

Worklessness in London 2011

Intelligence Update 12-2011

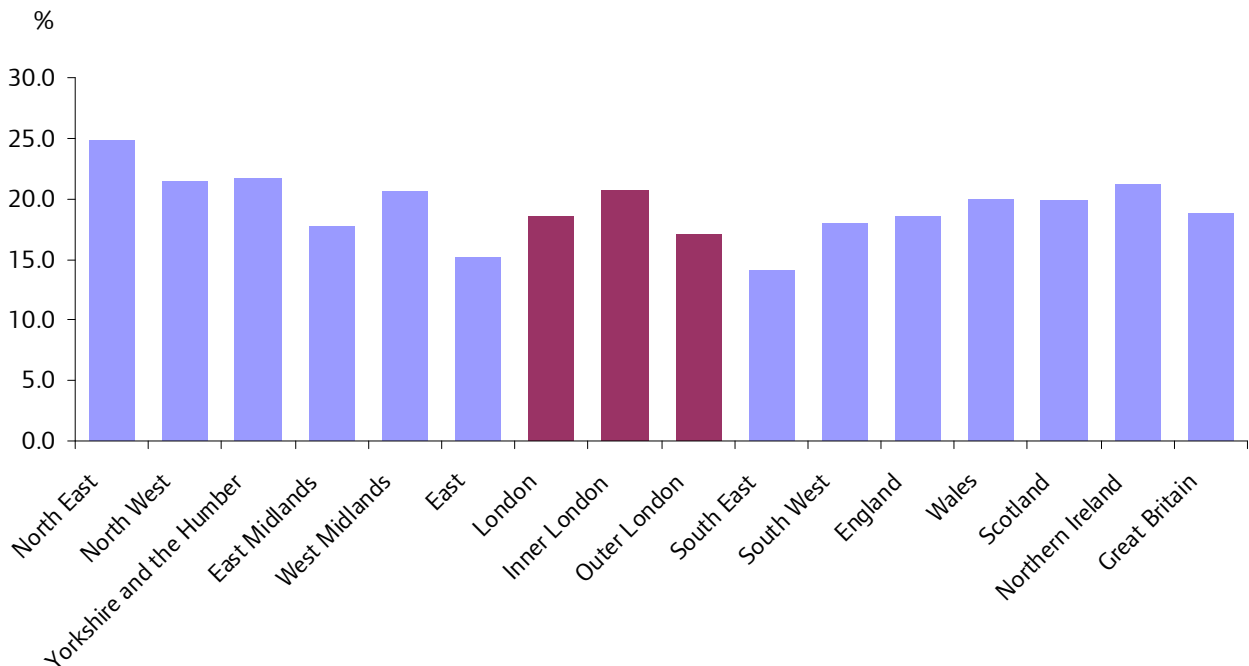
Background

The Office for National Statistics recently published its 'Work and Worklessness Among Households' report for 2011. This *Update* looks at how worklessness in the capital compares with elsewhere in the UK and how levels of worklessness have varied over time. Results are broken down into three categories: workless households, people in workless households and children in workless households. A workless household is defined here as a household where no individuals aged 16 or over are in paid employment. There are two further types of household: a working household is one where all individuals aged 16 and over are in employment, though importantly this does include part-time and self employment; a mixed household is one where at least one person aged 16 and over is in employment and at least one other is either unemployed or economically inactive. Only households containing at least one individual aged 16-64 are included in these estimates.

Workless households

In the second quarter of 2011, 494,000 households in London were workless households, equivalent to 18.6 per cent, which is slightly lower than the rate for Great Britain, 18.8 per cent (See chart 1).

