

# London's Poverty Profile 2013

Trust for London and the New Policy Institute have updated a wide range of indicators related to poverty and inequality in London. These indicators use government data to reveal how the capital compares to the rest of the country, highlights trends and differences between groups and boroughs, and changes since the last report in 2011 and over the longer term.

## Key findings

1. In the three years to 2011–12, 2.1 million people in London were in poverty. This 28% poverty rate is seven percentage points higher than the rest of England. Incomes in London are more unequally spread than in any other region. It contains 16% of the poorest decile of people nationally and 17% in the richest decile.
2. Over the ten years to 2011–12, the number people in in-work poverty increased by 440,000. In the same period the number of pensioners in poverty fell by 110,000 and the number of children in workless families in poverty fell by 170,000. Now 57% of adults and children in poverty are in working families.
3. The number of people in poverty in the social rented sector fell by 340,000 in the last ten years. But this has been more than offset by rising poverty in the private rented sector (up 460,000). At 39%, the private rented sector now has a larger share of people in poverty than either those in social rent or owner-occupation.
4. 375,000 people were unemployed in London in 2012, up more than 40% since 2007. 190,000 people worked part-time but wanted a full-time job in 2012, nearly double the level in 2007. In 2012, 25% of economically active young adults in London were unemployed. This compares with 20% for young adults in the rest of England and is around three times the rate for all economically active working-age adults in London.
5. In 2012 just under 600,000 jobs in London were paid below the London Living Wage (£8.55 per hour). Over 40% of part-time jobs and 10% of full-time jobs are low paid.
6. Education in London continues to improve. Over five years to 2012, the proportion of Inner London 16 year-olds entitled to free school meals who failed to get five 'good' GCSEs came down 20 percentage points (to 47%). The 16 percentage point fall in Outer London (to 55%) was also much better than in the rest of England (a 13 percentage point fall to 67%).
7. Premature mortality rates in London for both men and women are down by around a third in 10 years (to 187 and 115 per 100,000), and are now below the England average (of 194 and 125).
8. 26% of London households received housing benefit in 2012, a higher proportion and one that has grown faster than the average for England. Average housing benefit values are also much higher in London at £134 per week compared to £92 per week for England. As a result, changes to housing benefit will have had a wider and deeper impact in London. High housing costs in London and national caps to benefit will make large parts of London unaffordable to low-income households.
9. Around 80,000 London families were estimated to be affected by the under-occupation penalty, losing on average £21 per week in housing benefit from April 2013. An estimated 475,000 families in 22 boroughs faced cuts in council tax benefit cut, with average cuts ranging from £1 to £5 a week.
10. In 2009 the Inner East & South stood out as the worst performing sub-region but no longer does so. Levels of deprivation in outer boroughs both east and west, have been increasing.

## Changes over time and within London

The Census 2011 revealed just how dynamic and diverse the capital city is: its population grew by one million in ten years to reach 8.2 million and 55% of the population belong to a Black and minority ethnic group. The table below summarises the key indicators contained in *London's Poverty Profile 2013* and how they compare to 5 and 10 years earlier. All of the measures are of bad things so if the indicator is higher it has worsened and if it is lower it has improved.

The table shows that changes in health are mostly positive and for education universally positive. But for low income and housing the picture is much more mixed. Pensioner and child poverty is down but working-age poverty and in-work poverty is up. Homelessness acceptances and temporary accommodations are lower than 5 years ago, but both are currently on an upward trend. Meanwhile rough sleepers and overcrowding has been on a long-term upward trend. Compared to five years ago all of the work indicators are worse, along with the benefit claim rates.

