



# London's Poverty Profile

Tom MacInnes and Peter Kenway

*cpf* City Parochial  
Foundation  
Tackling poverty in London

**np**ew **olicy** institute



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Tom MacInnes and Peter Kenway

[www.londonspovertyprofile.org.uk](http://www.londonspovertyprofile.org.uk)

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# Foreword

When we think of the profile of a city, what usually springs to mind is a panorama of tall buildings outlined against the sky. For most Londoners, that might be the Houses of Parliament, the Post Office Tower, Canary Wharf perhaps. Important buildings which stand for authority, power, and wealth. This report is about a different kind of profile in a different kind of London. It describes the social and economic profile of the capital, by picking out for us where poverty, deprivation and social exclusion are at their most prominent.

Like any profile, it shows us high and low points. The report reveals that in some respects London is making progress: in educational achievement, for example, the findings are encouraging. But elsewhere, and even within the shadows of the same London buildings that represent privilege, the report finds evidence of unrelieved deprivation that should concern us all. And by comparison to other cities in England, and despite its size and status, London's record in combating some aspects of poverty is dispiritingly poor.

Poverty is to be found everywhere in London, in differing forms, with varying symptoms and of greater or lesser intensity. The strength of this report is that it shows these differences, and allows comparisons to be drawn between communities, areas and boroughs. It provides information that will allow lessons to be drawn, policies and practices to be changed, resources to be reallocated, so that lives can be improved.

This report was paid for by charitable funds, and is independent of political or sectional interests. The information which underpins its analysis is drawn from public sources. This gives the report an authority which has to be respected by the Government agencies who collected the raw data with which the authors have worked. The conclusions cannot be dismissed as biased, unfounded or lacking in credibility. Where there are gaps in the report's coverage (for example in relation to the extent of poverty or deprivation experienced by undocumented migrants or lesbians and gay men) it is because there are gaps in the official statistics.

The City Parochial Foundation, founded to help the poor of London over a century ago, commissioned this report because we believe that an independent and coherent source of data on poverty is an essential step in focusing attention on priorities for action. Charities like CPF undoubtedly have a part to play in responding to the report. We need to decide what changes to make to our own priorities in the light of these findings, for example to address the growing poverty in Outer London. Meanwhile, we shall continue with our existing initiatives to combat poverty, discrimination, and exclusion in London, for example in support of the London Living Wage, in our work to help undocumented migrants, and through our initiative to combat modern-day slavery.

But it is not to the charitable sector that this report is primarily directed. It is directed to the various local and central government agencies with the power to bring about fundamental change in social and economic conditions. The report gives them the information on which to promote change. It gives them a yardstick against which to measure their progress. It provides a base for Londoners to assess government's performance over the next few years, as updated versions of this report are published. Above all, however, this report throws down a challenge to local and central government to act now to reduce the towering profile of poverty in London. We must all hope that they are equal to the challenge.

**Nigel Pantling**

*Chairman, City Parochial Foundation*

## Acknowledgements

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We would also like to thank GLA statisticians who helped us with procuring data, and CACI for allowing us to use their ward level income data.

We were also helped by statisticians in government departments who helped us with requests, notably in the Department for Work and Pensions Incomes Monitoring Team and the Department for Children, Schools and Families Schools Data Unit.

We, the authors, and not those who have helped us are wholly responsible for all errors, omissions and misunderstandings to be found in this report.

### About City Parochial Foundation

Established in 1891, City Parochial Foundation (CPF), is one of the largest independent charitable foundations in London. It aims to reduce poverty and inequality in the capital by supporting work that tackles poverty and its root causes.

CPF funds research – as with this report – when it increases knowledge of these areas of work or other aspects of poverty in London. A particular interest is in work that has a clear application to policy and practice.

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# Introduction and summary

## Aim of the report

London is by far and away the richest part of Britain. It is the engine of the UK economy, contributing 36% more per head of population than the next most productive region.<sup>[1]</sup> Yet London also has high poverty levels – how can this possibly be?

In our experience, many commentators are utterly perplexed by this. Britain, they point out, is a rich country (14th richest in per capita terms in 2005 according to OECD – and apart from the US, all the countries ahead of it have much smaller populations).<sup>[2]</sup> From this perspective, therefore, Britain itself is a bubble. With its much higher than average income, London is then a bubble within that bubble.

What the perplexed observer fails to take account of, however, is the possibility that their view of London may be a very partial one. For if that view is dominated by images of the City, of the Houses of Parliament, of the Royal Parks, of Knightsbridge, Hampstead and Notting Hill, then what that outsider actually has in mind is not ‘London’ in its generality but rather a quite distorted and select slice of it.

The aim of this report is to correct such misconceptions, first by placing London within the context of England (chiefly by means of comparisons with the eight other English regions) and second, by looking inside London, at Inner and Outer London, then sub-regions within Inner and Outer London and finally at individual London boroughs. Besides geographical variations, the report also looks closely at variations by ethnicity (in recognition of London’s diversity), age and especially work status. The end product is something intended to convey a sense of the texture of London as far as the subject matter is concerned.

## Scope of the report

The report covers London poverty (as measured by low income) and a range of other problems experienced by Londoners that tend to be associated with it, including unemployment and worklessness, low pay, poor health, weak educational outcomes and inadequate housing.

Our basic material is statistical – official statistics almost invariably – which are of high quality, wide-ranging and readily available. In addition, we also draw attention to groups not covered by the official statistics – those working outside the formal economy, those who lack official documentation. The picture painted here is not, by any means, entirely bleak. Low income and poverty do not automatically and inevitably translate into other problems – and we include some striking exceptions.

A report such as this has to be selective and some groups are inevitably under-represented. One such group is pensioners. We suspect that the root of this lies in the way that official anti-poverty strategies prioritise ‘work’ as the answer to the problem – which naturally marginalises pensioners. This may be compounded by the way that pensioner poverty has receded under this Government.

Finally, it should be noted that in the year that it has taken to compile the data, the economic situation has been utterly transformed. The report has virtually nothing to

<sup>[1]</sup> Gross Value Added (GVA) per head of population in 2007: £30,000 in London, £22,000 in the South East (the 2nd region) £16,000 in the North East (bottom region). Office for National Statistics, 2008, *Regional, sub-regional and local gross value added, First Release*, table 1.1: [www.statistics.gov.uk/pdudir/gva1208.pdf](http://www.statistics.gov.uk/pdudir/gva1208.pdf)

<sup>[2]</sup> *OECD Factbook 2008: Gross National Income per capita, PPP basis*, <http://dx.doi.org/10.1787/272524436267>. Of the other 12 countries ahead of the UK, two are Canada and Australia whose combined populations are only two-thirds of the total for the UK. The populations of the other ten add up to the total for the UK.

say about the recession. While that may seem a weakness from the point of view that prioritises ‘topicality’ above all else, it can be defended on the grounds that what is shown here is the longer view. This report shows where London stood – and how it had got there – on the brink of the recession. It is, in short, an assessment of the progress that was made (or not) in the good times – and of the challenges that remain to be faced even after the recession has ended.

## Key findings

Every chapter in the report begins with a summary of its main findings. Of these, the following are those we think are the most important:

- London is the most unequal region in England and income is more concentrated at the top than elsewhere. It has the highest proportion of households in the top tenth of incomes nationally, and the highest proportion in the bottom tenth.
- London has the highest rate of income poverty of any region in England. Inner London in particular has the highest rates for all age groups (children, working-age adults and pensioners) after housing costs are taken into account.
- Although Inner London is worse than any English region on many indicators, it has seen improvements in recent years. However, Outer London has experienced a significant deterioration across a number of indicators since the late 1990s, including child and working-age poverty. More of the capital’s low-income population now live in Outer London than Inner London.
- Boroughs in the Inner East & South of the capital fare worse across a range of indicators in comparison to London’s other boroughs. This is particularly noticeable for worklessness and ill health. The difference between Inner and Outer London therefore masks a stronger contrast between the Inner East & South and the rest of London.
- The proportion and number of children in poverty who live in a household where at least one adult works, has risen since the late 1990s. In-work poverty now accounts for almost half of all child poverty in London.
- Rates of poverty vary considerably between London’s ethnic groups. Bangladeshi households are three times as likely to be in poverty as Indian or White households. Work rates vary substantially not only by ethnicity, but also (within ethnic groups) by country of birth.
- The unemployment rate among young adults in both Inner and Outer London was about 20% in the middle years of this decade, more than any other region. Inner London’s higher rate has been falling whereas Outer London’s slightly lower rate has been rising.
- The proportion of homeless households in London living in temporary accommodation is ten times higher than the national average and five times higher than the English city with the second highest rate.
- Educational attainment at both ages 11 and 16 has significantly improved in London since the late 1990s. At age 16, Outer London now has a lower proportion of pupils not attaining five GCSEs than any English region.
- The proportion of men who die before the age of 65 is much higher in Inner London than in any other region of England.

## An overview of London's boroughs

So is there a simple split between Inner and Outer London? In the table below, comparisons are made within London across 16 key poverty and inequality indicators, and this shows that the picture is not so straightforward. London's 32 boroughs are divided into five groups – the Inner East & South, Inner West, Outer South, Outer West & North West, and the Outer East & North East.<sup>[3]</sup>

The four boroughs with the worst score on any particular indicator are shown in red, the four with the next worst score in darker orange, the eight with the next worst in light orange and the remaining 16 (which are therefore the better half) in beige. Therefore, the deeper the colour the greater the problems faced in the borough.

### Key

- Worst 4 boroughs – highest
- Next 4 boroughs
- Next 8 boroughs
- Remaining 16 – below average

		Low Income and benefits				Low Pay			Low educational attainment		Ill Health			Inadequate Housing			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<b>Outer West and North West</b>	Barnet																
	Brent																
	Ealing																
	Harrow																
	Hillingdon																
	Hounslow																
	Richmond																
<b>Outer South</b>	Bromley																
	Croydon																
	Kingston																
	Merton																
	Sutton																
<b>Inner West</b>	Camden																
	Hammersmith & Fulham																
	Kensington & Chelsea																
	Wandsworth																
	Westminster																
<b>Inner East &amp; South</b>	Hackney																
	Haringey																
	Islington																
	Lambeth																
	Lewisham																
	Newham																
	Southwark																
	Tower Hamlets																
<b>Outer East and North East</b>	Barking & Dagenham																
	Bexley																
	Enfield																
	Greenwich																
	Havering																
	Redbridge																
	Waltham Forest																

<sup>[3]</sup> The categories are based on a statistical definition used by the EU which places south London boroughs Southwark, Lewisham and Lambeth in the Inner East, which for the purpose of this report we have called Inner East & South.

- |   |   |   |
|---|---|---|
| 1 Working-age benefit recipiency                              | 6 Low pay by place of work                        | 12 Working-age people with a limiting long-standing illness |
| 2 Children in families in receipt of key out-of-work benefits | 7 Pay inequalities                                | 13 Underage pregnancies                                     |
| 3 Pensioners receiving Guarantee Pension Credit               | 8 Low attainment aged 11                          | 14 Newly homeless households                                |
| 4 Working-age people who lack, but want, paid work            | 9 Low attainment aged 16                          | 15 Households in temporary accommodation                    |
| 5 Low pay by residency  | 10 Infant mortality                               | 16 Household overcrowding                                   |
|   | 11 Population aged less than 65 who die each year |   |

Several things stand out. First, the two parts of Inner London are very different from one another. Problems are concentrated in the Inner East & South: a sea of red and orange with very little beige. Only low pay breaks the pattern. This is in marked contrast to the Inner West where the worst borough (Camden) would be comfortably the best in the Inner East & South. The Inner West certainly scores badly on housing and pay, but in general, the challenge is of a different order to that faced in the Inner East & South. A major flaw with any simple emphasis on Inner London is that it misses this.

Second, there is huge variation in Outer London, too. Individual boroughs face great challenges. For example, Brent's record looks like that of a borough in the Inner East & South. But, overall, neither the Outer South nor the Outer West & North West are comparable even with the Inner West, never mind the Inner East & South. Nor are they comparable with the Outer East & North East. With the exception of housing, several boroughs in the Outer East, notably Barking & Dagenham, look like the Inner East & South.

What is most noticeable about the Outer East is that most boroughs which share a border with the Inner East & South – Greenwich, Waltham Forest, Barking & Dagenham and Enfield, have the most problems. So if there is a great divide in London, it is not between Inner and Outer or North and South, but rather between the Inner East & South along with some of its neighbours, and the rest.

Note that this area is not simply the old East End. Tower Hamlets, which might be thought to be the heart of what was once meant by that term, is (after Islington) the second best of the Inner East & South boroughs. In his biography of London, Peter Ackroyd had the East beginning at the Aldgate pump, about 150 metres from the City's border with Tower Hamlets. But he also had the boundary extending north, from Bishopsgate via Shoreditch and Kingsland to Tottenham – which, after writing this report, seems to us to be the more significant.

Part of the reason for this is that with its very small resident population, the City simply lacks the weight to make a telling contrast with Whitechapel. But Tottenham belongs to Haringey which also includes prosperous Highgate. One effect of this is that Haringey emerges in this report as the most deeply divided of the 32 boroughs (for example, as measured by the high number of both rich wards *and* poor wards within its boundary). But Haringey's emblematic status goes further than that, for Highgate, sitting next to Hampstead Heath, is just about the northernmost tip of London's rich inner bubble. In Haringey, the bubble and this Inner East & South meet.

It is vital to remember that there are always exceptions to any simple, general pattern.

For example:

- Newham, along with two Outer East boroughs, does very well on our measure of GCSE performance; and
- every borough bar one – Richmond – contains at least one ward with an above-average level of working-age adults receiving out-of-work benefits.

Look closely at the relevant map and even Kensington & Chelsea, and Westminster – the heart of the bubble – have parts that face challenges. Whatever generalisations are used, the fine-grained texture of London poverty must always be borne in mind.



## Chapter one:

# An overview of London

## London's boroughs: 'cities' in their own right

As a UK city, London is unique in both its scale and its diversity. The population of London accounts for about 15% of the total population of England and is more than seven times the size of Birmingham, the next largest city in the country. London is both a city and a region. It is made up of 32 boroughs and the City of London – 14 in Inner London and 19 in Outer London.<sup>[4]</sup> The very small size of the City of London and its unique characteristics means that this report will deal only with the other 32, 13 in Inner and 19 in Outer.<sup>[5]</sup>

**Map 1.1 Boroughs in Inner and Outer London**



<sup>[4]</sup> This is the standard definition used by, for instance, the Office for National Statistics

<sup>[5]</sup> The analysis in this report often looks at Inner and Outer London separately and compares them to the English regions. London is the second largest region in England, after the South East. Both Inner and Outer London, whilst not regions themselves, are larger than the North East, and Outer London is almost as large as the East Midlands. Moreover, the differences between the two are often of interest.

<sup>[6]</sup> ONS (2006) *Mid Year population estimates*, [www.statistics.gov.uk/statbase/Product.asp?vlnk=15106](http://www.statistics.gov.uk/statbase/Product.asp?vlnk=15106)

The south London borough of Croydon is London's largest, with a population of over 350,000. There are only seven cities larger than it in England. More people live in the north London borough of Barnet than either Newcastle or Nottingham.<sup>[6]</sup> The average London borough has the same population as Southampton.

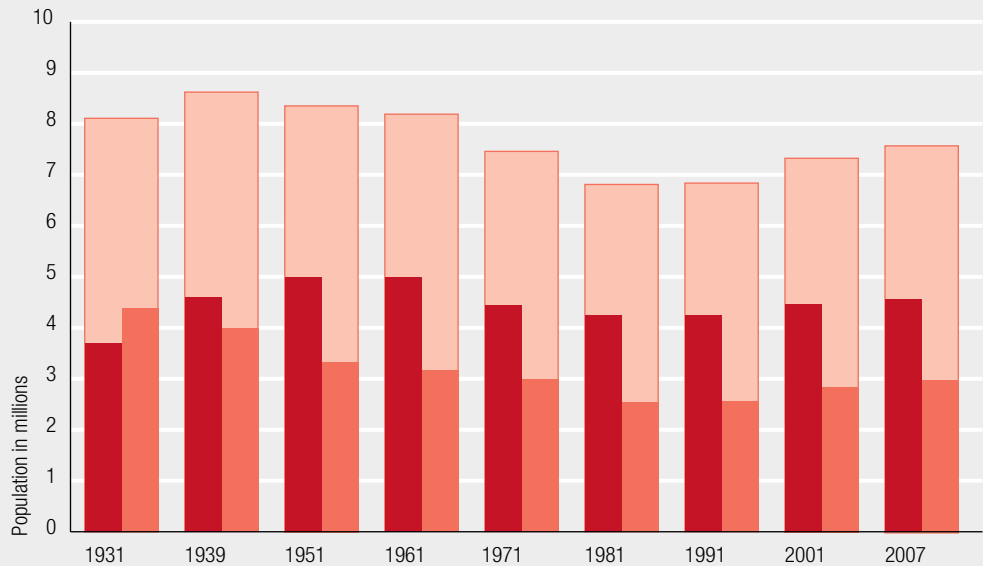
## The changing populations of Inner and Outer London

In 2007, about 7.5 million people lived in London, the highest figure for 30 years or so.

**Graph 1.2 London's population since 1931**

■ Total population  
■ Inner London  
■ Outer London

**Source:** Census data for 1971, 1981, 1991, 2001, ONS Mid year estimates thereafter



London's population declined in the decades after the Second World War, hitting its lowest point in the 1980s (below seven million in the 1981 Census). Since then, both Inner and Outer London have grown steadily. But the population is still well below the levels seen in the 1950s and early 1960s.

Outer London is bigger than Inner London – about 4.6 million people live in Outer London, compared to three million in Inner London. The rates of growth, particularly since the early 1980s, are slightly different in Inner and Outer London. Outer London has grown from 4.3 million to 4.6 million, a growth of about 7%. In the same period, the population of Inner London has grown by 17% from 2.6 million to three million, a larger increase in both absolute and relative terms.

## London's diverse population

As well as being the largest city, London is also the most diverse region in the country. According to the 2001 census, Brent was the most ethnically diverse borough, with an 85% chance that two residents drawn at random would belong to different ethnic groups. Of the 28 English authorities classified as most diverse, 24 were in London.<sup>[7]</sup> The next graph looks at the ethnic diversity of London compared to the rest of England.

<sup>[7]</sup> ONS and GLA (2007) *Focus on London*, [www.statistics.gov.uk/focuson/london/](http://www.statistics.gov.uk/focuson/london/)

**Graph 1.3 The ethnic makeup of Inner and Outer London compared to the rest of England**

Source: Office of National Statistics, 2006

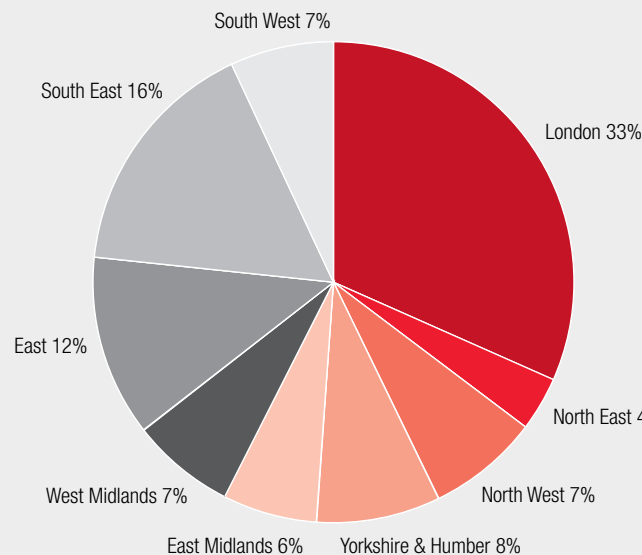


About half the population of Inner London belongs to an ethnic group other than White British, compared to about one in ten of the population outside London. In Outer London, about a third of the population is from a group other than White British.

Contained within these ethnic groupings are people who have moved to London from various parts of the world. Ethnicity is one aspect of London's diversity; migration is another.

**Graph 1.4 International Migration into England, 2007, by intended destination**

Source: Total International Migration Series, ONS, 2007



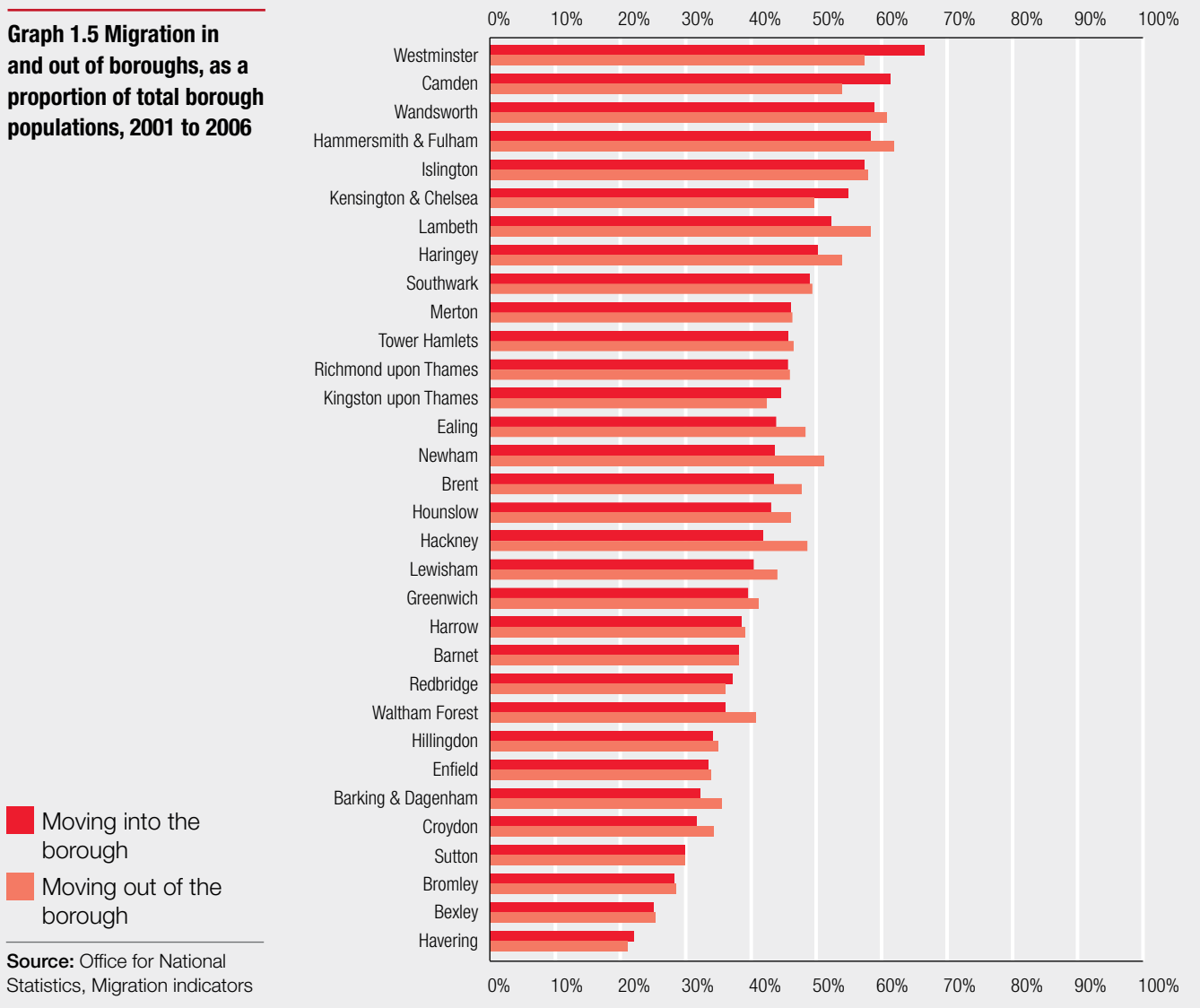
In 2007, about one-third of all arrivals to England had London as their intended destination. This amounts to 162,000 people. In the same year, 92,000 people left London to live abroad, resulting in a net inward international migration of 70,000.

Over the same period, 248,000 people migrated out of London (about 3% of the total population) to other parts of the UK, while 167,000 (about 2%) migrated into London.

The net outward national migration of 81,000 was by no means unusual as each year more people leave London to live elsewhere in the UK than arrive from other parts of the country.

Overall in 2007, combining domestic and international migration, more people moved out of London than moved in. Again this is normal: it has been the case in five of the last six years. However, these total migration figures do hide significant movement within London.

**Graph 1.5 Migration in and out of boroughs, as a proportion of total borough populations, 2001 to 2006**



■ Moving into the borough  
■ Moving out of the borough  
**Source:** Office for National Statistics, Migration indicators

In 10 of London’s 32 boroughs, the equivalent of half the current population has moved in and out in the last five years. Even in the boroughs with the most settled populations such as Havering and Bexley, the equivalent of one-fifth of the current population has moved in and out in the last five years.

By way of comparison, about one-quarter of the populations of Birmingham, Leeds and Liverpool moved in and out in the last five years, while two-fifths of the populations of Nottingham and Manchester did so: all these figures are higher than the overall proportion for London. This means that the issue of the churning population in the capital is at borough level, rather than at the level of London as a whole.

When looking at the effects of ‘churn’ on poverty and social exclusion, there are two aspects to consider. Firstly, some of the population turnover seen in London is a result of its ability to attract highly skilled people from all over the world to come and work. This group is highly mobile, but not the subject of this study.

On the other hand, there are other highly mobile groups within London, such as new arrivals from overseas and people living in temporary accommodation, whose needs are often substantial and place greater pressure on public services.<sup>[2]</sup> While it is not easy to measure the extent to which the highly mobile population of the capital results in higher costs for providing services, these costs are real. Research for the Audit Commission found that local service providers saw population churn as one of the biggest obstacles

<sup>[2]</sup> Travers, T., Tunstall, R., Whitehead, C., Pruvot, S (2007) *Population mobility and service provision*, LSE, [www.lse.ac.uk/collections/LSELondon/pdf/populationmobilityandserviceprovision.pdf](http://www.lse.ac.uk/collections/LSELondon/pdf/populationmobilityandserviceprovision.pdf)

to public service provision. This was compounded by the fact that, while overall deprivation levels were reflected in the formula for funding local services, the turnover of the population was not.<sup>[9]</sup>

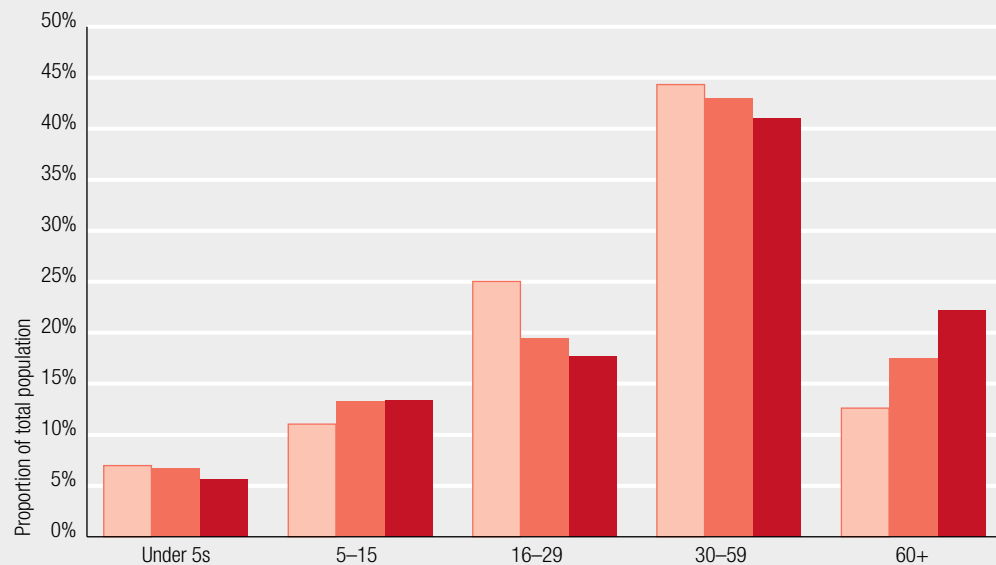
## London's age structure

London's population churns constantly, but migration is not the key driver in the growth of London's population. The main reason London's population has grown in recent years is due to natural change – high numbers of births and low numbers of deaths. This is related to its young age structure, which is significantly different from the rest of England, as the next graph shows.

**Graph 1.6 The age profile of Inner and Outer London compared to the rest of England**

Inner London  
Outer London  
Rest of England

Source: ONS Mid 2006 estimates



The proportion of the population in London aged 16–29 is far higher in Inner than Outer London which is in turn higher than the rest of the country. About 25% of the population of Inner London is aged 16–29, compared to 20% in Outer London and 18% in the rest of England.

Conversely, the proportion of the population of Inner London aged over 60 is far lower than either Outer London or the rest of England. At about 12% of the population it compares to 17% in Outer London and 22% outside London. This makes a difference when considering poverty rates in the capital, as pensioners are one group whose risk of poverty has come down substantially in the last decade or so.

Both Inner and Outer London have a slightly higher proportion of under 5s than the rest of England, reflecting the high birth rate in the capital. 120,000 births were recorded in London in 2006, about one in five of all births in England that year. However, children aged 5–15 make up a smaller proportion of the population in Inner London than they do either in Outer London or in the rest of England.

<sup>[9]</sup> Palmer, G., Kenway, P (2004) *Comprehensive Performance Assessment and Deprivation*, NPI, [www.npi.org.uk/projects/cpa.htm](http://www.npi.org.uk/projects/cpa.htm)

## London's 'sub-regions'

To aid the analysis in the report, we sometimes group London's boroughs together. The groupings used in this report, as shown in the map below, are official ones adopted by the EU for statistical purposes.

**Map 1.7 London's sub-regions**

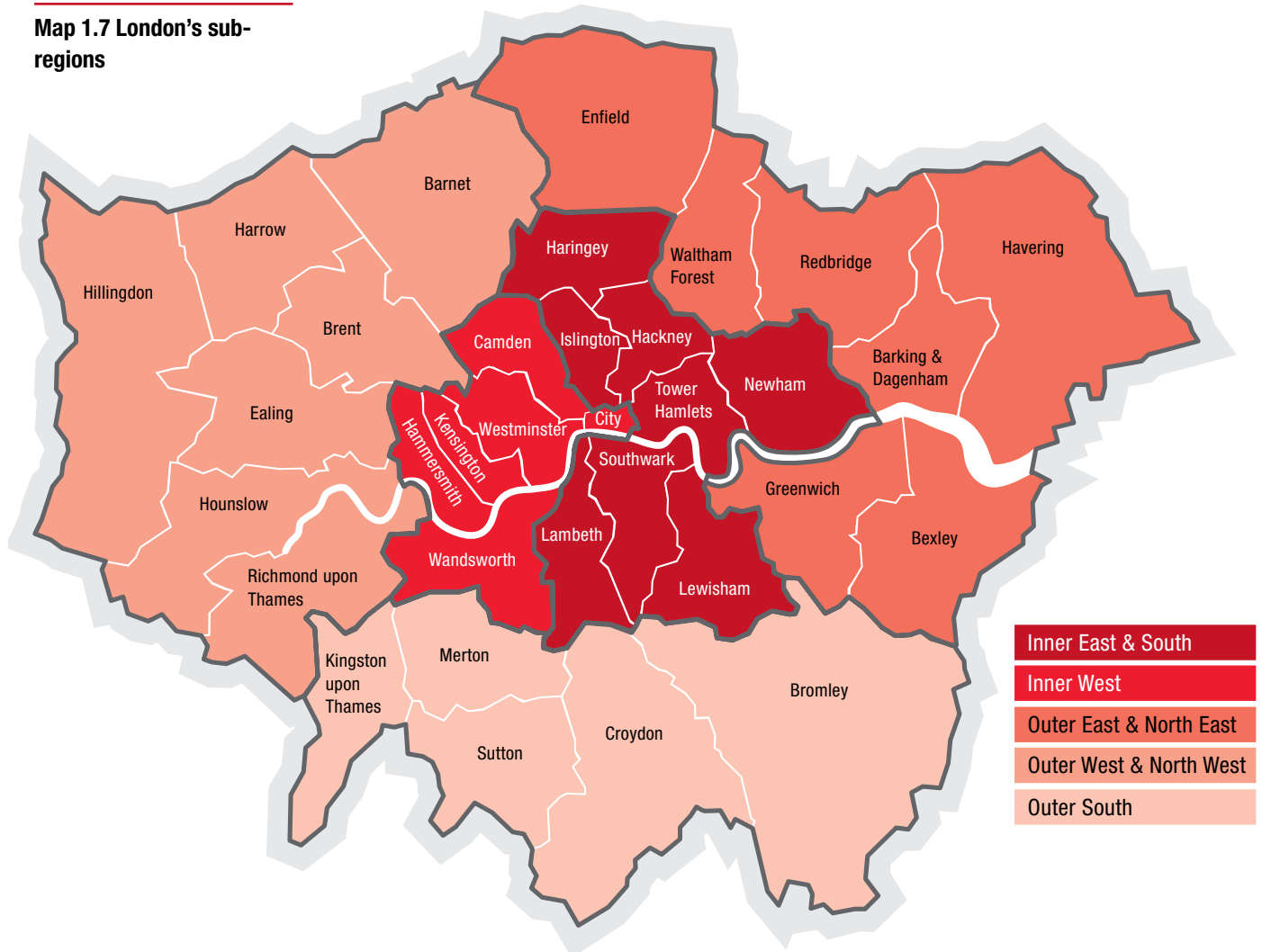


Table 1.8 presents some selected vital statistics. In population terms the Inner East & South, Outer East & North East and Outer West & North West are roughly the same size, while the Inner West and Outer South are slightly smaller. Inner East & South is the largest, with 25% of London's population. A quarter of London's children and working-age adults also live in the Inner East & South, but rather fewer pensioners do (only 19%). 24% of all pensioners live in the Outer East & North East, compared to 20% of people of working-age people and 23% of children.

**Table 1.8 Sub-region vital statistics as at 2006**

Sub-region	Boroughs	Total population (thousands)	Proportion 16 and under	Proportion over 60	Proportion from non White British ethnic groups
Outer South	Bromley, Croydon, Kingston, Merton, Sutton	1,174	20%	14%	29%
Outer West & North West	Barnet, Brent, Ealing, Harrow, Hillingdon, Hounslow, Richmond	1,769	20%	13%	47%
Inner West	Camden, Hammersmith & Fulham, Kensington & Chelsea, Wandsworth, Westminster	1,088	15%	11%	44%
Inner East & South	Hackney, Haringey, Islington, Lambeth, Lewisham, Newham, Southwark, Tower Hamlets	1,878	20%	9%	51%
Outer East & North East	Barking & Dagenham, Bexley, Enfield, Greenwich, Havering, Redbridge, Waltham Forest	1,596	21%	14%	33%

## At London's margins

The indicators in this report use official statistics collected through government sources. So while they can give a good picture of London life for most of its population, some groups are not covered. For instance, the Office for National Statistics estimated in 2005 that there were between 300,000 and 570,000 undocumented migrants in the UK. There is no clear indication of how many have entered the country illegally as opposed to overstaying a visa, though it is believed the latter group are the majority.<sup>[10]</sup>

The Greater London Authority estimates that 380,000 undocumented migrants live in London, representing about 5% of its population. A survey by the Home Office of illegally resident detainees found that most had lived for at least some time in London, and two-fifths had never spent any time outside the capital.<sup>[11]</sup> Though this was based on a small sample, it seems likely that most undocumented migrants will have spent some time in London as it is the main port of arrival from overseas. As such, they add to the churning of London's population, especially in boroughs near the main airports.<sup>[12]</sup>

Many undocumented migrants are likely to be in poverty, but are unlikely to be included in the official figures. While it is not impossible for them to find work, such work is almost inevitably low paid. Without documentation, it is difficult to get a bank account, which itself is often a barrier to work.<sup>[13]</sup> They are not entitled to benefits and are excluded from most services such as health care and social housing.

