

London's Poverty Profile

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 official data to reveal patterns of poverty across the capital, and how this has changed over time.

Key findings

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 (after housing cost). Inner London in particular has the highest rates for all age groups (children, working-age adults and pensioners).

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 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 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 next 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.

Background

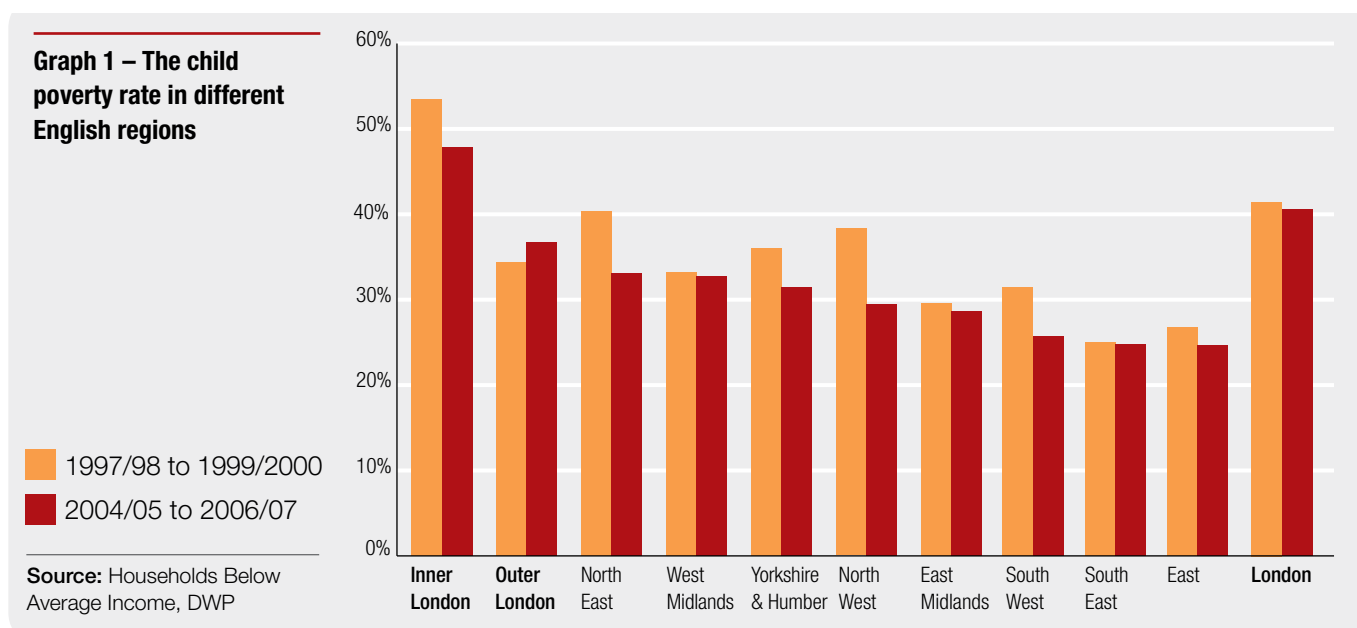
London is unique in the UK for its size and diversity. More than 7.5 million people live in the capital, and London is more ethnically diverse than any area of the country. Every year hundreds of thousands of people move in and out of London's boroughs, and this churning population presents additional challenges.

This research aims to provide a better understanding of poverty, inequality and social exclusion trends in London and the impact this has on the lives of Londoners. Here we summarise the key findings and provide a sample of the indicators from the full report. It is complemented by a dedicated website – www.londonspovertyprofile.org.uk – which will provide more analysis and links to other relevant research and resources.

These indicators will be updated as new data becomes available to reflect the changing economic landscape in London and the rest of the country. The analysis in this report relates to the period before the recent economic downturn – these are the problems with which London entered the recession, and still remain to be addressed.

Income poverty

Of the range of indicators on income poverty in the main report, we have chosen to include child poverty here as it is an area of concern nationally which the Government has pledged to eliminate by 2020.



The graph shows that London has the highest child poverty rate of any region in England. About 40% of the capital's children live in low-income households, a figure little changed since the start of the decade. However, it is not the only region to have made little progress in addressing this key Government target – the West and East Midlands and the neighbouring South East and East of England have also barely improved.