Theme	Indicator	Over 5 years	Over 10 years
<b>Low income</b>	Poverty rate	Flat	Flat
	Child poverty rate	Lower	Lower
	Working-age poverty rate	Higher	Higher
	Pensioner poverty rate	Lower	Lower
	In-work poverty	Higher	Higher
	Workless poverty	Flat	Lower
<b>Housing</b>	Landlord repossession rate	Flat	Lower
	Mortgage repossession rate	Lower	Flat
	Overcrowding rate	Higher	Higher
	Rough sleepers	Higher	Higher
	Homelessness acceptances	Lower	Lower
	Temporary accommodation	Lower	Lower
<b>Inequality</b>	Income inequality	Flat	Flat
	Pay inequality	Flat	Higher
<b>Work and pay</b>	Unemployment rate	Higher	Flat
	Underemployment	Higher	Flat (since 2004)
	Young adult unemployment	Higher	Higher
	Number of low paid jobs	Higher	Higher (since 2005)
	Proportion of low paid	Higher	Higher (since 2005)
<b>Education</b>	Low attainment at 16 overall	Lower	Lower
	Low attainment at 16 free school meals	Lower	Lower
	Lacking qualifications at 19	Lower	Lower (since 2005)
<b>Health</b>	Infant mortality	Flat	Lower
	Teenage pregnancy	Lower	Lower
	Obesity	Higher	Higher (since 2006)
	Premature mortality	Lower	Lower
<b>Benefits</b>	Out-of-work benefit claim rate	Higher	Lower
	Housing benefit claim rate	Higher	Higher
	Council Tax benefit claim rate	Higher	Higher

## Differences across London boroughs

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

\* The pattern may differ in instances where boroughs have the same value for a particular indicator e.g. indicator 21

What stands out from this grid is that the Eastern parts of London have the most severe problems. There is a much clearer East/West divide than an Inner/Outer one. In particular, with the exception of the inequality indicators, the Inner West has few dark colours. By contrast, the Outer East & North East and Inner East & South has many.

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

- Key**
- Worst 4 boroughs
  - Next 4 boroughs
  - Next 8 boroughs
  - Remaining 8 boroughs

- Change – relative to rest of London**
- Worse
  - Slightly worse
  - No change
  - Slightly better
  - Better

- 1 Child poverty
- 2 Unemployment
- 3 Low paid jobs by place of work
- 4 Low pay by residence
- 5 Pay inequality
- 6 Benefit polarisation

- 7 Inequality in life expectancy
- 8 Overcrowding
- 9 Temporary accommodation
- 10 Landlord repossessions
- 11 Mortgage repossessions
- 12 Childhood obesity
- 13 Underage pregnancies

- 14 Limiting long-term illness
- 15 Premature mortality
- 16 Schools at/above capacity
- 17 GCSE achievement
- 18 Lacking qualifications at 19
- 19 Out of work benefits
- 20 LHA claims

- 21 Council Tax Support cut

\*Change: reflects only indicators 1, 2, 4, 15 and 17

The final column looks at how boroughs have changed overtime relative to one another (focusing on indicators 1, 2, 4, 15 and 17, which allow a direct time comparison). The green indicates boroughs that have seen a relative improvement and red indicates a worsening: the darker the colour the greater the change.

It shows boroughs in the Inner East & South have experienced the greatest improvements, so despite having a lot of dark red, things there are getting better. The boroughs that have fallen are in the Outer East & North East, where many indicators are now poor, but also part of the Outer West & North West too.

## Poverty and inequality

In London 28% of people live in a low-income household compared to 21% in the rest of England. This gap is largely the result of the high housing costs in the capital: if poverty is measured before housing costs, both London and the rest of England have the same poverty rate. At 2.1 million, the total number in poverty in London is 180,000 higher than ten years earlier. However, the graph below shows that much bigger changes have happened beneath the surface.