Recently, there has been growing support in London for an 'earned amnesty' for them. Under this proposal, a migrant without leave to remain living in the UK for four years or more, would be put on a 'pathway to citizenship', allowing them to become fully documented UK citizens, with full rights to work.

This campaign was supported by all the main candidates for the 2008 London Mayoral elections, including the then Mayor Ken Livingstone and the current Mayor Boris Johnson.

Given that undocumented migrants are by definition a hard-to-reach group, there is a real need for research to establish the size of the population and the extent of the problems they face. A report for the GLA by the London School of Economics, and

<sup>[10]</sup> Institute for Public Policy Research (2006) *Irregular Migration in the UK, An ippr FactFile* www.ippr.org.uk/publicationsandreports/publication.asp?id=446

<sup>[11]</sup> Black, R., Collyer, M., Skeldon, R., Waddington, C (2005) *A Survey of the Illegally Resident Population in Detention in the UK*, University of Sussex Centre for Migration Research, Home Office, www.homeoffice.gov.uk/rds/pdfs05/rdsolr2005.pdf

<sup>[12]</sup> Travers, T., Tunstall, R., Whitehead, C., Pruvot, S (2007) *ibid.*

<sup>[13]</sup> Datta K (2007) *Money matters: Exploring financial exclusion among low paid migrant workers in London*, Queen Mary, University of London, www.geog.qmul.ac.uk/docs/staff/4144.pdf

work for the Paul Hamlyn Foundation by City University and the Working Lives Research Institute at London Metropolitan University, will help to fill this gap.

Even within the documented population, there are groups who live at the margins. The GLA estimated that about 500,000 people in London had applied for UK asylum in the previous 15 years. Of these about half have refugee status, making up about 3–4% of London's resident population.<sup>[14]</sup> The remaining half are either awaiting a decision or have been rejected for asylum. Those without status are not allowed to work in the UK without special dispensation, so they make up a particularly vulnerable group.

Those without permission to work often find employment in the informal economy, working cash-in-hand for low wages. Community Links, a voluntary organisation based in Newham, carried out research into the experiences of those working for cash-in-hand, often while claiming benefits. They found that such work was often seen as the only available response to poverty. This initial research has been the starting point for a campaign to help people move into the formal economy.<sup>[15]</sup>

<sup>[14]</sup> Greater London Assembly (2007) *London Enriched: The Mayor's Draft Strategy For Refugee Integration in London*, [www.london.gov.uk/mayor/equalities/immigration/docs/ref-int-strategy.pdf](http://www.london.gov.uk/mayor/equalities/immigration/docs/ref-int-strategy.pdf)

<sup>[15]</sup> Katungi, D., Neal, E., Barbour, A (2004) *Low paid people in informal work: Need not greed*, [www.jrf.org.uk/publications/people-low-paid-informal-work](http://www.jrf.org.uk/publications/people-low-paid-informal-work)



## Chapter two:

# Income poverty

## Key points

- After taking account of housing costs, London has the highest child, working-age and pensioner poverty rates of any region in England. About two-fifths of children, one-quarter of working age adults and one-fifth of pensioners in London live in low-income households.
- Inner London has the highest poverty rates of any region for all three age groups. Outer London has the second highest child and working-age rates but only an average rate of pensioner poverty.
- Child and working-age poverty rates across London are unchanged since the late 1990s. London is not unique in this regard, as the adjacent regions of the South East, South West and East of England have similarly not improved.
- The pensioner poverty rate has come down substantially in London, as it has elsewhere.
- Trends in Inner and Outer London are very different. Child and working-age poverty have come down somewhat in Inner London since the late 1990s but have gone up in Outer London. So though higher in Inner London, poverty rates for children and working-age adults have been worsening in Outer London.
- As a result, a majority of people in poverty in London now live in Outer London. Ten years ago they were evenly split between Inner and Outer.
- The poverty rate for children living in working families is much higher in London, and in Inner London in particular, than elsewhere in England.
- Moreover, the number of children in London living in low-income working families has risen since the late 1990s. Now, almost half of children in low-income households in London are in working families.
- Housing costs account for much of the difference in the poverty rates between London and the rest of England. If housing costs are disregarded (and with Housing Benefit counted as 'income'), the London poverty rate is close to the national average.

## Context

Throughout this report, all the measures of poverty are based on income net of income tax, national insurance and council tax. A household is considered to be in low income ('income poverty' or 'poverty' for short) if its income is less than 60% of median household income for the year in question. This is the same measure used by the Government in its child poverty target, and is in common usage across the European Union.

Being defined in relation to average (median) income, this measure is clearly relative. But that does not mean that it is only something called 'relative poverty' that is being measured. Rather, it reflects the view that poverty is something that is inherently relative, when someone is so short of resources that they are unable to attain the minimum norms for the society in which they live.

By being defined in relation to the median, this measure looks at the gap between the poorest and the middle, not the poorest and the richest. So while some inequality – the difference between the top and the bottom – is inevitable, poverty is not. There is no mathematical reason why any household should be below 60% of median, contemporary household income.

While this threshold is widely used for measuring poverty, it is nevertheless only a convention. A recent study by the Joseph Rowntree Foundation sought to establish a minimum income standard by asking members of the public what they thought was needed in today's society to enjoy an acceptable standard of living.<sup>[16]</sup> They found that, with few exceptions, this amount was actually a little above the conventional 60% threshold.

Throughout this report, and consistent with standard practice, poverty is defined and measured for the household as a whole rather than for the individuals in it. If a household is in poverty, it means that all the individuals living in that household are also in poverty.

In order to compare households, adjustments have to be made for household size. An individual living alone does not require the same income to enjoy a set standard of living as do a family of four. However, the requirements of a family of four are not four times that of a single person living alone. The household income is therefore 'equivalised' (adjusted) for size and composition using the same standard approach as that employed by the Department for Work and Pensions in its annual Households Below Average Income series.

In 1999, the Government announced its aim to eradicate child poverty by 2020 and to halve it by 2010. To try and address this the London Child Poverty Commission was established by the Mayor in 2004 to find ways of reducing the very high rate of poverty among children living in London. Its report, *Capital Gains* published in 2006<sup>[17]</sup>, recommended, among other things, that additional resources should be put into Jobcentre Plus in London and high-quality careers and training advice provided to parents. It has been the spur to a lot of activity aimed at reducing child poverty in London.

One of its main recommendations was to create a ministerial post in charge of reducing child poverty in London. A ministerial working group was established in April 2008 to look specifically at child poverty in the capital. Much of its focus is in getting parents into work, while recognising the particular barriers parents in London face.

Eleven boroughs have included the national indicator (NI116) on reducing child poverty as a local priority.<sup>[18]</sup> Together, they have pledged to lift 21,000 children out of poverty during the next three years. One-quarter of all local authorities in England who chose this indicator as a priority are in London.

<sup>[16]</sup> Bradshaw, J., Middleton, S., Davis, A., Oldfield, N., Smith, N., Cusworth, L., Williams, J (2008) *A Minimum Income Standard for Britain*, JRF, [www.minimumincomestandard.org/](http://www.minimumincomestandard.org/)

<sup>[17]</sup> The London Child Poverty Commission (2006) *Capital Gains; London Child Poverty Commission Final Report*, LCPC, <http://213.86.122.139/docs/capital-gains.pdf>

<sup>[18]</sup> The eleven are: Ealing, Enfield, Hackney, Haringey, Islington, Kensington & Chelsea, Hackney, Newham, Tower Hamlets, Waltham Forest and Westminster.

## Headline poverty statistics, 'before' and 'after' housing costs

Household income can be measured either before or after housing costs have been deducted. Housing costs include rent, mortgage interest repayments and housing insurance, and the calculations consider Housing Benefit to be part of a household's income. The thresholds for these two measures differ. The table below shows the 60% of median weekly income threshold in the UK for various household types on both bases in 2006/07, the latest year for which data is available.

**Table 2.1 Low-income thresholds in 2006/07**

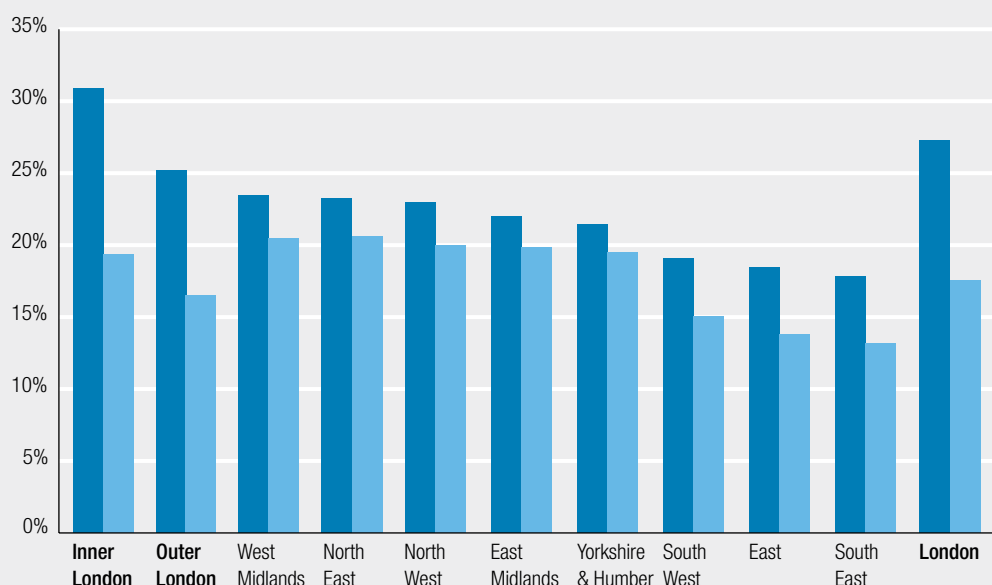
Figures for 2006/07, from Households Below Average Income series, Department for Work and Pensions	Low-income threshold Before Deducting Housing Costs (BHC)	Low-income threshold After Deducting Housing Costs (AHC)
Single adult	£151	£112
Couple without children	£226	£193
Lone parent, two children under 14	£242	£189
Couple, two children under 14	£316	£270

Often, when measuring low income, the threshold used, whether before or after housing costs, does not really matter. For London, however, this is not the case, as the next graph shows.

**Graph 2.2 The proportion of people in low-income households, before and after housing costs**

■ after housing costs  
■ before housing costs

Source: Households Below Average Income 2004/05 to 2006/07



### What does this graph show?

On a before housing costs (BHC) measure, the rate of low income in Inner London (20%) is similar to other regions in England. The rate in Outer London (16%) is, in fact, lower than the England average.

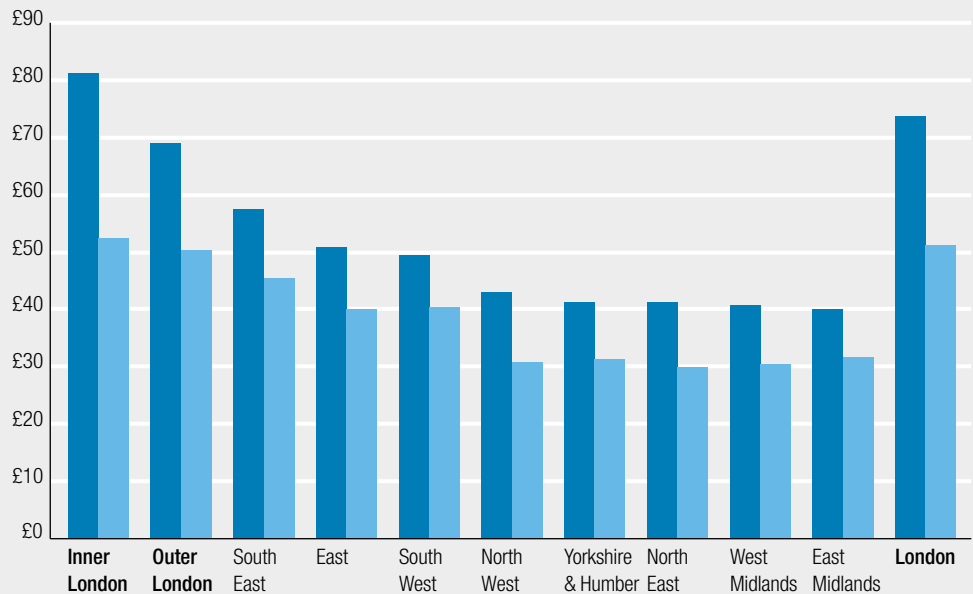
Both of these are in marked contrast to the after housing costs (AHC) measure, where Inner London has by far the highest proportion of people in low-income households (31%), and Outer London the second highest (25%).

The difference in the proportion of people in low-income households on the BHC measure and the AHC measure is about ten percentage points in both Inner and Outer London. Nowhere else in the country do housing costs make such a difference. The next graph shows why.

**Graph 2.3 Average weekly housing costs for households with below-average incomes**

■ Gross  
 ■ Net (Housing Benefit deducted from housing costs)

**Source:** Households Below Average Income, DWP; the data is the average for 2004/05 to 2006/07



### What does this graph show?

The graph above looks at the housing costs for people whose income is below the national average. For each region, the left-hand bar shows the average housing cost, before Housing Benefit is deducted. The right-hand bar shows the average housing cost after the deduction of Housing Benefit.

Both before and after deducting Housing Benefit, London households with below-average incomes have much higher housing costs than households elsewhere in England.

The difference in any region outside of London is never greater than £15. This means that Housing Benefit makes up a larger proportion of total 'income' for households in London than in other regions – although it is often income that households never actually get to see as it is paid direct to the landlord.

### Before or after housing costs?

We believe the AHC measure is the proper measure to use in this report, and indeed, generally, as far as low incomes are concerned. There are three reasons.

First, housing costs are non-negotiable – they must be met. Income *after* housing costs is therefore much the better proxy for the amount of disposable income a household has.

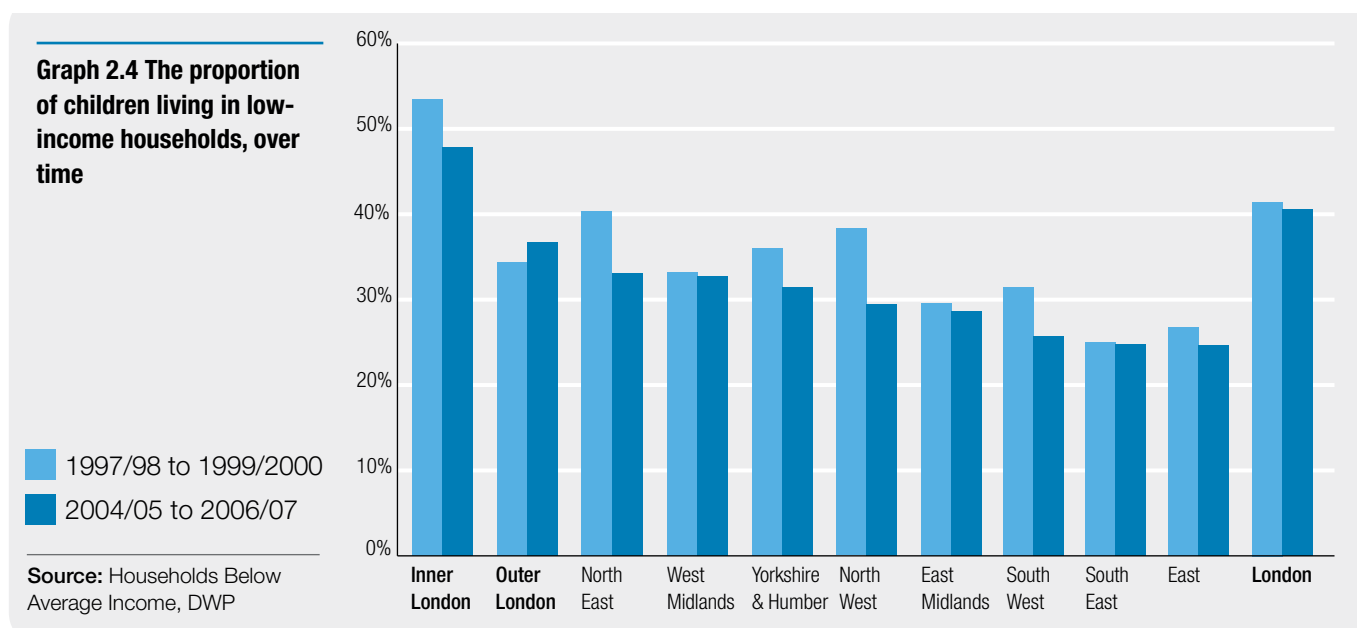
Second, since Housing Benefit is treated as income, a rent rise causes Housing Benefit to go up which *increases* BHC income. The idea that a rise in rent can ever leave someone *better* off is a nonsense which has some perverse implications for policy. This problem does not arise with the AHC measure.

Third, London's higher rents mean that, if they receive Housing Benefit, otherwise identical families will have a higher BHC income if they live in London than if they live elsewhere. For example, if the rent were £10 a week higher in London than Newcastle, an unemployed man living in a rented flat would be deemed to be £10 a week better off here than there. Insofar as the costs of other essential items are also higher in London, this is the opposite of the truth.

From this point on, therefore, when discussing low income we will only use the AHC measure.

## Poverty in London compared with other English regions

The next set of indicators breaks the low-income population up into children, working-age adults and pensioners. They look at the current figures, and the change over time. The first graph looks at children living in low-income households.



### What does this graph show?

London as a whole has the highest proportion of children in low-income households – the highest ‘child poverty rate’ – of any region in England. About two-fifths of children in London live in low-income households, compared to a national average of one-third. This means that, while about one in seven children in England live in London, one in five children in low income in England live in London.

Not only is the proportion of children in low-income households higher in London than in other regions, it is unchanged since the late 1990s. This lack of progress is not unique, though, as neighbouring regions in the East and South East, and the East and West Midlands, still have the same proportions of children in low-income households as they did a decade ago. In fact, no region has met the interim Government target of reducing child poverty by 25%.

These very high numbers and proportions of children in low income in London, allied to the lack of progress in reducing them, were the catalyst for the launch of London’s own Child Poverty Commission, which published a report and recommendations in February 2008.<sup>[19]</sup>

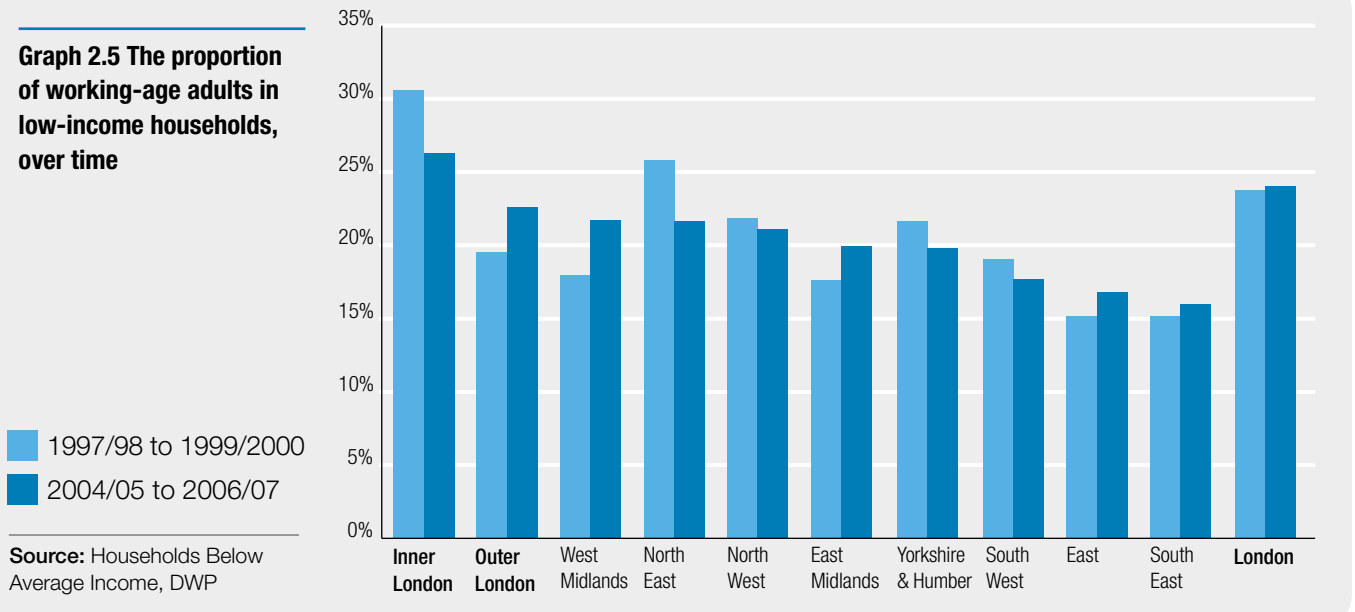
Splitting London into Inner and Outer shows how different the picture is between the two. The proportion of children in Inner London in low-income households is by far the highest in the country – about a half of children live in low-income households. At 35%, Outer London is next highest, but the difference between Inner and Outer is far greater than between Outer London and most other regions.

However, the proportion of children in Inner London in low-income households has come down in recent years, by about five percentage points. In Outer London, the proportion has risen. So the lack of movement in the proportion of children living in low-income households in London is a mix of a decrease in Inner London offset by an increase in Outer London.

<sup>[19]</sup> The London Child Poverty Commission (2008) *Capital Gains – London Child Poverty Commission Final Report*. <http://213.86.122.139/docs/capital-gains.pdf>

In fact, Outer London's increasing proportion of children living in low-income households is quite unique. While there has been no decrease in the proportion of children in low-income households in the East or West Midlands or the South East, Outer London is the only place to have seen an increase.

**Graph 2.5 The proportion of working-age adults in low-income households, over time**



### What does this graph show?

As it does for children, London has the highest rate of working-age poverty in England. About one-quarter of working-age adults in London live in low-income households, compared to a national average of 17%.

This proportion has not changed over the last seven or so years, but in some parts of the country, it has actually increased. So London's lack of progress is not unique, even if the proportion itself is unusually high.

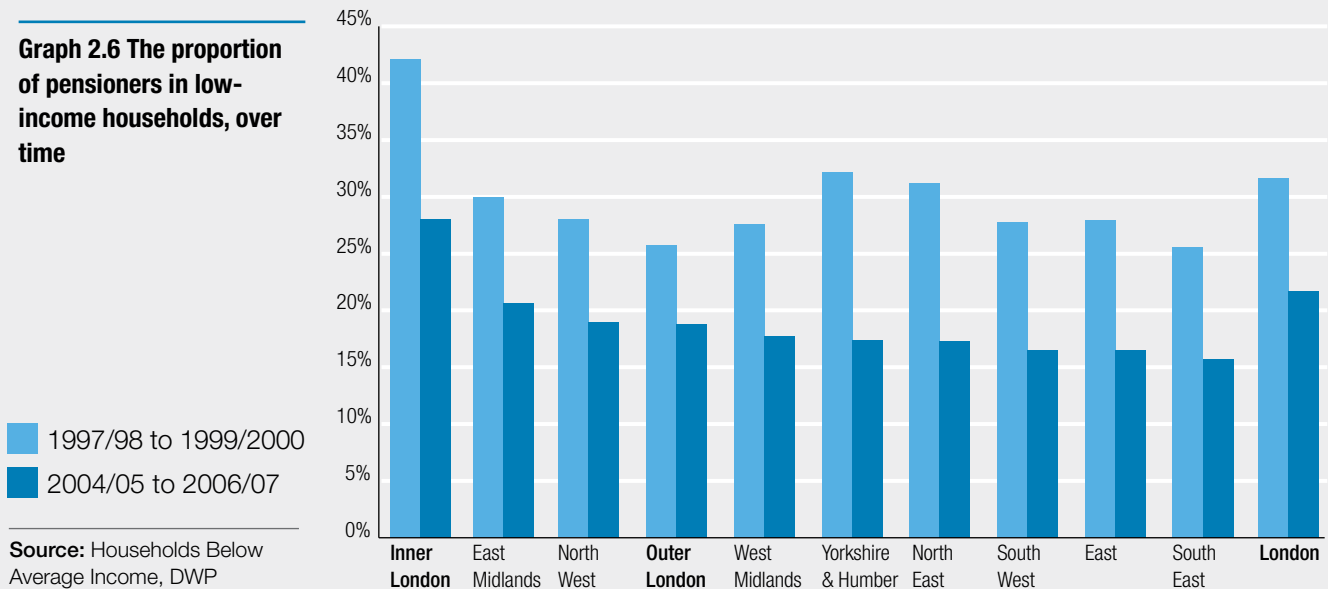
We saw earlier that London has a high proportion of working-age adults compared to the rest of the country. This, combined with the high risk of low income for working-age adults in London, means that one in five of all working-age adults in poverty in England live in the capital.

Again, though, splitting London into two parts tells us something interesting, and underlines an emerging theme. As was the case for children, the proportion of working-age adults in low-income households is higher in Inner London than anywhere else in the country, and Outer London has the next highest proportion.

But again, as was the case for children in low-income households, the trends in Inner and Outer London are heading in opposite directions. Inner London has seen a decrease of about five percentage points since the late 1990s in the proportion of working-age adults living in low-income households. Outer London has seen an increase of about three percentage points over the same period.

The rise in the proportion of working-age adults in low-income households in Outer London is not unique. The West and East Midlands and the East and South East have all seen small increases as well. In fact, the overall proportion of working-age adults in low income has risen nationwide since the late 1990s.

**Graph 2.6 The proportion of pensioners in low-income households, over time**



### What does this graph show?

The proportion of pensioners in low-income households is 27% in Inner London and 19% in Outer London. Both these proportions are far lower than they were at the end of the previous decade, when 42% of pensioners in Inner London and 26% in Outer London were in low-income households.

Other regions, notably the North East, Yorkshire and the West Midlands, have also seen big reductions.

Following these decreases, the differences between regions in the proportion of pensioners in low-income households are much less marked than they were either for children or working-age adults. The difference between London (the highest rate) and the South East (the lowest rate) is now only about five percentage points.

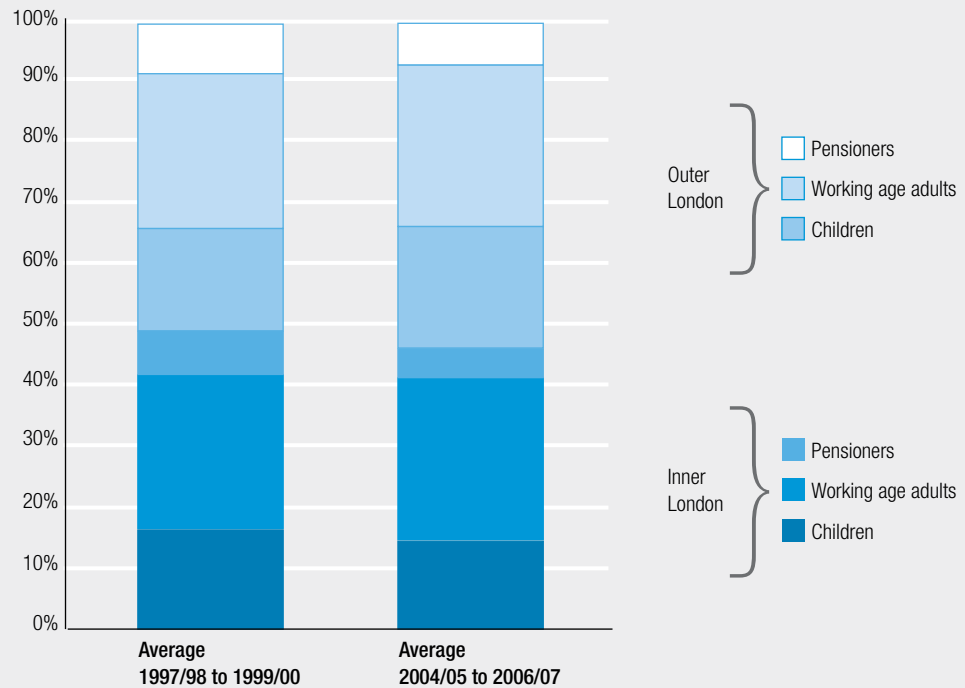
The comparison between Inner and Outer London is slightly different for pensioners than for children and working-age adults. In particular, such is the low pensioner population in London, and Inner London especially, that despite the high rates of pensioner poverty compared to other regions, only 5% of pensioners in low-income households in England live in Inner London, and only 13% live in the whole of London.

Reducing pensioner poverty has been a Government priority. The establishment of the Pension Credit, most notably the Guarantee Credit, which usually takes pensioners who claim it above the AHC poverty threshold, has played a big part in the reduction seen in the graph above.

## Poverty in Inner and Outer London

Having looked at the proportion of the total population who live in low income, we now look at the low-income population specifically. Graph 2.7 brings together the previous three graphs and looks at the composition of London's low-income population.

**Graph 2.7 London's low-income population by sub-region and age group, over time**



Source: Households Below Average Income, DWP

### What does this graph show?

Despite the higher poverty rates in Inner London, more than half (54%) London's low-income population live in Outer London. This is an increase compared to the late 1990s, when London's low-income population was split equally between Inner and Outer London.

Reflecting this relatively bigger population, a larger number of children in low-income households live in Outer London (380,000) than Inner London (270,000).

A similar number of working-age adults are in low income in Inner and Outer London – 500,000 in both cases. This means that more than half London's low-income population are working-age adults.

About 12% of the low-income population in London are pensioners – some 220,000 in total. Again, while pensioners in Inner London are more likely to be poor, there are more poor pensioners in Outer London than Inner London, reflecting the much larger pensioner population.

Given this balance of the low-income population shifting towards Outer London, it is timely that the Mayor has recently established an Outer London Commission with a focus on business and economic development.



## In-work poverty

Graphs 2.8 and 2.9 look at the relationship between child poverty and the work status of the family.

An 'all-working' family is either a lone parent family where the parent works full-time, or a couple family in which one works full-time and the other works at least part-time. A 'part-working' family is either a couple family in which one adult works and the other does not, or a family where all the adults work but part-time only. These definitions are based on official DWP sources.

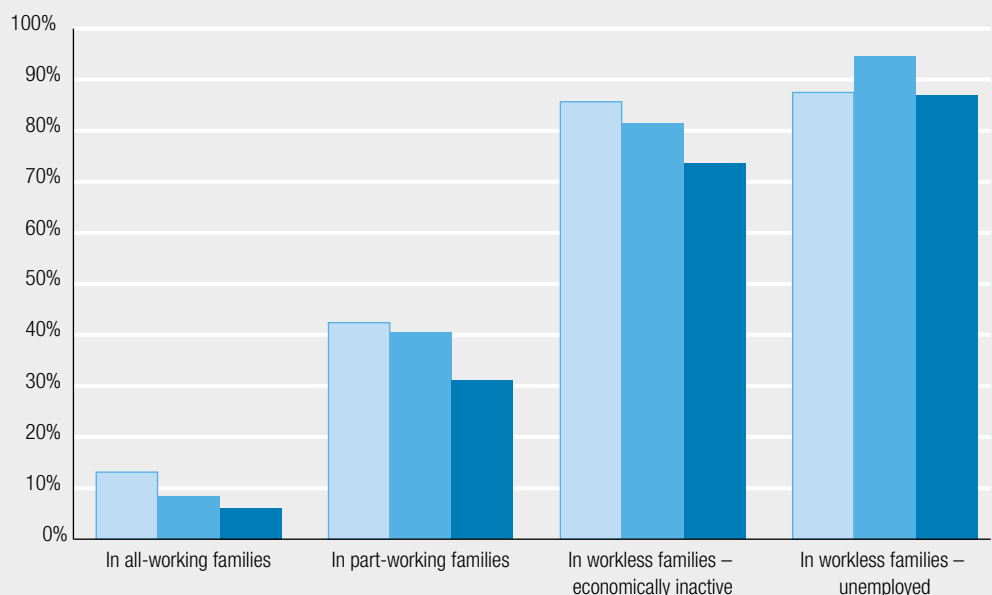
Being in low income while living in an 'all-working' or 'part-working' family is described as 'in-work poverty'.

Families where no adult works are divided between 'economically inactive', where the adults are not seeking work, and 'unemployed', where at least one adult is looking for work.

**Graph 2.8 The proportion of children in low-income households by family work status**

Inner London  
Outer London  
Rest of England

**Source:** Households Below Average Income, DWP; the data is the average for 2004/05 to 2006/07



### What does this graph show?

For each family work status, the proportion of children in low-income households is higher in London than the rest of England, and most commonly highest in Inner London.

This difference is most marked in working families. About 10% of children in 'all-working' families in Inner London and Outer London, compared to 5% in the rest of England.

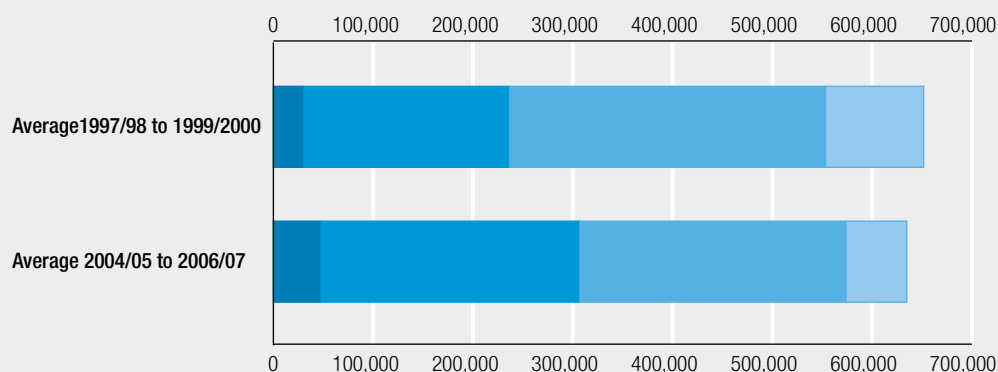
There is a similar difference in 'part-working' families with about 40% of children in Inner and Outer London in low-income households, compared to 30% in the rest of England.

For workless families, there is less difference in the proportion of children living in low-income households between London and elsewhere. While highest in Inner London, the proportion of children in workless families who live in low-income households is high – more than 70% – everywhere.

**Graph 2.9 The family work status of children in low income in London, over time**

- All-working
- Part-working (including self-employed)
- Workless – economically inactive
- Workless – unemployed

**Source:** Households Below Average Income, DWP



### What does this graph show?

As we saw in an earlier graph, the number of London children in low-income households has remained unchanged since the start of the decade. What has changed is the composition, moving away from out-of-work poverty towards in-work poverty.

At the end of the 1990s, 240,000 children in London lived in low-income households where at least one adult worked. In 2006/07, that figure was 300,000. Most of these children live in ‘part-working’ families – about 200,000 at the end of the 1990s rising to 250,000 in 2006/07. The number of children in low-income households where all the adults are working has also risen, albeit from a low base.

These rises call into question the view that work is the only route out of poverty. While working households are less likely to be in poverty than workless households, this does not mean that work in itself necessarily guarantees a sufficient income to lift a household out of poverty.

