

## Worklessness and housing tenure: preliminary findings

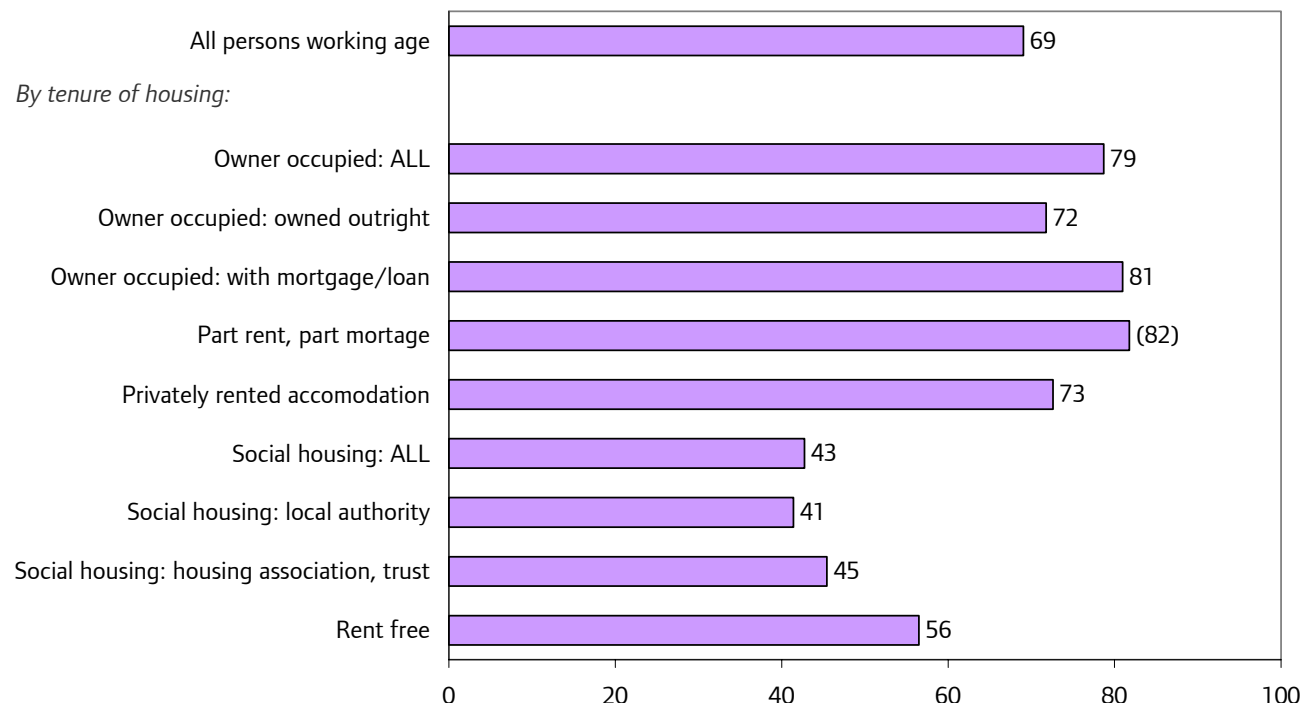
Research<sup>1</sup> by the Office for National Statistics has shown that worklessness in the UK is disproportionately concentrated among those living in social housing. This Update explores the situation in London by presenting a preliminary analysis of data on employment and housing tenure. Data are drawn from two datasets: the Annual Population Survey (2005) and the Labour Force Survey household dataset (Spring 2006), both carried out by the Office for National Statistics.

### Employment rates by housing tenure

In London, 69 per cent of the working age population are in employment. The employment rate of those living in owner occupied accommodation is relatively high at 79 per cent, almost double the rate of those living in social housing<sup>2</sup> (43 per cent). Those in privately rented accommodation have an employment rate just above the average, at 73 per cent.

Within the social rented sector, employment rates are low for both those in local authority accommodation (41 per cent) and housing association accommodation (45 per cent).

**Figure 1 Employment rates (%) by housing tenure, persons of working age, Greater London, 2005**



Source: Annual Population Survey 2005

Notes: Figures based on relatively small samples (ie <100) are shown in brackets to emphasise the higher levels of sampling variability attached to these estimates.

