

London's Poverty Profile 2020

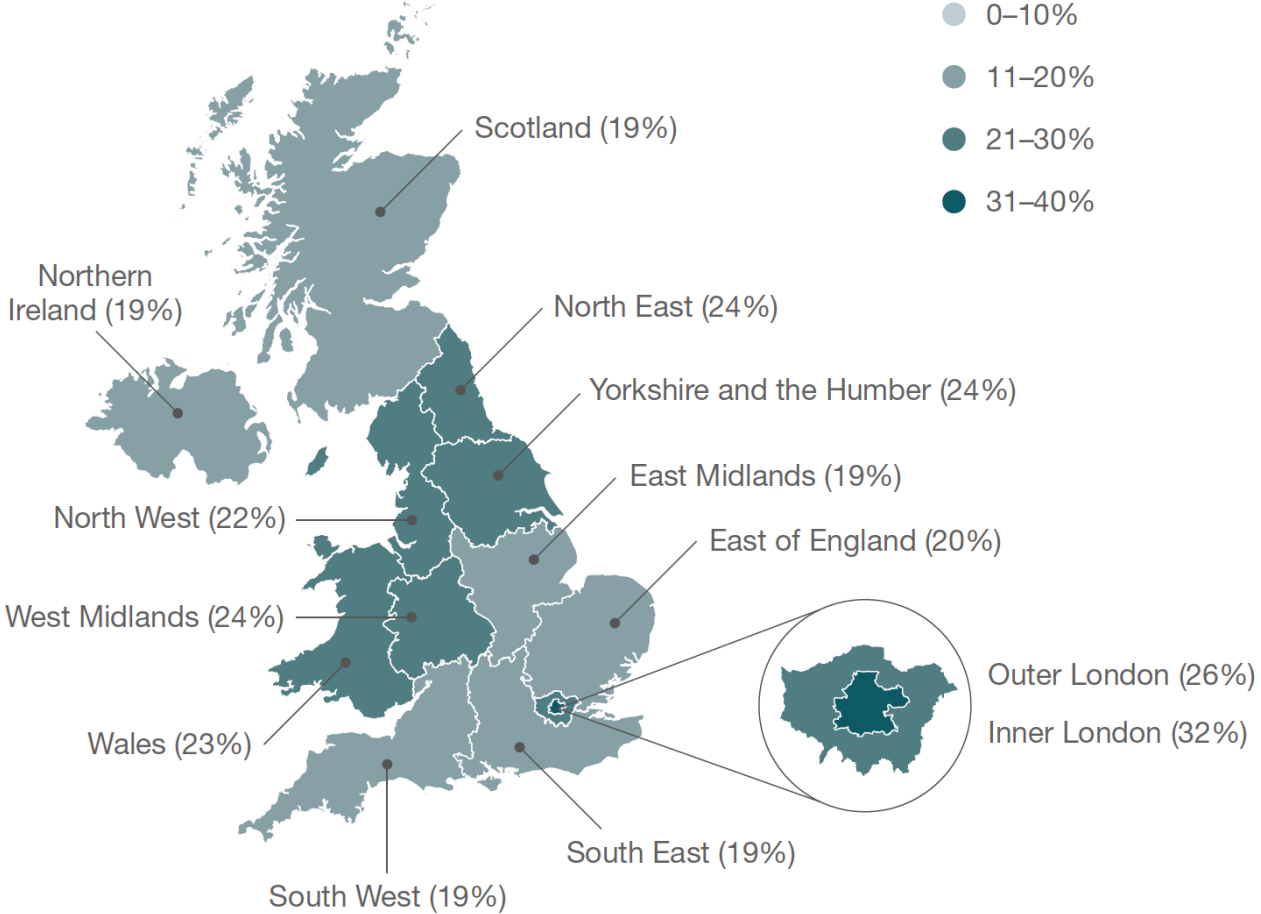
Trust for London
Tackling poverty and inequality

WPI | ECONOMICS



London is the region with the highest poverty rate in the UK.

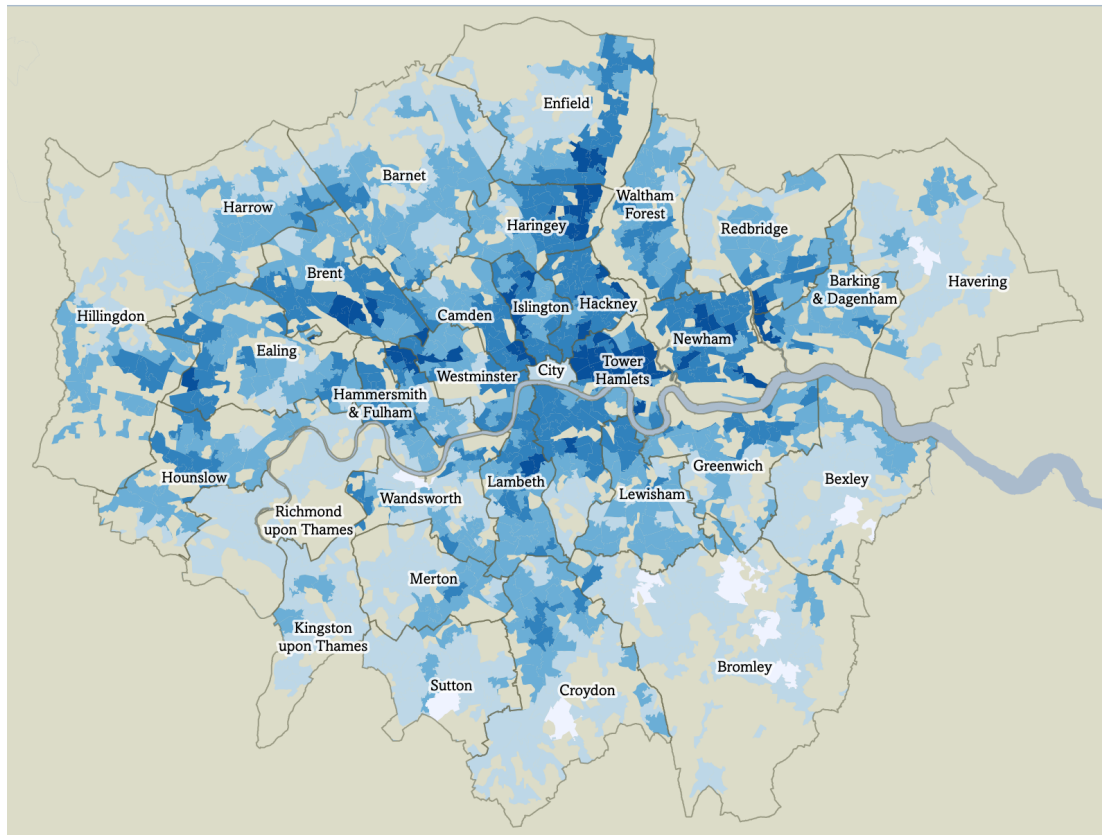
28% of the city lives in poverty.
That's around 2.5 million people.