# Receiving non-work benefits

## Key points

- The rate of benefit recipiency – the proportion of working-age adults receiving out-of-work benefits – in London is similar to the national average. About one in seven working-age adults receives a key out-of-work benefit. However, within the total those receiving disability benefits make up a smaller share, and lone parents a larger share.
- The rate of recipiency varies enormously within London. For example, the proportion of working-age adults receiving out-of-work benefits in Hackney or Barking & Dagenham is three times the rate of that in Richmond and Kingston.
- Every borough except one has at least one ward in which more than one in eight of the working-age adults receive out-of-work benefits. In some boroughs more than one in eight working-age adults receive out-of-work benefits in every ward.
- Overall, the rate of benefit recipiency was lower in 2008 than it was in 2002, but the trends in Inner and Outer London have been somewhat different. In particular, the boroughs in Inner London with the highest levels of recipiency – Hackney, Tower Hamlets, Newham and Islington – have all seen reductions in the numbers of claimants in the last few years. Meanwhile, in Outer London the boroughs with high rates of benefit recipiency, such as Enfield and Barking & Dagenham, have seen these rates increase.
- The proportion of pensioners receiving Pension Credit Guarantee also varies across London, with much higher recipiency rates in Inner London than Outer London. As a result, despite only having one-fifth of the pensioner population, the Inner East & South has one-third of the pensioners receiving the Guarantee element of Pension Credit.

## Context

The indicators in this section cover selected non-work benefits paid to working-age adults and pensioners. They are chosen because they all relate to low incomes – the recipients are either out-of-work, or retired with no savings to fall back on.

The previous chapter looked at low income in London compared to other parts of the country. The measures of income discussed there allow us to look at Inner and Outer London, but do not permit us to look any more closely. This chapter therefore uses the numbers in receipt of out-of-work benefits to allow us to look even below the borough level.

Out-of-work benefits are the best available proxy for workless low income, but are not really a proxy for low income *per se*. A person can receive out-of-work benefits and not be in a low-income household, for instance, if their spouse is working – and we saw in the previous chapter the high proportion of *working* families which are in poverty.

The working-age, out-of-work benefits we look at are those referred to by the Department of Work and Pensions as ‘key out-of-work benefits’, namely Jobseeker’s Allowance (JSA), Income Support (IS), Incapacity Benefit (IB), Severe Disablement Allowance and Carer’s Allowance. People receiving Disability Living Allowance only are excluded as they may be in work, and it is not means-tested.

The figures for Pension Credit recipients only include those who receive the Guarantee part of the credit. The guarantee is paid to those pensioners who have little or no income. In 2008, the guarantee brought a pensioner’s income to £124.05 a week for single pensioners and £189.35 a week for pensioner couples.

This is a good proxy for pensioner low income, but by no means perfect. Not all pensioners eligible for the Guarantee element of Pension Credit receive it – take-up is estimated to be between 60% and 70%.<sup>[20]</sup>

<sup>[20]</sup> DWP (2008) *Income Related Benefits Estimates of Take-Up in 2006-07*, DWP, [www.dwp.gov.uk/asd/income\\_analysis/jun\\_2008/0607\\_Publication.pdf](http://www.dwp.gov.uk/asd/income_analysis/jun_2008/0607_Publication.pdf)

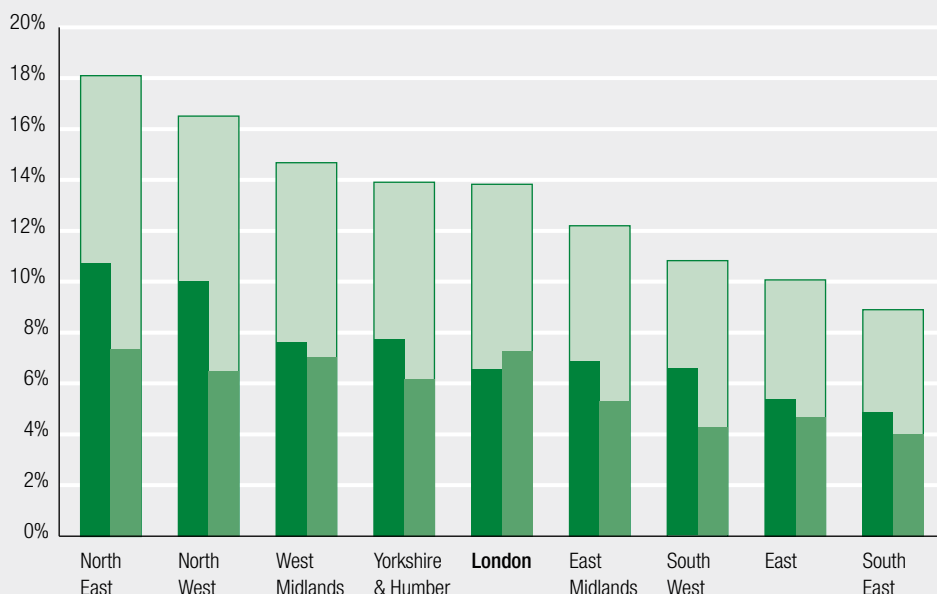
## Working-age adults receiving out-of-work benefits

The next set of indicators look at the working-age adult population receiving out-of-work benefits. We look at comparisons between London and elsewhere, then look within London.

**Graph 3.1 The proportion of working-age adults receiving out-of-work benefits**

Total  
 Sick or disabled  
 Other

**Source:** Work and Pensions Longitudinal Study, DWP and ONS population estimates; the data is for February 2008



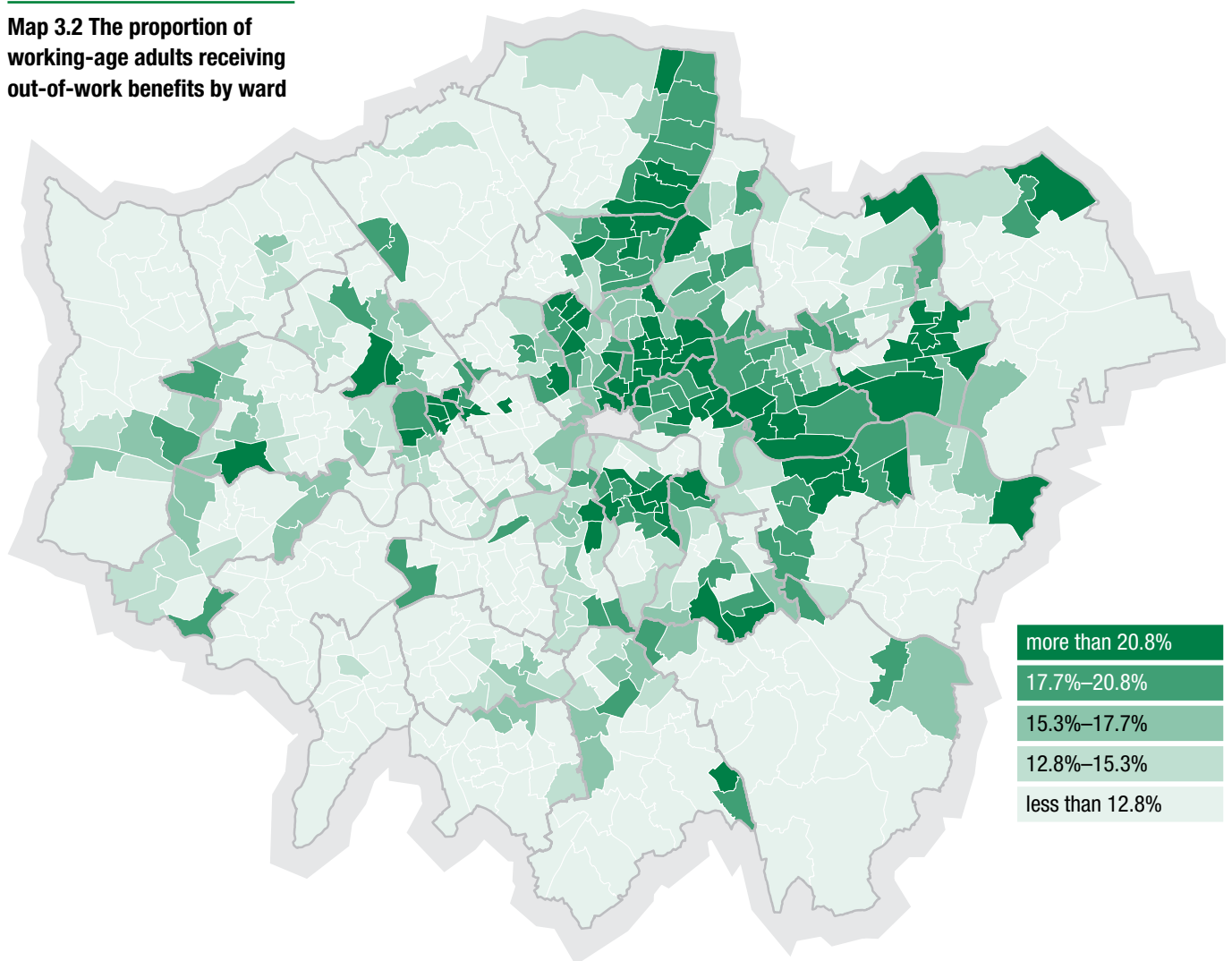
### What does this graph show?

At 14%, the proportion of working-age adults receiving out-of-work benefits in London is average for England. Four regions have higher proportions, four have lower proportions.

What is different in London is the composition of this group. At about 6% the proportion of working-age adults receiving sickness or disability related benefits is lower than most other regions. This is related to the younger age structure of London compared to other regions.

Conversely, the 8% of adults who receive out-of-work benefits for other reasons (including JSA and lone parent Income Support) is higher than almost all other English regions. This mirrors the higher proportion of lone parents in London compared to the rest of England.

**Map 3.2 The proportion of working-age adults receiving out-of-work benefits by ward**



### What does this map show?

In this map, the eighth of wards with the highest proportion of adults receiving key out-of-work benefits is coloured in darkest, with the next three-eighths coloured in increasingly lighter shades. Each colour represents about 80 wards. The remaining half is left pale green, for those wards with below-average proportions of benefit recipients.

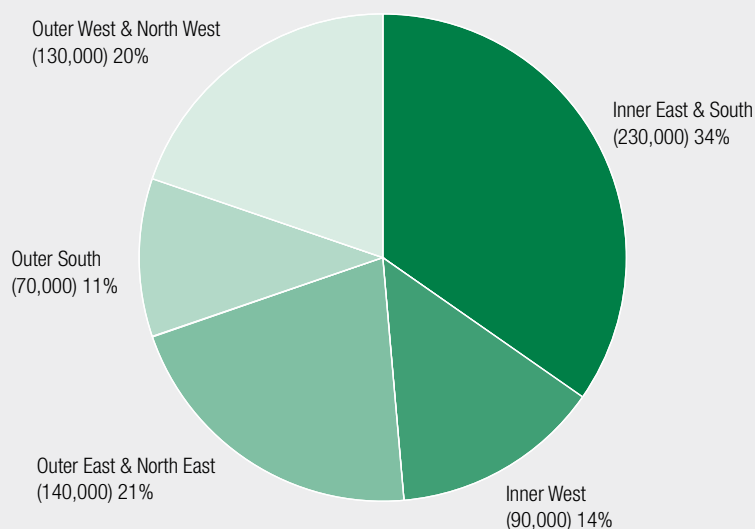
Most of the areas with the highest proportions of working-age adults receiving out-of-work benefits are spread across the Inner North and East of London from the east of Enfield, through to Barking & Dagenham.

There are, though, other areas with high proportions of benefit recipients scattered throughout Inner London – parts of Lewisham and Camden, for instance, as well as areas in Lambeth and Southwark.

Other clusters in Outer London are in Havering in the East, Croydon in the South, and where Ealing, Hounslow and Hillingdon meet in the West. But every borough except for Richmond has at least one ward with an above-average level of benefit recipiency (that is, a minimum of one in eight working-age adults in receipt of out-of-work benefits). In Hackney, Newham and Islington, the proportion in every ward exceeds this level.

The map above was based on ward level data. From this point on all maps will be based on the local authority boundaries due to the lack of availability of ward data.

**Graph 3.3 The total number of working-age adults receiving out-of-work benefits**



**Source:** Work and Pensions Longitudinal Study, 2008

### What does this graph show?

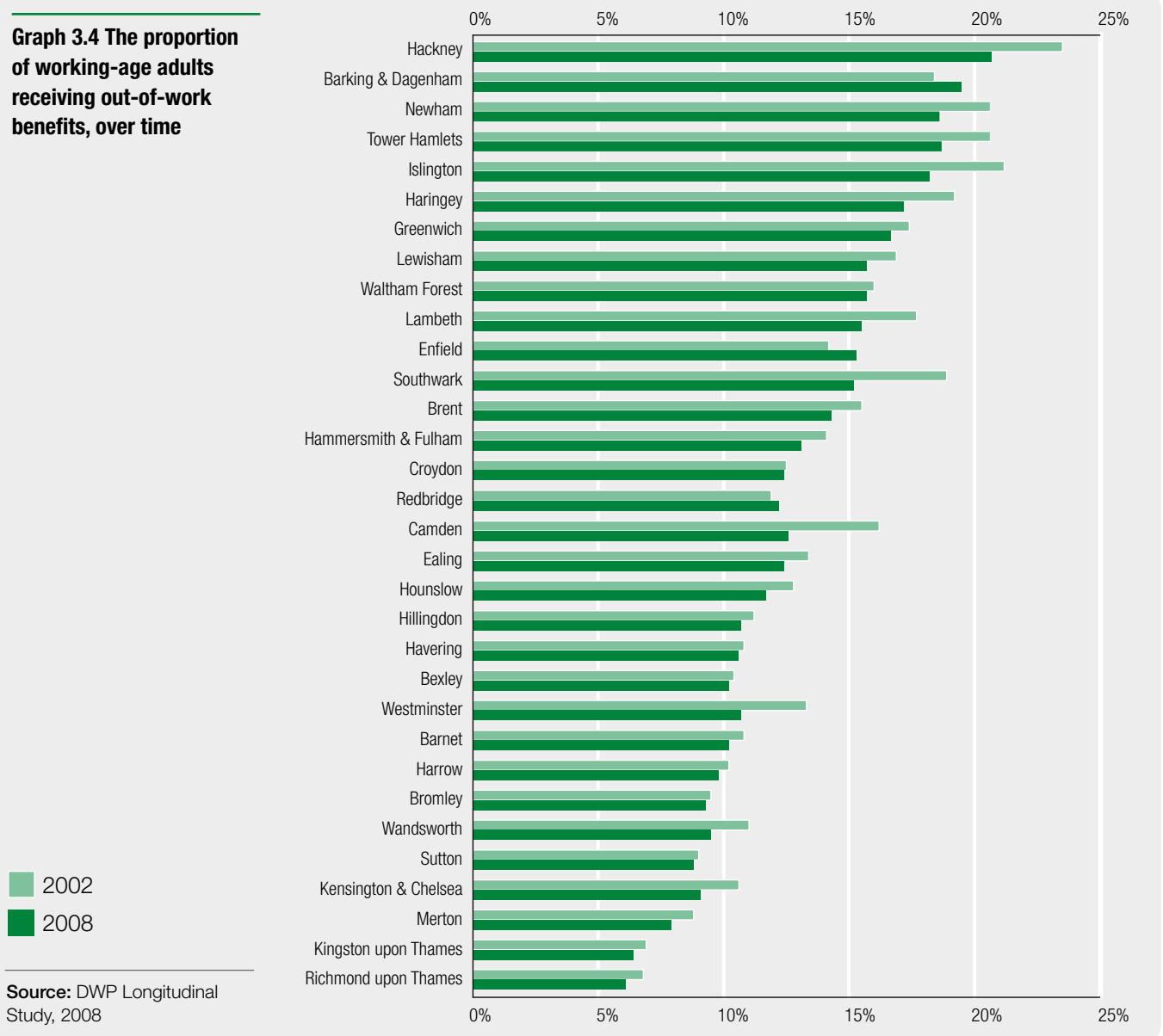
About 660,000 working-age people in London receive a key out-of-work benefit, and of these, one-third of these live in the Inner East & South. At 230,000, this sub-region has by far the highest number of benefit recipients. The Inner East & South is over-represented in this graph as it has only one-quarter of London's working-age population but one-third of its out-of-work benefit recipients.

A further 90,000 benefit recipients live in the Inner West, meaning that just under half of all working-age adults in the capital receiving an out-of-work benefit live in Inner London.

Both this graph and the preceding map showed the position with the most recent data. Graph 3.4 looks at the change in the proportion of adults in each borough in London receiving out-of-work benefits since 2002.<sup>[21]</sup>

<sup>[21]</sup> 2002 is the earliest comparable year, due to the change in how Severe Disability Allowance was paid and recorded.

**Graph 3.4 The proportion of working-age adults receiving out-of-work benefits, over time**



Source: DWP Longitudinal Study, 2008

### What does this graph show?

Most boroughs in London have seen either a reduction or no change in the proportion of working-age adults receiving out-of-work benefits since 2002.

There have been some very notable reductions in Southwark, where 15% of working-age adults now receive a key out-of-work benefit compared to 19% in 2002, and Camden, where the proportion has fallen from 16% to 12%.

If we concentrate on that half of boroughs with the highest proportion of adults receiving key out-of-work benefits, an Inner/Outer London pattern emerges. Of these 16 (everything above Redbridge in graph 3.4), nine are in Inner London and seven in Outer London. This is consistent with our earlier observation that there are a higher proportion of low-income households in Inner than Outer London.

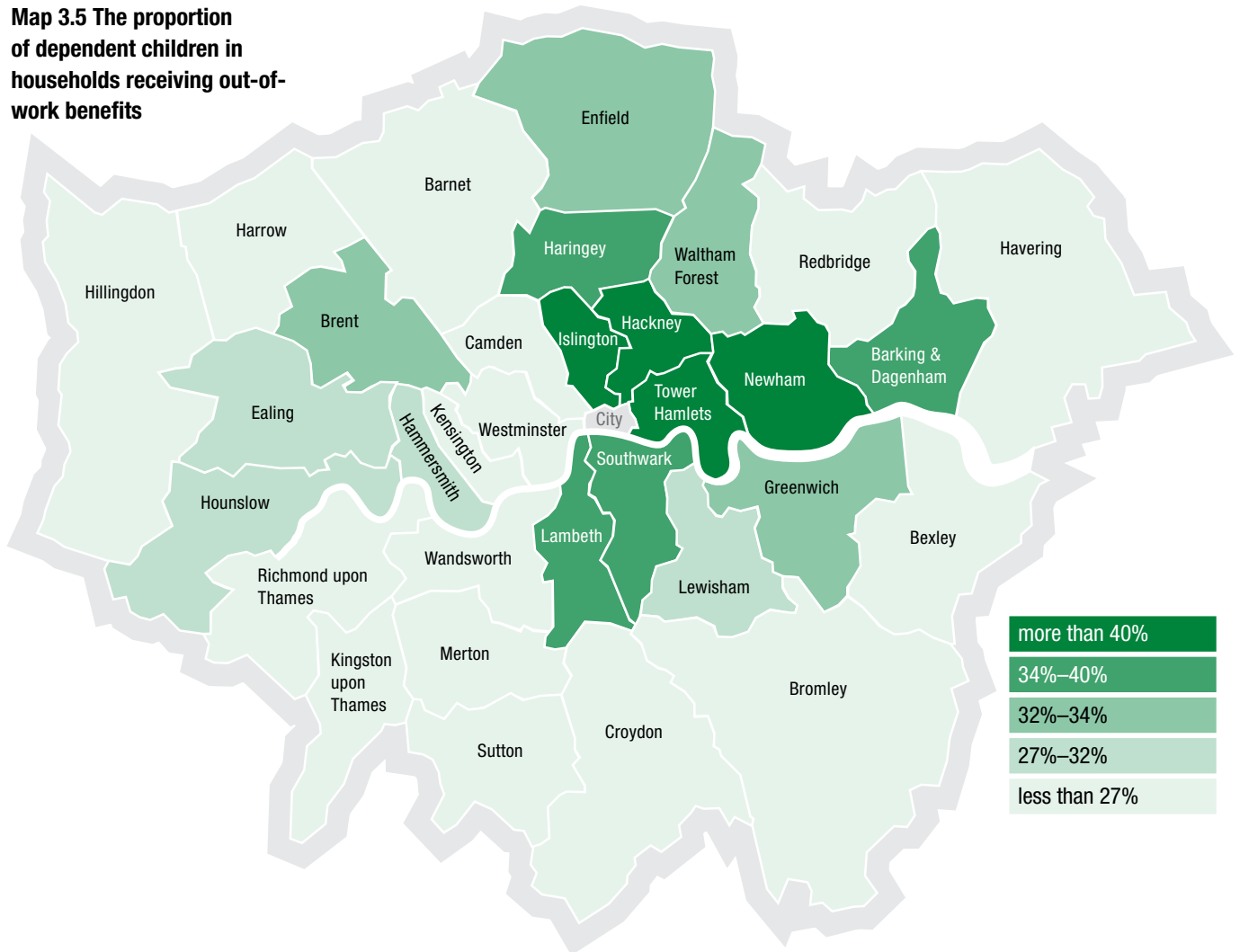
Looking at changes over time in these 16 boroughs, we see that the only boroughs where the proportion of working-age adults receiving out-of-work benefits has increased are in Outer London – Barking & Dagenham and Enfield. Moreover, another four Outer London boroughs – Waltham Forest, Greenwich, Croydon and Redbridge, have

shown little or no improvement. This supports another observation from the previous chapter, that while Inner London may have a higher level of poverty overall, this rate is decreasing, whereas Outer London appears to be heading in the opposite direction.

## Children and pensioners in households receiving benefits

Having looked at the adult recipients of out-of-work benefits, the next section looks at children living in households receiving benefits, and pensioners receiving the Pension Credit Guarantee. Both indicators look within London, comparing rates between boroughs.

**Map 3.5 The proportion of dependent children in households receiving out-of-work benefits**



### What does this map show?

The pattern of children living in households receiving key out-of-work benefits is at one level similar to that for working-age adults. However, the proportions range from 50% in Tower Hamlets to 9% in Richmond, a much greater variation than for adults receiving out-of-work benefits. This is mainly because the maximum proportion of 50% is so much higher than the 20% for working-age adults.

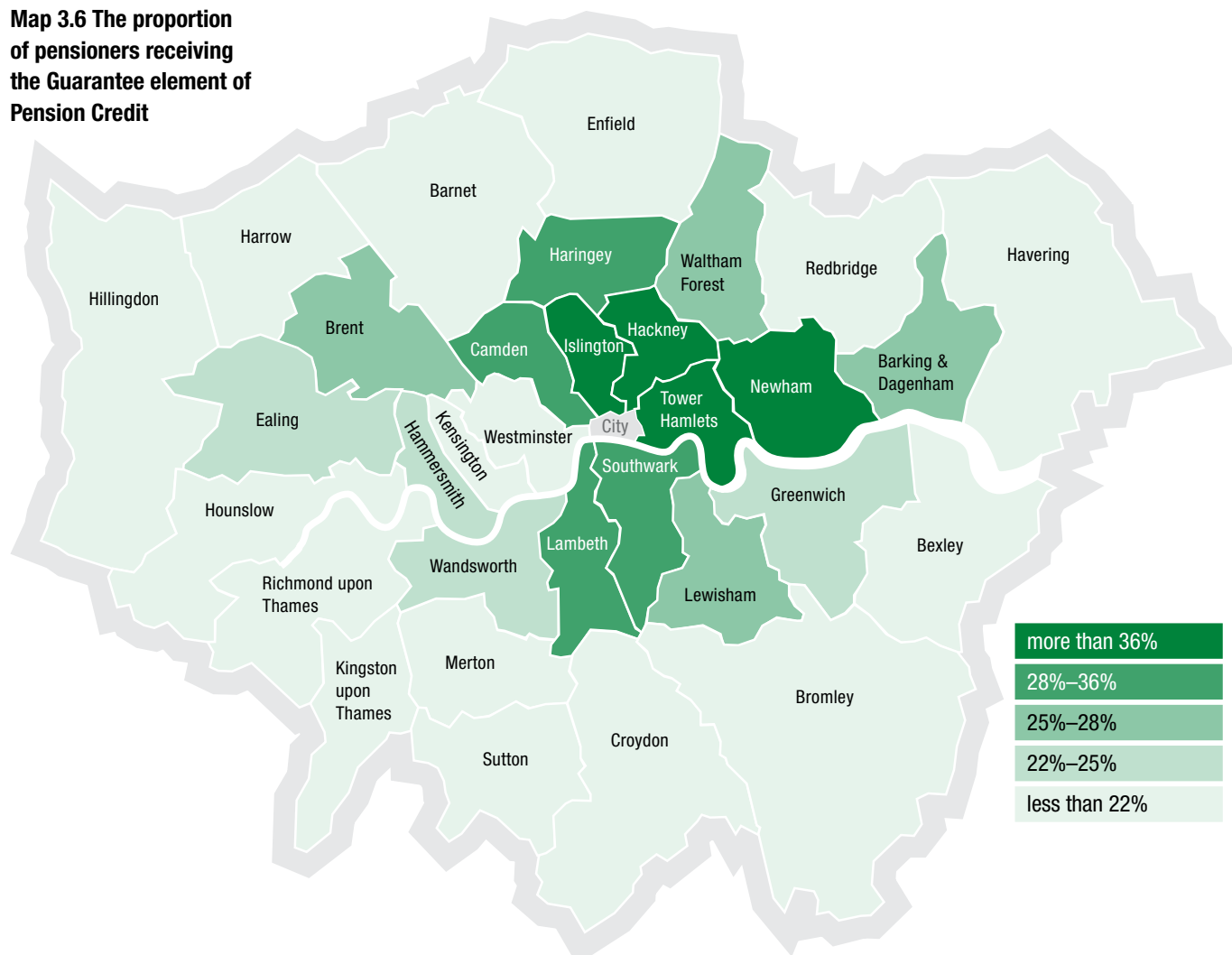
Boroughs in Inner London have, on average, far higher proportions of children in households receiving benefits than boroughs in Outer London. The seven boroughs with the highest proportion of children in households receiving benefits are all in Inner London. The six boroughs with the lowest proportion are all in Outer London.



However, in Outer East and North East London, there are above-average proportions of children living in households that receive benefits in Greenwich, Barking & Dagenham, Enfield and Waltham Forest. So there is variation in Outer London itself, as well as between Inner and Outer London.

The next map looks at pensioners in low-income households, using the Guarantee element of Pension Credit as a proxy.

**Map 3.6 The proportion of pensioners receiving the Guarantee element of Pension Credit**



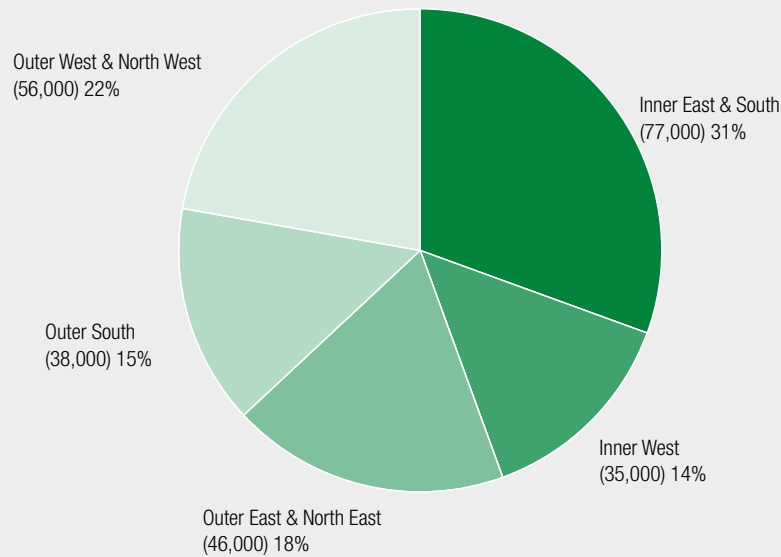
### What does this map show?

Islington, Hackney, Tower Hamlets and Newham have the highest proportion of pensioners receiving the Guarantee element of Pension Credit. In each of these four boroughs, about one-third of pensioners receive this benefit.

More than any other map, this conforms to the stereotype of a deprived Inner London and a less deprived Outer London. However, it should be borne in mind that the population of pensioners is not evenly spread across London. For instance, although in Hackney, a larger proportion of pensioners receive the Guarantee element of Pension Credit than in Barnet, Hackney has fewer than half the pensioners that Barnet has. As a result, the number of pensioners receiving the credit is higher in Barnet than Hackney.

This is more evident in the following graph which shows the distribution of pensioners receiving the Guarantee element of Pension Credit.

**Graph 3.7 The total number of pensioners receiving the Guarantee element of Pension Credit**



**Source:** Work and Pensions Longitudinal Study, DWP and ONS population estimates; the data is for February 2007

### What does this graph show?

About 250,000 pensioners in London receive the Guarantee element of Pension Credit. 77,000 of these (31%) live in the Inner East & South. However, the latter contains only 19% of the pensioner population.

A further 14% of recipients live in Inner West London, which means that despite having about one-third of London's pensioner population, Inner London has about one half of those receiving Pension Credit Guarantee.<sup>[22]</sup>

<sup>[22]</sup> It is not possible to analyse the trend in numbers of pensioners receiving pension credit, as the eligibility rules have changed over time. Essentially these have become more generous, so more pensioners receive pension credit today than 10 years ago, almost uniformly across boroughs.

# Income and pay inequality

## Key points

- Inner London is more divided than any region in England. 19% of the population of Inner London are in the top tenth for income nationwide, measured after housing costs. Another 16% are in the bottom tenth of income.
- Though less markedly divided than Inner London, Outer London is also more divided than other regions in England. 16% of its population are in the nationwide top tenth, and 14% are in the bottom tenth.
- Income in London is more concentrated at the top than it is elsewhere in England. In Inner London in particular, 20% of people have 60% of the income.
- Within London, the data suggests that there are marked inequalities in income both between and within boroughs. Of the 18 wards in the borough of Richmond, 13 are in the richest tenth in London. Of the 17 wards in Barking & Dagenham, 11 are in the poorest tenth.
- Boroughs in Inner London tend to have both rich and poor wards. Boroughs in Outer London tend to have either rich or poor wards. Haringey, in Inner London, is London's most divided borough. Its 19 wards contain four of the richest wards and five of the poorest wards in London.
- The distribution of hourly pay also shows inequalities within and between boroughs. The top quarter of earners living in Kensington & Chelsea earn at least three times more per hour than those in the bottom quarter.
- Between boroughs, the big inequality is between the high earners. The top quarter in Kensington & Chelsea earn more than twice as much per hour as the top quarter in Newham, Barking & Dagenham or Brent. However, the bottom quarter of earners in Kensington & Chelsea earn only one-third more per hour than the bottom quarter of earners in Newham.

## Context

The previous chapters have shown the extent of poverty in and across London. One of the defining features of London is that these low incomes sit alongside very high incomes. This chapter looks more closely at income inequalities within London.

In order to be consistent with the low-income statistics in earlier chapters, the measure of income used here is net income after housing costs (AHC). However, it should be noted that since high-income households neither receive Housing Benefit nor lack a choice about their housing in a way that low-income households do, the principled arguments in favour of the AHC measure do not have the force here that they did earlier.

In 2006/07, a couple without children would require a net income of £520 per week after housing costs to be in the top fifth of all incomes. A single person would require £302. Clearly, such people are well off, but they are by no means the 'super rich'.

There are, of course, great inequalities within this top fifth. To be in the top tenth of income, a couple would require £680 per week, and a single person £395. This is about one-third more than the second highest tenth.<sup>[23]</sup>

At the other end of the distribution, a couple without children with a net weekly income of less than £183 would be in the bottom fifth, as would a single adult on an income under £106. A couple without children with a net weekly income of less than £133, or a single person with an income of less than £77 would be in the bottom tenth.

<sup>[23]</sup> In terms of gross income, an individual with no children would need to earn about £31,000 a year to be in the top fifth, and £38,000 to be in the top tenth, based on an estimated £130 per week housing cost, by no means unusual for London.

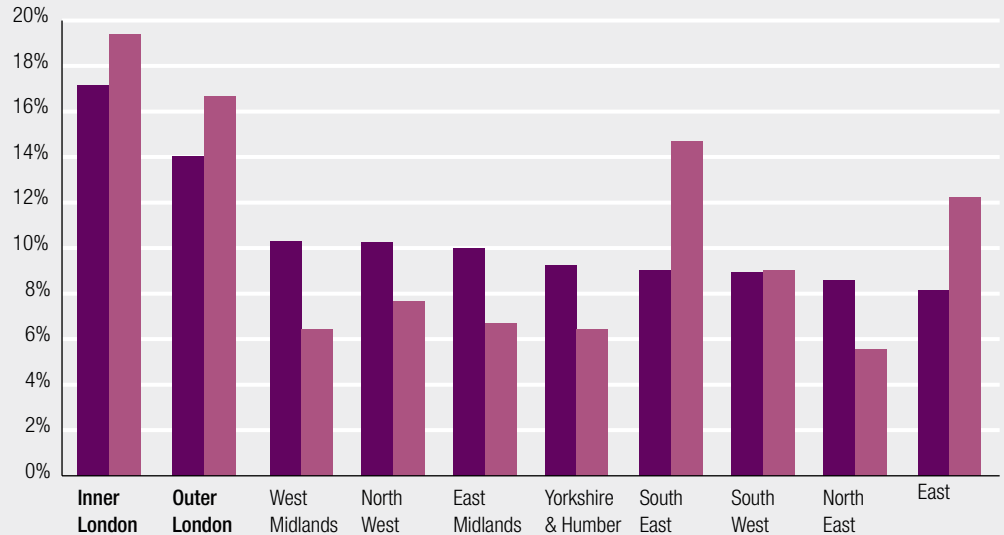
## Income inequality in London compared with other English regions

The first two indicators in this section look at income inequalities in London, and compare them to other parts of England.

**Graph 4.1 The proportion of the population with incomes in the top and bottom tenths of UK incomes**

■ Poorest tenth  
■ Richest tenth

**Source:** Household Below Average Income, DWP; AHC; the data is the average for the years 2004/05 to 2006/07



### What does this graph show?

About 17% of people in Inner London live in the poorest tenth of households in the country. But a further 19% live in the richest tenth. This makes Inner London by far the most unequal of all regions in England.

Outer London also has an above-average proportion of both rich and poor people. 16% of the population in Outer London are in the top tenth of the national income distribution, and 14% are in the bottom tenth.