<sup>1</sup> *Housing tenure and the labour market*, Mari Lind Frogner, Labour Market Trends, October 2002.

<sup>2</sup> Social housing refers to those in rented accommodation where the landlord is either the local authority or a housing association, co-op or trust.

Within the owner occupied sector, the employment rate is higher for those with a mortgage (81 per cent) than for those who own their property outright (72 per cent). Clearly, those with a mortgage are more likely to need to work to support their loan. Further, those who own their property outright are far more likely to be nearing retirement age than those with a mortgage, which may also affect their employment rate.

The employment rate of those in shared ownership accommodation (ie, part rent, part mortgage) was 82 per cent, similar to the rate for those owner-occupiers with a mortgage.

### **Unemployment rates by housing tenure<sup>3</sup>**

The unemployment rate in London is 7 per cent, but this rises to 19 per cent for those in social housing, almost five times higher than the unemployment rate of those in owner occupied housing (4 per cent). Those renting from a private landlord have an unemployment rate of 7 per cent, the same as the London average.

### **Household worklessness and housing tenure**

Analysis by tenure has also been carried out at the household level. This enables analysis of the combined labour market position of individuals within households according to tenure and also allows consideration of children in such households.

Figure 2 shows the proportion of working age households that are work-rich, mixed and workless by housing tenure. These terms are defined as follows:

|                       |   |
|-----------------------|---|
| Work-rich households: | A household where all adults are in employment              |
| Mixed households:     | A household containing a mix of working and workless adults |
| Workless households:  | A household where no adults are in employment               |

All data relate to working age households (ie those containing at least one adult of working age).

The chart shows the strong concentration of worklessness among those living in social housing. Overall, around one in five (19 per cent) of London's working age households are workless, that is households where no adults are in work. When analysed by tenure, the picture becomes particularly polarised. Almost half (46 per cent) of households in the social rented sector were workless relative to only 7 per cent of owner-occupied households, and 19 per cent of privately rented households.

In contrast, owner-occupied households were the most likely to be work-rich: 62 per cent were work-rich households relative to only 28 per cent in the social rented sector.

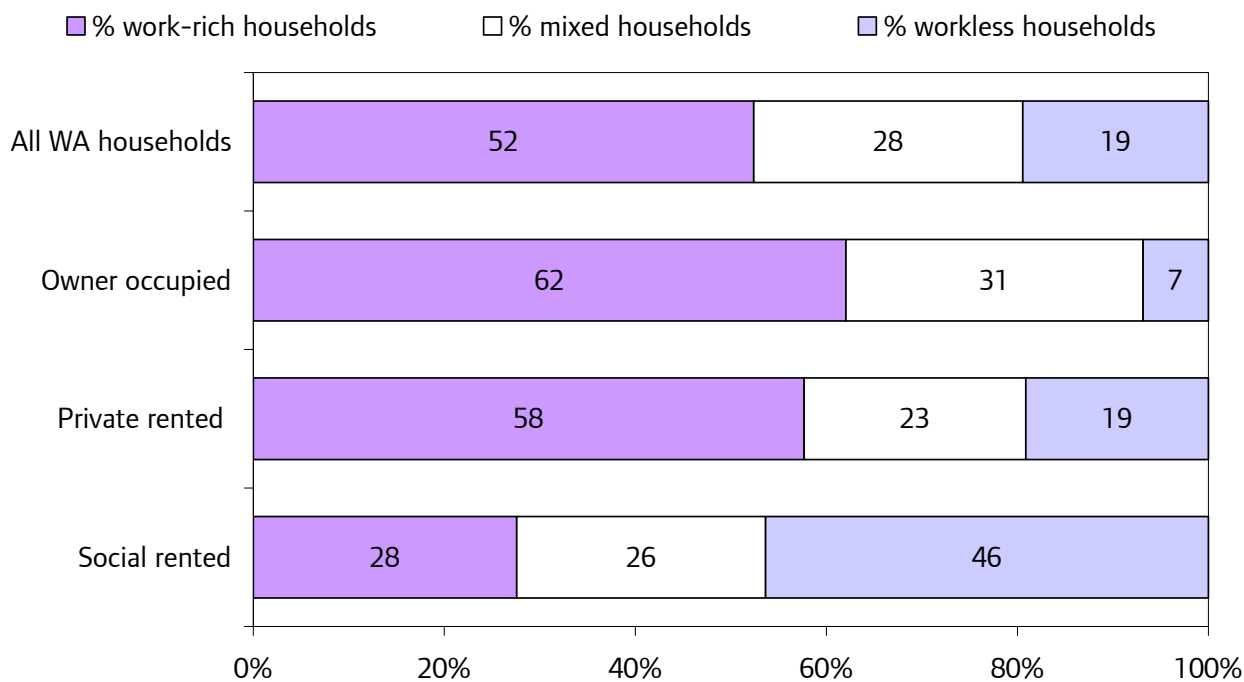
In terms of composition, of all London's workless households (working age):