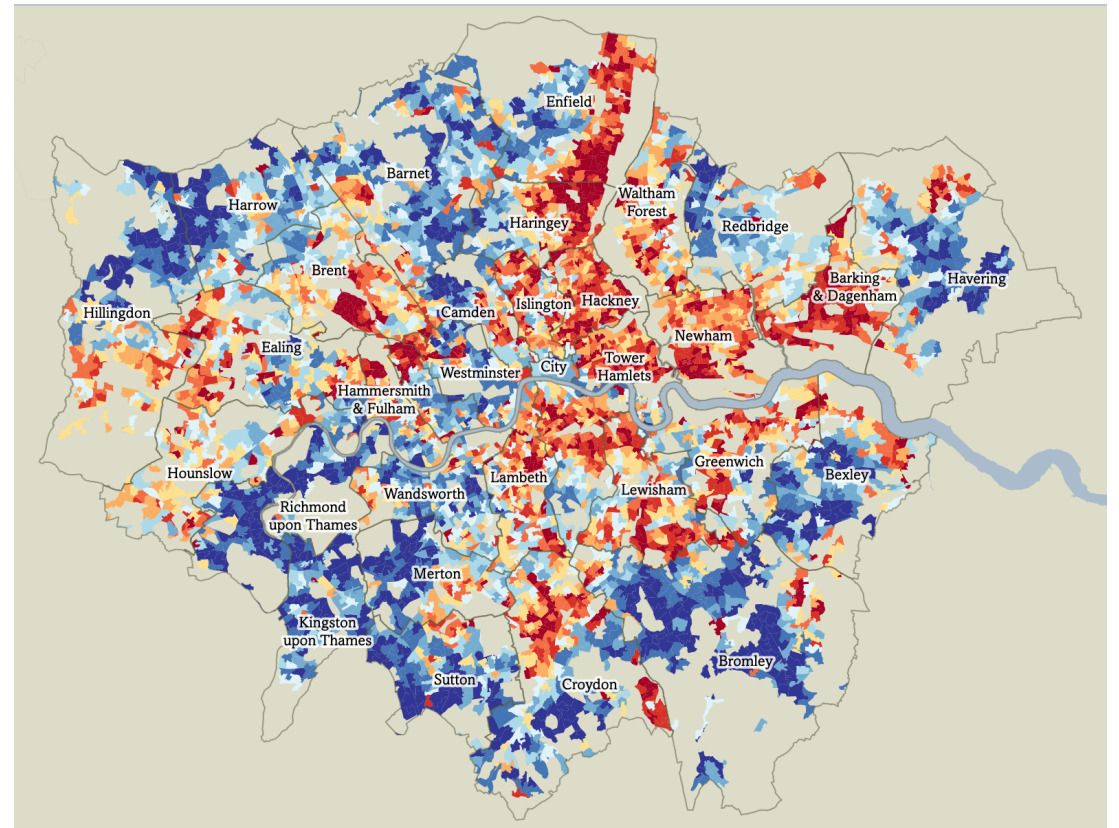
Poverty is defined as 60% of median income, after housing costs.

Household types	Minimum Income Standard - Inner London (AHC), 2018	Minimum Income Standard - Outer London (AHC), 2018	UK poverty line - After Housing Costs, 2018	Destitution, 2018
Single, working-age	£269	£245	£152	£70
Couple, working-age	£368	£398	£263	£100
Single, pensioner	£206	£183	£152	NA
Couple, pensioner	£382	£317	£263	NA
Lone parent, one child (aged one)	£291	£308	£205	£90
Couple with two children (aged three and seven)	£503	£520	£373	£140

Poverty is not evenly distributed across the city.



ONS estimates (2014)



IMD 2019 (London only)

Who is in poverty?