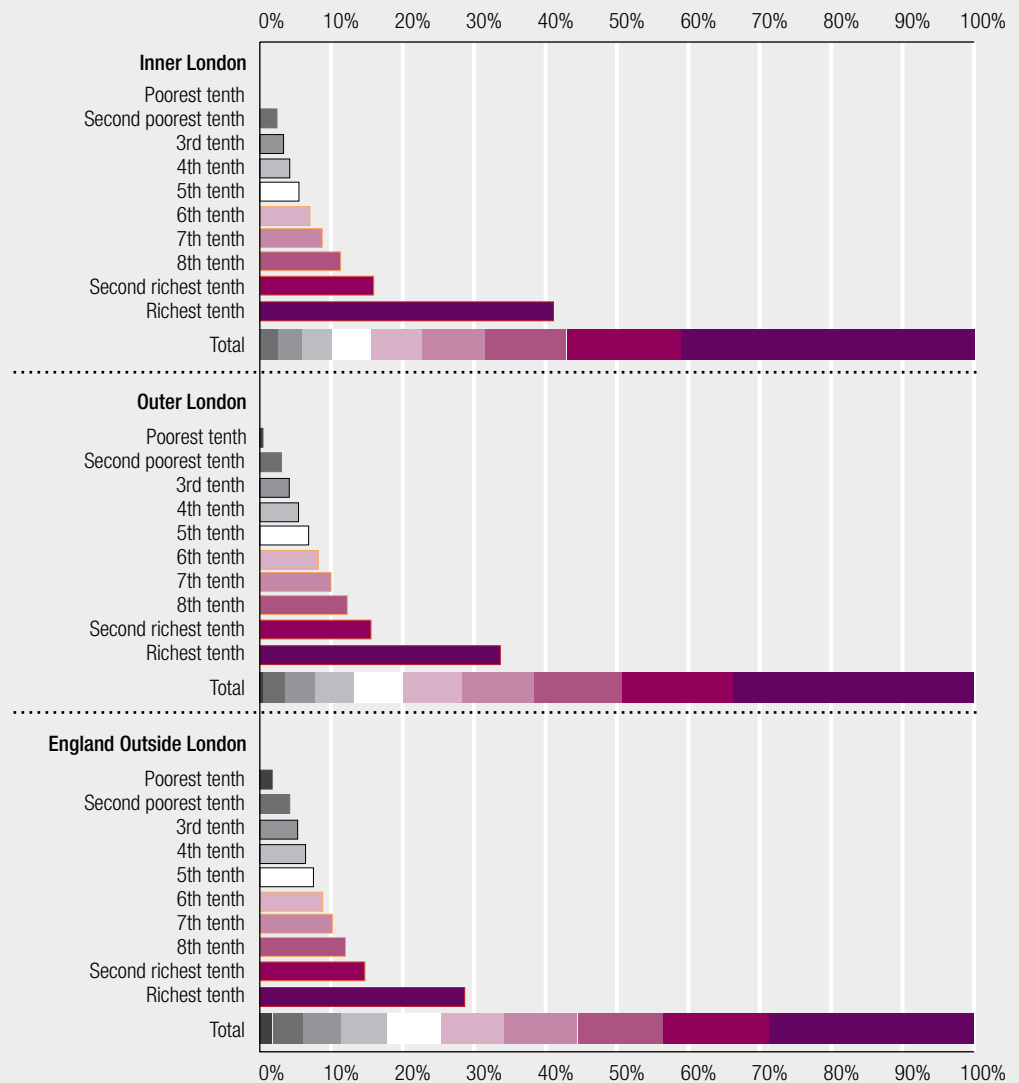
Outside London, no region has significantly more than 10% of its population in the bottom tenth of the income distribution.

Caution should be exercised with the precise figures, particularly those relating to the bottom tenth of incomes where the proportions seem to fluctuate a lot from year-to-year.

However, even if we were to look at the bottom and top fifths of income, we would find the same story of division in London, most marked in Inner London, which has the highest proportion of people in the bottom fifth by income, and the second highest proportion in the top fifth. Outer London has the second highest proportion of people in the bottom fifth, and the highest proportion in the top fifth.

Graph 4.2 looks at the total income of London, and compares the amount held by those at the top of the distribution with that held by those at the bottom.

**Graph 4.2 Shares of total net income**



**Source:** Household Below Average Income, DWP; AHC; the data is the average for the years 2004/05 to 2006/07

### What does this graph show?

Income is more concentrated in Inner London than Outer London, and more concentrated in London than elsewhere.

The top two deciles (richest fifth) have about 60% of total income in Inner London, 50% in Outer London and 40% in the rest of England.

Conversely, the bottom five deciles have 15% of total income in Inner London, 20% in Outer London and 25% in the rest of England.

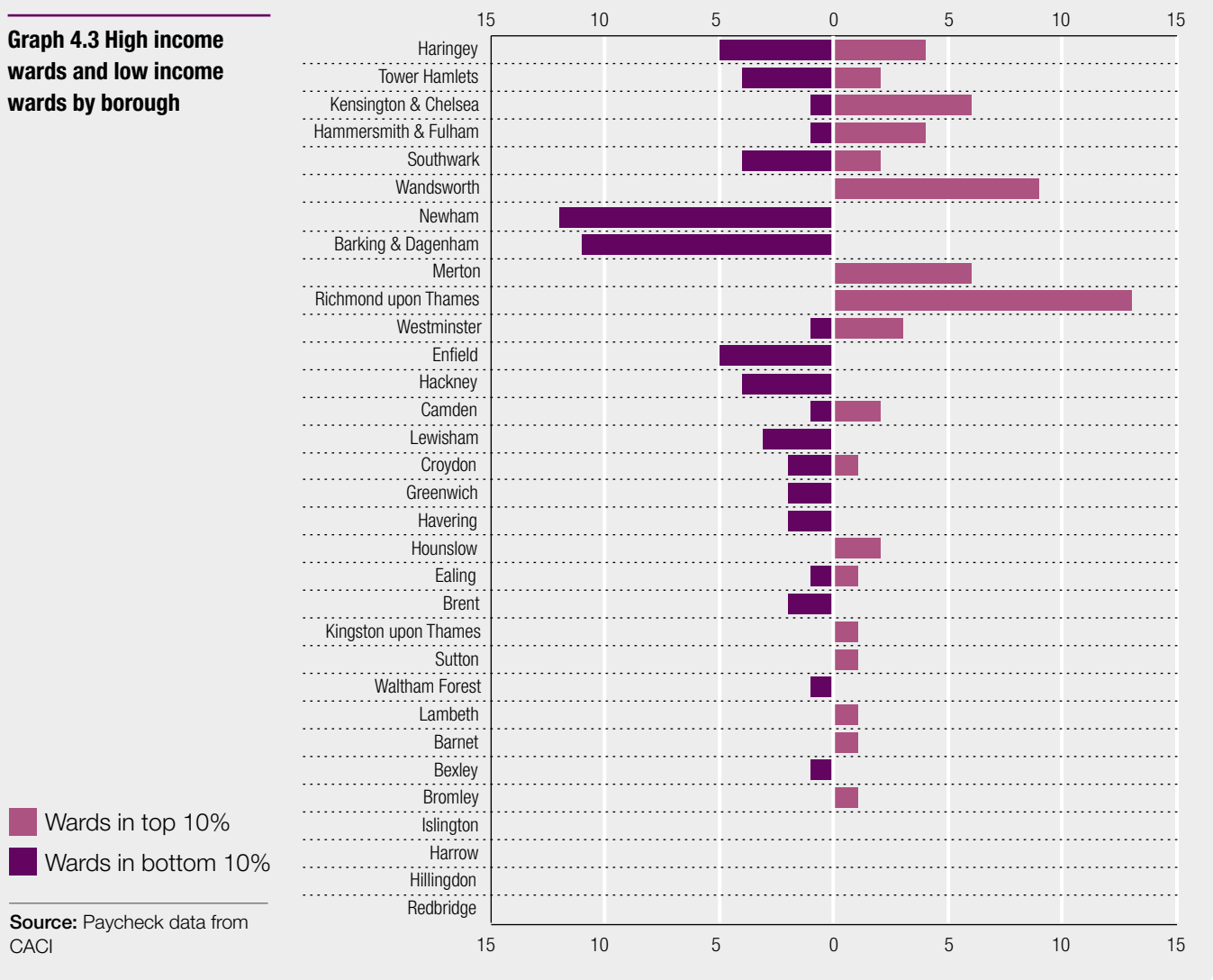
### Inequalities within London boroughs

We can also look more locally at measures of inequality. The next indicator looks at people on low and high incomes in the same local areas. The source of this data is PayCheck, collected by CACI, a private company, unlike the other official data sources used in this report. It is based on data from lifestyle surveys, the Census and other market research. Whereas elsewhere in this report we have analysed the data ourselves, these figures have already been calculated by CACI.

Paycheck has estimated an average income figure for each ward in London. On average there are about 20 wards per borough. In this analysis, the 10% of wards with the highest average incomes are defined as 'rich'. The 10% with the lowest average are defined as 'poor'.

The graph below shows, for each borough, the number of poor and rich wards. From top to bottom, boroughs are ranked by the variation between the number of rich and poor wards.<sup>[24]</sup>

**Graph 4.3 High income wards and low income wards by borough**



Source: Paycheck data from CACI

### What does the graph show?

Haringey is the most divided borough in London. Of its 19 wards, four are in the richest 10% and five are in the poorest 10%. Tower Hamlets is the next most divided, with two of the richest wards and four of the poorest. Southwark also has two of the richest and four of the poorest wards, but has been ranked lower because it has a larger total number of wards than Tower Hamlets.

The five most divided boroughs are all in Inner London. Haringey, Tower Hamlets and Southwark in the Inner East & South, and Kensington & Chelsea and Hammersmith & Fulham in the Inner West.

Newham, and Barking & Dagenham both have many of the poorest wards in London. They do not, though, have any rich wards. Conversely, Richmond has 13 of the richest wards, but not a single ward in the bottom 10%.

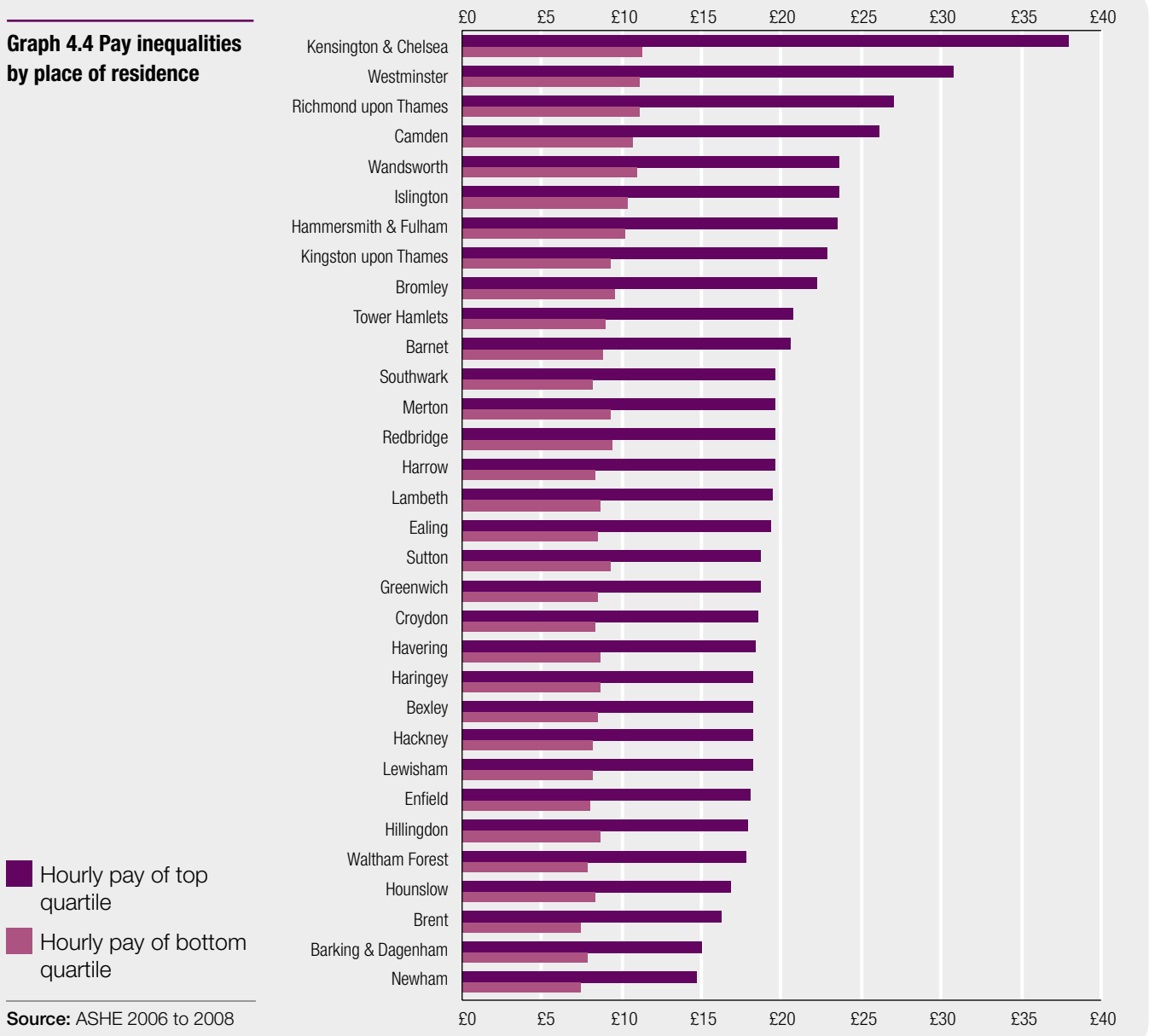
Some boroughs have no wards in the top 10% or bottom 10%. Statistically, this is possibly inevitable, but some of these cases are interesting nonetheless. Islington has pockets of deprivation that have been studied, for instance in a recent report by the Cripplegate Foundation.<sup>[25]</sup>

Graph 4.4 looks at a specific kind of inequality (pay) across London boroughs for all employees, full and part-time.

<sup>[24]</sup> This ranking assigns rich wards a value of 1, poor wards a value of -1 and calculates the statistical variance in each borough.

<sup>[25]</sup> Cripplegate Foundation (2008) *Invisible Islington: Living in Poverty in Inner London*, Rocket Science UK Ltd, www.cripplegate.org/documents/Invisible\_Islington\_Nov08.pdf

**Graph 4.4 Pay inequalities by place of residence**



Source: ASHE 2006 to 2008

### What does this graph show?

There are significant inequalities in hourly pay both between and within London boroughs. The top 25% of working residents in Kensington & Chelsea earn more than £35 per hour, more than three times as much as the bottom quarter, who earn £11 an hour or less.

In Kensington & Chelsea, the difference between the top and bottom quartile is greater than anywhere else in London. This is entirely due to the high salaries of the top quartile – the bottom quartile actually earn more than in other London boroughs.

In Newham and Barking & Dagenham, the top 25% earn about £15 an hour, less than half that of the top quartile in Kensington & Chelsea, and lower than anywhere else in London.

However, the differences at the bottom of the pay scale are not so marked. The bottom quartile in Newham earn about £7.50 an hour, which is, along with Brent, the lowest of any London borough. This hourly wage is about two-thirds of that received by the bottom quartile in Kensington & Chelsea.



# Work and worklessness

## Key points

- The proportion of working-age adults living in London in paid work (the ‘work rate’) is below the England average in both Inner and Outer London. About 35% of working-age adults in Inner London, and 27% in Outer London, are not working.
- But while low compared to other regions, London’s work rate is higher than in some other large cities such as Liverpool, Manchester and Birmingham.
- The boroughs with the highest proportions of working-age adults lacking but wanting work are in Inner London. In Greenwich, Hackney, Westminster and Camden, about one in six working-age adults are not working but would like to.
- The unemployment rate among young adults is higher in London than in the rest of England: about a fifth in both Inner and Outer London in the middle years of this decade. While Inner London has the higher rate, this proportion has fallen since the mid 1990s. By contrast, though lower, the Outer London rate has risen over the period.
- Inner London has by far the highest proportion of children living in workless households of any region in England: an average of one in three children in the middle years of this decade. However, this proportion came down during the previous ten years, unlike in Outer London where the proportion has remained at one in five children in workless households.
- A lower proportion of lone parents in London are in paid work than in the rest of England. Although this proportion rose in both Inner and Outer London in the late 1990s it has climbed no further since about 2001. By contrast, the proportion in the rest of England continued to rise through to 2007.
- The fact that work rates are lower in London accounts for one-third of the ‘excess’ child poverty rate in London compared with the rest of England.

## Context

The next section looks at work and worklessness. As with other chapters, one of its main purposes is to highlight the longer term changes that have taken place since the mid to late 1990s. Recent changes, and in particular those to do with the recession, are not examined as the data is not yet available. That the analysis pre-dates the onset of the recession is made clear in the text where that seems necessary to avoid mis-understanding.

For working-age households, paid work is the key determinant of income – the poverty rate for a workless household is much higher than for a household where someone is working. The Treasury has published reports looking quite specifically at the rate of worklessness in London.<sup>[26]</sup> The Government's child poverty reduction strategy is therefore focussed on getting parents into work.

This section considers three categories of working-age adults who are not doing paid work, namely people who are 'unemployed', people who are 'lacking but wanting paid work' and people who are 'lacking but not wanting paid work'.

To be counted as unemployed, someone must be wanting work, actively seeking it and available to start a full-time job straightaway. This is the official, ILO (International Labour Organisation) definition. Note that it is not the same as people claiming unemployment benefit ('Jobseeker's Allowance').

Clearly, some people who are not working but want a job may not meet one or both of the other criteria for unemployment. Together with those people who are unemployed, they therefore make up a group who can be described as 'lacking work but wanting work'. Anyone else of working-age who is not working is therefore 'lacking work but not wanting work'.

It should be pointed out that these terms (lack/want) are inherently neutral and are used as such here. In particular, people can have perfectly good reasons for not wanting paid work. One is that they are spending their time doing non-paid work, including caring for relatives or friends. Another is that they are sick or disabled. But even if none of these reasons apply, it should be remembered that paid work is not obligatory in a free society; a desire for such work is not a necessary condition either of virtue or of time well spent.<sup>[27]</sup>

Finally, the term 'workless' is used in this section to apply to households rather than to individuals. So a workless household is one in which no working-age adults are doing paid work. Conversely, anyone lacking paid work can, of course, still belong to a working household.

It should be noted that the definition of a workless *household* used here is different from that of a workless *family* used in the chapter on low income. A household includes all the adults registered at the same address, regardless of their relationship to each other. For instance, a lone mother and her children living with her parents would be two family units in one household. So a family can be 'workless' even though its household may be 'working'.

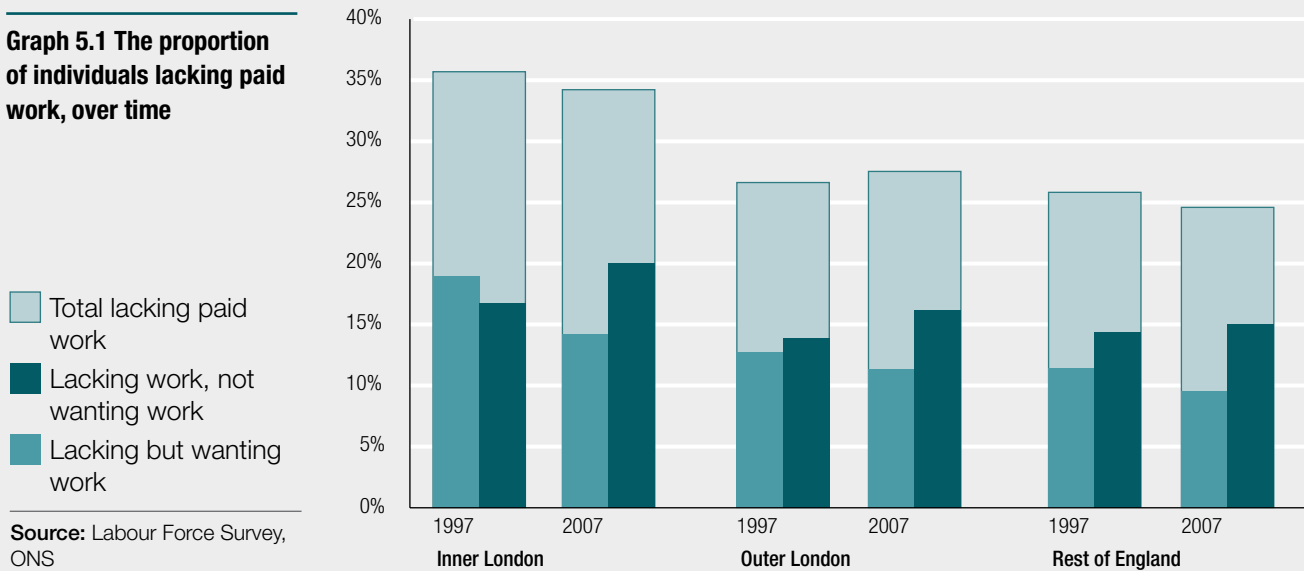
<sup>[26]</sup> HM Treasury (2006) *Employment Opportunity for All: Analysing Labour Market Trends in London*, [www.hm-treasury.gov.uk/d/bud06\\_londonemployment\\_717.pdf](http://www.hm-treasury.gov.uk/d/bud06_londonemployment_717.pdf); and HM Treasury (2007) *Employment Opportunity for All: Tackling Worklessness in London*, [www.hm-treasury.gov.uk/d/bud07\\_london\\_1421.pdf](http://www.hm-treasury.gov.uk/d/bud07_london_1421.pdf)

<sup>[27]</sup> By way of background, people with disabilities make up about one-third of those not working in London. Lone parents make up one-sixth. In the rest of the country, people who are sick or disabled make up about two-fifths of those not working while lone parents make up one-tenth. Source: *Analysis of Labour Force Survey, 2005–2007*, for working-age adults aged 25 and over.

## Working-age adults lacking work

This section looks at work rates among working-age adults, comparing rates in London to those in the rest of England as well as looking at the variation within London. The first graph looks at the proportion of adults lacking but wanting paid work, in Inner London, Outer London and the rest of England.

**Graph 5.1 The proportion of individuals lacking paid work, over time**



Source: Labour Force Survey, ONS

### What does this graph show?

The proportion of working-age adults lacking work in Inner London is much higher than the average for the rest of England: 34% compared with 25%. The proportion in Outer London is only just above that average.

In the decade to 2007, the proportion of working-age adults lacking work came down slightly in Inner London and rose slightly in Outer London. Over the same period, the proportion of adults lacking work in the rest of England also came down very slightly.

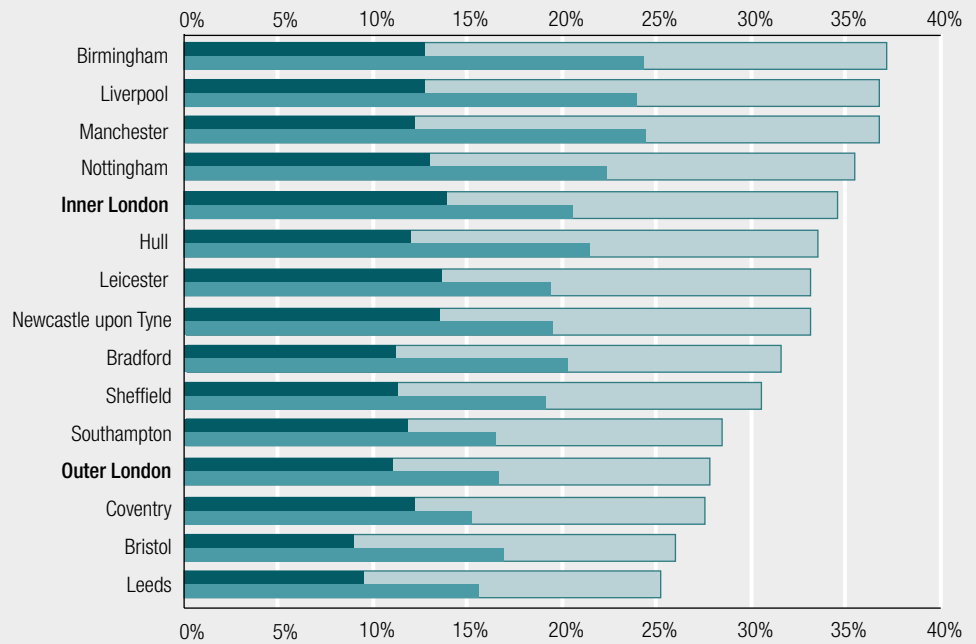
Beneath this change in the total number of people lacking work, there was a small shift away from the 'lacking but wanting' category into the 'lacking but not wanting'. So in Inner London, the proportion 'lacking but wanting' came down from about 19% to about 14% while the proportion 'lacking but not wanting' rose by almost the same amount. In Outer London, the much smaller fall in the 'lacking but wanting' was outstripped by a larger rise in the 'lacking but not wanting' proportion. Outer London, rather than Inner London, is closer to what happened in the rest of England.

Combining Inner and Outer London, the total proportion of working-age adults not working in London in 2007 was much the same as it was in 1997, at about 30%.

**Graph 5.2 The proportion of working-age adults lacking work in England's largest cities**

Total lacking paid work  
 Lacking but wanting paid work  
 Lacking work, not wanting paid work

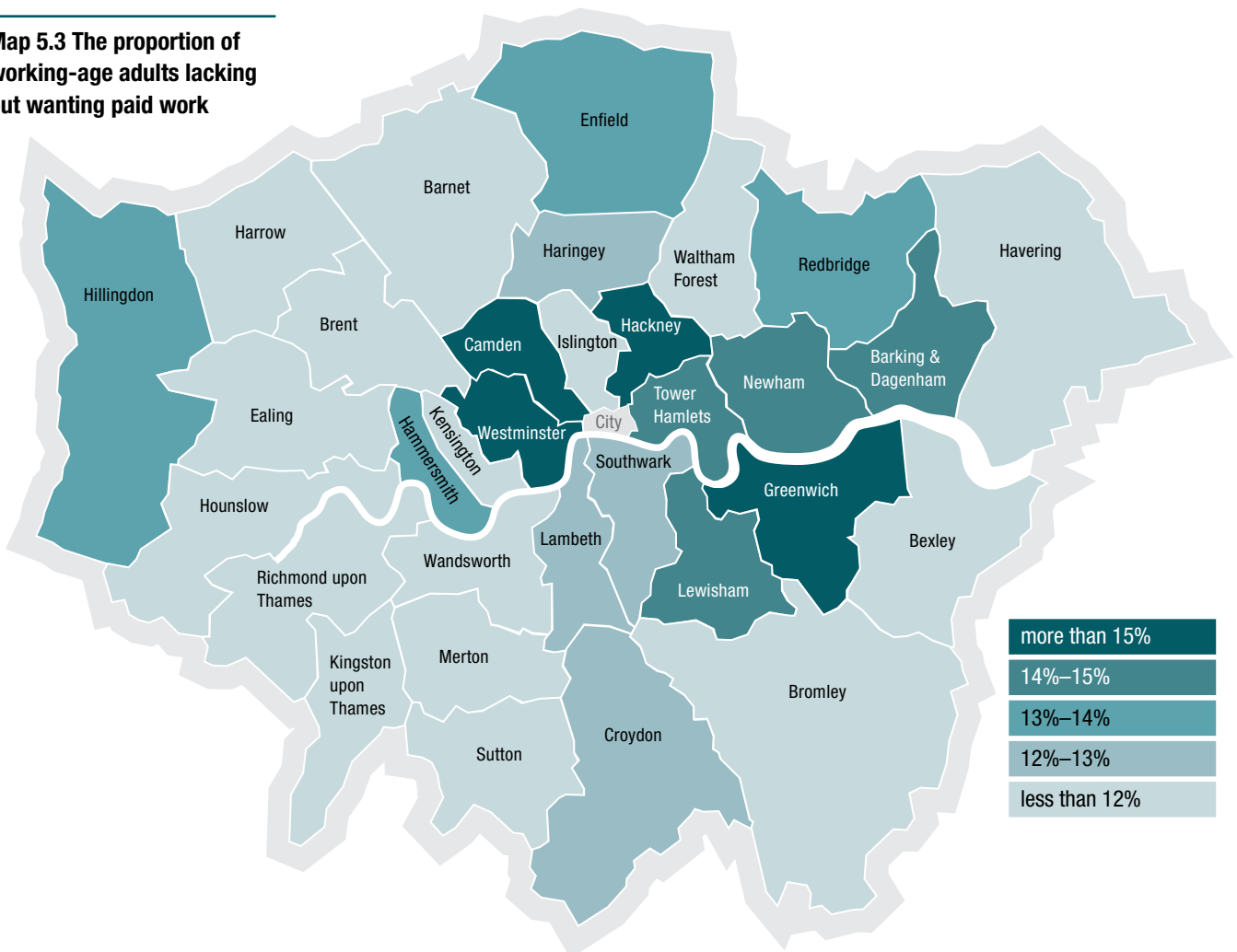
**Source:** Annual Population Survey, 2005 to 2007



**What does this graph show?**

When compared to other large cities in England rather than other regions, the proportion of working-age adults in London who are not working is seen to be unexceptional. For example, the proportion not working in Inner London is lower than in Birmingham, Liverpool, Manchester or Nottingham. The proportion not working in Outer London is lower than those four plus six others including Newcastle and Sheffield.

**Map 5.3 The proportion of working-age adults lacking but wanting paid work**



## What does this map show?

The boroughs with the highest proportions of adults lacking but wanting paid work are in Inner West London (Camden and Westminster) and South and East London (Hackney and Greenwich). There are also higher than average proportions of adults lacking but wanting paid work in Lewisham, Tower Hamlets, Newham and Barking & Dagenham.

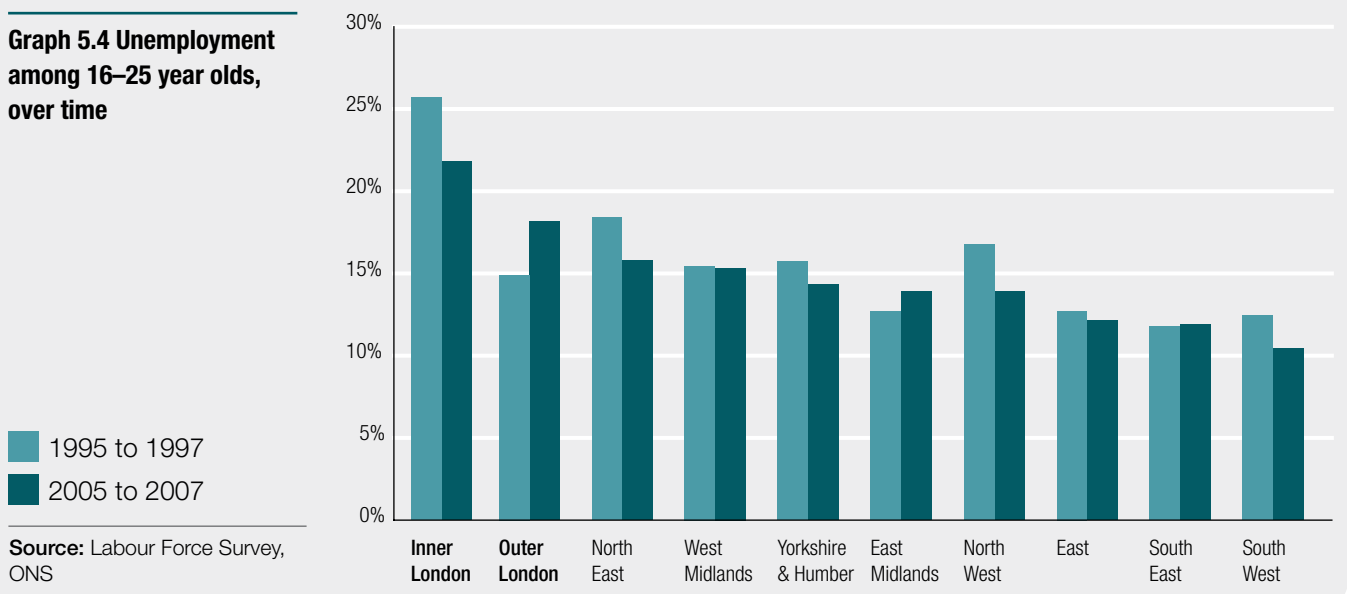
These rates vary substantially across London's boroughs. Camden, with 17% is about three times the rate in Richmond (6%).

Some of London's boroughs have low work rates by national standards: six of the ten local authorities with the highest proportions of adults not working (including those who do and do not want work) are in London.

This is not the same pattern as that for out-of-work benefits (Graph 3.4) where Islington, for instance, had one of the highest rates. Here, by contrast, Islington has a lower than average proportion of adults lacking but wanting work.

The next graph looks at the unemployment rate among young adults – those aged 16 to 24. This rate is the number who are unemployed using the official definition, as a proportion of those economically active, that is, in paid work or officially unemployed.

**Graph 5.4 Unemployment among 16–25 year olds, over time**



Source: Labour Force Survey, ONS

## What does this graph show?

At 22%, Inner London has the highest rate of young adult unemployment of any region in England over the period 2005–07. Outer London has the second highest rate, at 18%. The overall figure for London is 19%.

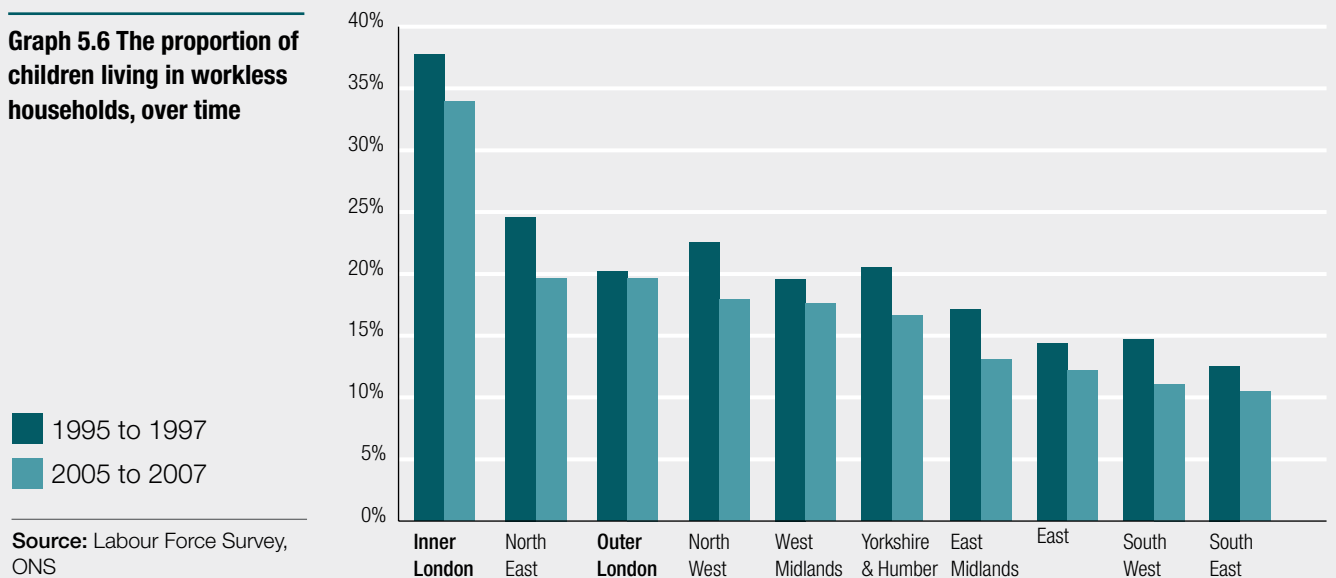
The young adult unemployment rate in Inner London has come down over ten years by a greater amount (four percentage points) than in any other region. In Outer London, by contrast, the rate has increased over the ten years. Indeed, in the mid 1990s, Outer London had a roughly average rate of young adult unemployment, at about 15%. Following a larger increase than any other region, it now has a higher rate than anywhere except Inner London.

In fact, this graph is similar to those showing child and working-age poverty. Inner London has the highest rate of any region, but this rate has been decreasing. Outer London has the second highest rate, but this rate has been increasing.

## Children in workless households

Having set out the overall picture of work at the individual level, this section looks at the relationship between household type and work status as it affects children.

**Graph 5.6 The proportion of children living in workless households, over time**



Source: Labour Force Survey, ONS

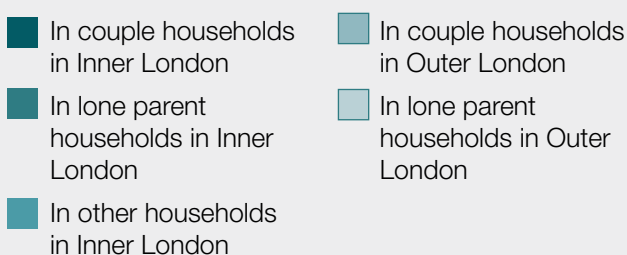
### What does this graph show?