In Inner London, the child poverty rate is even higher, at about 50%, compared to 35% in Outer London. However, while Inner London has seen a decrease in child poverty since the late 1990s (of about five percentage points), Outer London has seen an increase.

The pattern of poverty among children is repeated for working-age adults. London has the highest proportion of working-age adults in low-income households of any region in England. Inner London, which has the highest rate, has seen a fall in recent years from 31% to 26%. Outer London has seen an increase, from 19% to 22%.

Defining income poverty

A household is considered to be in low income if it has less than 60% of median household income for the year in question. It is defined in relation to average (median) income and reflects the view that poverty is inherently relative: when someone is so short of resources that they are unable to attain the minimum norms of the society in which they live.

In 2006/07 the weekly value of this poverty threshold was £112 for a single adult with no dependent children, £189 for a lone parent with two children under 14 and £270 for a couple with two children under 14. These sums of money are measured net of income and council tax and after housing costs (AHC) have been deducted.

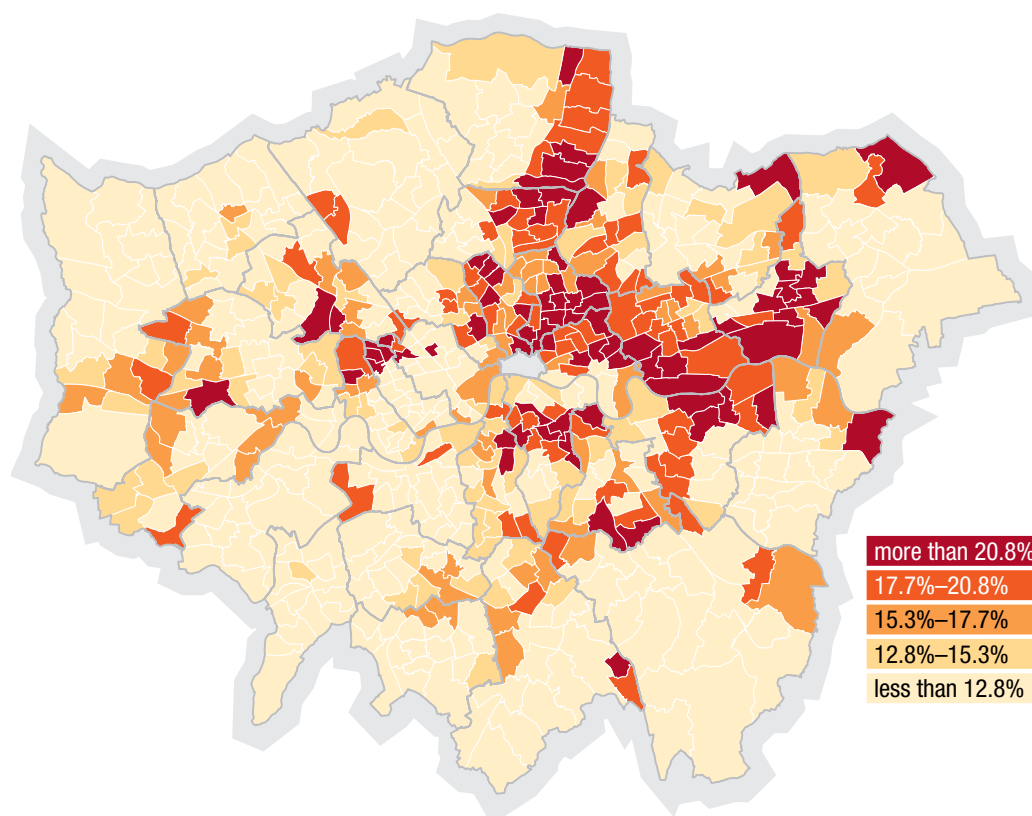
Inequality in London

London is the most unequal region in England and income is more concentrated at the top than elsewhere. It has more people in the richest tenth of incomes and more in the lowest tenth than any other region. In terms of income, London is the most divided region of the country.

Haringey is the most divided borough in London, with one quarter of its wards among the richest 10% and one quarter among the poorest 10%. Similarly, Tower Hamlets and Southwark have very rich areas and very poor areas almost side by side.