54%

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



37%

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



37%

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



24%

of London's pensioners are living in poverty

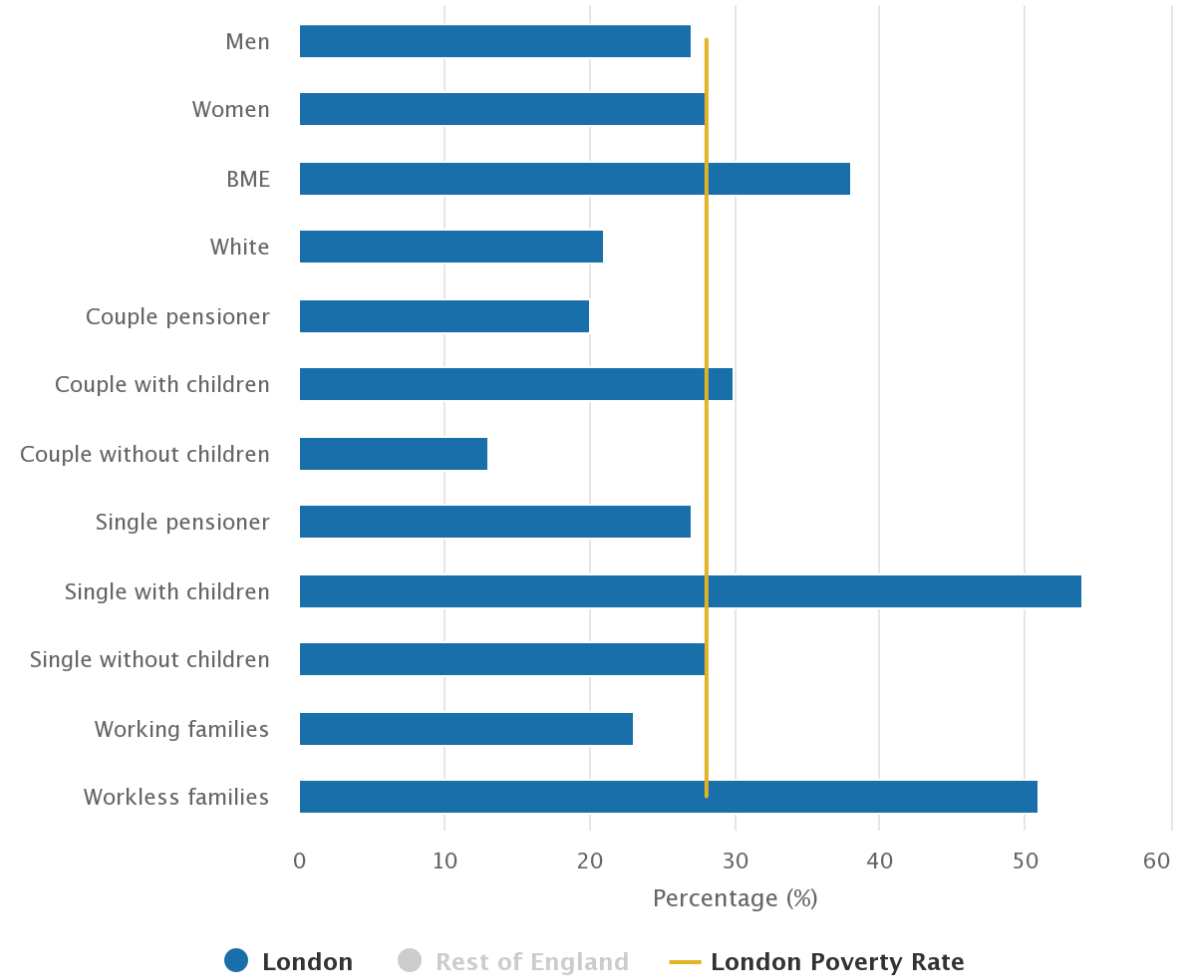


25%

of working-age adults in London are living in poverty

Poverty rates by demographic characteristics in London (2017/18)

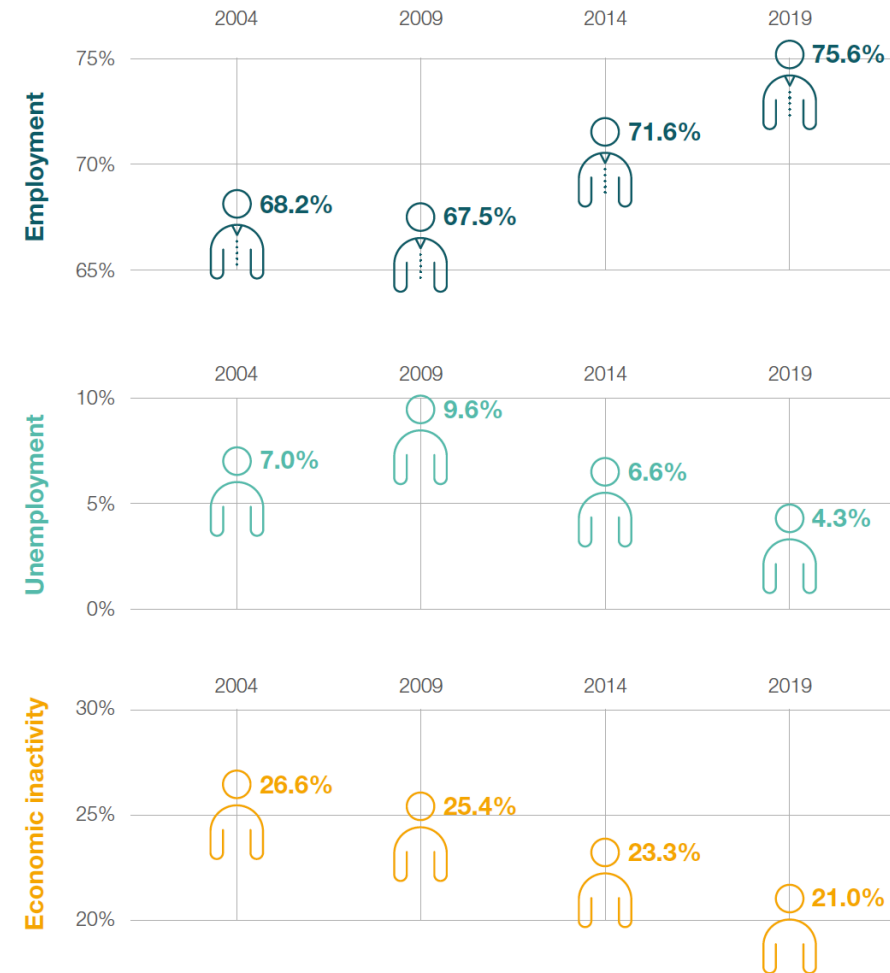
Data source: Households Below Average Income, Department for Work and Pensions



On the surface, it can be difficult to understand the scale of poverty in London, given the strong labour market.