A far higher proportion of children in Inner London live in workless households than anywhere else in England. In the middle of the decade, about 35% of Inner London children lived in households with no working adult. This compares to 20% in the North East, the region with the second highest proportion, which is similar to the figure for Outer London. The overall proportion of children in workless households in London is about 24%.

Outer London is unique in that there was no decline in the proportion of children in workless households between the middle of the last decade and the middle of this one. The fall in Inner London (about four percentage points) is similar to the decline seen in several other regions.

**Graph 5.7 The number of children in workless households in London, by household type**

**Graph 5.7 The number of children in workless households in London, by household type**



Source: Labour Force Survey 2007

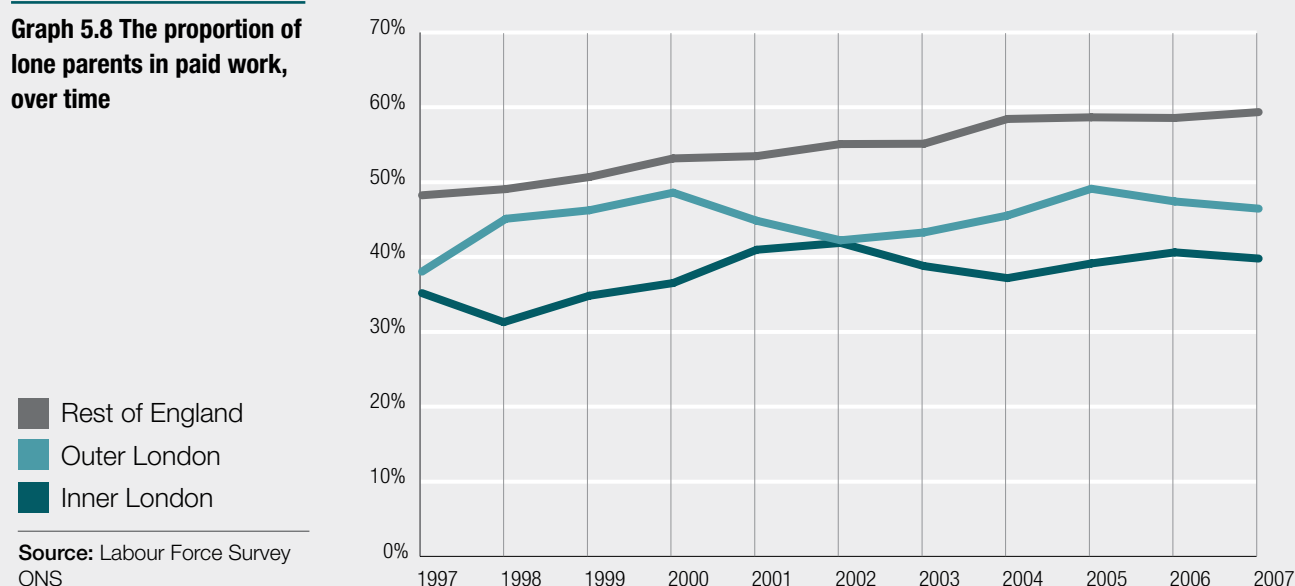
## What does this graph show?

In total, there were about 400,000 children in London living in workless households in 2007. Slightly more than half were in Inner London. In both Inner and Outer London, two-thirds of children in workless households live in lone parent households.

## Lone parent employment rates

Given that such a high proportion of children in workless households live with lone parents, the next section looks more closely at lone parent work rates. London has a higher proportion of lone parents households than other parts of England, and it was noted earlier that lone parents made up a larger proportion of the workless population in London than elsewhere.

**Graph 5.8 The proportion of lone parents in paid work, over time**



## What does this graph show?

About 40% of lone parents in Inner London and 45% in Outer London were working in 2007, compared to 60% in the rest of England. Ten years earlier, 35% of lone parents in Inner London were working, as were 40% in Outer London and 50% on average in England.

It should be noted, however, that most of the increase, both in Inner and Outer London, took place at the end of the 1990s. Between 2001 and 2007, there was no further increase in lone parent employment rates in either Inner or Outer London. By contrast, the proportion of lone parents in paid work continued to rise in the rest of England.

Research for the Child Poverty Commission,<sup>[28]</sup> found that the barriers to lone parents entering work were varied, but frequently included the perceived lack of flexibility in working hours, the additional burden of paid work when bringing up a child was already a full-time job, and the sense that any financial gain was likely to be small.

The report also found that poor or expensive childcare was a factor that resulted in parents leaving work. Part of the Government's strategy for encouraging parents into work is providing tax credits for childcare.

<sup>[28]</sup> London Child Poverty Commission (2007) *London lone parents' choices around work and care*, LCPC, <http://213.86.122.139/docs/lone-parents.pdf>

However, there are fewer childcare places per child in London, both Inner and Outer, than in any other English region. Outer London has the fewest – 225 per 1,000 children aged under 10. Inner London has slightly more – 240 per 1,000 children aged under 10.<sup>[29]</sup>

This low number of places could be due to the lack of supply or lack of demand. However, figures from the Daycare Trust show that nursery and childminder costs in London are the highest in the country, about 20% higher than the English average.

## The link between worklessness and child poverty

The indicators in this section have shown that work rates in London are lower than in other regions. In particular, they have demonstrated that children in London are more likely than children in other regions to live in a household where no adult works.

Earlier, we saw that children in London were more likely to be in poverty than children elsewhere. To what extent can these different work rates account for the higher poverty rate?

If the proportion of children in workless families in London were the same as that for the rest of England, then the overall child poverty rate in London would be about eight percentage points higher than the figure in the rest of England, rather than the 12 percentage points that it actually is. This implies that about one-third of the difference can be accounted for by family work status and two-thirds not.

This fits with the findings in graph 2.8 – even in a working household, a child in London is more likely to live in poverty than a child elsewhere in England.

<sup>[29]</sup> Daycare Trust (2008) *Childcare Cost Survey 2008*, Daycare Trust, [www.daycaretrust.org.uk/mod/fileman/files/Cost\\_survey2008.pdf](http://www.daycaretrust.org.uk/mod/fileman/files/Cost_survey2008.pdf)





## Context

The rising incidence of in-work poverty makes low pay an ever-more important determinant of household poverty in England. Unlike 'income', which in this report is an attribute of a family or a household, 'pay' is an attribute of an individual. It is measured here by hourly wages.

Whereas income poverty is measured using a standard (60% of median income) threshold, there is no such universally accepted threshold for low pay. The minimum wage of £5.73 per hour in 2008, establishes a baseline for pay, but is too low to be considered a low-pay threshold.

The most commonly used threshold is 60% of median male full-time hourly earnings was £7.50 in 2008 and is the threshold used in this report.

Since 2004, the Greater London Assembly has championed the 'London living wage' a campaign initiated by the community organisation, London Citizens. The living wage is, an hourly pay rate, and includes access to other benefits such as eligibility to annual leave and sick leave, to ensure a decent standard of living.<sup>[30]</sup> While not mandatory in the same way as the National Minimum Wage, the GLA insists that any company contracting for work with it must guarantee its employees this living wage. It is a campaign being championed by a number of companies, trade unions and anti-poverty agencies including the commissioners of this report, City Parochial Foundation. Nearly 100 employers in the capital are now paying the London living wage, including Barclays, Westfield, the London School of Economics and Transport for London.

It is based on a calculated 'poverty threshold wage', but with an additional 15% added to ensure a 'decent' standard of living for the recipient. In 2008, the living wage was set at £7.45, based on a 'poverty threshold wage' of £6.50 in 2006. This report is able to use more recent figures, namely the 2008 Annual Survey of Hours and Earnings (ASHE).

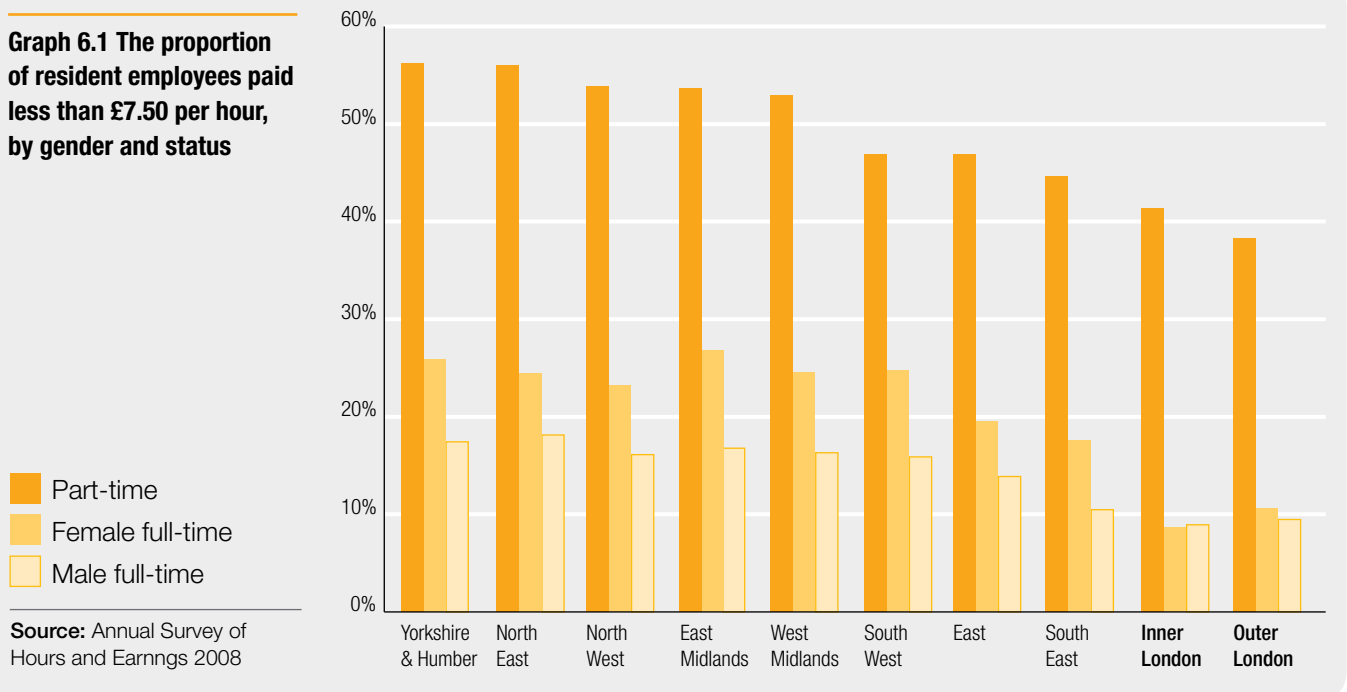
The figures for tax credits are based on families who receive either working tax credit or child tax credit and are in work, so this is essentially an in-work benefit. The indicator does not include families who only get the near-universal family element of child tax credit, as this is paid to all except the 10% of families with the highest incomes. Nor does it include those families who receive tax credits but are not working.

<sup>[30]</sup> GLA Economics Living Wage Unit (2008) *A Fairer London, The 2008 Living Wage in London*, GLA, [www.london.gov.uk/mayor/economic\\_unit/docs/living-wage-2008.pdf](http://www.london.gov.uk/mayor/economic_unit/docs/living-wage-2008.pdf)

## Low-paid residents

This section looks at the proportion of people paid under £7.50 per hour, based on where they live, rather than where they work. The first graph compares the proportion of low-paid people in London to the proportion in other regions.

**Graph 6.1 The proportion of resident employees paid less than £7.50 per hour, by gender and status**



**Source:** Annual Survey of Hours and Earnings 2008

### What does this graph show?

The proportion of employees resident in London paid less than £7.50 per hour is much lower than anywhere else in England. In both Inner and Outer London about 10% of men in full-time employment and women in full-time employment are paid less than that.

For men, this proportion is only about half that in most of the regions in the North and Midlands. For women, it is half of that in the South East, the next best region after London.

One notable point about low pay in London is the lack of difference between men and women in full-time employment. In all other regions, the proportion of women working full-time who are paid less than £7.50 is greater than that of men, sometimes by a substantial margin. In London there is no such gap.

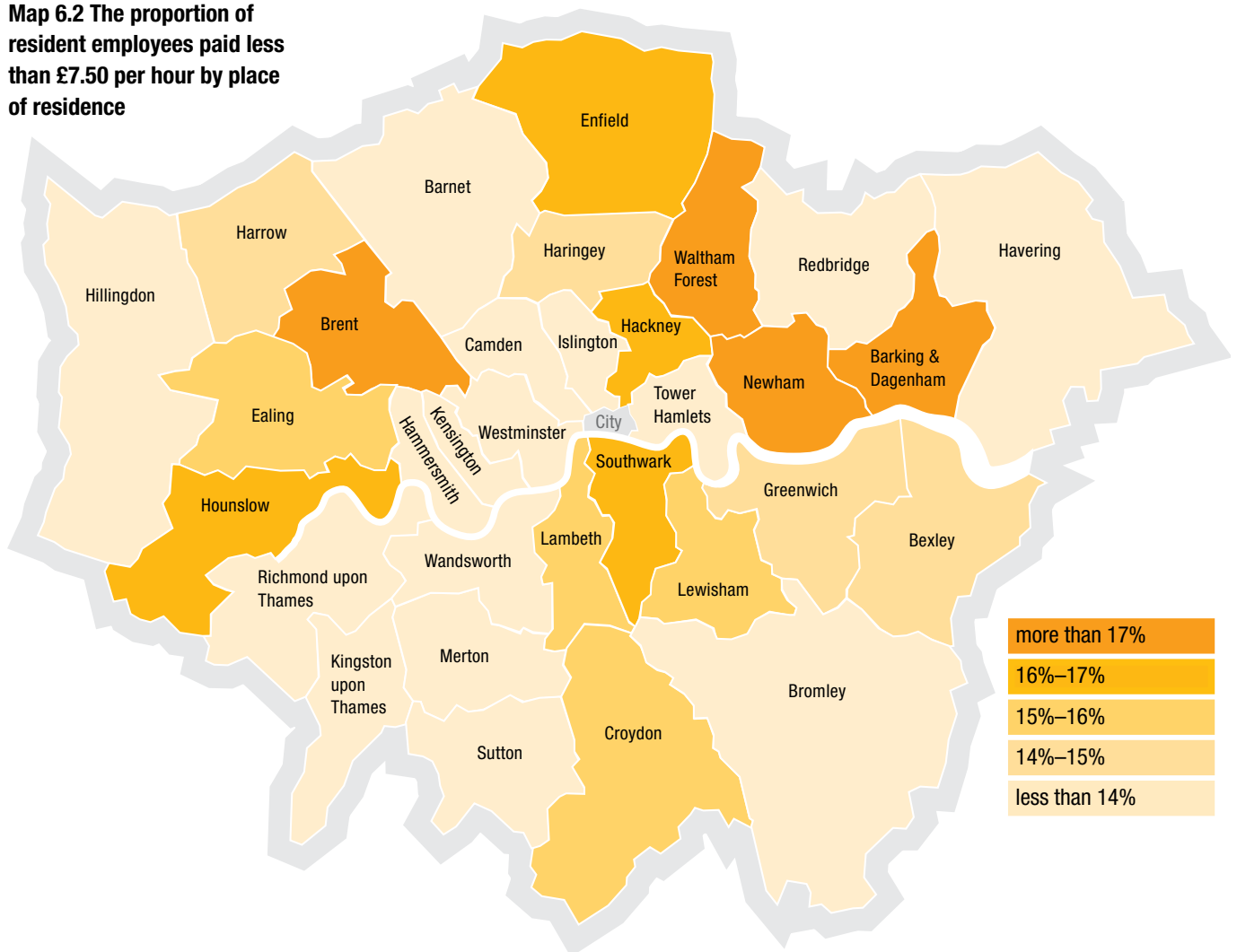
Among part-time employees resident in London, the proportion who are paid less than £7.50 an hour is lower than in other regions. But at about 40% in both Inner and Outer London, it is still very much higher than the proportion for full-time employees.<sup>[31]</sup>

One important aspect of low pay is how it varies by age. Young people, both in London and across the country, are far more likely to be low paid than older employees. The proportion of 18–21 year olds working full-time in London who are low paid is four times higher than the proportion of 21–29 year olds who are, in turn, twice as likely to be low paid as other full-time employees.<sup>[32]</sup>

<sup>[31]</sup> The graph above does not split part-time work by gender as the number of men working part-time is too small to be reliable at the regional level.

<sup>[32]</sup> ONS, Annual Survey of Hours and Earnings (2007).

**Map 6.2 The proportion of resident employees paid less than £7.50 per hour by place of residence**



### What does this map show?

The map shows low pay, as measured by the proportion of employees paid less than £7.50 per hour according to the borough in which they live. Three of the four boroughs with the highest proportions are in the East: Newham, Barking & Dagenham and Waltham Forest – the fourth is Brent.

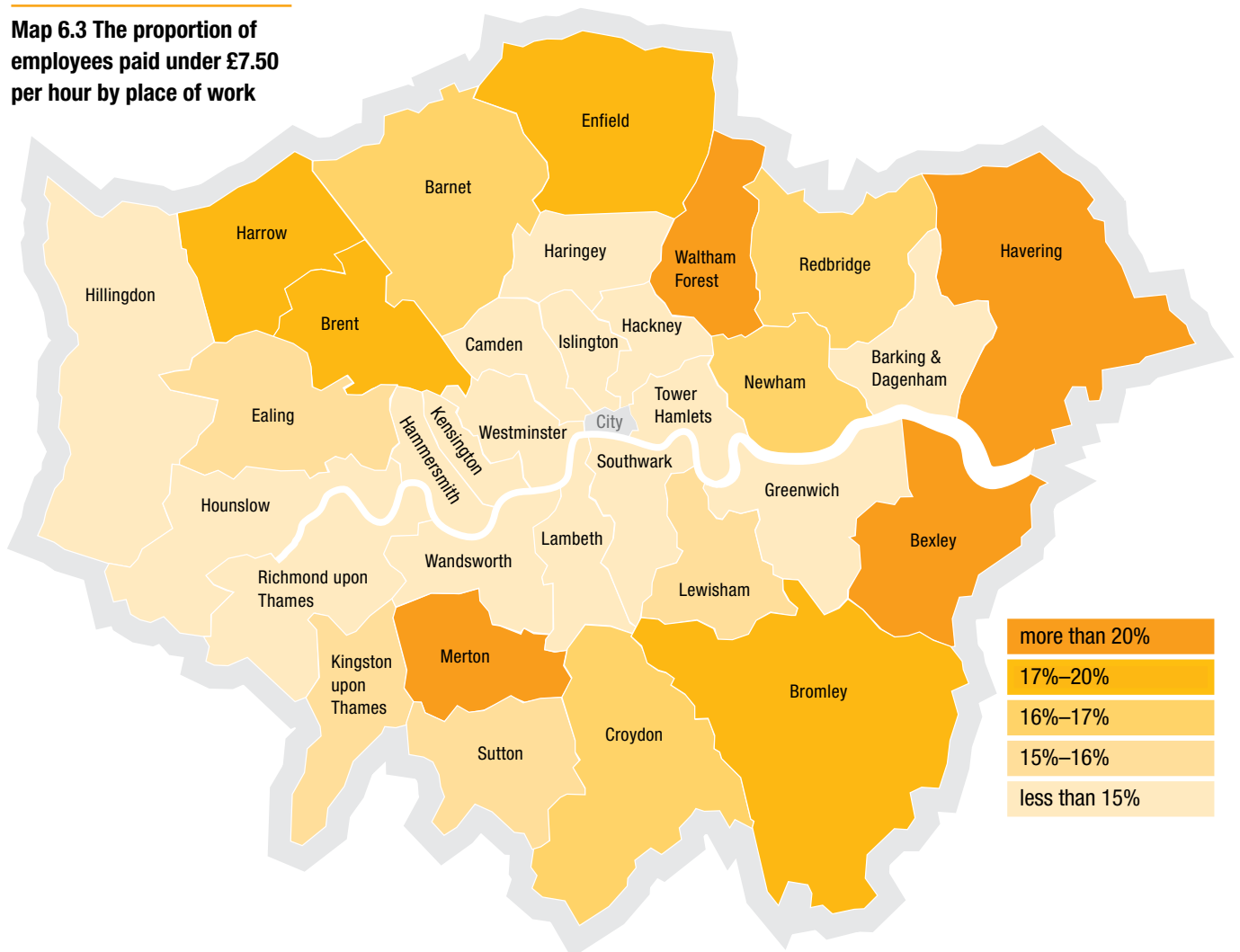
It is a very different pattern to any map we have seen so far. All of Inner West London, and even some boroughs in Inner East & South (Tower Hamlets and Islington) have below-average proportions of low-paid residents. There are also clusters of low pay in the West, the North East and the South.

The proportion of low-paid residents in Newham (26%) is more than three times as high as in Richmond (8%).

## Low-paid jobs

Having looked at low pay by residence, the next section looks at low pay by the location of the job. Given the amount of movement and commuting that is a key characteristic of the London job market, it is not surprising that the distributions are different.

**Map 6.3 The proportion of employees paid under £7.50 per hour by place of work**

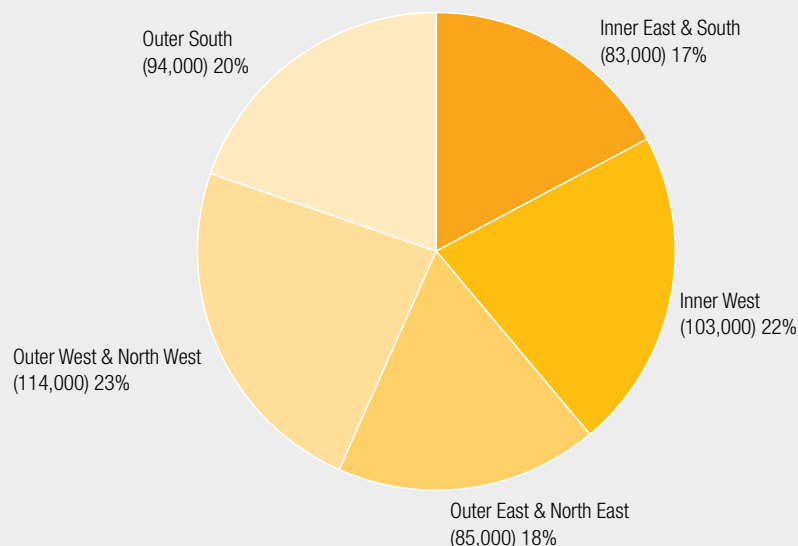


### What does this map show?

The map shows low pay, as measured by the proportion of employees paid less than £7.50 per hour according to the borough in which they work. It is completely different from the previous map of low pay by place of residence. Here, the four boroughs with the highest proportion of low paid jobs are all in Outer London (Waltham Forest, Bexley, Havering and Merton). More generally, 14 of the 16 boroughs with above-average proportions of low paying jobs are in Outer London (Newham and Lewisham being the only Inner London boroughs in this list).

Notably, the borough with the lowest proportion of low-paid jobs is Tower Hamlets.

**Graph 6.4 The total number of people paid under £7.50 per hour by place of work**



**Source:** Annual Survey of Hours and Earnings 2008

### What does this graph show?

What is most surprising about this graph is the high proportion of low-paid jobs that are in Inner West London. The map did not highlight this sub-region as having a particularly high *proportion* of low-paid work; it does, though, have a large *number* of jobs. For example, there are about 500,000 jobs in Westminster alone, more than in all of the boroughs of Outer East & North East London combined. So even if only a small proportion of these jobs are low paid, it adds up to a large total.

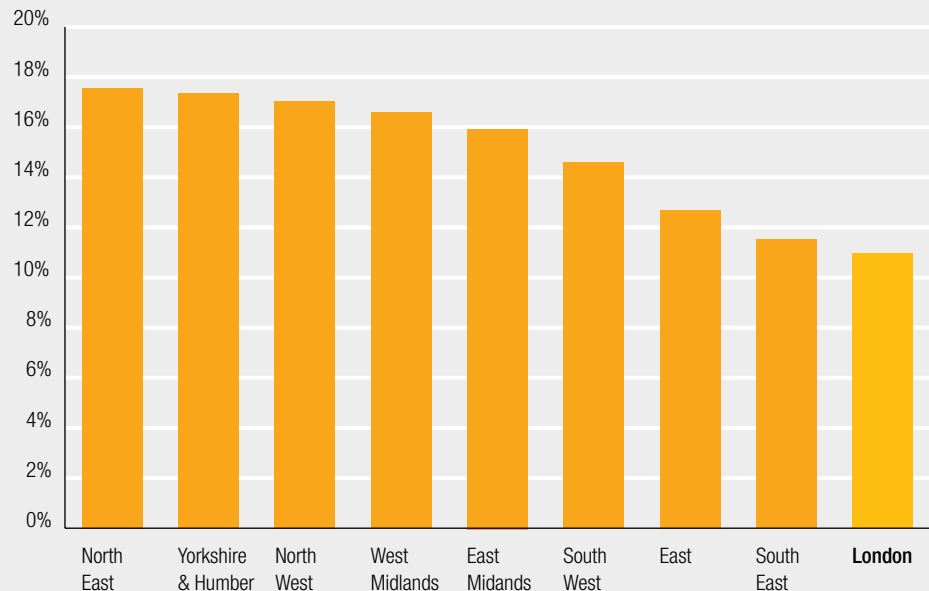
Likewise, the high number of low-paid jobs in Outer West & North West London is largely because of the number of jobs – more than 175,000 – in Hillingdon, many of which are connected with Heathrow airport. Again, Hillingdon had a below-average *proportion* of low-paid jobs, but the volume of jobs in the borough means that it has a large *share* of all low-paid jobs in London.

Overall, about one in five low-paying jobs are in the Inner East & South, and another one in four in the Inner West, meaning that two-fifths of all low-paying jobs are in Inner London.

## Families receiving in-work benefits

The next two indicators look at benefits that supplement working income: the Child and Working Tax Credits (CTC and WTC). We look at the proportion receiving the tax credit in London compared to other English regions as another indicator of low working incomes.

**Graph 6.5 The proportion of working-age families receiving Tax Credits**



**Source:** Geographic Analyses, HM Revenue & Customs; April 2008 data

### What does this graph show?

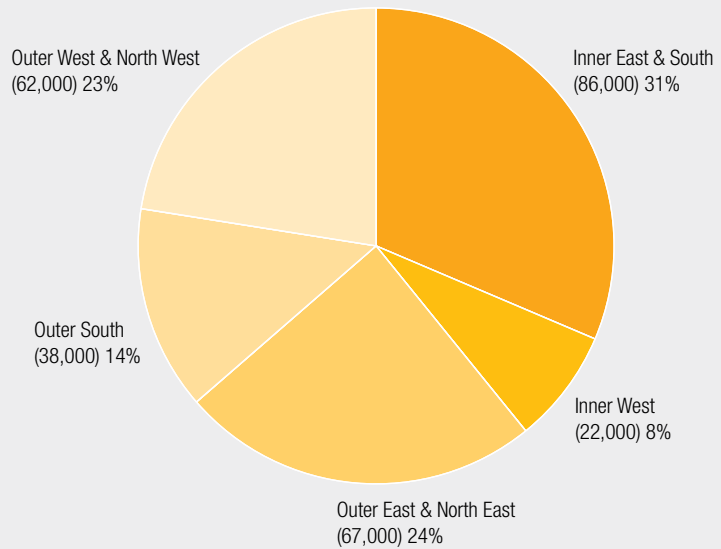
At about 10%, London has the lowest proportion of working families receiving tax credits anywhere in the country. This rate is about three-fifths of that in the North East region.

A couple of shortcomings with this measure should be noted. First, while it is families that receive the tax credits, that number is expressed here as a proportion of the total number of households (which can sometimes contain more than one family). Second, the number of households used to calculate this proportion comes from the 2001 Census, this being the most reliable estimate.

However, it is not clear how far – if at all – these factors might account for London's much lower level of tax credit reciprocity. By contrast, since the thresholds for tax credits are set nationally and since working London residents, both full- and part-time, are less likely to be low paid than anywhere else in the country, pay could account for the picture shown here on tax credits.

Graph 6.6. now looks at how the total number of families receiving tax credits in London are spread out across the five sub-regions.

**Graph 6.6 Total number of families receiving tax credits by sub-region**



**Source:** Geographic Analyses, HM Revenue & Customs, 2008

### What does this graph show?

Overall, some 275,000 households in London were receiving tax credits in 2008. About two-fifths are in Inner London. However, four times as many are in the Inner East & South (86,000 – 31%) as in the Inner West (22,000 – 8%). This far exceeds the difference in population size of London's two Inner sub-regions, and reflects the prevalence of low pay among residents shown in map 6.2.

The pattern is slightly different from that for out-of-work benefits (map 3.3). A larger proportion of tax credit recipients live in Outer London than do out-of-work benefit recipients (61% compared to 54%). One-quarter of all tax credit recipients are in the Outer East & North East.



## Chapter seven:

# Ethnicity, low income and work

## Key points

- The poverty rate varies considerably between ethnic groups. Among London's Indian population it is no higher than among the White population, but is twice as high among Black Africans and three times as high among Bangladeshis. About two-thirds of London's Bangladeshi population live in low-income households.
- The combination of a much higher risk of low income for people from ethnic minorities and the high ethnic minority population in London, means that over half of all people in poverty in London are from Black and Minority Ethnic (BME) backgrounds.
- Work rates among BME groups in London are lower than for White British. About 20% of White British working-age adults in London do not work, compared to 60% of Bangladeshi and 40% of Pakistani adults.
- The majority of women of working-age living in London but born in either Pakistan, Bangladesh or Turkey, are not working.
- Low pay is much more common among Pakistani and Bangladeshi employees than White or Black Caribbean employees.
- The high poverty rates experienced by most BME groups can only partly be accounted for by their generally lower work rates. In particular, just a third of the 'excess' poverty experienced by London's Pakistani and Bangladeshi populations can be accounted for by the much lower work rates among both men and women. Other factors such as low pay are critical.

## Context

When carrying out analysis by ethnicity, the classification of different groups is important. The current official classification – used in the census and in many of the official datasets used in this report – is based on the following 16-way division:

- White, comprising White British, White Irish, and White Other
- Asian or Asian British, comprising Indian, Pakistani, Bangladeshi, and Other Asian
- Black or Black British, comprising, Black Caribbean, Black African, and Black Other
- Chinese, and Other
- Mixed, comprising White and Black Caribbean, White and Black African, White and Asian, and Any Other Mixed

Even in London, with its diverse population, some of these groups are very small. The analysis that follows uses only those groups with sufficiently large sample sizes, namely White British, White Other, Indian, Pakistani, Bangladeshi, Black African and Black Caribbean.

Even the groupings above conceal substantial variation. For instance, Black African includes people from English-speaking countries as well as people from French-speaking countries. Moreover, the use of what is effectively a nationality-based definition means that cultural differences within nations are ignored.

In using this nationality-based definition, we must bear in mind that ethnicity and nationality are not the same thing. The ethnic group ‘Bangladeshi’, for instance, includes people born in the UK – and most likely born in London – as well as people born in Bangladesh.

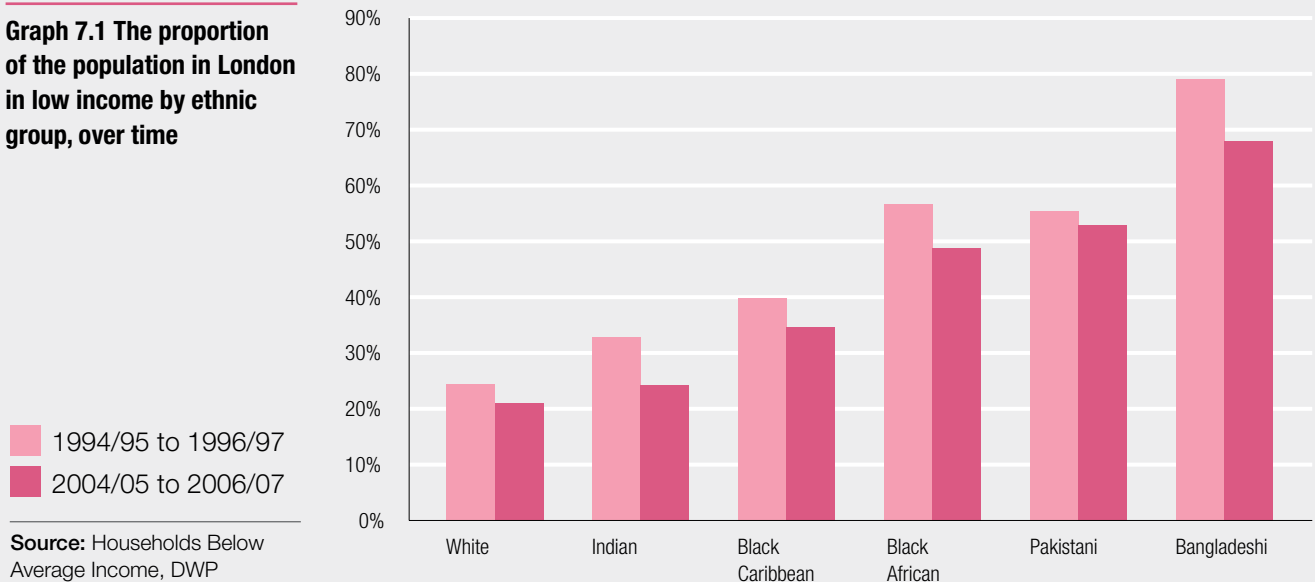
Note that in some of the low income analysis, White British and White Other are grouped together to enable comparisons over time, as the White Other group was only introduced in the relevant dataset in 2001. Moreover, these definitions assign an ethnicity to the household, rather than the individuals in the household, based on the ethnicity of the head of the household.

The ‘Other’ and ‘Mixed’ groups are not analysed either collectively or separately on grounds of sample reliability. They are, though, included in Graph 7.2.

## Low income and ethnicity

The first pair of indicators in this section looks at low income – the poverty rate – across different ethnic groups. We look within London specifically, then at how the ethnic makeup of the low-income population in London compares to that in the rest of England.

**Graph 7.1 The proportion of the population in London in low income by ethnic group, over time**



**Source:** Households Below Average Income, DWP

### What does this graph show?

There is a higher proportion of London's Bangladeshi population living in low-income households than any other ethnic group. About two-thirds of Bangladeshis in London live in a low-income household.

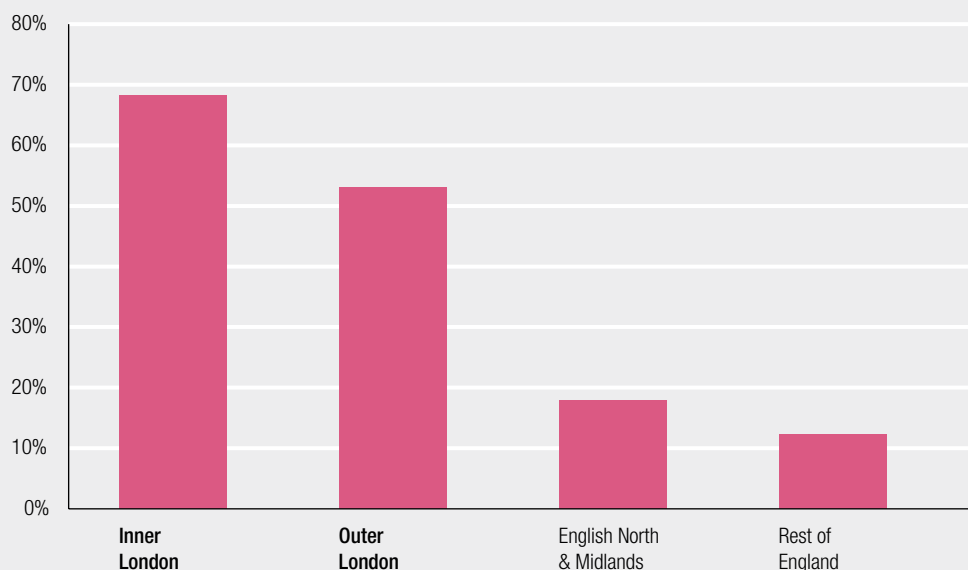
About half the Black African and Pakistani populations live in low-income households, a higher figure than for the Black Caribbean population (about one-third).