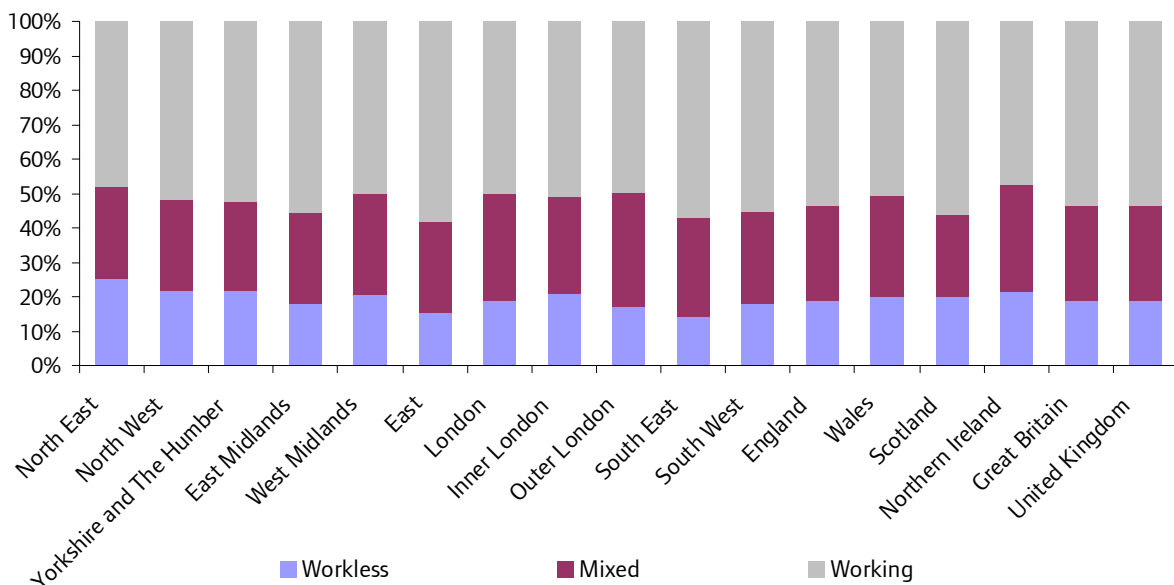
Chart 1: Workless households rate, by region, April to June 2011



Source: Labour Force Survey, April-June 2011, Office for National Statistics

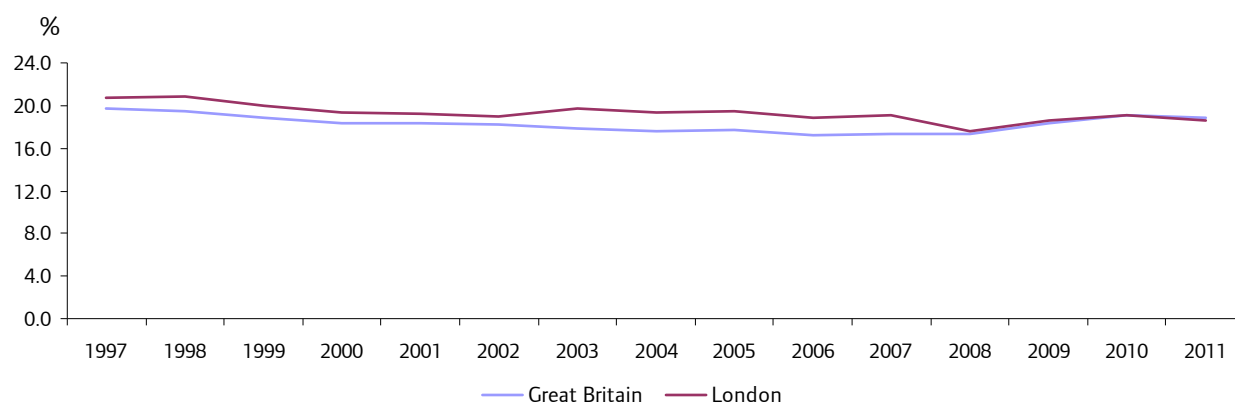
The percentage of households in London containing both an individual aged 16 and over in employment and another who is unemployed or inactive (mixed) is higher in London than any other region in Great Britain at 31.1 per cent, rising to 33.2 per cent in Outer London (Northern Ireland has a rate of 31.2 per cent). Chart 2 shows all households broken down by the three categories, working, workless and mixed. The proportion of London households which are either workless or mixed is 49.7 per cent. This means almost half of all households in London contain an individual of working age who is either unemployed or inactive. The London rate is 6.8 percentage points higher than the lowest rate, that of the South East, just 2.7 less than the highest, (Northern Ireland), and 3.3 percentage points higher than the Great Britain figure of 46.4.

