

London's Poverty Profile 2011

Trust for London and the New Policy Institute have updated a wide range of indicators related to poverty and inequality in London. These indicators use government data to reveal how the capital compares to the rest of the country, highlight trends and differences between groups and boroughs, and changes since the first report in 2009 and over the last decade.

Key findings

1. Since the original report in 2009, child poverty has fallen in London, while working-age poverty has risen. 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 critical 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 many parts of Inner London, particularly the Inner West, may become unaffordable for low-income families renting privately. Outer London boroughs, with cheaper housing, 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 those outside London, with 60% of children in low-income families unable to afford a week's holiday.
12. Babies born in Southwark, Croydon, Haringey and Harrow are twice as likely to die before their 1st birthday as those born in Bromley, Kingston and Richmond.

What has changed?

The table below summarises how the key indicators in the report have changed since the first *London's Poverty Profile* report in 2009, and over the last decade. All of the indicators measure “bad” things, 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
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)

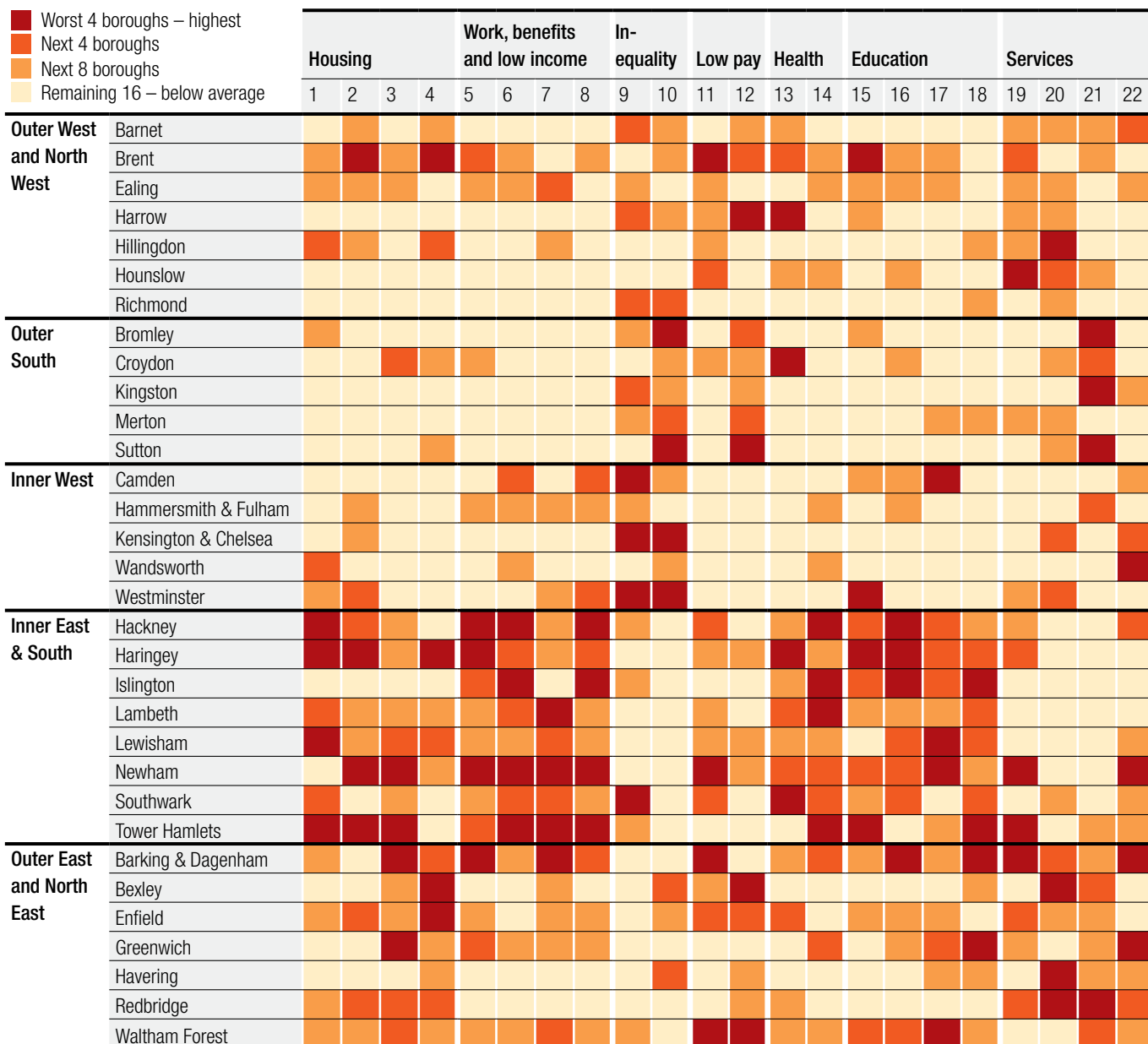
In health and education, the picture is positive. Mortality rates are down and the proportion of children falling short of attainment standards has fallen at age 11, 16 and 19. Conversely, the picture on employment is negative and the indicators on housing and poverty are mixed. Child and pensioner poverty is down, but working-age poverty is up. Official homeless acceptances are down, but rough sleeping is up, as is overcrowding.