- 61 per cent occupy social rented accommodation
- 19 per cent are in owner occupied accommodation
- 17 per cent are in privately rented accommodation
- 2 per cent are in the 'other' category (ie part rent/part mortgage and rent free).

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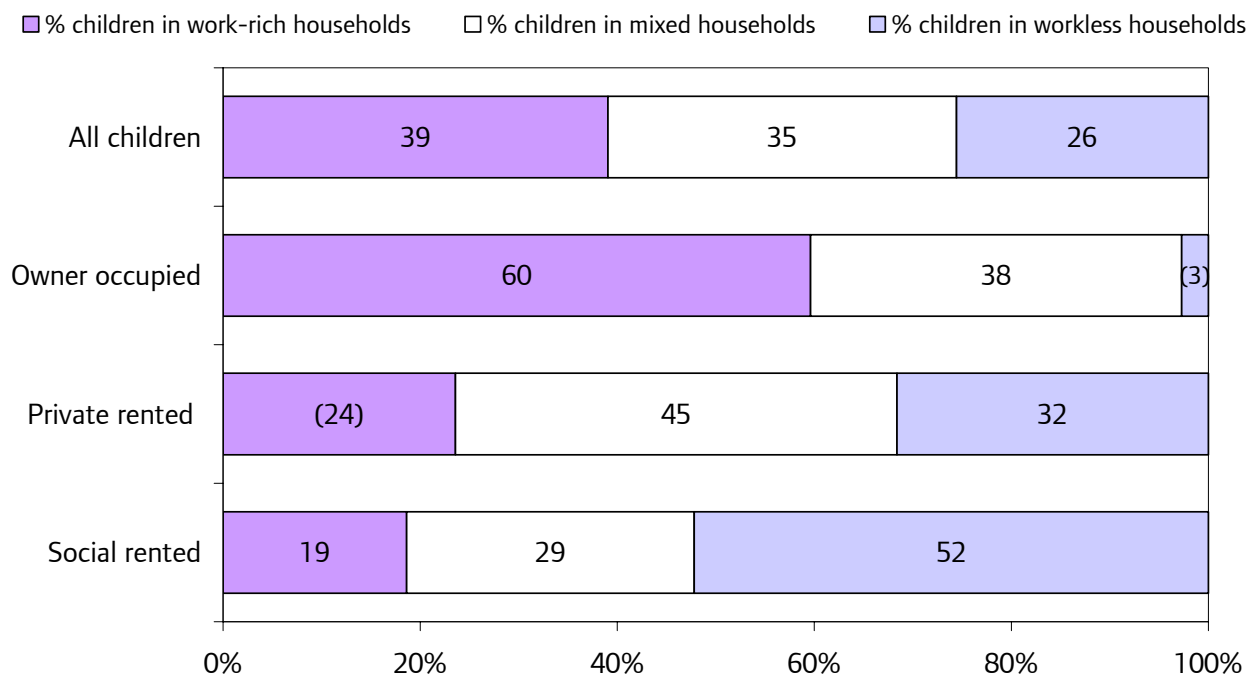
<sup>3</sup> Annual Population Survey 2005

**Figure 2 Working age households by combined economic activity status and tenure, Greater London, 2006**



Source: Labour Force Survey (household dataset), March-May 2006  
 WA= Working age (households containing at least one person of working age).