There are **6.1 million jobs** in the capital.

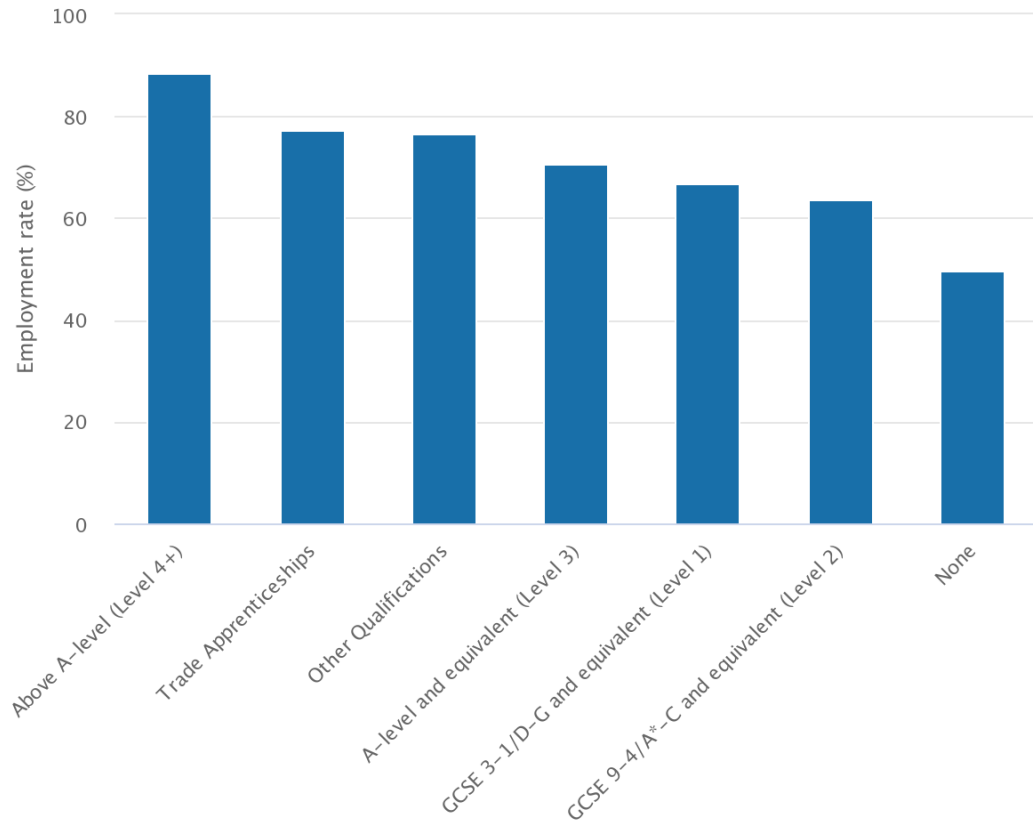
This is **20%** of all jobs in England.



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

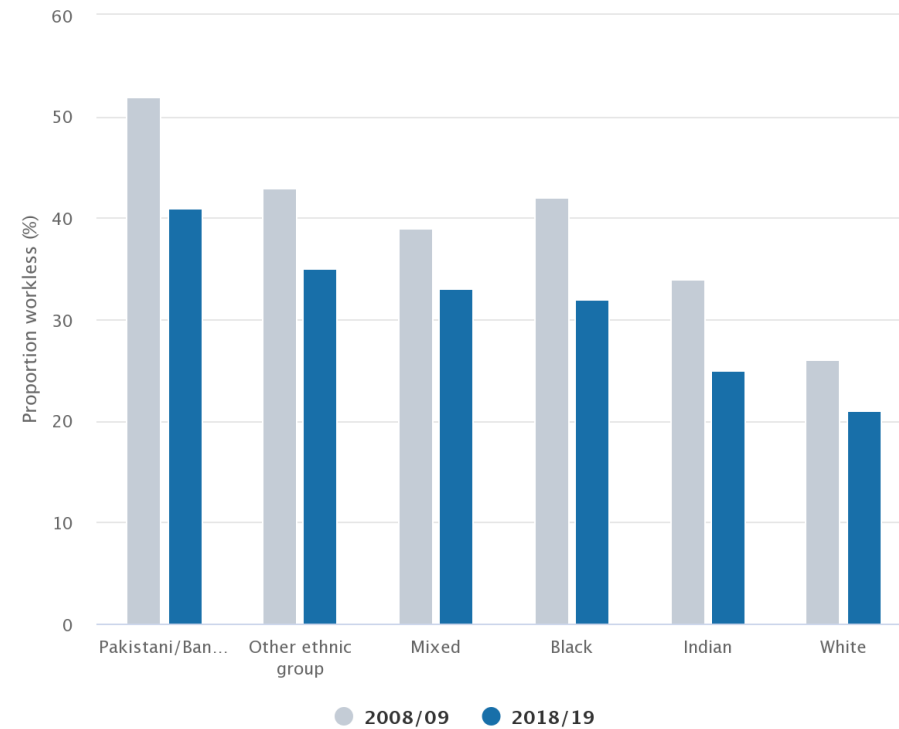
Employment rate of 16-64 year olds by highest qualification level (2018)

Data source: Annual Population Survey via NOMIS, ONS



Proportion of London's working-age population who are not in paid work by ethnic group (2008/09 and 2018/19)