However, there is little difference between the proportion of the Indian population and the White population who live in low-income households. For both groups, between one in four and one in five people live in a low-income household.

All these proportions have come down in the last decade, with the Indian population seeing the largest decrease in relative terms (from about 30% to 25%) and the Bangladeshi population the biggest reduction in absolute terms (from about 80% to 65%).

Overall, 40% of people from BME backgrounds in London live in low-income households, compared to 20% of the White population. This proportion for BME groups in London is the same as the BME proportion in the rest of England. So while the BME poverty rate is high in London, it is not uniquely so.

**Graph 7.2 The proportion of the low-income population who are from households other than White British**



**Source:** Households Below Average Income, DWP; the data is the average for the years 2004/05 to 2006/07

### What does this graph show?

About 70% of people in Inner London living in low-income are from backgrounds other than White British. The approximate figures are 50% for Outer London, 20% in the English North and Midlands and 10% in the rest of England.

What the graph shows, together with graph 1.3, is how the high proportion of people from backgrounds other than White British in poverty, and the diverse nature of London's population, combine to give London a very different pattern of poverty to the rest of the country.

### Work, ethnicity and country of birth

Having looked at income, the next section looks at work rates by ethnicity, but also country of birth, within London. It also considers the interaction between the two, and the risks of low pay for those in work.

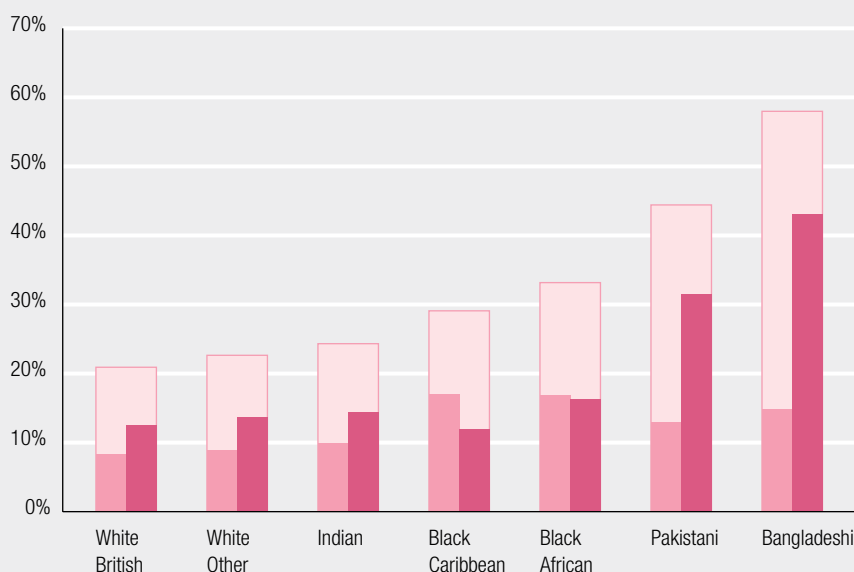
The first graph looks at how the 'wanting work' status, as defined in chapter 5 above, varies by ethnic group. <sup>[33]</sup>

<sup>[33]</sup> The age profiles of different nationalities and ethnicities vary, with, for instance, a higher proportion of Bangladeshis and Pakistanis in the 16–25 age group. Given low rates of work among this age group, the analysis that follows in this chapter looks at adults aged 25 to retirement only.

**Graph 7.3 The proportion of working-age adults lacking paid work in London by ethnicity and wanting work status**

■ Total lacking paid work  
■ Not working and say that they want paid work  
■ Not working and say that they do not want paid work

**Source:** Labour Force Survey, ONS; the data is the average for 2005 to 2007



### What does this graph show?

About 10% of White and Indian working-age adults, 20% of Black working-age adults and 15% of Pakistani and Bangladeshi working-age adults lack, but want, paid work. While these differences are significant, they are dwarfed by the differences in the proportion of people who lack and do not want paid work.

About 40% of Bangladeshi and 30% of Pakistani working-age adults lack paid work and do not want it. This compares to 10–15% of all other ethnic groups.

The group of people not wanting paid work is made up of students, carers, people with long-term illnesses and disabilities, and people looking after families. Work rates among Pakistani and Bangladeshi women are much lower than for other groups, as a high percentage of both are looking after families.

Ethnicity is only one part of this story, though. London’s workforce is diverse not only in its ethnicity but also in the different nationalities represented within it. For instance:

- 39% of London’s working-age population was born outside the UK.<sup>[34]</sup>
- 16 countries account for at least 1% each of London’s working-age population, including Nigeria, Ghana, Australia, USA and Turkey.

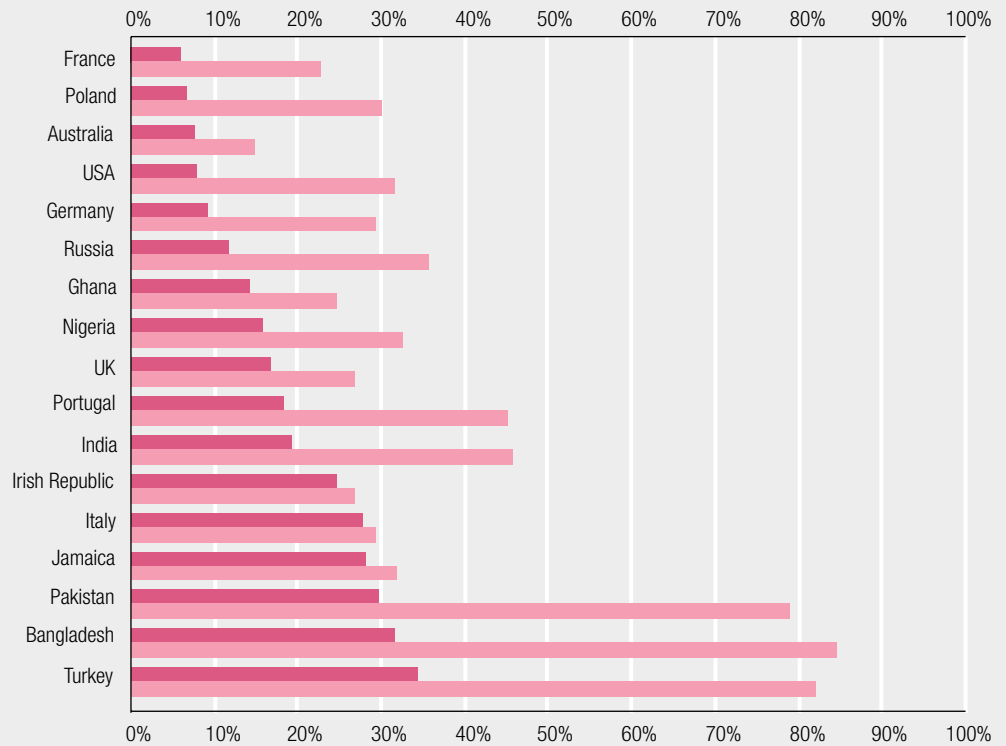
Graph 7.4 looks at work rates by country of birth. The countries represented within the graph are those whose London working-age population is at least 20,000.

<sup>[34]</sup> GLA Data Management and Analysis Group (2008) *Londoners and the Labour Market: Key Facts, Preliminary results from the 2007 Annual Population Survey*, GLA, [www.london.gov.uk/gla/publications/factsandfigures/dmag-briefing-2008-30.pdf](http://www.london.gov.uk/gla/publications/factsandfigures/dmag-briefing-2008-30.pdf)

**Graph 7.4 The proportion of working-age adults in London not working, by country of birth and gender**

Men  
Women

Source: Labour Force Survey 2005–2007



**What does this graph show?**

More than three-quarters of women from Bangladesh, Pakistan and Turkey are not working, a much higher proportion than for women born in other countries. By contrast, the proportion of men born in Pakistan, Bangladesh and Turkey who lack work is only slightly higher than for men born elsewhere.

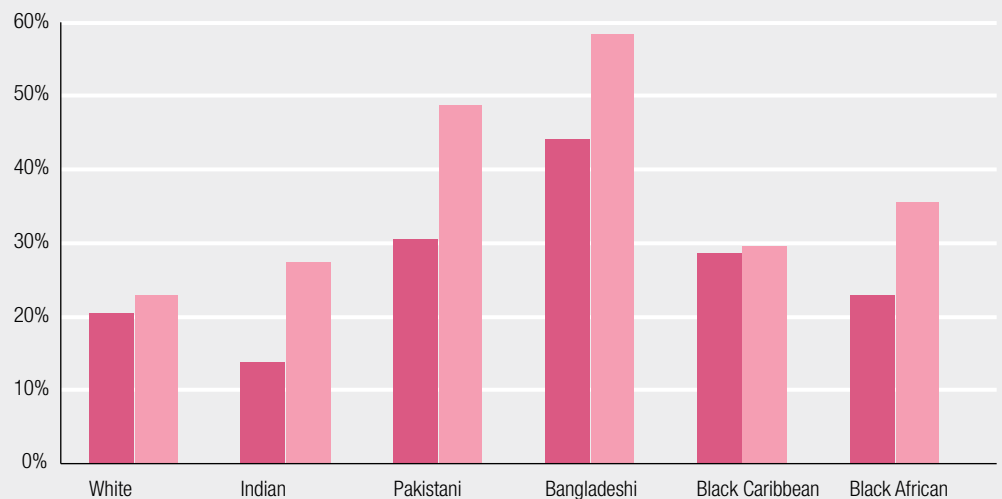
Though markedly lower than in these three countries, the proportion of women from Portugal and India not working is also high in comparison to women from other countries.

Though doubts about the reliability of the data preclude its inclusion on the graph, the proportion of adults born in Somalia and not working appear to be higher still than the rates for those born in Pakistan, Bangladesh or Turkey. This illustrates the difficulty of using broad classifications as Black African since, as per the graph, the proportions of men and women born in Ghana or Nigeria and lacking work is low.

**Graph 7.5 Proportion of adults lacking work in London by ethnicity and country of birth**

Born in the UK  
Not born in the UK

Source: Labour Force Survey 2005 to 2007



## What does this graph show?

Country of birth makes a difference to work rates for all ethnic groups but to a greater extent for some than others.

For example, among the Indian ethnic group, only 15% of working-age adults born in the UK lack work, a lower proportion than for White working-age adults. However, about 30% of Indians not born in the UK lack work.

A similar difference exists among the Pakistani and Bangladeshi ethnic groups in that those born in the UK are more likely to be working than those born elsewhere.

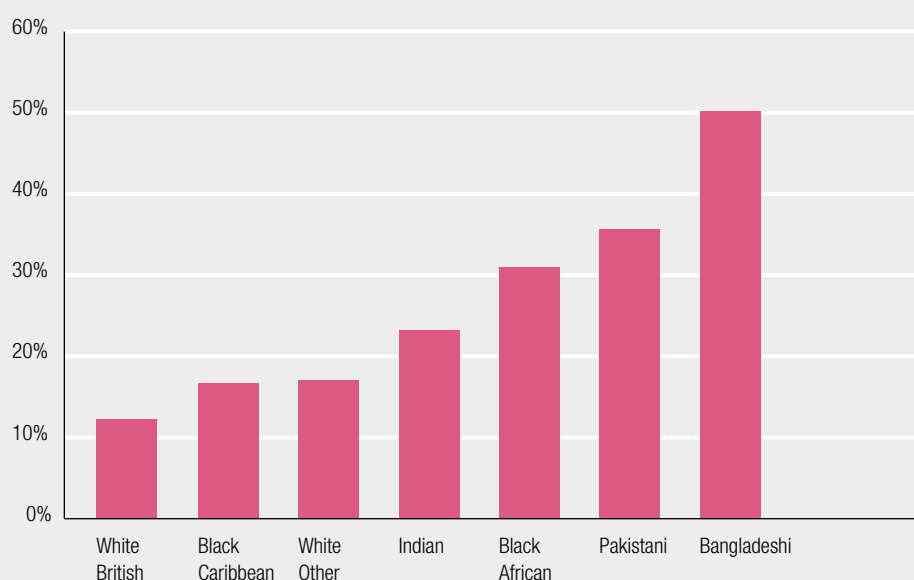
Notably, though, among the White and Black Caribbean ethnic groups there is almost no difference in the proportion lacking work between those born in Britain and those born elsewhere.

When looking at this indicator, it should be borne in mind that the ages of those born in the UK will be quite different from those born elsewhere. For example, there are very few British-born Bangladeshis or Pakistanis aged over 45. The work rates of younger adults can be quite different from older adults, since young people are more likely to be studying and older adults more likely to be looking after family. Comparisons must be made with this in mind.

Work rates can change and vary within ethnic groups by age and over time. For example, recent research by IPPR looked particularly at people living in the UK who were born in Bangladesh, and found that the proportion of adults in work had been rising in the last decade.<sup>[35]</sup>

Graph 7.6 looks at low pay among ethnic groups.

**Graph 7.6 Low pay among ethnic groups**



**Source:** Labour Force Survey, ONS; the data is the average for 2005 to 2007

## What does this graph show?

The differences in the incidence of low pay by ethnicity are quite striking. About half of Bangladeshi employees are paid less than £7.50 per hour, compared with about 10% of White British employees.

Low pay among Indian employees is roughly twice that compared with White British employees, at 25%, but only two-thirds that of Pakistani employees, about 35% of whom are low paid.

<sup>[35]</sup> Rutter, J., Cooley, L., Jones, N., Pilai, R (2008) *Moving up together*, Institute for Public Policy Research, [www.ippr.org/publicationsandreports/publication.asp?id=633](http://www.ippr.org/publicationsandreports/publication.asp?id=633). The research also looked at other communities including Iranians, Nigerians and Somalis.

It is instructive to consider this indicator alongside that showing the proportion of adults not working by ethnicity. Taken together, they show that Pakistani and Bangladeshi working-age adults have the lowest work rates, and once in work, the highest likelihood of low pay.

## The link between work and low income for different ethnic groups

Earlier, we looked at how family work status may affect the overall rate of low income in London in comparison to the rest of England. But how far can different work rates between ethnic groups in London account for the different rates of poverty?

Compared with the White British population, each of the Pakistani, Bangladeshi, Black African and Black Caribbean groups have a much higher share of their population in non-working families (between 11% and 18%). In addition, the Pakistani and Bangladeshi groups also have a much higher share of their population in part-working families (between 20% and 24%).

Half the excess poverty rates (compared with White British) experienced by Black African and Black Caribbean groups is accounted for by the different family work-status mix. This work-status mix accounts for a third of excess poverty rates experienced by Pakistani and Bangladeshi groups.

This is because, even for working families, Black Caribbean, Bangladeshi and Pakistani households in particular face a higher poverty rate. For instance, among part-working households, two-fifths or more of Black Caribbeans, Pakistanis and Bangladeshis are in poverty, compared to only one-fifth among White British and one-third among Indian households.

In other words, the very high poverty rates among the Pakistani and Bangladeshi populations are not simply the result of low work rates; the nature and the pay of the work is as much a part of the problem as the sheer lack of work itself.



# Ill health

## Key points

- On most measures of ill health among children, both Inner and Outer London are little or no different from the rest of the country. However, the rate of underage pregnancy in Inner London is 50% higher than the England average.
- On most measures of ill health among working-age adults, London differs little from the England average. The proportion of adults with a limiting long-term illness is close to the national average, as is the proportion of adults at risk of mental illness. The proportion of adults in London who are obese is lower than the England average.
- The proportion of the male population in Inner London who die before the age of 65 exceeds that in any other English region and is 20% higher than the England average. By contrast, the female rate is only slightly above average. Both male and female rates in Outer London are about the same as the England average.
- Within London, health outcomes are by far the poorest in the Inner East & South. For example, the rate of premature death is highest in Tower Hamlets, Newham, Lambeth and Hackney. Three of the four boroughs with the highest rates of infant mortality are in the Inner East & South, as are three of the four boroughs with the highest rates of limiting illness.

## Context

<sup>[36]</sup> ONS (2008) *Childhood, infant and perinatal mortality statistics, series DH3 No. 29–38* [cited in [www.poverty.org.uk/21/index.shtml](http://www.poverty.org.uk/21/index.shtml)].

<sup>[37]</sup> A high risk of mental illness is determined by asking survey respondents a number of questions about general levels of happiness, depression, anxiety and sleep disturbance over the previous four weeks, which are designed to detect possible psychiatric morbidity.

<sup>[38]</sup> DoH (2004–06) Health Survey for England [cited in [www.poverty.org.uk/62/index.shtml](http://www.poverty.org.uk/62/index.shtml)].

<sup>[39]</sup> ONS (2004–06) General Household Survey [cited in [www.poverty.org.uk/61/index.shtml](http://www.poverty.org.uk/61/index.shtml)].

<sup>[40]</sup> ONS (1997–09) *Health Statistics Quarterly* [cited in [www.poverty.org.uk/60/index.shtml](http://www.poverty.org.uk/60/index.shtml)].

This chapter looks at some key indicators of ill health for children and adults in London. They have been chosen because statistics show that, at the national level, the problems they measure are somewhat more likely to affect those with low incomes (or from manual social classes) than those with average or above-average incomes (or from non-manual social classes).

So for example, across England as a whole:

- Infant deaths (deaths before the age of 12 months) are 50% more common in families from manual social backgrounds as families from non-manual social backgrounds.<sup>[36]</sup>
- People in the poorest fifth of incomes are far more likely to be at risk of a mental health problem<sup>[37]</sup> than those in the richest fifth (22% compared to 7% for men, 24% compared to 12% for women).<sup>[38]</sup>
- Two-fifths of adults aged 45 to 64 with below-average incomes have a limiting long-term illness, more than twice the rate for adults of the same age with above-average incomes.<sup>[39]</sup>
- Death rates for cancer and heart disease, the two biggest causes of death for under 65s, are about twice as high for people from manual backgrounds as for those from non-manual backgrounds.<sup>[40]</sup>

On average, then, ill health is an additional burden on people already coping with low incomes. The first set of indicators cover child health, and compare London to the English average.

## Ill health among children

We look here at a range of indicators on child ill health. As noted above, the risk of infant death is higher among families from lower socio-economic backgrounds. Underage pregnancy (pregnancy of girls aged under 16), which is correlated with deprivation, is included because early child-bearing poses physical and emotional risks for the young mother, as well as disrupting her education. Low birth weight is a sign of deprivation for the mother and an indicator for the future health of the child. Dental health reflects a child's diet and is correlated with other aspects of deprivation.

**Table 8.1 The proportion of the child population with various health problems**

	Definition	Timeframe	Inner London	Outer London	National average
<b>Low birth weight babies</b> <sup>[41]</sup>	Babies born weighing less than 2,500g	2004	8%	8%	8%
<b>Infant deaths</b> <sup>[42]</sup>	Number of deaths before 12 months per 1,000 live births	2003 to 2005	5	5	5
<b>Child dental health</b> <sup>[43]</sup>	Average number of missing, filled or decayed teeth in 5 year old children	2005/06	1.8	1.6	1.5
<b>Underage pregnancies</b> <sup>[44]</sup>	Number of conceptions to girls aged under 16 per 1,000 13–15 year olds	2003 to 2005	11.7	7.7	7.7

<sup>[41]</sup> ONS (1997–2006) Key population and vital statistics.

<sup>[42]</sup> ONS (2004–06) Key population and vital statistics [the data is the average for 2004 to 2006].

<sup>[43]</sup> British Association for the Study of Community Dentistry (2007) BASCD Survey Report 2005/2006, BASCD, [www.bascd.org/viewdoc.php?doc\\_id=45&offset=0&keyword=](http://www.bascd.org/viewdoc.php?doc_id=45&offset=0&keyword=)

<sup>[44]</sup> ONS and ISD Scotland; the data is averaged over the years 2003 to 2005.

### What does this table show?

On two of these indicators of child ill health, London is no different from the rest of the country.

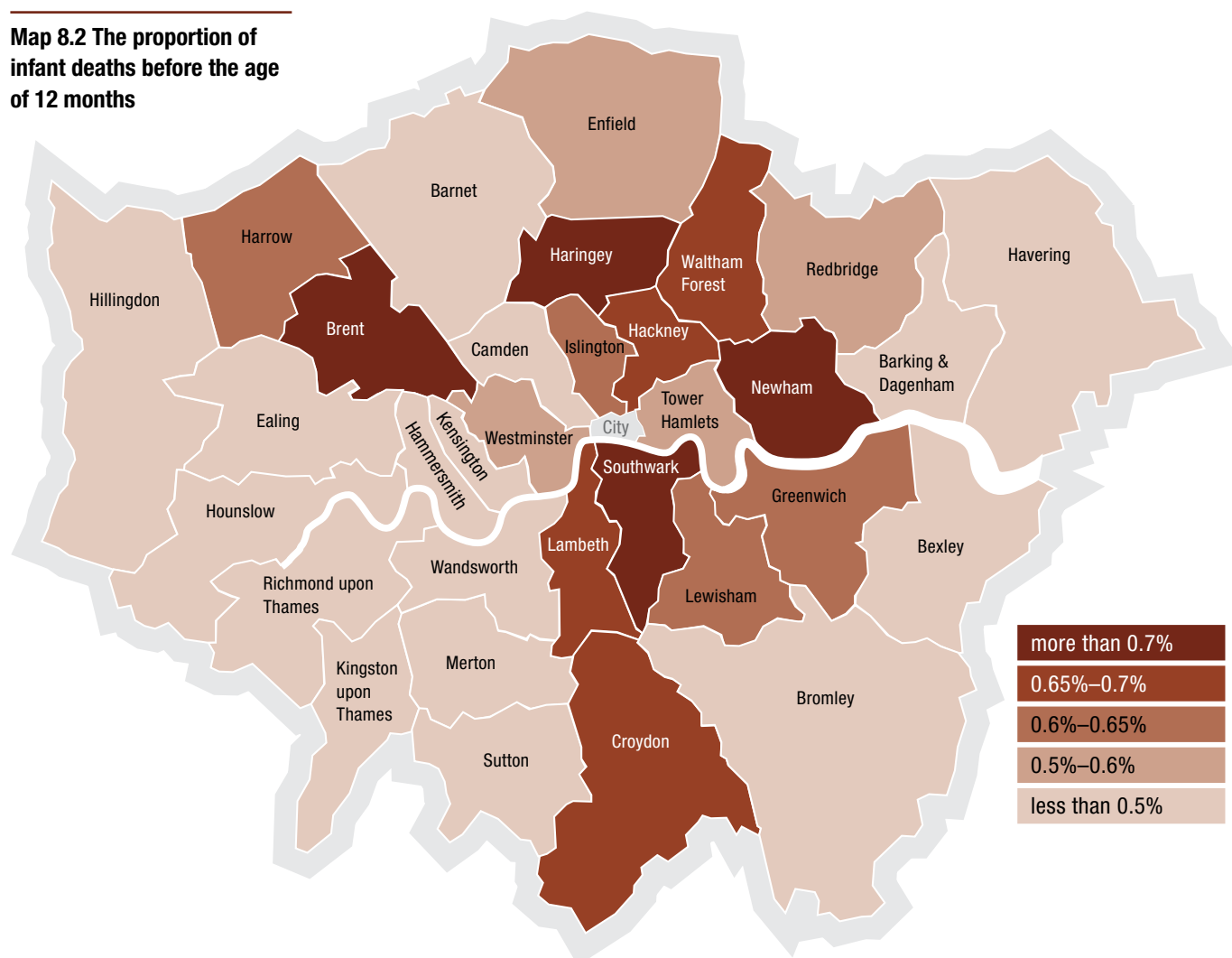
The proportion of babies born underweight is, at 8%, the same in Inner and Outer London as the national average.

Similarly, infant mortality, at five deaths per 1,000 live births, is the same as the national average.

There is a small difference in the proportion of five year olds with poor dental health, children in Inner London having 1.8 missing, filled or decayed teeth, compared with 1.6 in Outer London and the national average of 1.5.

The one indicator where London really stands out is in the number of under-age pregnancies (that is, among girls conceiving before the age of 16). The Inner London rate of 11.7 pregnancies for every 1,000 girls aged between 13 and 15 is 50% higher than the national average of 7.7. The rate in Outer London is the same rate as the national average.

**Map 8.2 The proportion of infant deaths before the age of 12 months**

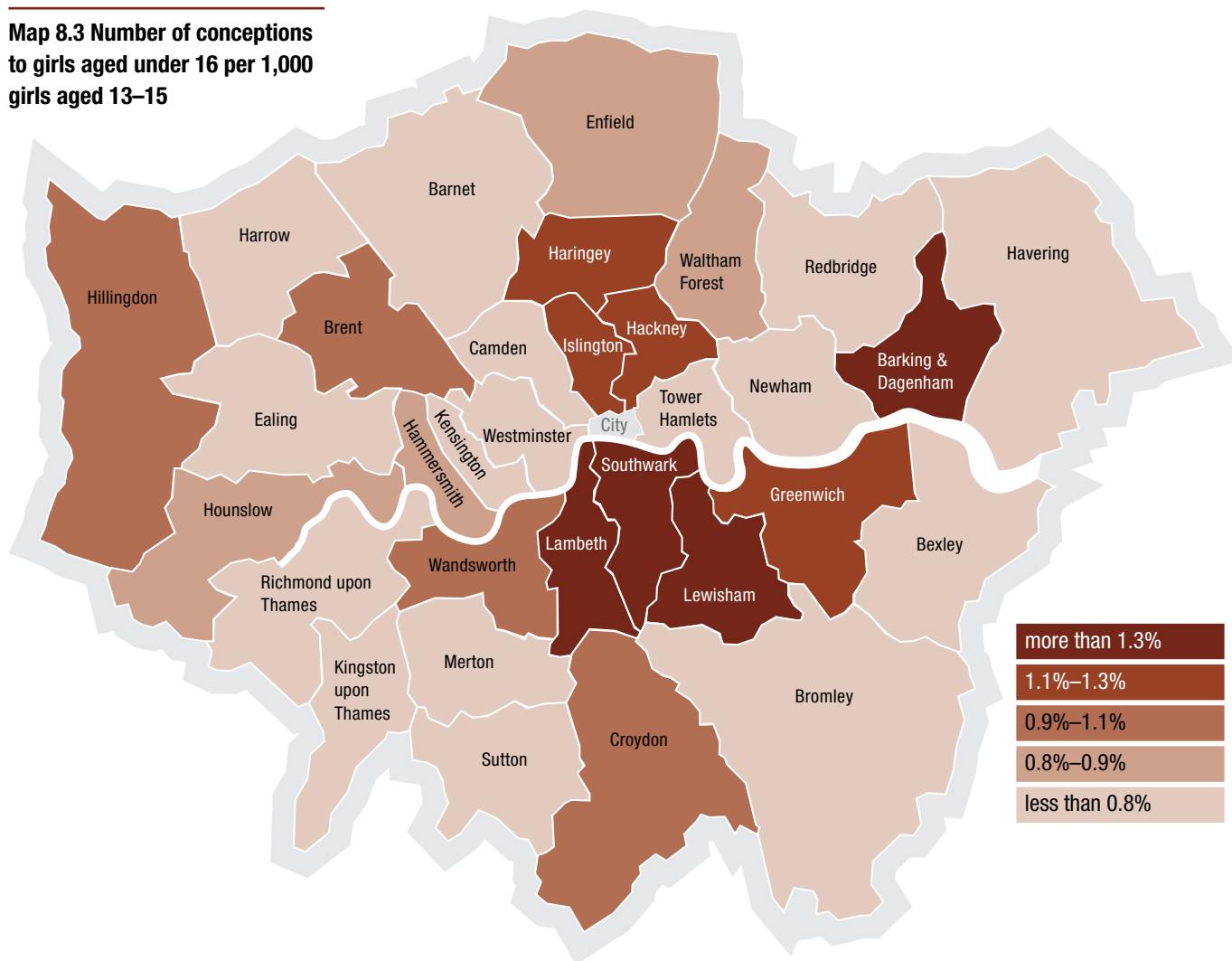


### What does this map show?

The areas with the highest rates of infant mortality are spread out round the edges of Inner London: Southwark (which has the highest rate), Newham, Haringey and Brent. The rates in Southwark and Newham – about seven deaths before the age of 12 months per 1,000 live births – are more than twice that in Richmond (3.1 per 1,000).

Only four Inner London boroughs (all to the West) have rates of infant mortality below the London average. Above-average rates are also found in Outer London boroughs in both the north and the south.

**Map 8.3 Number of conceptions to girls aged under 16 per 1,000 girls aged 13–15**



### What does this map show?

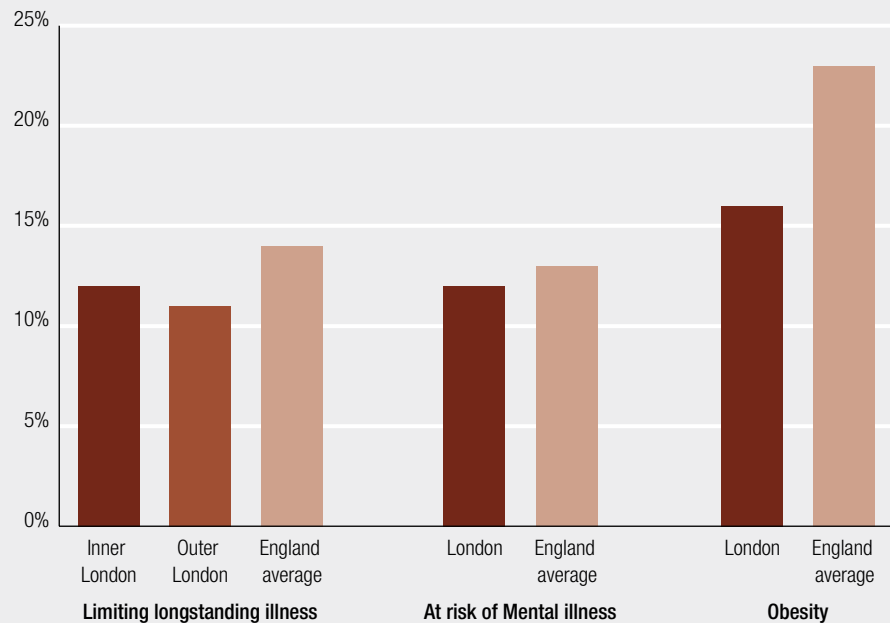
The three boroughs with the highest conception rates are clustered together in the inner South of the capital: Lambeth (which has the highest rate), Southwark and Lewisham. These three boroughs are among the five local authorities with the highest rates of underage pregnancy in England. A second cluster of boroughs with high rates is located in northern Inner London.

Across London as a whole, there is a five-fold variation in conception rates for girls under 16, from about 20 per 1,000 in Lambeth to about four per 1,000 in Richmond.

## Ill health among working-age adults

Having looked at a range of indicators of ill health for children, the next section looks at ill health among working-age adults.

**Graph 8.4 The proportion of working-age adults with various health problems**



**Source:** Census 2001 and Health Survey for England 2004 to 2006

### What does this graph show?

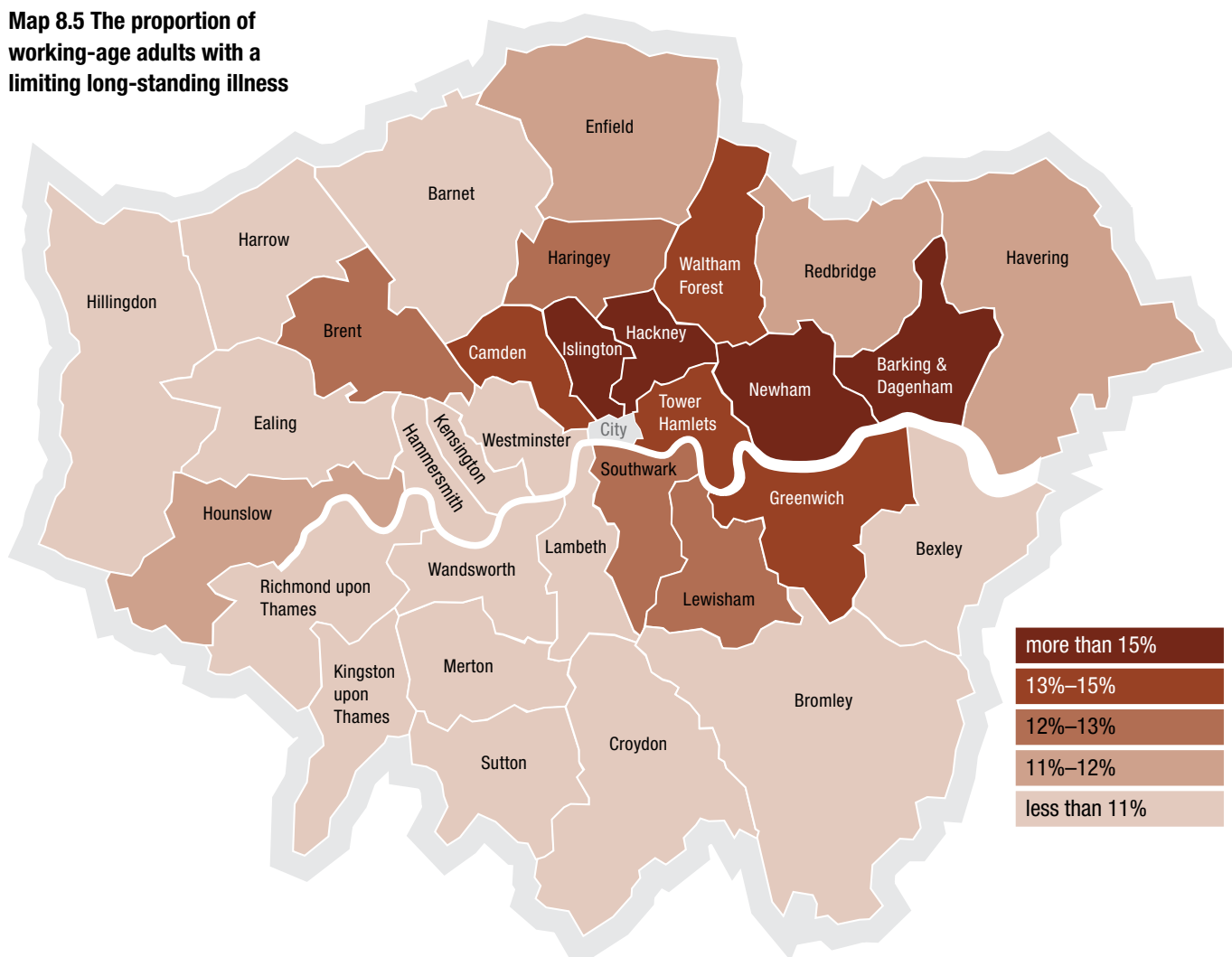
For the three measures of adult health shown in this indicator, working-age Londoners are at no higher risk, and in some cases much lower risk, than the England average.

The proportion of adults in London with a limiting long-standing illness is slightly lower than the national average. 12% of adults in Inner London have a limiting long-standing illness, as do 11% of adults in Outer London. The national average is 14%. London's younger population may be a factor here since the prevalence of long-standing illness increases with age.