Differences across London's boroughs

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

This table shows very clearly the concentration of disadvantage in London's Inner East & South, particularly for the indicators on work, benefits, low income and education. The Outer East is the next most coloured-in 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).

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. But in the income and benefits indicators, some boroughs in the Inner West do have above average levels of disadvantage.



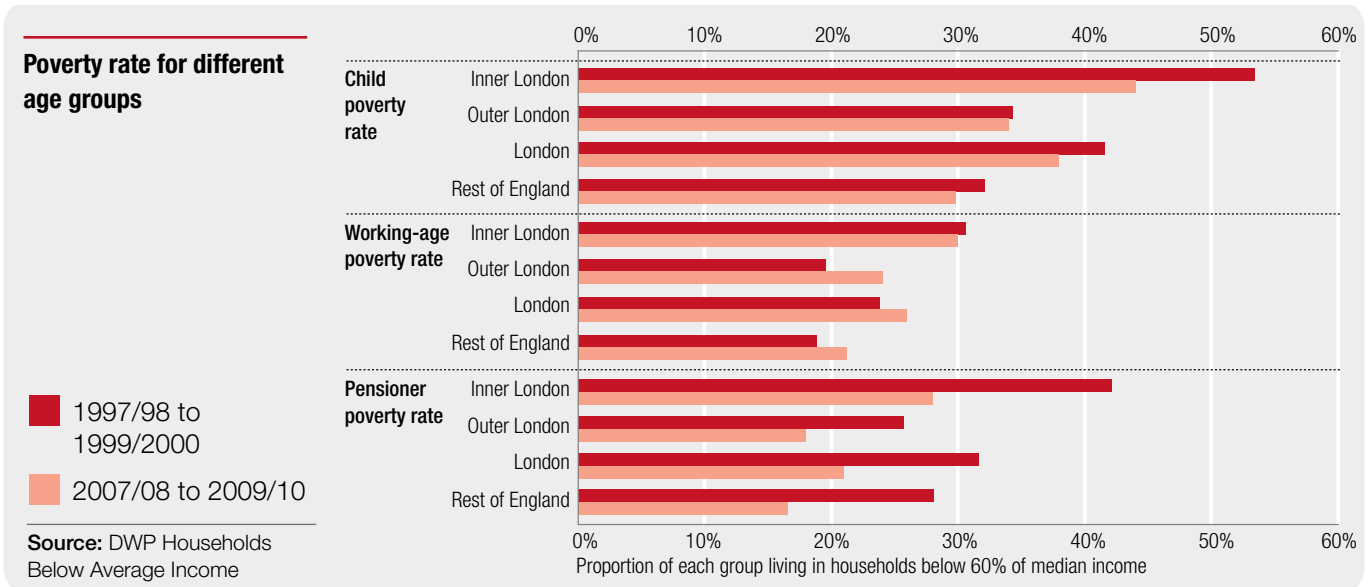
- 1 Homelessness acceptances
- 2 Temporary accommodation
- 3 Mortgage repossession orders
- 4 Landlord repossession orders
- 5 Out-of-work benefits
- 6 Pension Credit
- 7 Unemployed
- 8 Child poverty
- 9 Pay inequality
- 10 Concentration of benefit recipients
- 11 Low pay by residence
- 12 Low pay by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

Income Poverty

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, from 41% at the end of the 1990s. Still, though, child poverty in London is higher than any other English region.