Data source: Annual Population Survey via NOMIS, ONS



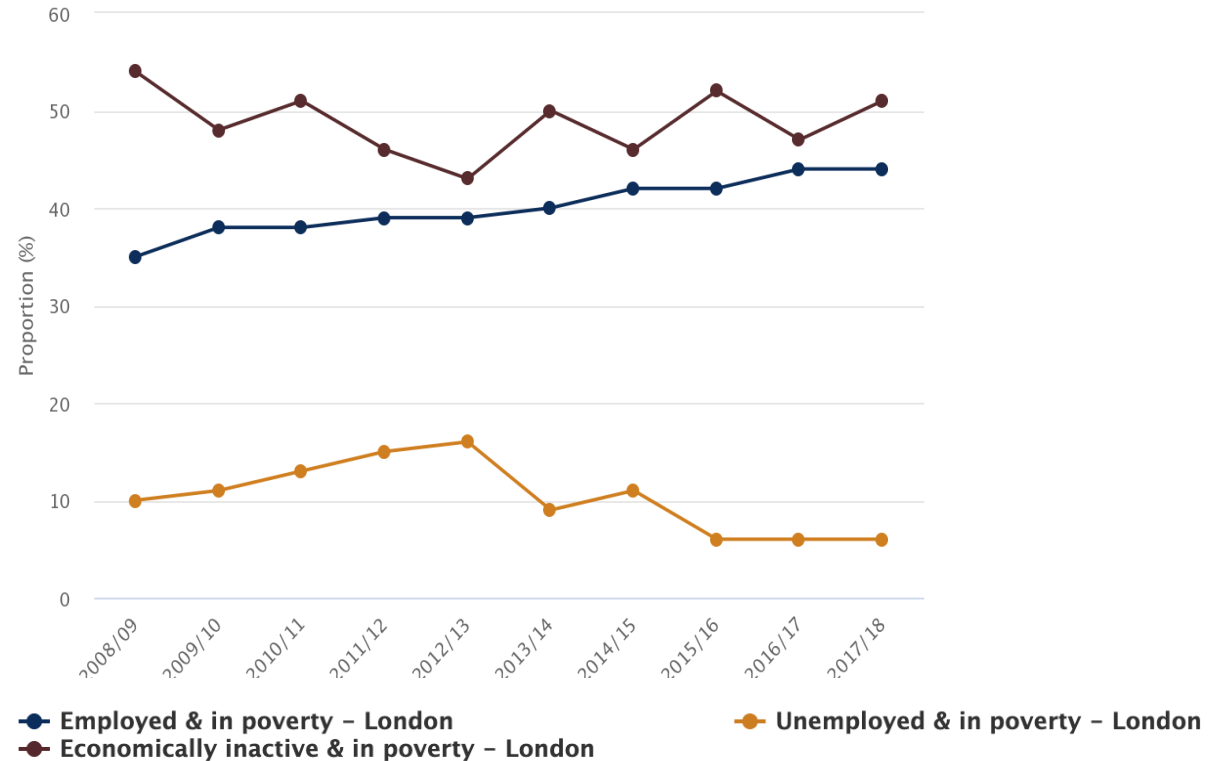
A significant number of people in poverty are in employment.

In London, **44%** of people in poverty are working.

In the rest of England, **39%** of people in poverty are working.

Employment status of all adults aged 16+ in poverty
(2008/09 - 2017/18)

Data source: Households Below Average Income, Family Resources Survey, DWP

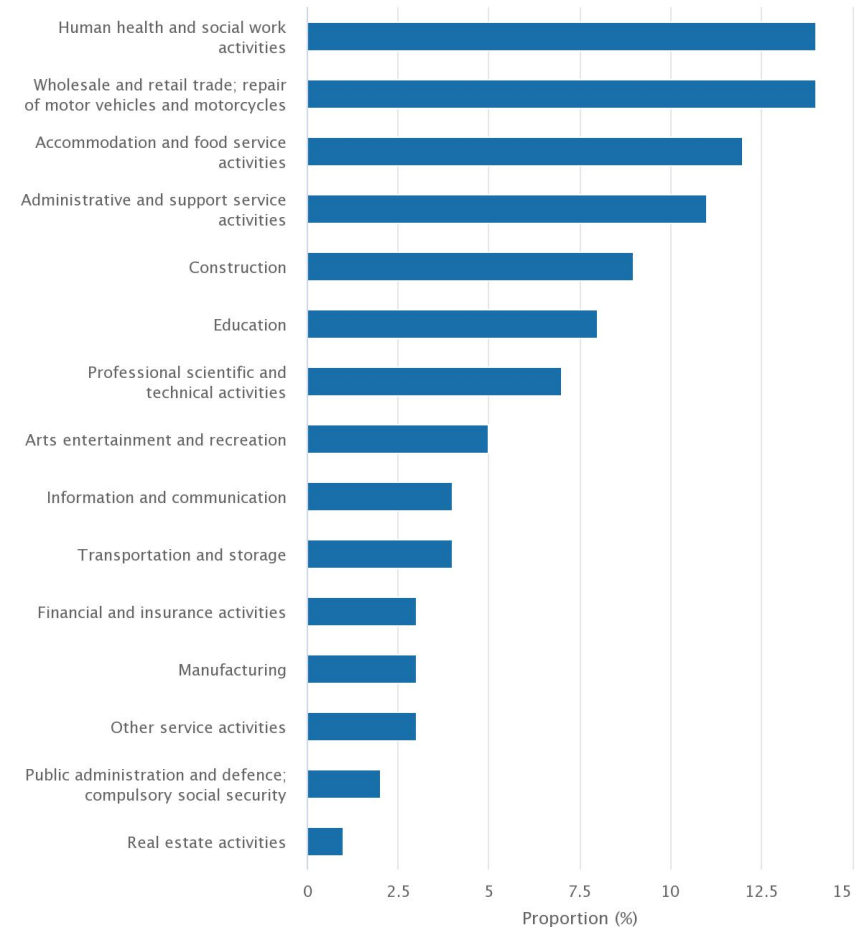


In-work poverty is concentrated in certain industries.

More than **50%** of the people in in-work poverty in London work in one of four industries.