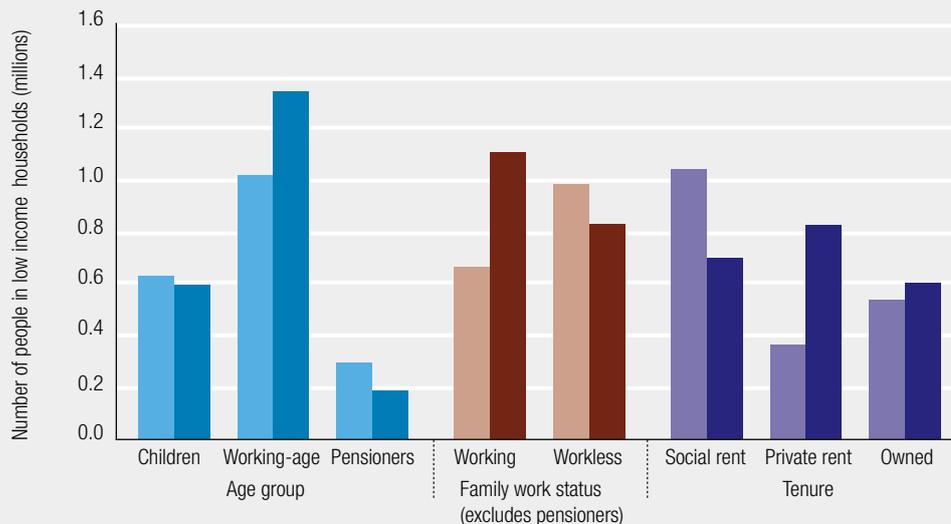
The fall in pensioner poverty of 110,000 has been more than offset by the increase in working-age poverty of 330,000. Likewise the fall in workless poverty of 150,000 has been countered by an increase in in-work poverty of 440,000. In fact, although the number of children in poverty appears unchanged, the number in workless poverty fell by 170,000 and in-work poverty increased by 140,000. Now the majority (57%) of adults and children in poverty are in working families.

There have also been big changes in poverty by tenure. Poverty in the social rented sector has fallen by 340,000, but among those in the owner-occupied homes it is up 60,000, and among private renters it is up 460,000. The more than doubling of the number in poverty in private rented means that this sector, rather than the social rented, now has the highest share of poverty (39%).

### People in low-income households by group

- 1999–00 to 2001–02
- 2009–10 to 2011–12

Source: Households Below Average Income, DWP



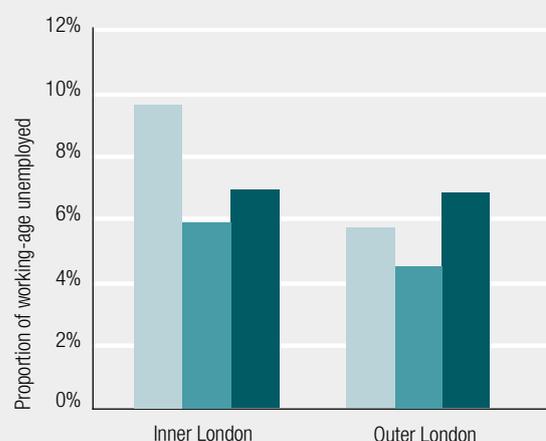
## Worklessness and low pay

The next graph reflects how work and unemployment have changed in London. The unemployment rate in Inner London in 2012 at 7% remains much lower than it was in 1997 at 10%, which is not the case for Outer London (or the rest of England). Also unemployment in Inner London has also only grown by 1 percentage point since 2007.

However, doing *less badly* than other places is not a reason to be optimistic about work in London. In 2012, 375,000 people were unemployed (up 42% in 5 years) and 190,000 were in part-time work wanting full-time work (up 87%). A quarter of economically active young adults were unemployed in 2012, compared to a fifth in the rest of England.

In 2012, 40% of part-time jobs and 10% of full-time jobs paid below the London Living Wage (£8.55 per hour). Just under 600,000 jobs were paid below the London Living Wage in 2012 compared with 420,000 jobs in 2007 (when it was £7.25 per hour). Earnings are not increasing in line with the costs of living in London.