**Figure 3 Children by housing tenure and combined economic activity of adults in household, Greater London, 2006**



Source: Labour Force Survey (household dataset), March-May 2006  
 Notes: Figures based on relatively small samples (ie <100) are shown in brackets to emphasise their higher levels of sampling variability.

### Children in workless households by housing tenure

The same analysis has been carried out in relation to children in workless households (Figure 3). Overall, around one quarter (26 per cent) of all London's children live in workless households. When analysed by housing tenure this rises to over half (52 per cent) of those in social rented accommodation and one third (32 per cent) of those living in privately rented accommodation.

Only three per cent of children in owner occupied accommodation live in workless households. The majority of children in owner occupied accommodation live in work-rich households (60 per cent) or mixed households (38 per cent)<sup>4</sup>.

In terms of composition, children living in social rented accommodation make up 78 per cent of all children living in workless households. This reflects generally high rates of worklessness among households with children as well as the fact that children in lone parent families, who have particularly high rates of worklessness, are far more likely to live in social rented accommodation than other family types<sup>5</sup>.

Children living in owner occupied accommodation make up almost three quarters (73 per cent) of all children living in work-rich households. Only 18 per cent of children in work-rich households are living in social rented accommodation.

**Table 1 Children by housing tenure and combined economic activity of adults in household, composition analysis, Greater London, 2006**

|                            | Combined economic activity status of adults in household |                      |                  |                     |
|----------------------------|--|----------------------|------------------|---------------------|
|                            | All  | Work-rich households | Mixed households | Workless households |
| <b>All children=100%</b>   | <b>100</b>   | <b>100</b>           | <b>100</b>       | <b>100</b>          |
| - Owner occupied           | 48   | 73                   | 51               | (5)                 |
| - Social rented            | 38   | 18                   | 32               | 78                  |
| - Private rented           | 12   | (8)                  | 16               | 15                  |
| - Other                    | (1)  | (1)                  | (1)              | (1)                 |
| <b>All children (base)</b> | <b>1,468,000</b>   | <b>573,000</b>       | <b>519,000</b>   | <b>375,000</b>      |

Source: Labour Force Survey (household dataset), March-May 2006

Notes: Figures exclude children in households with missing data on combined economic activity of adults. Figures based on relatively small samples (ie <100) are shown in brackets to emphasise the higher levels of sampling variability attached to these estimates.

### Future research

This short analysis is preliminary and a more detailed analysis of worklessness and housing tenure is planned for Autumn 2007. This will consider the demographic and socio-economic characteristics of those living in different types of housing as well as exploring labour market position by tenure in more detail. The analysis will also examine the circumstances of Londoners relative to people living in the rest of the UK.

<sup>4</sup> Data do not sum exactly to 100 per cent due to rounding.

<sup>5</sup> *Housing tenure and the labour market*, Mari Lind Frogner Labour Market Trends, October 2002.

**Background notes and definitions:**

In the Labour Force Survey and the Annual Population Survey the following definitions are adopted:

**Children** are those aged 0-15.

The **employment rate** is the number of people in employment expressed as a percentage of the population. Here, rates apply to the working age population.

A **household** is a single person or a group of people living at the same address that have their address as their only or main residence, and either share one main meal a day or share the living accommodation or both. A household can contain more than one family unit. A family unit comprises either a single person; a married/co-habiting couple on their own, or with children (never married who have no children of their own) or lone parents with such children.

The **unemployment rate** is the number of people who are unemployed expressed as a percentage of the economically active population (which comprises all those in employment and those unemployed). In the LFS/APS, the International Labour Organisation's (ILO) definition of unemployment is used which refers to people without a job who were able to start work in two weeks following their LFS/APS interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained.

**Working age** refers to women aged 16-59 and men aged 16-64.

**Working age households** are those households containing at least one adult of working age. These household can contain people of pensionable age if they share a household with someone of working age.

For more information please contact Lorna Spence, Data Management and Analysis Group,  
Greater London Authority, City Hall, The Queen's Walk, London SE1 2AA  
Tel: 020 7983 4658 e-mail: [lorna.spence@london.gov.uk](mailto:lorna.spence@london.gov.uk)

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