Chart 2: Working, mixed and workless household rates, by region, April – June 2011



Source: Labour Force Survey, April-June 2011, Office for National Statistics

Since 1997, the proportion of households in London that are workless has fallen by 2.1 percentage points. During that period, the lowest rate occurred in 2008 at 17.6 per cent, the result of a sharp decline on the previous year (see Chart 3). This decrease in London saw the capital’s rate of workless households fall into line with the Great Britain rate. Rates in London and Great Britain have since increased at a similar rate to 19.1 per cent in 2010. The 2011 figures shows Great Britain to have fallen 0.3 percentage points whilst London has fallen 0.5 percentage points from the 2010 level.

Chart 3: Workless household rate, London and Great Britain, 1997 - 2011^{1, 2}

Source: Labour Force Survey, Office for National Statistics

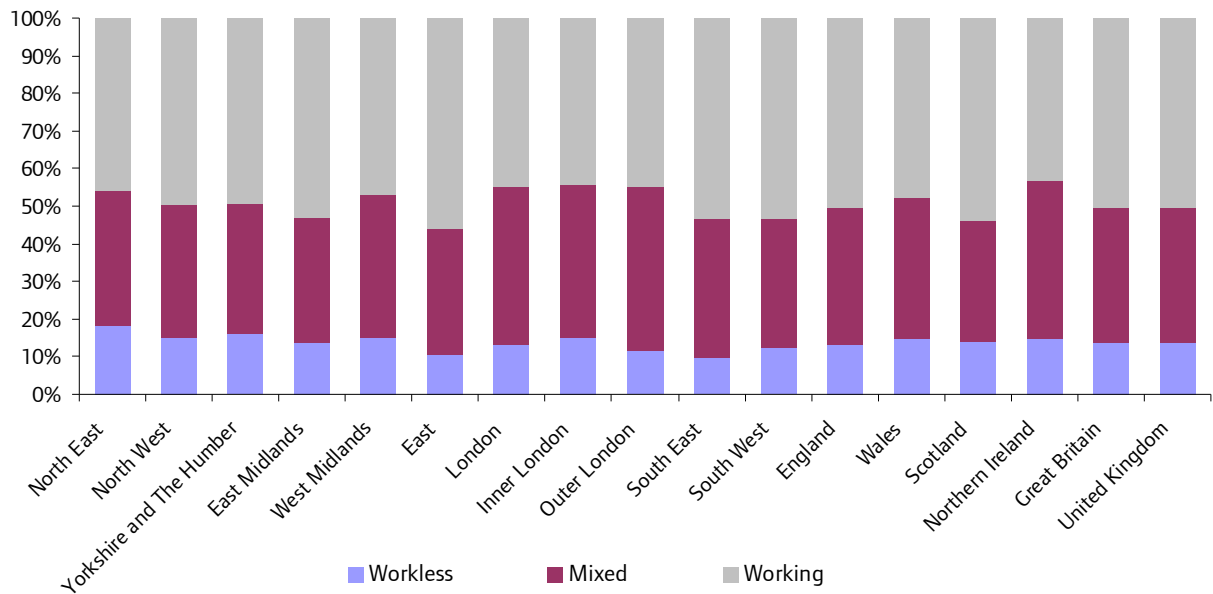
People in workless households

In the second quarter of 2011, 704,000 people lived in workless households in London. This is an increase of 6,000 since the previous year but has stayed constant proportionally at 13.0 per cent. This is close to the Great Britain proportion of 13.4 per cent and the UK proportion of 13.5. Again, rates varied within the capital but with a smaller deviation than the previous year. In 2011 15.0 per cent of Inner London residents were living in a workless household, whilst in Outer London the figure was just 11.6 per cent, showing a difference of 3.4 percentage points compared with 6.0 percentage points a year previously. In the second quarter of 2011 the proportion of London residents living in mixed households was 42.4 per cent, 6.3 percentage points higher than the rate for Great Britain and 6.1 percentage points higher than that of the UK. Those living in a household where at least one person was unemployed or inactive (workless plus mixed), accounted for 55.4 per cent of the population in London, the highest proportion of any region in Great Britain (see Chart 4). The presence of a relatively large number of students and fewer part-time workers may contribute to higher levels of worklessness in London than in other regions.

