go to university, they are also more likely to drop out. Londoners from lower socioeconomic backgrounds are also still paid significantly less at age 26: for those with a degree, this ‘pay penalty’ amounts to £1,664 per year; for those without a degree, it stands at £4,004.⁴³

Transport is another area where London dramatically outperforms the rest of the country in terms of the opportunities it can offer to people on lower incomes. In London, people in poorer areas have significantly shorter average travel times by public transport to employment centres and local facilities than those in wealthier areas. Also, people living in the most deprived 10% of London areas have an average travel time of just over 20 minutes to large employment centres, whereas that figure for the rest of England is just over 26 minutes.⁴⁴

Figure 27. Average travel time by public transport to jobs and services by neighbourhood income deprivation decile (2017–2019)



Source: Department for Transport

That is not to say that Londoners on low incomes face no issues in getting around the city. Cost is a major factor, and while many Londoners might be a short Tube ride from a job, they may not be able to afford the fare. The result is either forgoing the opportunity or sacrificing a significant amount of time taking buses, which are cheaper but slower. This highlights an important characteristic of opportunities in London: while they may seem open to everyone, a range of factors – particularly money – can prevent an individual from making the most of them.



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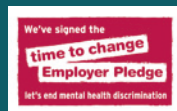
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