The proportion of adults at risk of mental illness in London is, at 12%, very close to the England average.

The proportion of adults who are obese (having a body mass index above 30) in London is actually much lower than the England average. 16% of adults in London are classified as obese, compared to 22% on average in England.

**Map 8.5 The proportion of working-age adults with a limiting long-standing illness**

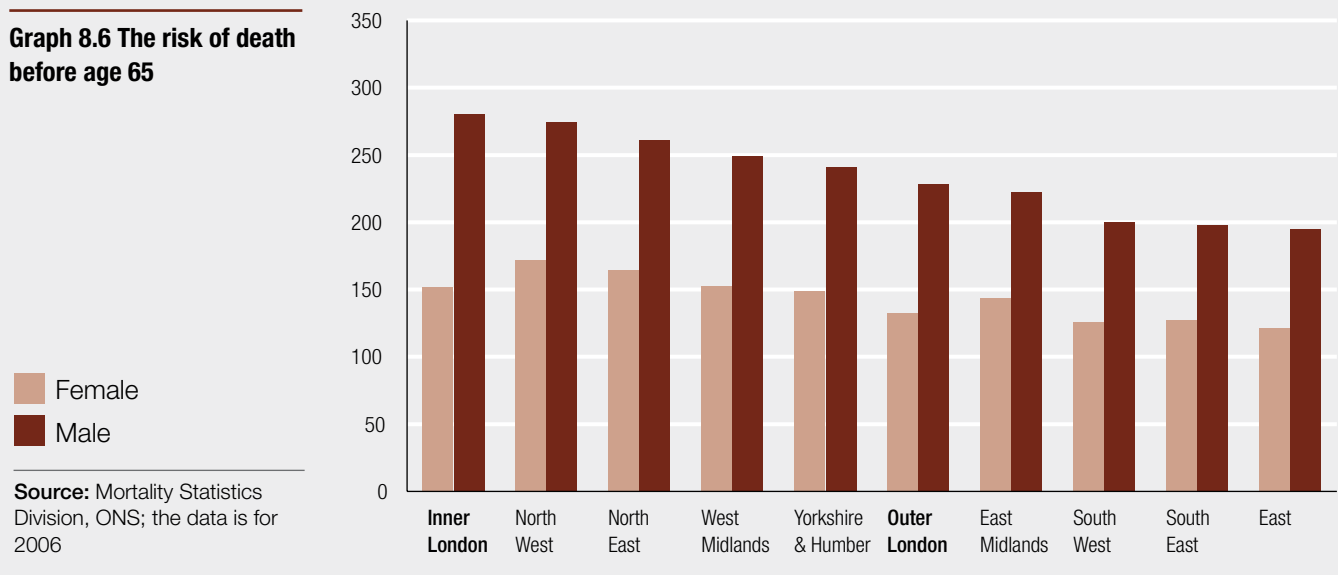


### What does this map show?

The four boroughs with the highest proportion of working-age adults reporting a long-standing illness, according to the 2001 Census, were all located in the east of London – Islington, Hackney, Newham and Barking & Dagenham. The rate here, in excess of 15%, was twice that in the boroughs with the lowest rate (Richmond and Kingston). In 2008, these four boroughs had the highest proportion of working-age adults receiving Incapacity Benefit.

There is a definite clustering of limiting long-standing illness in the North East quadrant of London. 14 of the 16 boroughs with above-average rates of long-term illness are in this cluster.

**Graph 8.6 The risk of death before age 65**



**Source:** Mortality Statistics Division, ONS; the data is for 2006

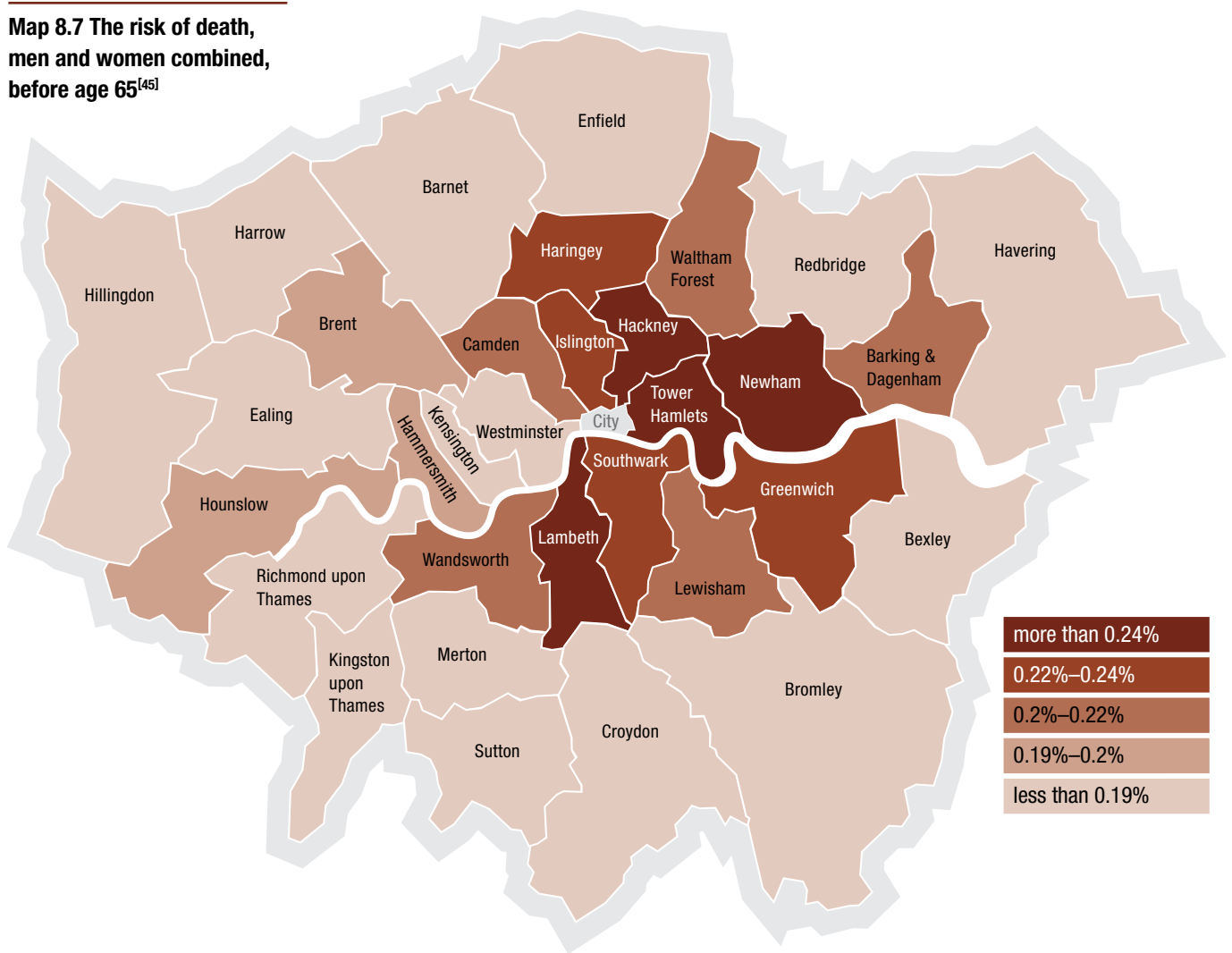
### What does this graph show?

Inner London has a higher rate of male premature death than any English region. The rate in Inner London of 280 deaths per 100,000 under the age of 65 is a fifth higher than the England average of 231. The rate of 228 in Outer London is the same as the England average.

The female premature death rate in Inner London of 152 per 100,000 is a little above the national average of 142. Although above the national average, Inner London is not the worst English region. The figure for Outer London is 132.

All the figures in the graph above are age-standardised, so London's overall younger population is taken into account.

**Map 8.7 The risk of death, men and women combined, before age 65<sup>[45]</sup>**



### What does this map show?

Nine of the 12 boroughs in London with the highest rates of premature death (for men and women combined) are in Inner London.

The pattern is different from that for limiting illness, which followed more of an East/West split. In particular, Lambeth has a very high rate of premature death, but only an average rate of limiting long-standing illness.

Hackney, Newham, Tower Hamlets and Islington, though, have high rates of both long-term illness and premature death. The risk of premature death in Newham or Lambeth, 250 per 100,000 people, is about twice that of Kensington & Chelsea.

<sup>[45]</sup> In order to compare across areas, the populations are standardised for age to the European Standard Population.



# Low educational outcomes

## Key points

- At age 11, the proportion of pupils not reaching Level 4 at Key Stage 2 (KS2) is higher in Inner London than in any other region, and lower in Outer London than in any other region but one. However, thanks to the fall of one-third in Inner London since the late 1990s, the gap between the two is now small (four percentage points).
- The proportion of 11 year-olds not reaching Level 4 at KS2 has come down in all London boroughs since the late 1990s but more so in those boroughs where the proportion was previously higher. As a result, the gap between the boroughs with the highest and lowest proportions has come down by a quarter – although it still stands at 19 percentage points.
- At age 16, the proportion of pupils in Inner London not getting five GCSEs fell by two-fifths over the ten years to 2007. Instead of standing out for its poor performance on this measure as previously, Inner London now resembles other English regions. The fall recorded in Outer London means that it is now the region with the lowest proportion of 16 year olds not getting five GCSEs.
- The three boroughs with the lowest proportion of 16 year-olds not getting five GCSEs are all in East London, including one (Newham) in Inner London.
- Four of the five boroughs with the highest proportion of 11 year-olds not reaching Level 4 at KS2 also have the highest proportions of 16 year-olds not getting five GCSEs.
- At age 11, the proportion of pupils eligible for free school meals who do not reach Level 4 at KS2 is about double the proportion for other pupils. In general, the proportions at age 11 are only slightly affected by whether they are White British or BME.
- Among 16 year-olds entitled to free schools meals, the proportion of BME pupils who do not get five GCSEs is only half the proportion for White British pupils. This is the case for both Inner and Outer London as well as the rest of England. As a result, at age 16 (unlike at age 11), ethnicity is associated with significantly different outcomes among pupils eligible for free school meals.
- The proportion of 16–19 year olds not in education, employment or training is slightly higher in Inner London and slightly lower in Outer London than the average English region. However, while this proportion has decreased slightly in Inner London since the start of the decade, it has risen sharply in Outer London.

## Context

London's school-age population is very different from the school-age population elsewhere in England.

For example:

- More pupils are entitled to free school meals (one proxy for belonging to a workless household): 25% of primary school children, compared to a national average of 13% and 22% of secondary school children, again compared to a national average of 13%.<sup>[46]</sup> On average, pupils entitled to free schools meals have lower levels of attainment than others.
- Pupil 'churn' between schools is also higher – about 14% of Inner London pupils change schools in an average year, as do 6% of Outer London pupils, compared to 5% elsewhere. In some schools, the turnover is as high as 50% in a single year.<sup>[47]</sup> Pupils who move school frequently do not attract any extra funding, so high pupil mobility puts additional strain on school resources.
- 11% of London's secondary school pupils attend schools outside the state sector, rising to 15% in Inner London, compared to 4% in the North East of England and a national average of 8%.
- These factors all suggest that schools in London face a substantial challenge, something recognised by the Government in a report which looked at improving London's secondary schools through a range of different policy initiatives.<sup>[48]</sup>
- There are two measures of attainment used in this analysis. For 11 year-olds, we look at those not attaining Level 4 in their Key Stage 2 tests, averaged across results for Maths and English. Level 4 is the level a pupil is expected to have reached in their final year of primary school.
- For 16 year-olds, we look at the proportion of pupils attaining fewer than five GCSEs of any grade (A\* to G). This is different from the usual 'headline' five GCSEs at grades A\* to C and is used here in order to focus attention on progress among children with the lowest levels of educational attainment. As well as GCSEs themselves, the indicators include qualifications deemed to be 'GCSE equivalents', such as GNVQs.
- Our analysis is confined to maintained schools – those that are funded by the local authority. They include academies, community schools and voluntary-aided schools.

<sup>[46]</sup> Department for Children, Schools and Families (2007) *Schools and Pupils in England*, <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000744/index.shtml>

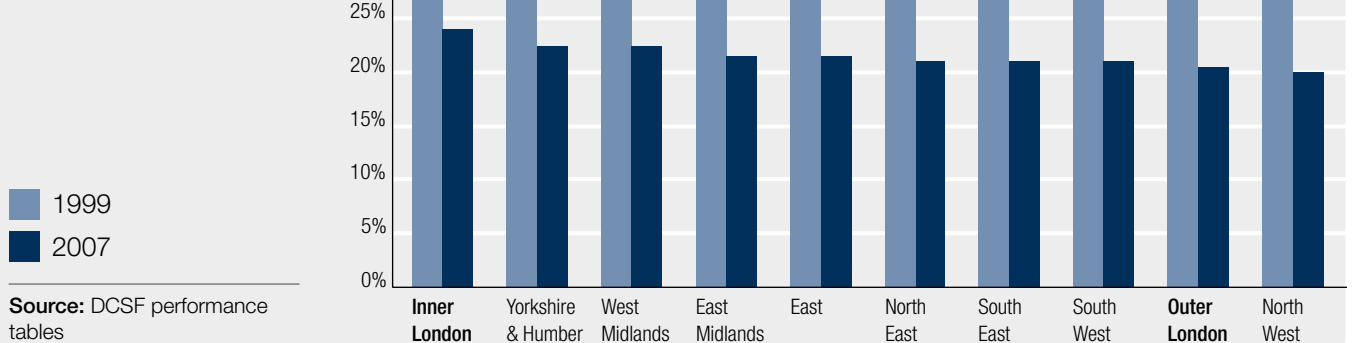
<sup>[47]</sup> Association of London Government (2005) *Breaking Point : Examining the Disruption Caused by Pupil Mobility*, [www.londoncouncils.gov.uk/localgovernmentfinance/publications/breakingpoint.htm](http://www.londoncouncils.gov.uk/localgovernmentfinance/publications/breakingpoint.htm)

<sup>[48]</sup> Department for Children, Schools and Families (2003) *London Challenge: Transforming London's Secondary Schools*, <http://publications.teachernet.gov.uk/eOrderingDownload/DfES%200268%20200MIG1946.pdf>

## Attainment at age 11

The first two indicators in this section look at pupil attainment aged 11. We look at Inner and Outer London compared to the English regions, then look within London's boroughs. In both cases, we look both at the current picture and changes over time.

**Graph 9.1 The proportion of 11 year-olds not reaching Level 4 at Key Stage 2, over time**



Source: DCSF performance tables

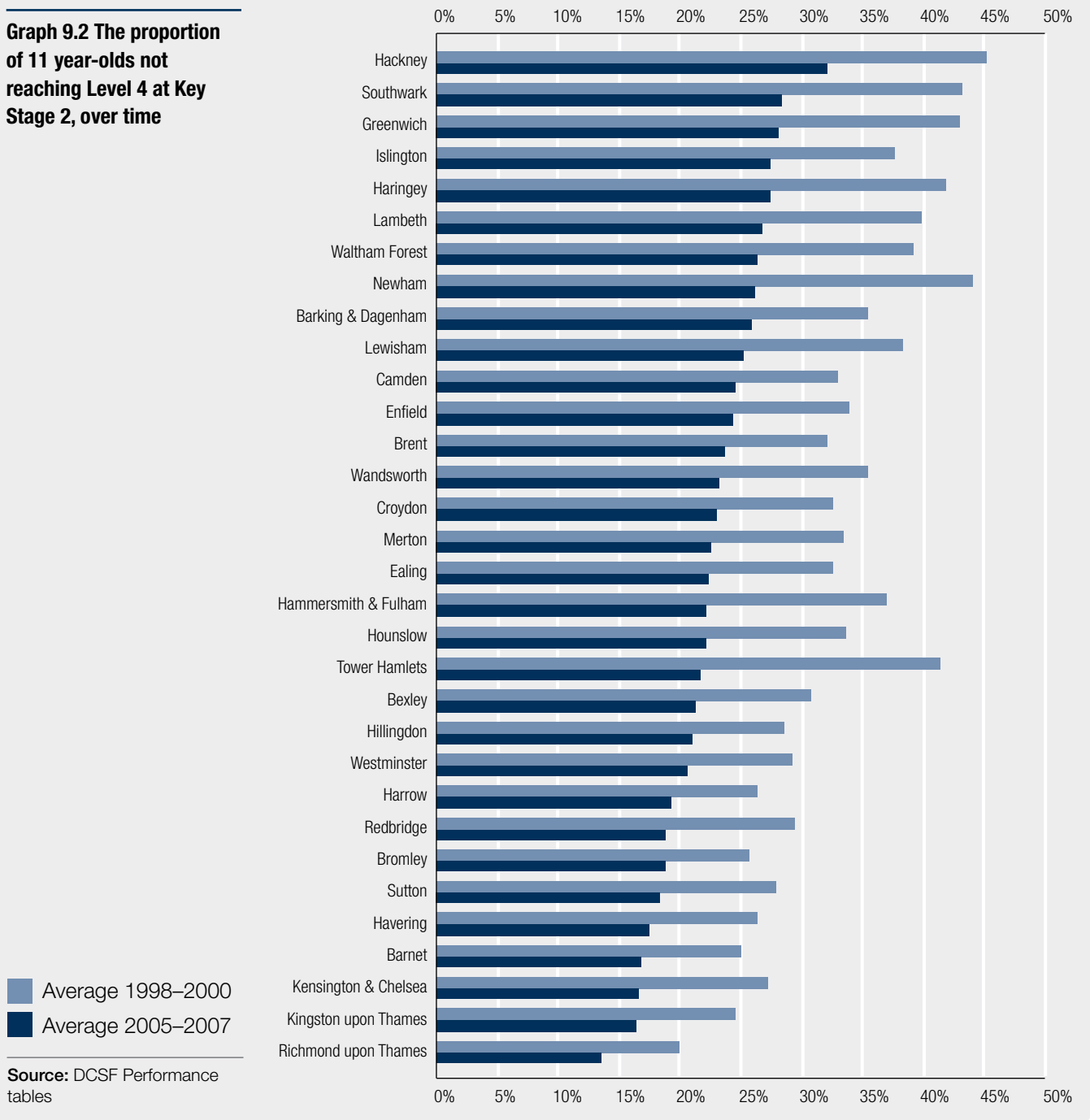
### What does this graph show?

The proportion of 11 year-olds not reaching Level 4 at Key Stage 2 (KS2) has come down in all regions of the country, but the fall has been sharpest in Inner London. In 1999, 38% of children in Inner London did not reach Level 4. By 2007, the figure was 24%.

As a result of this rapid improvement, the gap between Inner London and elsewhere has narrowed considerably since the start of the decade. In 1999, the proportion of children not reaching Level 4 at KS2 in Inner London was five percentage points higher than the second worst region. By 2007, the gap between Inner London and the best region was just four percentage points.

Outer London is on a par with the best region, with 20% of 11 year-olds not reaching Level 4 at KS2. This proportion, too, has decreased sharply since 1999, down from 30%. The overall figure for London is now 22%.

**Graph 9.2 The proportion of 11 year-olds not reaching Level 4 at Key Stage 2, over time**



Source: DCSF Performance tables

### What does this graph show?

The proportion of 11 year-olds not achieving Level 4 in Maths and English at KS2 has come down in all London boroughs since the late 1990s.

Some of these falls have been very large. In Tower Hamlets, for instance, more than 40% of 11 year-olds did not reach Level 4 in Maths and English at the end of the last decade. Since then, the proportion has almost halved. As a result, despite having the highest proportion of children receiving free school meals of any borough in London, Tower Hamlets now has a better than average proportion of children not reaching Level 4 at KS2.

In the last few years, the gap between the boroughs with the worst and the best records has shrunk. At the end of the 1990s, the gap between the borough with the

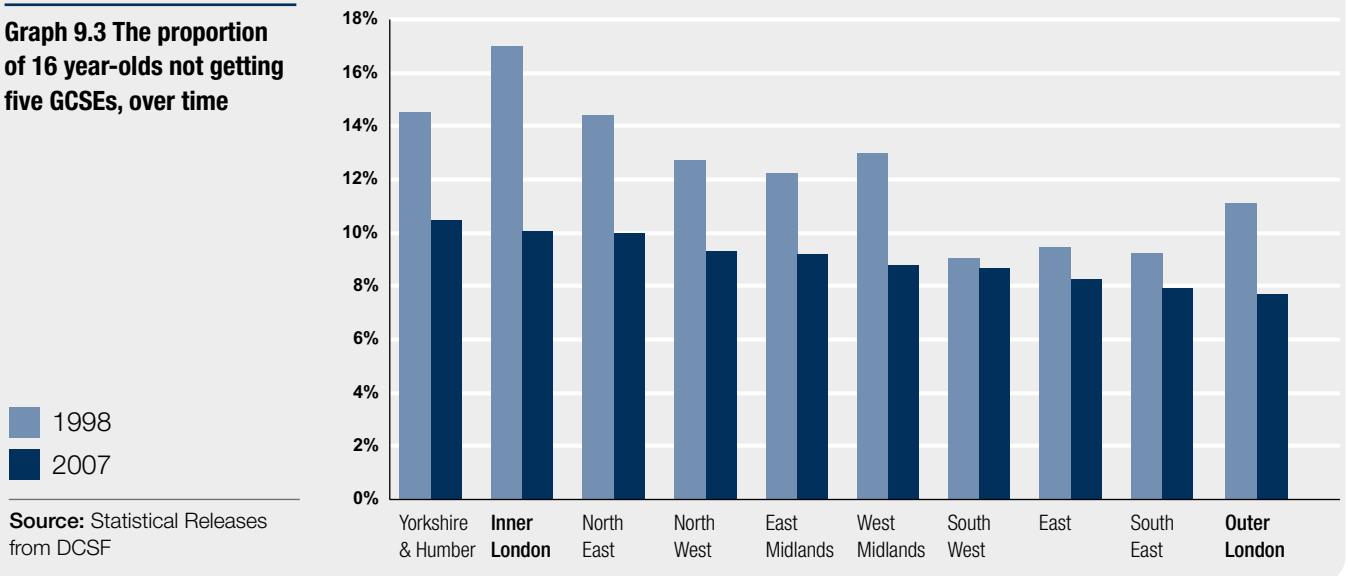
highest proportion of children not attaining Level 4 (Hackney, 45%) and the borough with the lowest (Richmond, 20%) was 25 percentage points. In the latest statistics, that gap (this time between Hackney and Richmond), is just 19 percentage points.<sup>[49]</sup>

## Attainment at age 16

Having looked at 11 year-olds, the next pair of indicators consider attainment of 16 year-olds, in particular, GCSE results. We look at Inner and Outer London compared to other regions, then more closely at the boroughs. Again, we consider the current picture and changes over time.

The GCSE results in this analysis include GNVQs and GCSE equivalents. The latter were only introduced in 2004, but are small in number so do not affect comparisons over time.

**Graph 9.3 The proportion of 16 year-olds not getting five GCSEs, over time**



Source: Statistical Releases from DCSF

### What does this graph show?

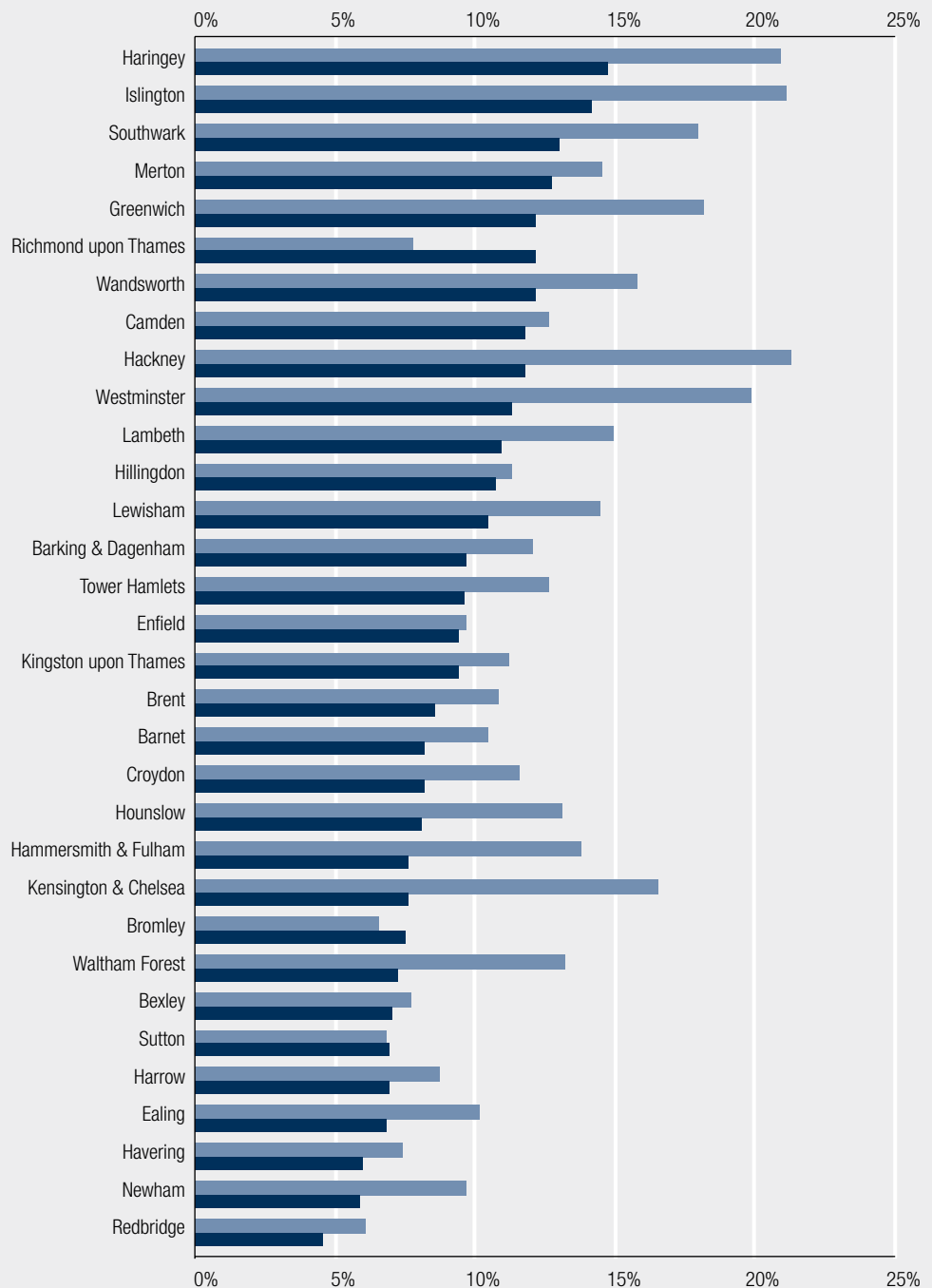
The proportion of 16 year-olds in Inner London achieving fewer than five GCSEs has come down from 17% to 10% over the ten years to 2007, the biggest fall recorded by any English region.

As a result, whereas Inner London stood out 10 years ago for its high proportion of pupils not attaining five GCSEs, it is now much closer to the other regions (and is, indeed, no longer the worst). Across the country, the trend has been one of convergence as the gaps between the regions have closed.

The proportion of 16 year-olds in Outer London achieving fewer than five GCSEs came down from 11% to 8% over the same period. Outer London now has a lower proportion of pupils falling short of this standard than any other region in England. The overall figure for London is now 8.5%.

<sup>[49]</sup> These figures can change significantly from year-to-year. If, for instance, a large school improves its results in a short space of time, or a poor performing school closes, the overall performance of its borough will improve. Also, given that this is based on the location of the school, not the residence of the pupil, moves across borough boundaries could affect results. Moreover, the figures do not include pupils in the independent sector.

**Graph 9.4 The proportion of 16 year-olds not getting five GCSEs, over time**



Source: DCSF Performance tables

### What does this graph show?

In most London boroughs, the proportion of 16 year-olds getting fewer than five GCSEs has decreased since the start of the decade. As a result, no borough now has more than 15% of 16 year-olds with fewer than five GCSEs, whereas between 1997 and 2000, eight boroughs (namely Haringey, Islington, Southwark, Greenwich, Wandsworth, Hackney, Westminster and Kensington & Chelsea) were in this position. The improvements in Hackney, Westminster and Kensington & Chelsea are such that they are no longer among the lowest performing quarter of boroughs.

The three boroughs with the lowest proportion of 16 year-olds getting fewer than five GCSEs are in a cluster in East London (Redbridge, Havering and Newham) while others (Bexley and Waltham Forest) are doing nearly as well. Newham's good record here

comes despite it having a high proportion of children in households receiving key out-of-work benefits (40% compared to 28% on average in London).

There is some consistency across the graphs for 11 year-olds and 16 year-olds. Four of the five boroughs with the highest proportion of pupils not attaining the relevant standard (Greenwich, Haringey, Islington and Southwark) are the same for both age groups.<sup>[50]</sup>

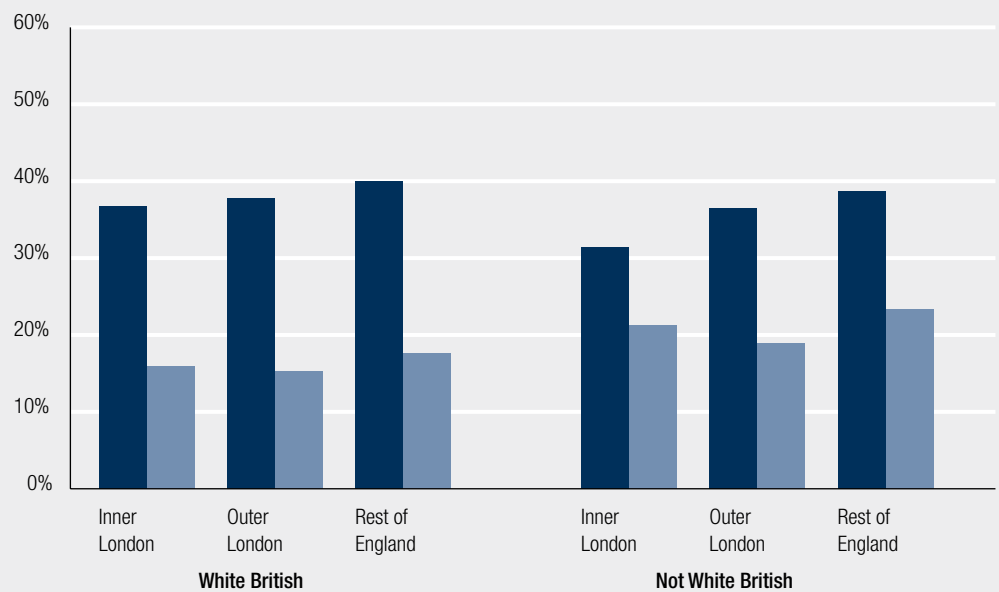
## Free school meals and low educational attainment

The next pair of indicators compare Inner and Outer London with the rest of England separately according to whether the pupil is entitled to free school meals and whether they are counted as White British or not. We look at 11 year-old and 16 year-old attainment in turn.

**Graph 9.5 The proportion of 11 year-olds not reaching Level 4 at Key Stage 2, by ethnicity and free school meal status**

■ Pupils eligible for free school meals  
■ Pupils not eligible for free school meals

**Source:** National Pupil Database, DCSF; the data is for 2007



### What does this graph show?

The proportion of 11 year-olds not reaching Level 4 at KS2 is markedly higher (between 30% and 40%) among pupils eligible for free school meals (FSMs) than among other pupils (between 15% and 20%). This is basically as true for both Inner and Outer London as for the rest of England irrespective of whether the pupils are White British or not.

The main difference between the two ethnic groupings, in both Inner and Outer London, is that the proportion of non-FSM pupils who do not reach Level 4 is higher among pupils who are not White British (20%) than among White British pupils (15%). Again, however, London is no different in this respect from the rest of England. As a result, the gap between FSM-eligible pupils and other pupils is most significant among White British pupils.

Among FSM-eligible pupils, the proportion of 11 year-olds not reaching Level 4 usually lies between 35% and 40% for White British pupils and 30% and 40% for pupils who are not White British. The most notable difference is in Inner London, where 37% of White British pupils do not attain Level 4 compared to 31% of other pupils.

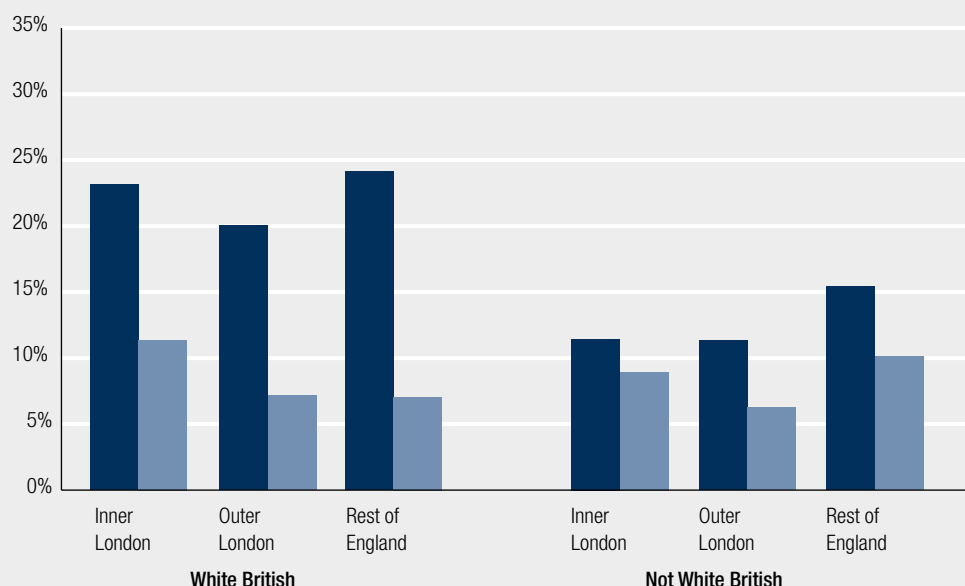
There are differences in mix between ethnic groups. For example, whereas less than a fifth of the White British pupils are eligible for FSM, half of Bangladeshis are.

<sup>[50]</sup> These figures can change dramatically from year-to-year for the reasons outlined in footnote 49.

**Graph 9.6 The proportion of 16 year-olds not getting five GCSEs, by ethnicity and free school meal status**

Pupils eligible for free school meals  
 Pupils not eligible for free school meals

**Source:** National Pupil Database, DCSF; the data is for 2007



### What does this graph show?

Among pupils not entitled to free school meals, there are only small differences in the proportion not getting five GCSEs by ethnicity. For any given location, a similar proportion, generally between 5% and 10% of all pupils who do not receive free school meals do not attain 5 GCSEs.

By contrast, among FSM pupils the proportion of pupils who are not White British not getting five GCSEs is only half the proportion for White British pupils (about 12% in both Inner and Outer London compared to 20–23% for White British pupils). This gap is also present in the rest of England, not just London.

As a result, among non-White British pupils, FSM status makes only a slight difference to the proportion not getting five GCSEs whereas, among White British pupils, it makes a large difference.

So unlike at age 11 (graph 9.5) where the basic picture is one in which location made little difference and ethnicity only a slight difference, the picture at age 16 is one in which ethnicity is associated with substantially different GCSE outcomes among pupils eligible for free school meals. However, there is nothing particularly unusual about London in this regard.