Main industry categories for those in in-work poverty (2017/18)

Data source: Households Below Average Income, Family Resources Survey, DWP



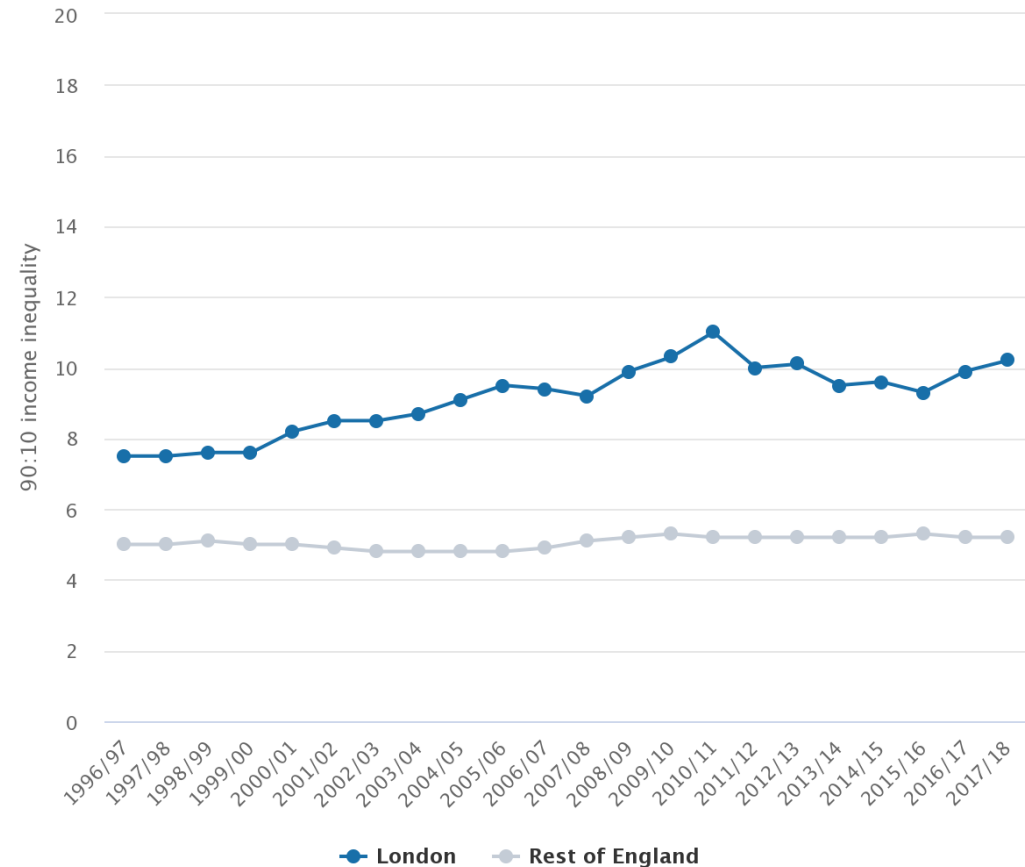
Income inequality in London has been steadily rising.

In 2017/18, those in the 90th income percentile took home **10.2 times** the income of those in the 10th income percentile.

In the rest of England, this figure is **5.2**.

Net income inequality before housing costs (1996/97 - 2017/18)

Data source: Households Below Average Income, Department for Work and Pensions



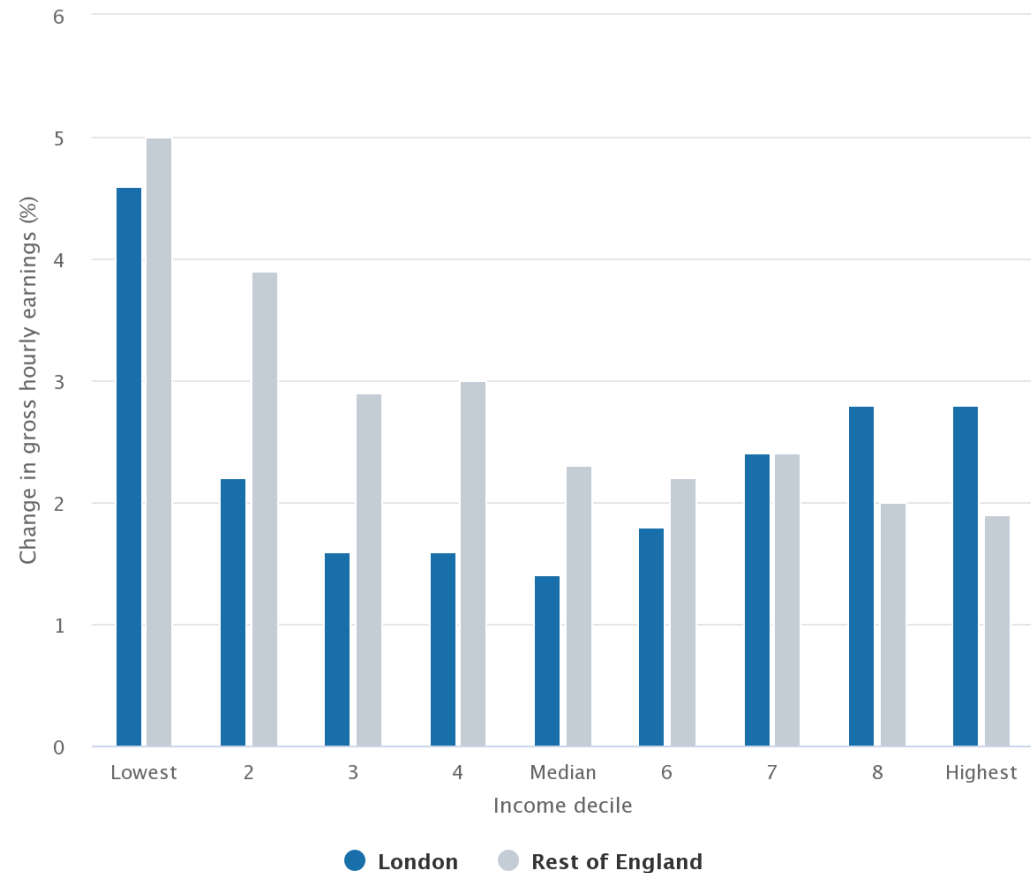
But pay for the lowest earners has been rising faster than the rest.