¹ All data are taken from the 2nd quarter (April-June) each year

² It should be noted that these are estimates derived from a survey. As a result, a certain degree of sampling variability will be present. It is therefore important to use caution when looking at change over time.

Chart 4: People in workless, mixed and working household rates, by region, Apr-Jun 2011



Source: Labour Force Survey, April-June 2011, Office for National Statistics

As Chart 5 shows, between 1997 and 2008 the proportion of people in London living in workless households was consistently higher than in Great Britain as a whole. In 2010, the London rate dropped below that of Great Britain for the first time (in the period under analysis) falling 0.7 percentage points to 13.0 per cent compared to 13.6 in Great Britain. Since, the London rate has stayed constant, whilst the figure for Great Britain has fallen slightly to 13.4 per cent.

Chart 5: People in workless households rate, London and Great Britain, 1997 - 2011^{3, 4}



Source: Labour Force Survey, Office for National Statistics

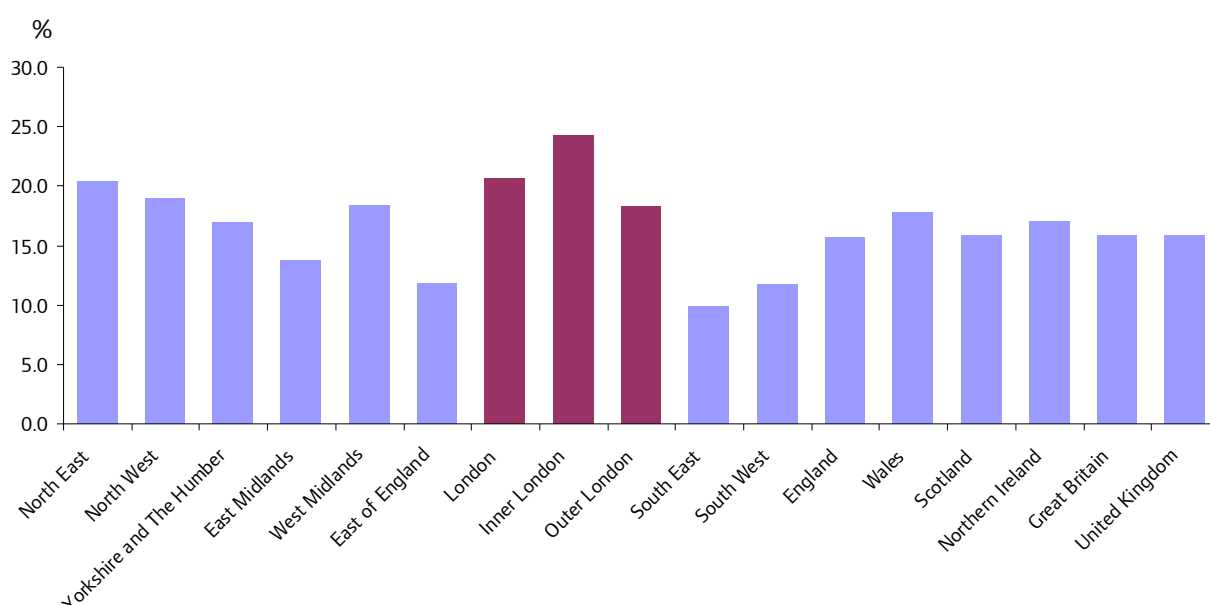
³ All data are taken from the 2nd quarter (April-June) each year

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Children in workless households

The UK has a higher proportion of its children living in workless households than any other EU country. It is almost twice that of both the EU average and that in France and Germany⁵. In 2011, Save the Children released a child poverty map showing London boroughs such as Tower Hamlets, Newham and Westminster to have some of the highest child poverty rates in the country. Tower Hamlets and Manchester had the highest rate in the country at 27 per cent⁶. In the second quarter of 2011, 1.83 million children in the UK lived in workless households, equivalent to 15.8 per cent of all children. In London the problem is even more acute; 20.7 per cent of children in the capital live in workless households, the highest regional proportion other than the North East, increasing to 24.2 per cent of children in Inner London (see Chart 6).