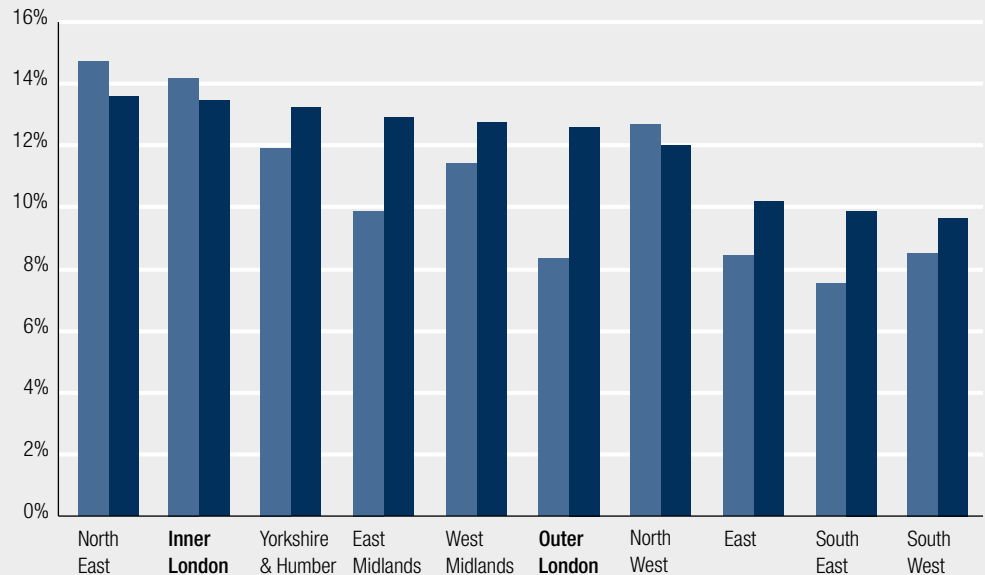
## Not in education employment or training – ‘NEETs’

‘NEETS’ are 16 to 19 year-olds ‘not in education, employment or training’. A difficult group to monitor, they are measured as a residual of this age group, once those in school, work and training have been accounted for. Because of the small size of the age group in question, the sample size for the analysis is also small.

**Graph 9.7 The proportion of 16 to 19 year-olds not in education, employment or training, over time**

■ Average 1997–1999  
■ Average 2005–2007

Source: Labour Force Survey



### What does this graph show?

The proportion of 16 to 19 year-olds not in education employment or training has risen sharply in Outer London in recent years. In the late 1990s, about 8% of 16 to 19 year-olds belonged to this group whereas the proportion now is 12%. This is a much bigger increase than in any other English region.

Over the same period, the proportion of 16 to 19 year-olds in Inner London not in education, employment or training fell, albeit slightly, from 14% to 13%. As a result, since the proportion of NEETS in most English regions is now higher than in the late 1990s, Inner London no longer stands out as it once did, being little different now from the majority of English regions.



# Housing and homelessness

## Key findings

- The proportion of households in London newly recognised as homeless in London is a little higher than in any other English region. But this rate of homelessness is very similar to – and sometimes lower than – that in other large cities in England.
- At the borough level, homeless acceptance rates are generally at their highest in East London. But there are some notable exceptions to the general pattern: for example, the highest rates are in boroughs with only average levels of unemployment (Waltham Forest and Islington) while even one prosperous borough (Kingston) also has a high rate.
- The proportion of households in London living in temporary accommodation – almost 2% – is many times higher than that in any other English region or city: (e.g. five times higher than Manchester, the city with the second highest rate). The basic reason for London's exceptionally high rate is the much longer time that a household typically spends in temporary accommodation compared with elsewhere.
- At the borough level, the highest proportion of households in temporary accommodation is 6% (Newham and Haringey). Even the boroughs with the lowest rates (about 0.5%) are still above the England average. In general, rates of temporary accommodation are higher in North London than South London.
- According to the 2001 Census, the proportion of households living in overcrowded conditions was far higher in London than in other regions in England. In Inner London in particular, the proportion of households in overcrowded accommodation was over four times as high as anywhere outside London. Almost all Inner London boroughs had a higher proportion of overcrowded households than any Outer London borough.

## Context

This section looks at indicators of housing need and suitability – households recognised as homeless, households in temporary accommodation and households in overcrowded accommodation.

Local authorities have a legal requirement to find suitable housing for some, but not all, households whom they accept as homeless. To be formally recognised as homeless, the person or household must either lack a 'licence to occupy' a home or it must be unreasonable for them to have to occupy the home they are in. But a household is only entitled to accommodation from their local authority if they are classified as unintentionally homeless and deemed to be in 'priority need' (that is, with dependent children or meeting one of several criteria for 'vulnerability'). In practice, therefore, the process of acceptance is dependent on the judgement of the particular local authority, and can, as a result, change substantially from one year to the next. Moreover as local authorities have no statutory requirement to house single homeless people (unless deemed 'vulnerable'), this may discourage single people from applying to the local authority in the first place.

The indicators on temporary accommodation look at households placed by local authorities in temporary accommodation under homelessness legislation. They represent households from an area, who have been housed in temporary accommodation by that local authority, regardless of where that accommodation may be. In London, this could mean a household from Kensington & Chelsea being housed in Camden (for instance) would be counted in the figures for the former. These figures represent a 'stock' of people who lack suitable long-term accommodation, whereas the first indicator measures the 'flow' into (officially recognised) homelessness.

Two indicators on overcrowding complete this section. The definition of overcrowding used in this report is that used in the 2001 Census. It is based on a calculation of how many rooms are needed for that household, taking into account its size and composition. Any household lacking one or more rooms compared to the calculation would be defined as overcrowded.

<sup>[51]</sup> London Councils, Government Office for London (2008) *The London Narrative*, [www.londoncouncils.gov.uk/economicdevelopment/publications/thelondonnarrative.htm](http://www.londoncouncils.gov.uk/economicdevelopment/publications/thelondonnarrative.htm)

<sup>[52]</sup> Department for Communities and Local Government (2008) *Rough sleeping 10 years on: From the streets to independent living and opportunity*, [www.communities.gov.uk/documents/housing/pdf/1062005](http://www.communities.gov.uk/documents/housing/pdf/1062005)

<sup>[53]</sup> Department for Communities and Local Government, *Rough Sleeping Estimates in England* June 2008 survey suggested that, of 483 rough sleepers in England, 238 were in London. Not all local authorities carried out a count of rough sleepers in that year, so the figures should be treated with caution. Moreover, they are contested by homelessness charities as being far too low.

In November 2008, the Mayor published the London Housing strategy. Recent local area agreements between boroughs in London have pledged to reduce the number of households in temporary accommodation by 17,000 by 2010. Other agreements pledge to increase the number of affordable homes by 30,000 over a similar time period.<sup>[51]</sup>

The Mayor launched the Rough Sleepers' strategy in 2001, with the aim of reducing the number of people sleeping on London's streets and ultimately ending rough sleeping for good. The number of rough sleepers has – using the official figures – decreased since the beginning of the decade, but the decrease was below the target of two-thirds set by the then Mayor in 2001.

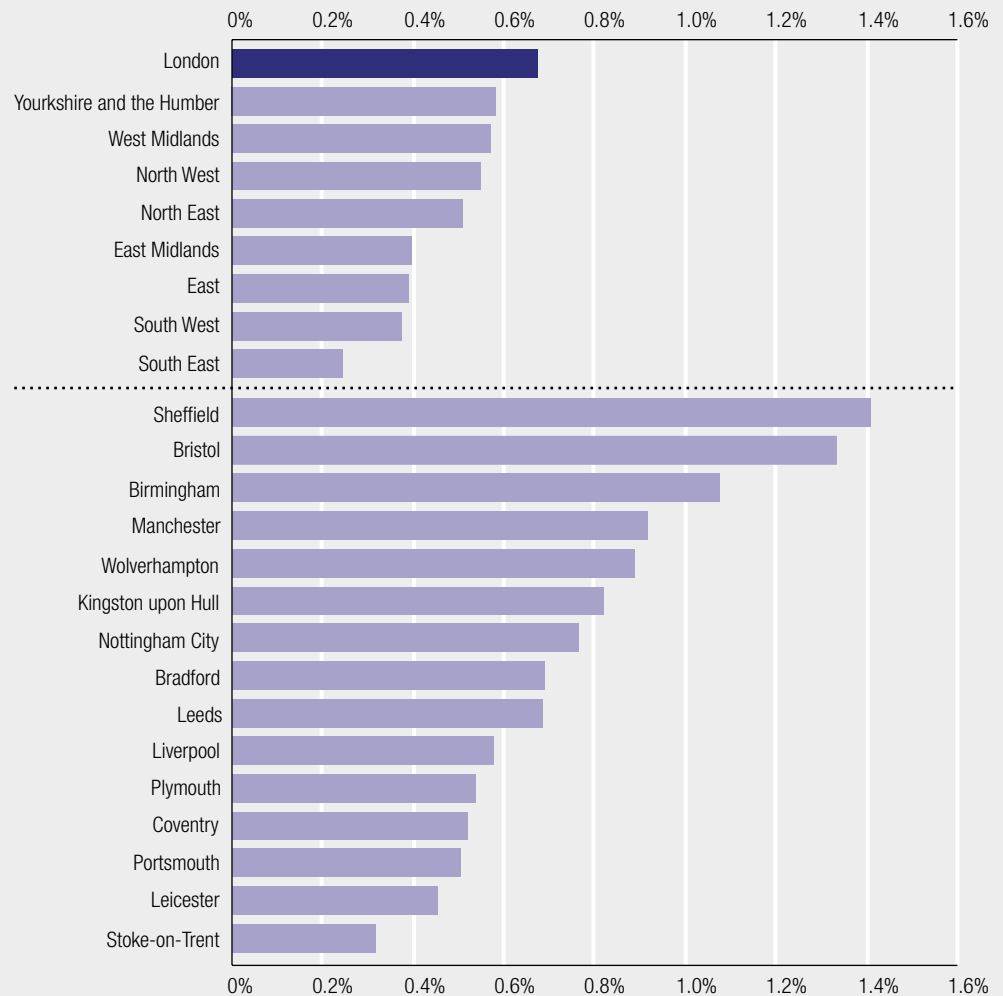
The Government has recently restated its aim to eradicate rough sleeping in time for the 2012 Olympics, but the official number of rough sleepers, both in London and nationwide, has not come down in the last four years after reducing substantially in the earlier part of the decade.<sup>[52]</sup>

Though this is the most visible and extreme form of homelessness, rough sleeping accounts for a small part of all homelessness. This is true even in London which is estimated by government to contain half of all rough sleepers. While official statistics inevitably contain some approximations and are contested by many charities working to combat homelessness, the most recent official estimates imply that the number of rough sleepers in London in any one night is about 240.<sup>[53]</sup>

## Homelessness and temporary accommodation

The next set of indicators looks at households recognised as homeless and households in temporary accommodation. They compare London to other regions and cities in England, then look more closely at London boroughs.

**Graph 10.1 The proportion of households recognised as homeless**



Source: DCLG Statistics, 2007

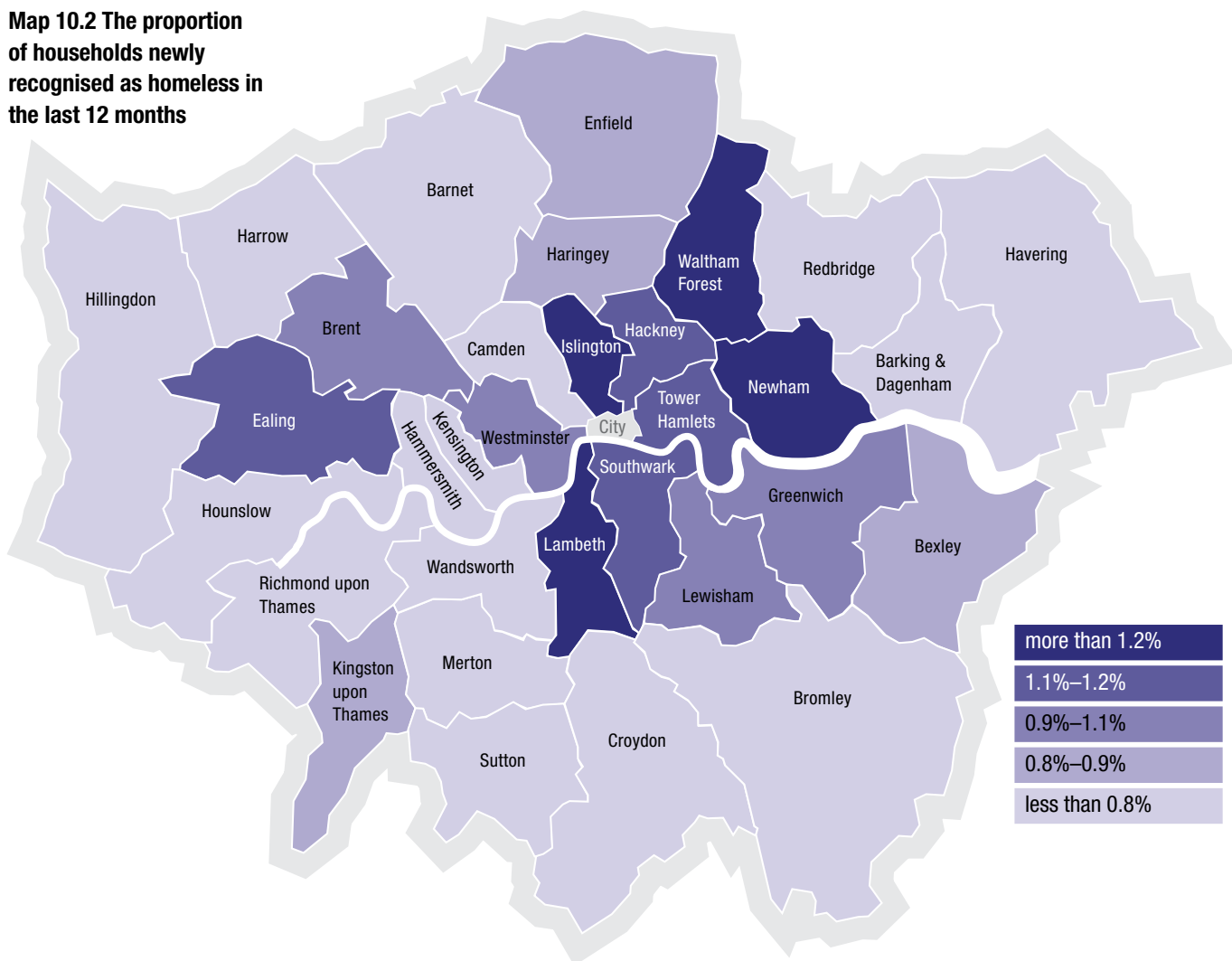
### What does this graph show?

The proportion of households newly recognised as homeless in the last year is slightly higher in London than it is in other regions in England.

In 2007, 0.7% of households in London were newly recognised as homeless. The proportion in the South East was only about 0.2%. To put these percentages in context, the 0.7% of households in London newly recognised as homeless represents about 21,000 households.

However, other large cities such as Sheffield, Bristol and Birmingham have much higher proportions of newly homeless households – about twice the rate in London.

**Map 10.2 The proportion of households newly recognised as homeless in the last 12 months**



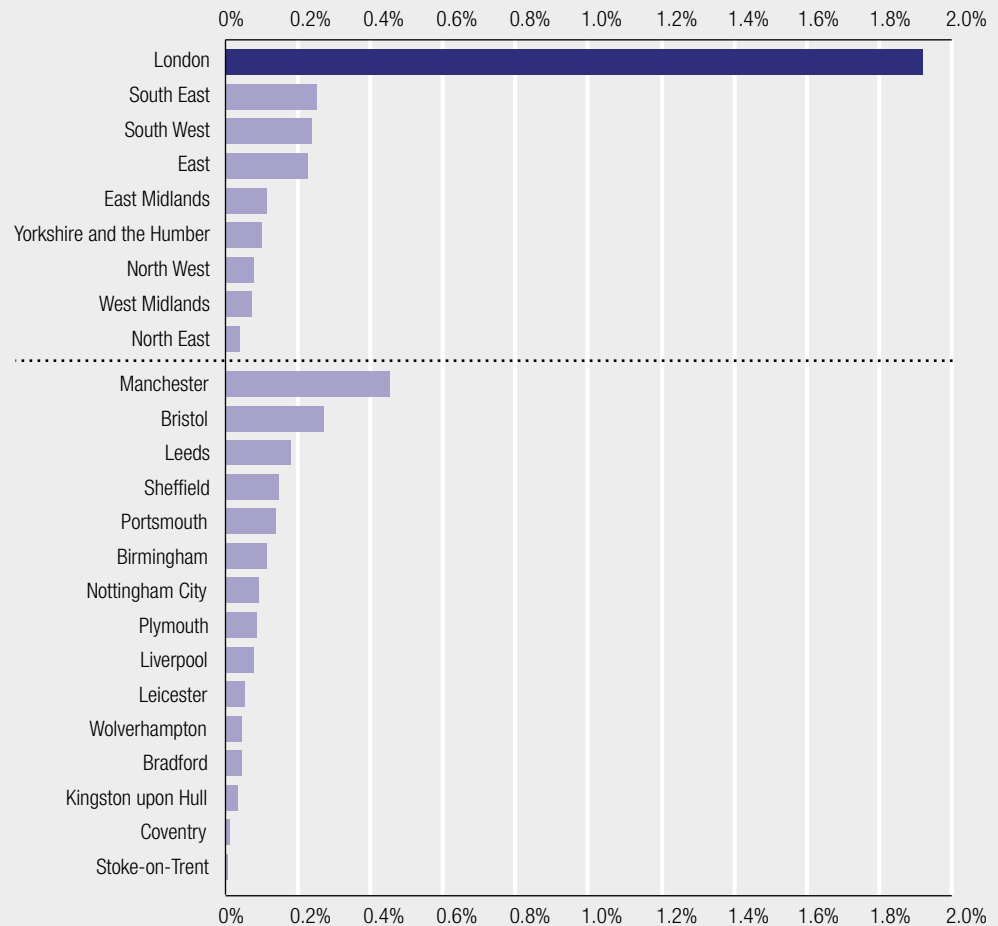
### What does this map show?

The difference between boroughs is one of the largest for any indicator in this report. In 2007, the proportion of households in Waltham Forest newly recognised as homeless was, at 1.5%, 15 times higher than in Merton (0.1%) and seven times higher than in Richmond (0.2%).

Overall, the pattern of homelessness shown here is similar to that on many other maps in this report, for example, with most Inner East & South boroughs having above-average rates. There are, however, some exceptions. Waltham Forest and Islington, for instance, have average rates of worklessness but very high rates of homelessness, whereas Camden has very high rates of worklessness but only an average rate of homelessness. Even more strikingly, Kingston, one of the most affluent areas of London, has an above-average rate of homelessness.

Although levels of homelessness in individual local authorities do vary quite a lot from year-to-year, there is consistently large variations between boroughs.

**Graph 10.3 The proportion of households in temporary accommodation**



Source: DCLG Statistics, first quarter 2007

### What does this graph show?

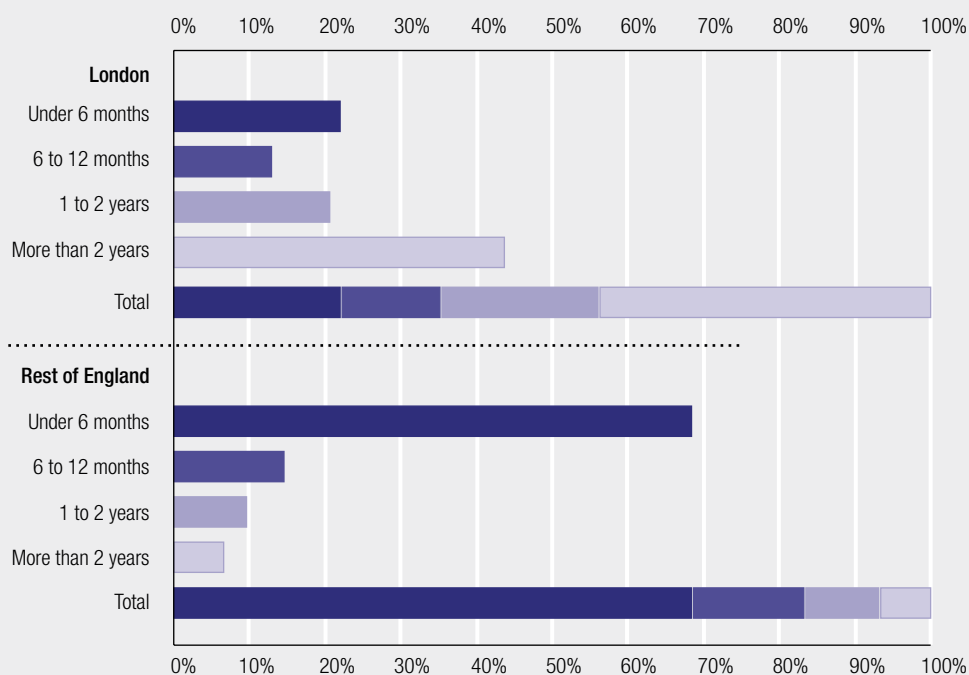
There is almost no comparison between London and the other regions of England in the proportion of households living in temporary accommodation. In London, about 2% of households are in temporary accommodation – some 60,000 households. This rate is ten times as high as any region outside of London.

This all-London rate is also far higher than that for any other large city in the country. Manchester, the city with the second highest rate, has just 0.4% of households in temporary accommodation, one-fifth of the London rate.

Put another way, of the 87,000 households in temporary accommodation in England (March 2007), about two-thirds were in London.

The earlier indicator on homelessness showed that, while more families were recognised as homeless in London than elsewhere last year, the difference was not great. It was certainly not enough to explain this huge difference in the numbers of households in temporary accommodation. Graph 10.4 offers an explanation, by looking at the length of time households spend in temporary accommodation.

**Graph 10.4 The length of time spent in temporary accommodation, measured upon leaving**



Source: Department for Communities and Local Government, 2007

### What does this graph show?

An important reason why London has such a high proportion of households in temporary accommodation is that many households spend a long time in it. About 40% of households leaving temporary accommodation in London had spent more than two years in such accommodation, compared with about 7% elsewhere in England.

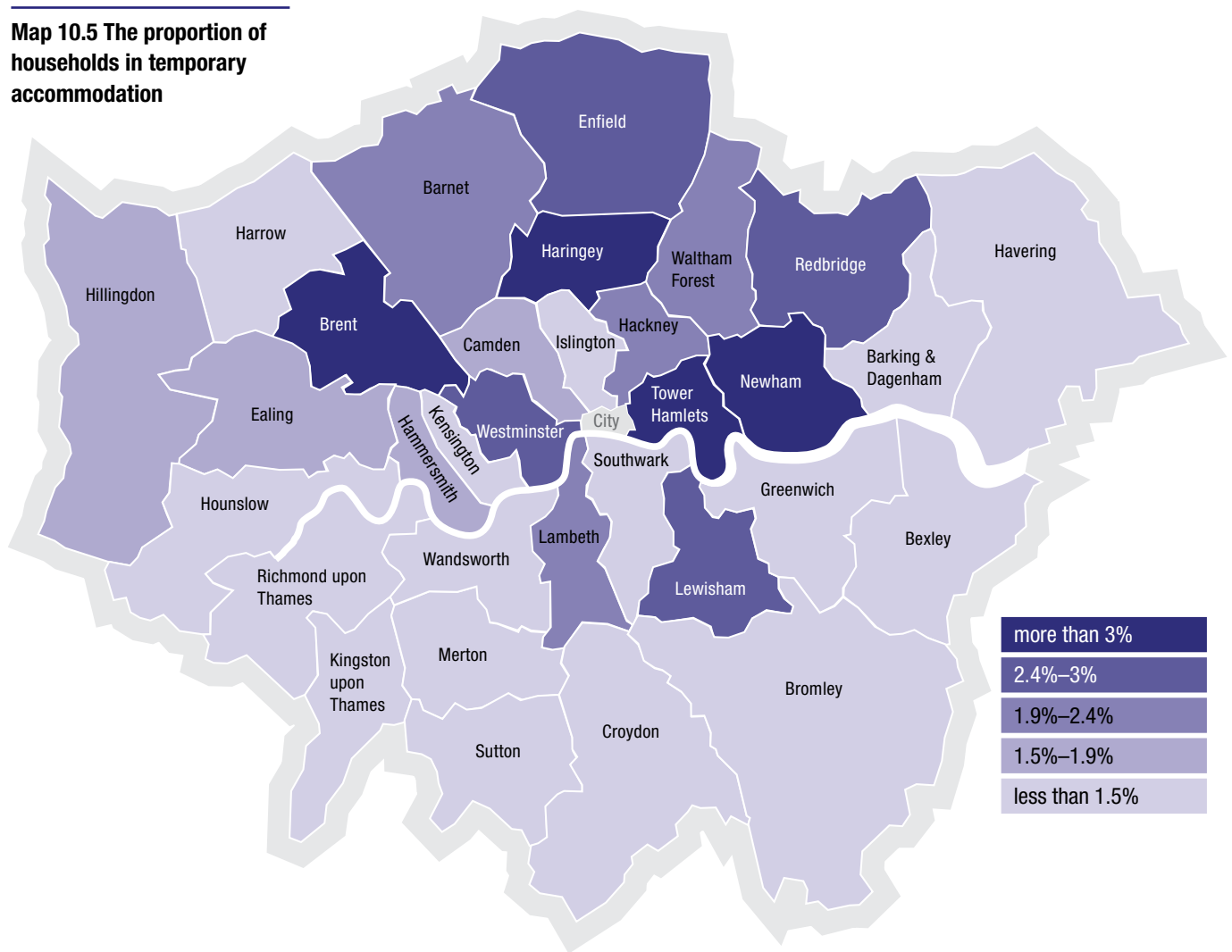
Similarly, about two-thirds of households leaving temporary accommodation in London have spent at least one year there. In the rest of England, two-thirds spend less than six months in temporary accommodation.

The high number of children living in temporary accommodation contributes to the high turnover in pupil numbers discussed earlier, leading to gaps in the child's schooling. Children in such accommodation have lower levels of achievement than other children.<sup>[54]</sup>

<sup>[54]</sup> Association of London Government (2005) *Breaking Point: Examining the Disruption Caused by Pupil Mobility*, ALG, [www.londoncouncils.gov.uk/localgovernmentfinance/publications/breakingpoint.htm](http://www.londoncouncils.gov.uk/localgovernmentfinance/publications/breakingpoint.htm)



**Map 10.5 The proportion of households in temporary accommodation**



### What does this map show?

The boroughs with the highest proportions of households in temporary accommodation are Newham, Haringey, Tower Hamlets and Brent.

In both Newham and Haringey, about 6% of households live in temporary accommodation. This rate is about ten times that in Richmond and Merton (less than 0.5%). Yet even this rate is above the average for the rest of England.

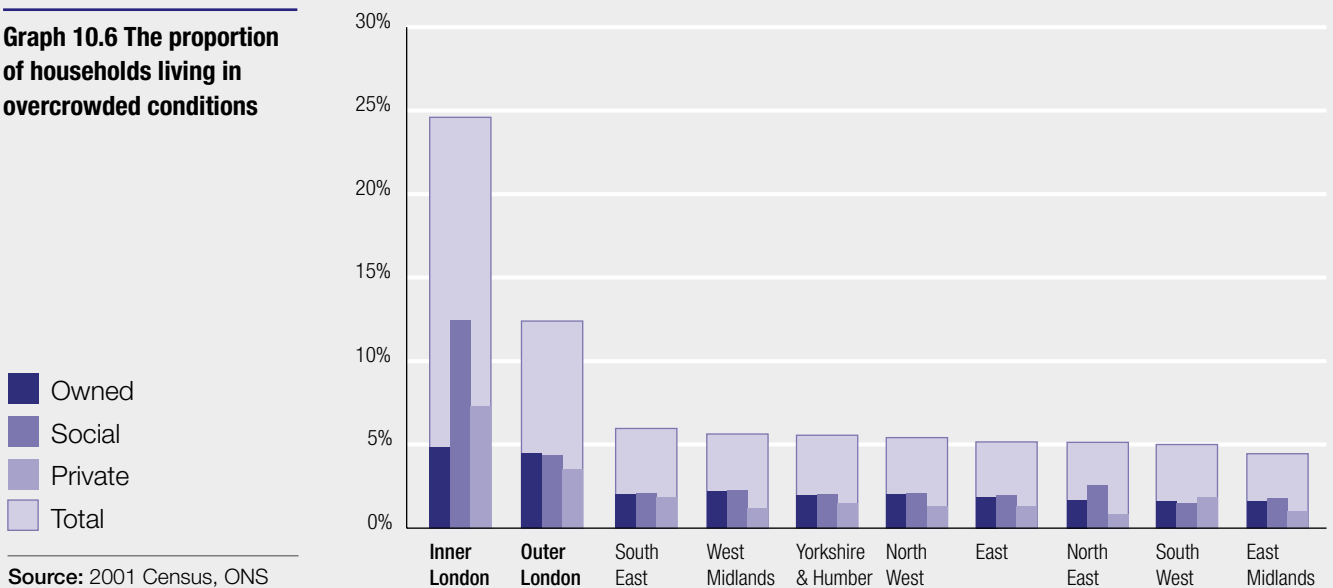
The overall pattern in the map above is different from previous maps, including that for homelessness. There is no obvious Inner/Outer split this time; rather, what we see here is something much closer to a North-South divide.

The relationship between homelessness and temporary accommodation at borough level is not strong. This may again be down to the length of time households stay in temporary accommodation.

## Overcrowding

The final indicators in this section look at households in overcrowded accommodation. Again, we compare London to other regions, then look more closely within London itself.

**Graph 10.6 The proportion of households living in overcrowded conditions**



Source: 2001 Census, ONS

### What does this graph show?

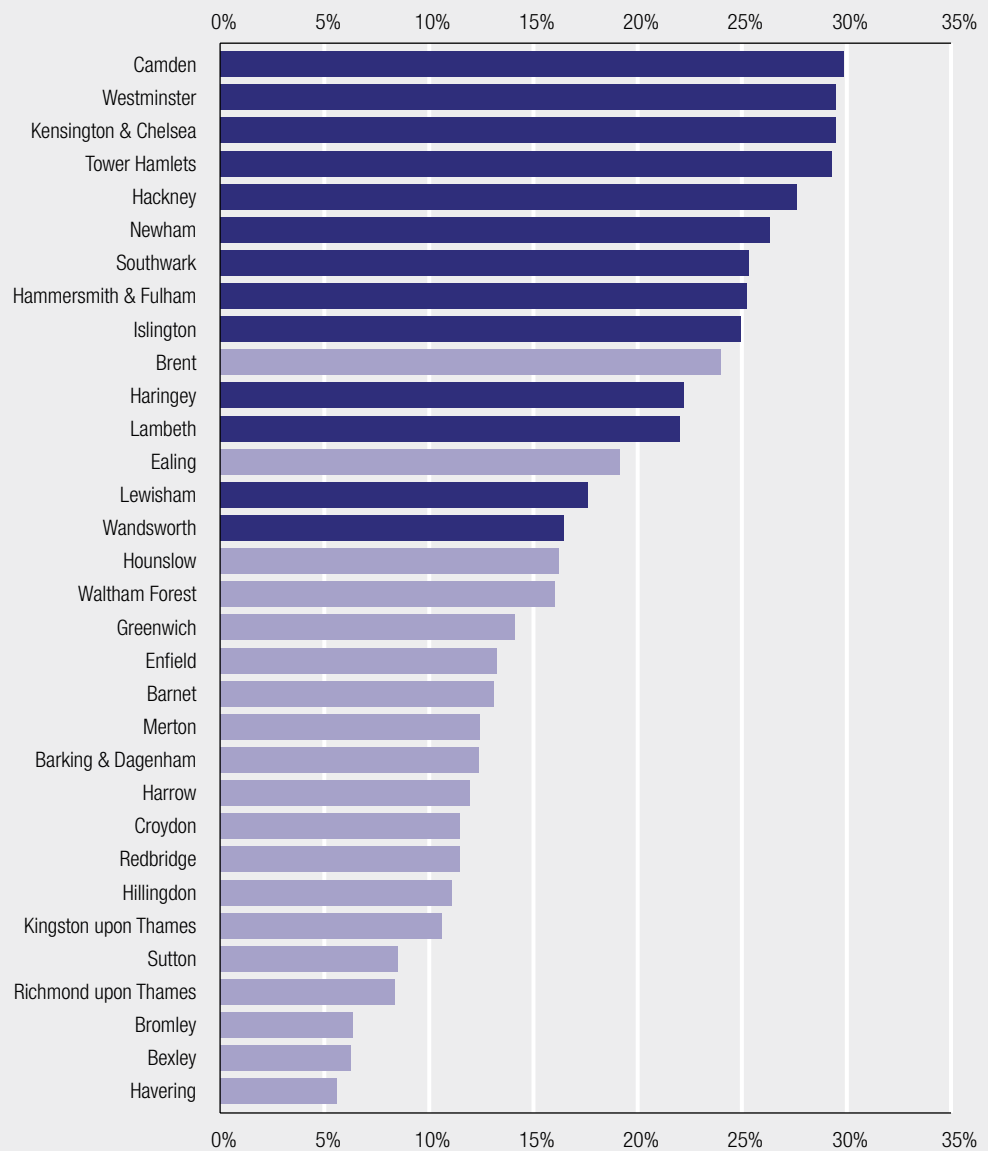
The proportion of households in London living in overcrowded accommodation according to the 2001 Census was far higher than in other English regions.

Almost 25% of households in Inner London were classed as overcrowded, as were 13% of households in Outer London. In all other regions, this figure was about 5%.

Every type of tenure – owner occupiers, social renters and private renters – contributes to the much higher rates of overcrowding in Inner and Outer London. In Inner London, the single biggest contribution comes from the social rented sector which accounts for about half of all overcrowded households.

While this figure looks remarkable, other sources, such as the General Household Survey, support the overall findings.

**Graph 10.7 The proportion of households living in overcrowded conditions**



Source: 2001 Census, ONS

### What does this graph show?

With just two exceptions, boroughs in Inner London had a higher proportion of overcrowded households than boroughs in Outer London.

About 30% of households in Camden were overcrowded, as were a similar proportion in Westminster, Kensington & Chelsea and Tower Hamlets. This compares to about 5% in the Outer London boroughs of Bromley, Bexley and Havering.

There were nine Inner London boroughs in which a quarter or more of households are overcrowded. There were no such boroughs in Outer London.



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London is by far the richest part of Britain and it is the engine of the national economy. Yet *London's Poverty Profile* highlights that the capital also has very high levels of poverty and inequality.

City Parochial Foundation and the New Policy Institute have compiled the first independent report to bring together a wide range of indicators related to poverty, inequality and social exclusion in London. These indicators use the latest official government data to reveal patterns of poverty across the capital, and how this has changed over time.

The analysis covers London poverty and inequality and a range of associated problems including worklessness, low pay, poor health, weak educational outcomes and inadequate housing.

The report compares London to other English regions and cities. It also looks inside London at a sub-regional and borough level. Besides geographical variations, the report analyses differences by ethnicity, gender, age and work status.

*London's Poverty Profile* provides an essential resource for policy makers and others wanting to understand what progress is being made against key indicators. It highlights that a disproportionate number of children and working-age adults living in poverty in England live in the capital – and unless there is a focus on London, it will be very difficult for key Government targets on poverty to be met.

The report is complemented by a dedicated website, [www.londonpovertyprofile.org.uk](http://www.londonpovertyprofile.org.uk) which will provide updates to the indicators, more analysis and links to other relevant research and resources.

[www.londonpovertyprofile.org.uk](http://www.londonpovertyprofile.org.uk)

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