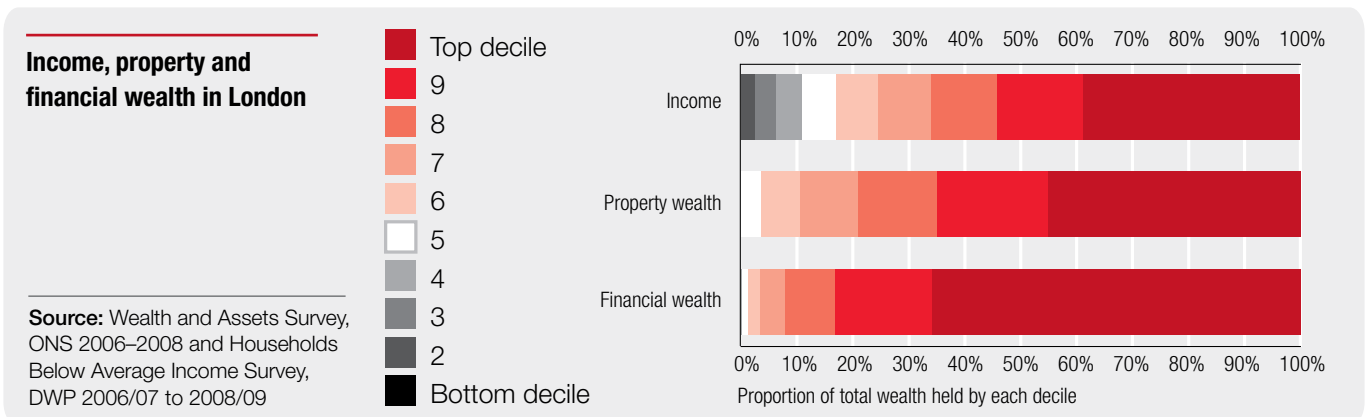
One of the main reasons why poverty rates are so high in London is the cost of housing. Before housing costs are considered, the overall poverty rate in London is the same as the rest of England. However, after deducting housing costs and benefits London's rate is 6 percentage points higher than the rest of England, and the gap has grown in the last decade.

More children in poverty in London live in working families (330,000) than workless families (280,000). This is the opposite of the position ten years earlier, when far more children in poverty were in workless families (430,000) than working families (240,000). The change among working-age adults is even starker. The number in low-income, working families has risen from 390,000 to 680,000 over the last decade. The number in low-income, workless families has fallen from 650,000 to 600,000. In total, there are over one million adults and children in low-income, working families, a rise of 120,000 over the last three years.



Income and wealth inequality

London is also the most unequal region in England. 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 (including the bottom decile who effectively have 0% of total income) account for around 15% of all London's income.



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 is effectively zero. In fact, for most of the bottom 30%, total liabilities (debts) are greater than total assets.

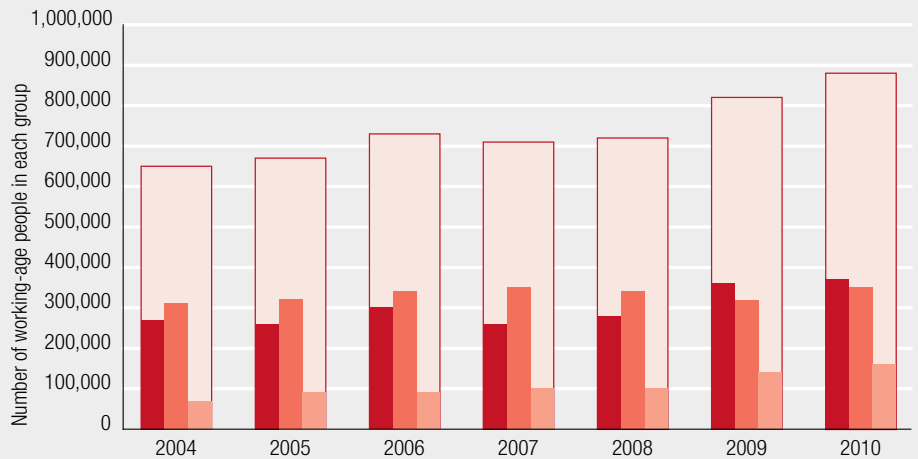
The top 10% of households by property wealth account for 45% of that wealth. The top 20% account for around two-thirds. The bottom 40% have no or nearly no property wealth, mainly because they rent.