Between 2017 and 2019, pay for the bottom ten percent of earners in London increased by 4.6%.

This was probably driven by increases in national minimum and living wages.

Change in hourly gross earnings by income decile (2017-2019)

Data source: Annual Survey of Hours and Earnings via NOMIS, ONS



London's higher level of poverty is primarily due to housing costs.

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

...compared with **37%** for those in poverty in the rest of England.

Rental costs for a one-bedroom dwelling:



Lower quartile
of market rents

£1,050
London
£480
England



Average
affordable rent

£640
London
£420
England



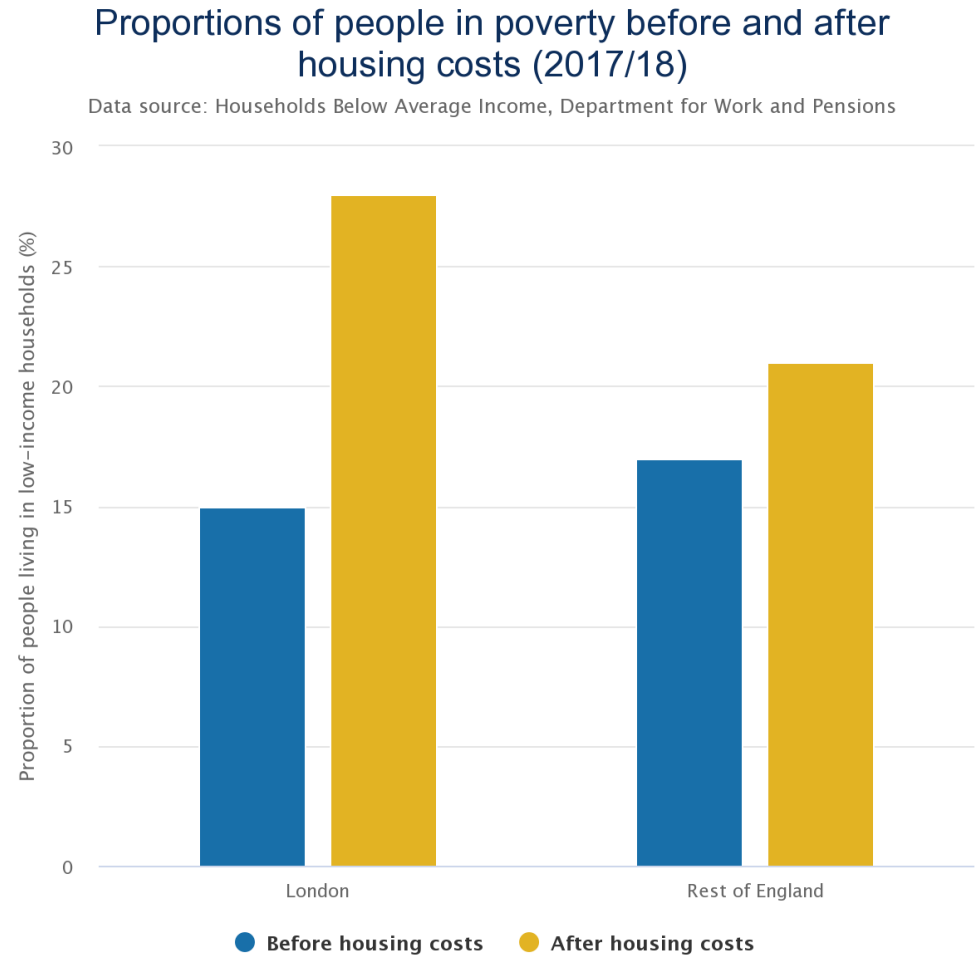
Average
social rents

£430
London
£310
England

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

Before housing costs are taken into account, London has a lower poverty rate than the rest of England.

Before housing costs, 15% of Londoners are in poverty, compared to 17% in the rest of England.



Poverty is now more prevalent in the private rented sector.

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



43% were in social rented accommodation

24% were in private rented accommodation

33% were owner occupiers

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



37% were in social rented accommodation

39% were in private rented accommodation

24% were owner occupiers

Source: 'Households Below Average Income', DWP

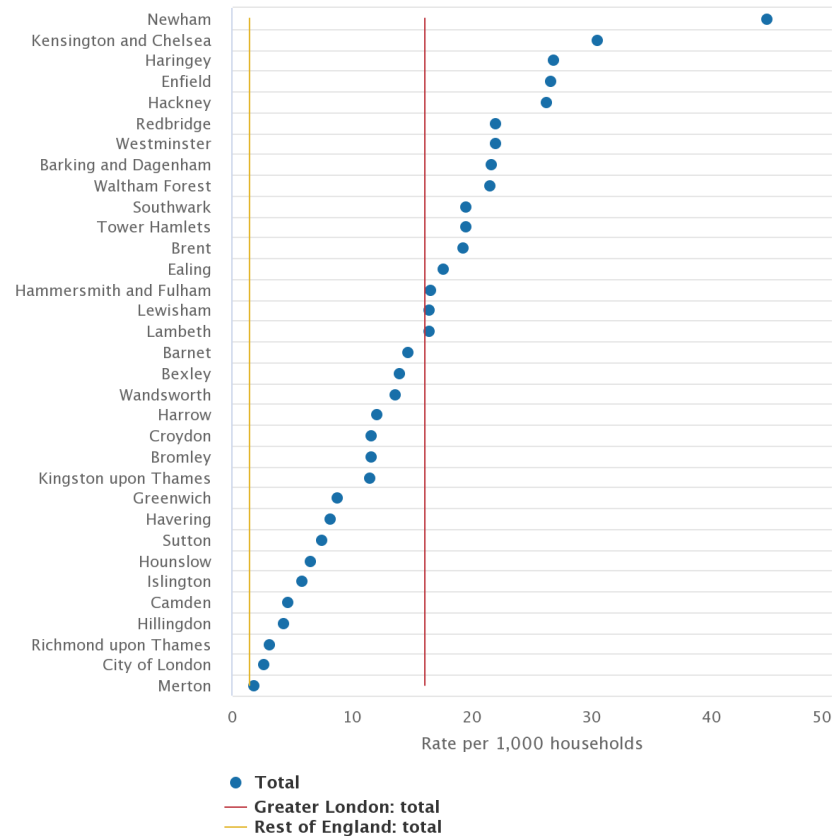
The number of households living in temporary accommodation has increased.