### Changes in London's labour market



#### Change in London over 5 years

Unemployed	▲ 42%
Part-time wanting full-time	▲ 87%
Paid below the living wage	▲ 42%

Source: Labour Force Survey, ONS

## Housing affordability and welfare reform

Claim rates of out-of-work benefits, council tax benefit or a disability benefit in London are largely in line with the England average. But the proportion of households in London in receipt of Housing Benefit at 26% is higher and has grown faster than the average for England. Average Housing Benefit values are also much higher in London at £134 per week compared to £92 per week for England as a whole. As a result, the recent changes to Housing Benefit will have had a wider and deeper impact in London.

Part of the reforms to welfare include two national caps: one on the amount of Local Housing Allowance that can be claimed and another on the overall amount of benefit that can be claimed by a workless family. The cost of renting even at the lower quartile level in London is double that of the lower quartile in the rest of England. This means that the national caps make large parts of London unaffordable to low-income families.

The maps below show in which boroughs a workless family would not be entitled to full Housing Benefit if they paid a rent at the lower quartile level of that borough. Affected families would have to dip into the benefit given for daily living (food, heating, clothing etc.) in order meet the rent. For singles and couples without children, almost all the Inner London boroughs are unaffordable. For families with children, unaffordability stretches much more widely and especially westward. A family with three or more children would be unable to afford anywhere in London.

## Where a workless family with a lower quartile private sector rent would be affected by the overall benefit cap

not affected

affected

Singles and couples without children

Couple with one child and single with two children

Couple with two children



Source: NPI analysis of DWP benefit values and VOA lower quartile rent data

## Education

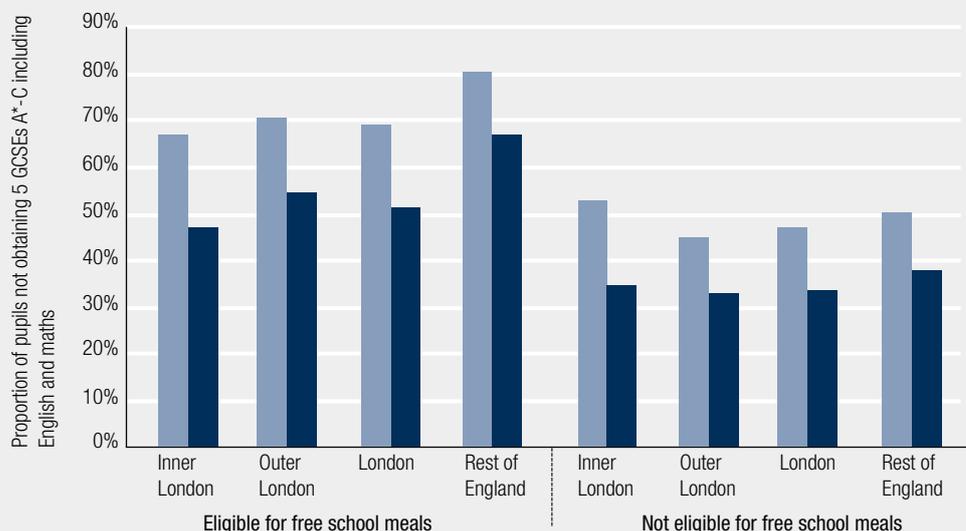
School age education is a success story for London. It has improved faster than the rest of England across all demographics. The latest figures show that 47% of 16 year olds on free school meals (FSM) in Inner London failed to obtain five 'good' GCSEs including English and maths, an improvement of 20 percentage points in five years. In Outer London it is 55% (down 16 percentage points) and in the rest of England it is 67% (down 13 percentage points). Non-FSM pupils have also improved faster in Inner London. Five years ago the GCSE attainment of non-FSM pupils was worse than the rest of England but now it is better.

### GCSE attainment by free-school-meal status

2006/07

2011/12

Source: GCSE and equivalent attainment by pupil characteristics in England, DfE



### Trust for London

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

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

t +44 (0)20 7606 6145

### New Policy Institute

New Policy Institute is an independent progressive think tank, founded in 1996.

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

t +44 (0)20 7721 8421

The full report, news and future updates to the research are available from [www.londonspovertyprofile.org.uk](http://www.londonspovertyprofile.org.uk)