Unemployment and underemployment

Unemployed working-age adults in London lacking but wanting work and adults 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

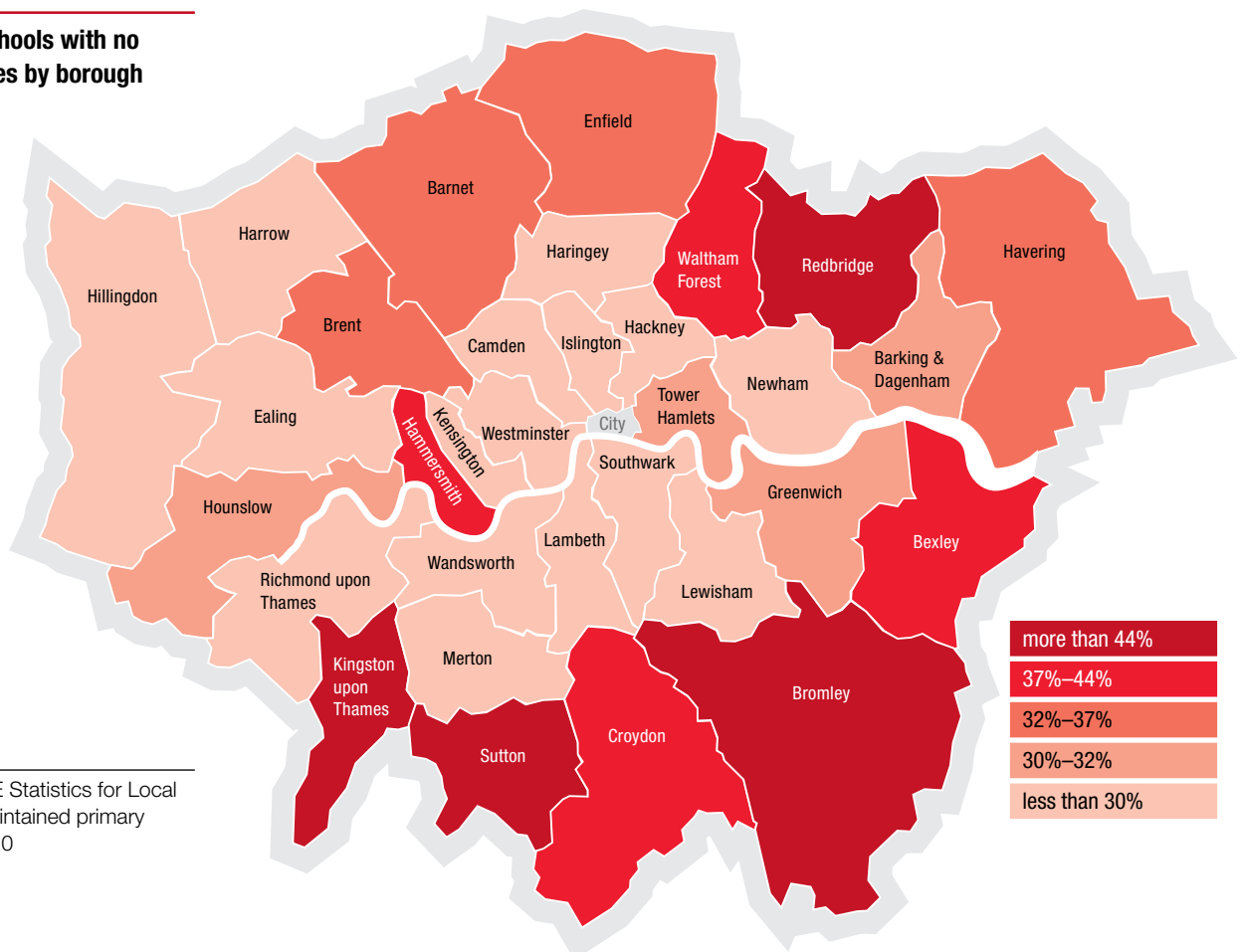


Although not shown on the graph, by mid 2011, the number of unemployed people in London had risen to above 400,000, and was rising at a faster rate than the English average. But it is not just unemployment that has risen. The number of people not officially unemployed but wanting to work has risen by 40,000 to 350,000 since 2004. The number of people working but in part-time jobs because full-time work is not available has more than doubled to 170,000 over the same period.