In 2019, **56,000** households were living in temporary accommodation.

This is an increase of **30%** compared to five years ago.

Proportion of households in temporary accommodation in London boroughs (2018/2019)

Data source: Statutory homelessness live tables, Detailed local authority level tables, Ministry of Housing, Communities & Local Government



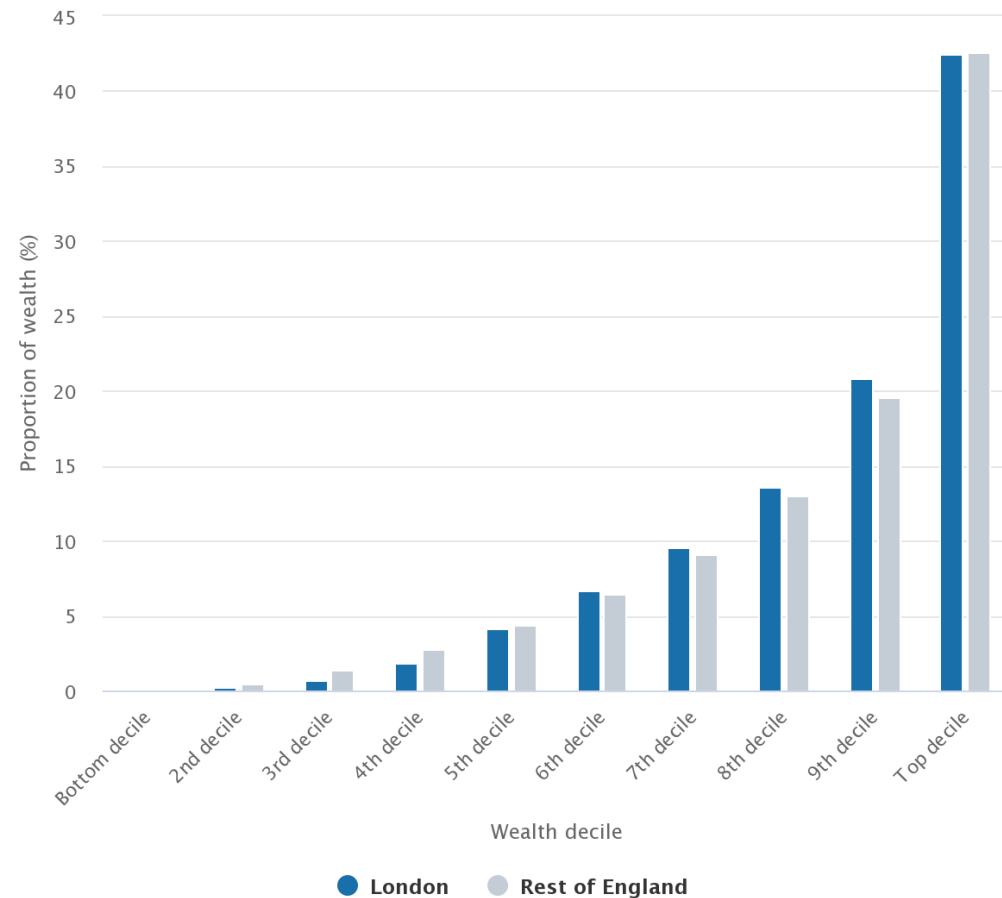
Wealth in London is very unequally distributed.

In London, the top ten percent of wealthiest people hold **42%** of London's total net wealth.

The bottom ten percent hold **0%** of the city's wealth.

Proportion of total wealth held in each decile (2016/18)

Data source: Wealth and Assets Survey (Round 5 and 6), ONS



Trust for London works with others to address the issues highlighted in London's Poverty Profile.

We have seven funding programmes, and distribute around £10m a year.



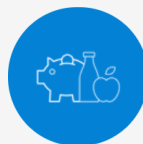
Good homes & neighbourhoods

Funding for advocacy work on housing issues and housing legal advice at a specialist level.



Better work

Progression routes out of low-paid work; specialist employment legal advice; advocacy on employment issues and capacity-building.



Decent living standards

Advocacy on welfare reform, the cost of living, and public attitudes to poverty. Representation and strategic legal action in social welfare law.



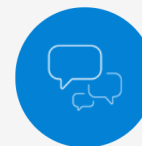
Shared wealth

Advocacy work on understanding and reducing income and wealth inequality in London.



Pathways to settlement

Specialist immigration legal advice and advocacy work on the immigration system and pathways to citizenship.



Stronger voices

Funding for second-tier and specialist organisations to help other organisations develop their skills.



Connected communities

Small grants for small groups with an annual income under £100,000. Funding for campaigning, advice and community activities in isolated areas.

Visit www.trustforlondon.org.uk/data for more

Please visit our website to view over **100** indicators on poverty and inequality in the city.

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London's Poverty Profile

Official data from over 100 indicators, revealing patterns in poverty and inequality.



OVERVIEW

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

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

Explore the five themes of London's Poverty Profile to find out more about poverty and inequality in our capital.

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Populations



Boroughs

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KEY FINDINGS

28%

of Londoners are living in poverty, after housing costs.

56,000

London households are in temporary accommodation - an increase of 30% compared to five years ago.

100+