The map below shows a different aspect of inequality across London. Wards are shaded according to the proportion of working age adults receiving out-of-work benefits. The wards shaded deepest red are the eighth of wards with the highest rates of benefit recipiency, the next darkest shade the next highest eighth and so forth. The half of wards coloured beige are those with below average levels of benefit recipiency.

Map 2 – Out-of-work benefit recipients by ward



Most of the areas shaded darkest are spread across the North and East of London from Enfield, through to Barking & Dagenham, but clusters can be found all over London. All but one borough has at least one ward with an above average proportion of adults receiving out-of-work benefits. In fact, most boroughs contain wards with high rates and wards with low rates of benefit recipiency, often right next to each other.

Ethnicity, low income and work

The proportion of people living in poverty varies enormously by ethnic group. Whereas about 20-25% of people in White and Indian households live in poverty, this rises to 35% for Black Caribbean, 50% for Black African and Pakistani and 65% for Bangladeshi households. About two-thirds of people in poverty in Inner London and half those in Outer London are from a background other than White British.

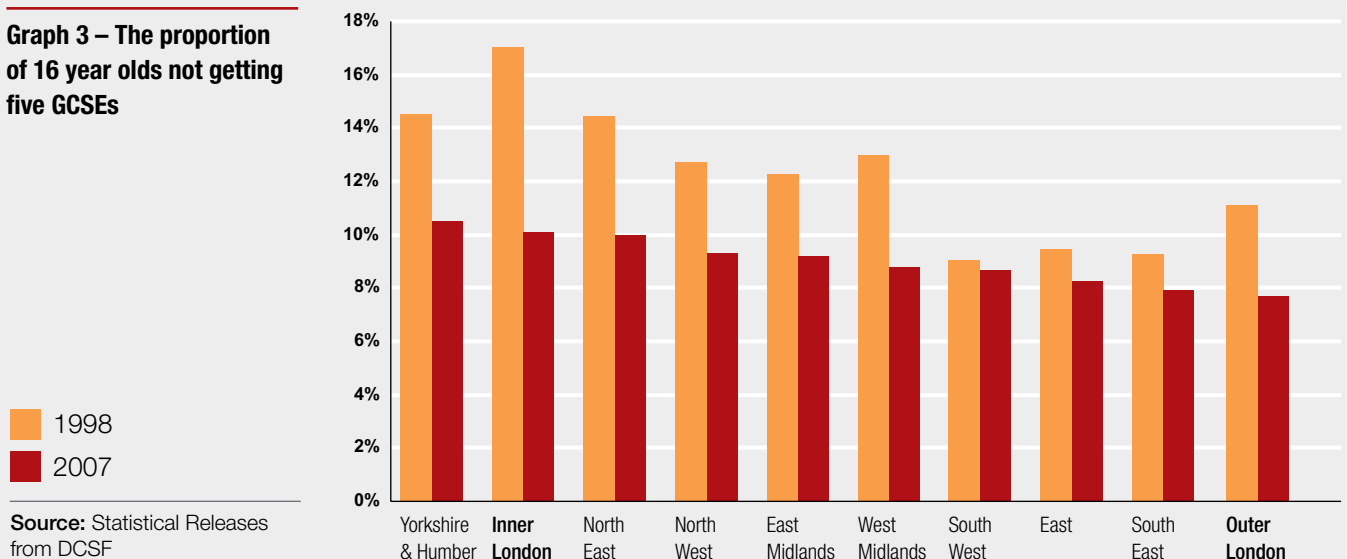
Higher levels of poverty are only partially accounted for by varying employment rates among different ethnic groups. Low pay is also a significant factor, with Pakistani and Bangladeshi employees far more likely to be paid less than £7.50 an hour than White or Indian employees.

Education

London has seen significant improvements in educational attainment among children attending state-funded schools. Among 11-year-olds, the proportion not attaining the desired Level 4 at Key Stage 2 has come down in Inner London from 38% to 24%, moving Inner London much closer to the national average. The equivalent proportion in Outer London has decreased from 30% to 20%.

The proportion of pupils aged 16 attending state schools who do not attain five GCSEs of any grade has decreased more in London – and Inner London in particular – than anywhere else.