The rate of young adult unemployment is, at 23%, higher in London than elsewhere in England and far higher than the London average for all ages (9%). Moreover, in 2010, the young adult unemployment rate in London kept rising, while it had not risen in the rest of England (117,000 16 to 24 year olds in London were unemployed).

Service provision

Primary schools with no spare places by borough



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

Recent Government changes to the amount of Housing Benefit payable to low-income families who rent privately particularly affect London. One possible result is that families will move from Inner to Outer London. This will have an effect on the services in Outer London. The map shows the current availability of primary school places in London's boroughs.

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. Housing Benefit changes may exacerbate this further. Similar effects may be seen in health, where Outer London already has a higher population per GP than Inner.

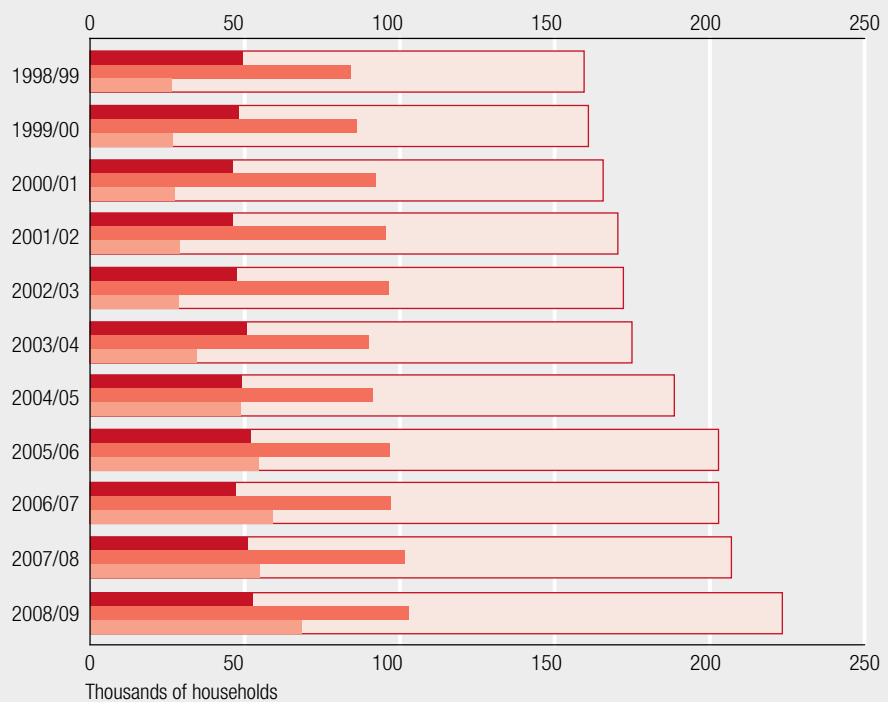
Overcrowding

Some people affected by Housing Benefit changes may choose not to move to cheaper areas but instead to share current space with another family or to move to a smaller property in the same locality. This risks exacerbating overcrowding, already a growing issue in London.

By 2008/09, 220,000 households in London lived in overcrowded conditions. Of these, 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 is partly due to the rising numbers of private rented households, and partly due to the increased proportion of such households that are overcrowded.

Number of overcrowded households in London by tenure over time

■ Owner occupied
■ Social rented
■ Private rented
 Total



Source: Survey of English Housing via GLA

Trust for London

Established in 1891 it is one of the largest independent charitable foundations in London and aims to tackle poverty and inequality, in the capital.

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The full report, news and future updates to the research are available from www.londonspovetryprofile.org.uk