Graph 3 – The proportion of 16 year olds not getting five GCSEs



Source: Statistical Releases from DCSF

About 10% of pupils in Inner London did not attain five GCSEs in 2007, down from 17% in 1998. This is a larger decrease in both relative and absolute terms than any other English region. The result is that the proportion of pupils now lacking five GCSEs in Inner London is very close to the national average. Outer London now has a lower proportion of pupils not attaining five GCSEs than any other region.

There is substantial variation by income and ethnicity once pupils reach GCSE age. In particular, among children receiving free school meals, those from backgrounds other than White British are much less likely to lack five GCSEs than White British pupils.

Comparing 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.

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. So the deeper the colour the greater the problems faced in the borough.

The table shows that problems are concentrated in the Inner East & South, which stands out not just from Outer London but also from the Inner West. There is also substantial variation in Outer London, with the Outer East & North East faring far worse than elsewhere.

Table 4 – A cross-London comparison

Key

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

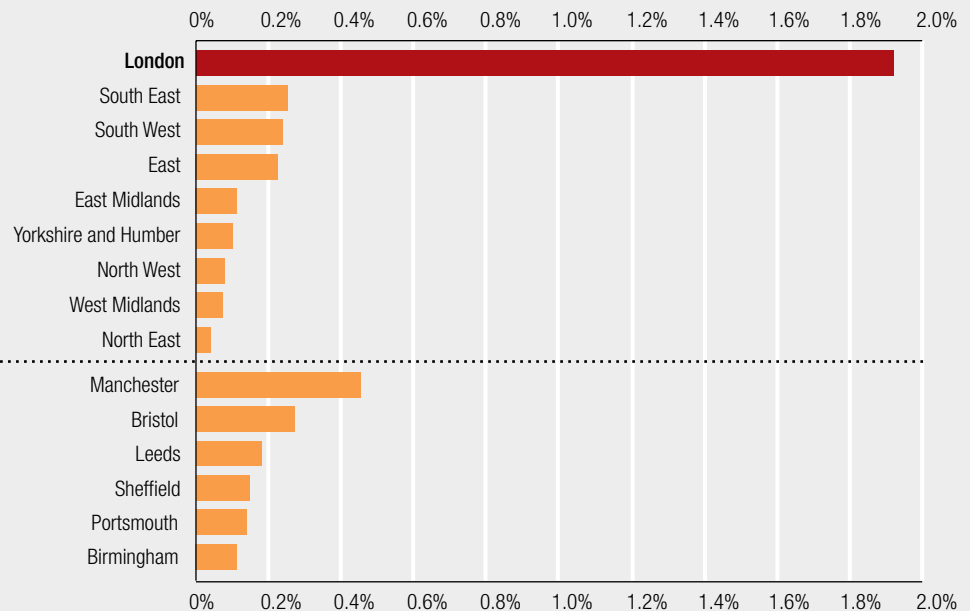
		Low Income and benefits				Low Pay			Low educational attainment		Ill Health			Inadequate Housing			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Outer West and North West	Barnet																
	Brent																
	Ealing																
	Harrow																
	Hillingdon																
	Hounslow		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

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

Housing and homelessness

A higher proportion of households are newly recognised as homeless each year in London than any other region in England. In 2007, 0.7% of households in London were newly recognised as homeless, compared to 0.4% in England on average. This is equivalent to about 21,000 households in London in 2007. The proportion of households in temporary accommodation is, however, far higher.

Graph 5 – The proportion of households living in temporary accommodation



Source: DCLG Statistics, first quarter 2007

One in 50 households in London live in temporary accommodation, ten times higher than any other region. Part of the explanation is the much longer time spent in temporary accommodation in London, where two-thirds stay for longer than a year. In the rest of England two-thirds stay for less than six months.

Conclusion

City Parochial Foundation commissioned this report because it believes that an independent and coherent source of data on poverty is an essential step in focusing attention on priorities for action. Like any profile, it shows 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 poverty and inequality that is of great concern. Only the most determined effort will result in improvements in the indicators highlighted in the report – and unless there is a focus on the capital, it will be very difficult for key Government targets on poverty to be met.

City Parochial Foundation www.cityparochial.org.uk

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

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