Chart 6: Children in workless households rate, by region, April – June 2011



Source: Labour Force Survey, April-June 2010, Office for National Statistics

Table 1 shows the proportion of all children living in each type of household. Just over two fifths (41.9 per cent) of children in London live in mixed households, compared with almost a third (32.7 per cent) in Great Britain. Further, 62.6 per cent live in a mixed or workless household in the capital, 14.1 percentage points higher than the rate for Great Britain and 20.2 percentage points higher than the lowest region – Scotland. The mixed group includes those who are inactive through choice including parents, students and any other individual who does not actively seek employment – they may therefore be workless for reasons other than being unable to find work. This is particularly relevant when looking at children in mixed households as the household may well have mixed economic status purely because a parent chooses to stay at home and is therefore economically inactive. A separate issue concerns the inclusion of three-generational households in the dataset. These may include an adult who has retired and is therefore workless; areas where there are higher numbers of three-generational households may well therefore have a higher number of mixed economic status households.

⁵ www.poverty.org/18/index.shtml?2 – accurate as of 21/09/10

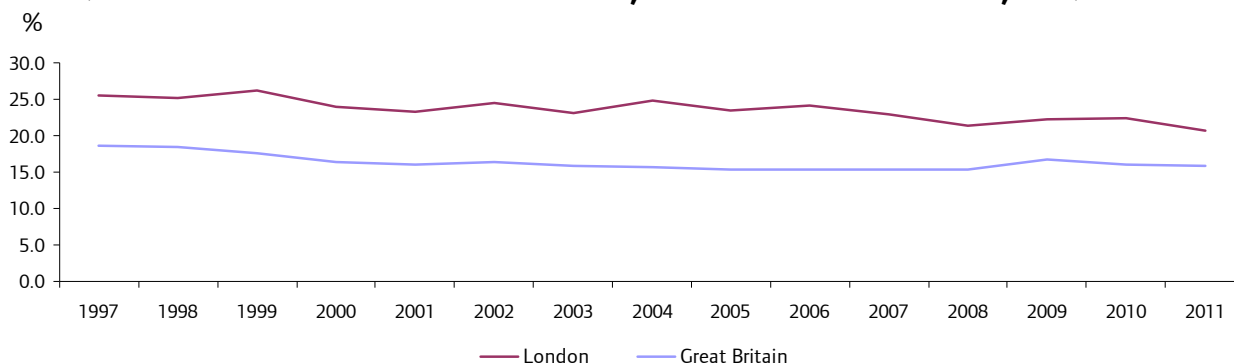
⁶ <http://www.guardian.co.uk/news/datablog/2011/feb/23/child-poverty-britain-map>

Table 1: Children in workless, mixed and working households, by region, April-June 2010

	Working households	Household containing both working and workless members	Workless households
North East	51.4	28.1	20.4
North West	50.2	30.9	18.9
Yorkshire and The Humber	53.2	29.9	16.9
East Midlands	57.1	29.2	13.7
West Midlands	46.6	35.0	18.4
East of England	57.1	30.9	11.9
London	37.4	41.9	20.7
Inner London	33.4	42.4	24.2
Outer London	40.1	41.5	18.3
South East	55.4	34.8	9.8
South West	55.7	32.7	11.7
England	50.7	33.7	15.7
Wales	53.2	29.0	17.8
Scotland	57.6	26.6	15.8
Northern Ireland	53.9	28.9	17.1
Great Britain	51.4	32.7	15.8
United Kingdom	51.4	32.8	15.8

Source: Labour Force Survey, April-June 2011, Office for National Statistics

Since 1997 the proportion of children living in workless households in London has seen an overall decline of 4.9 percentage points, compared with 2.8 in Great Britain. The difference between the two regional rates has varied considerably during this period peaking at over nine percentage points in 2004 and reaching a low of just under six percentage points in 2009. The gap currently stands at 4.9 percentage points (see Chart 7).

Chart 7: Children in workless households rate, London and Great Britain, 1997 - 2010^{7,8}

Source: Labour Force Survey, Office for National Statistics

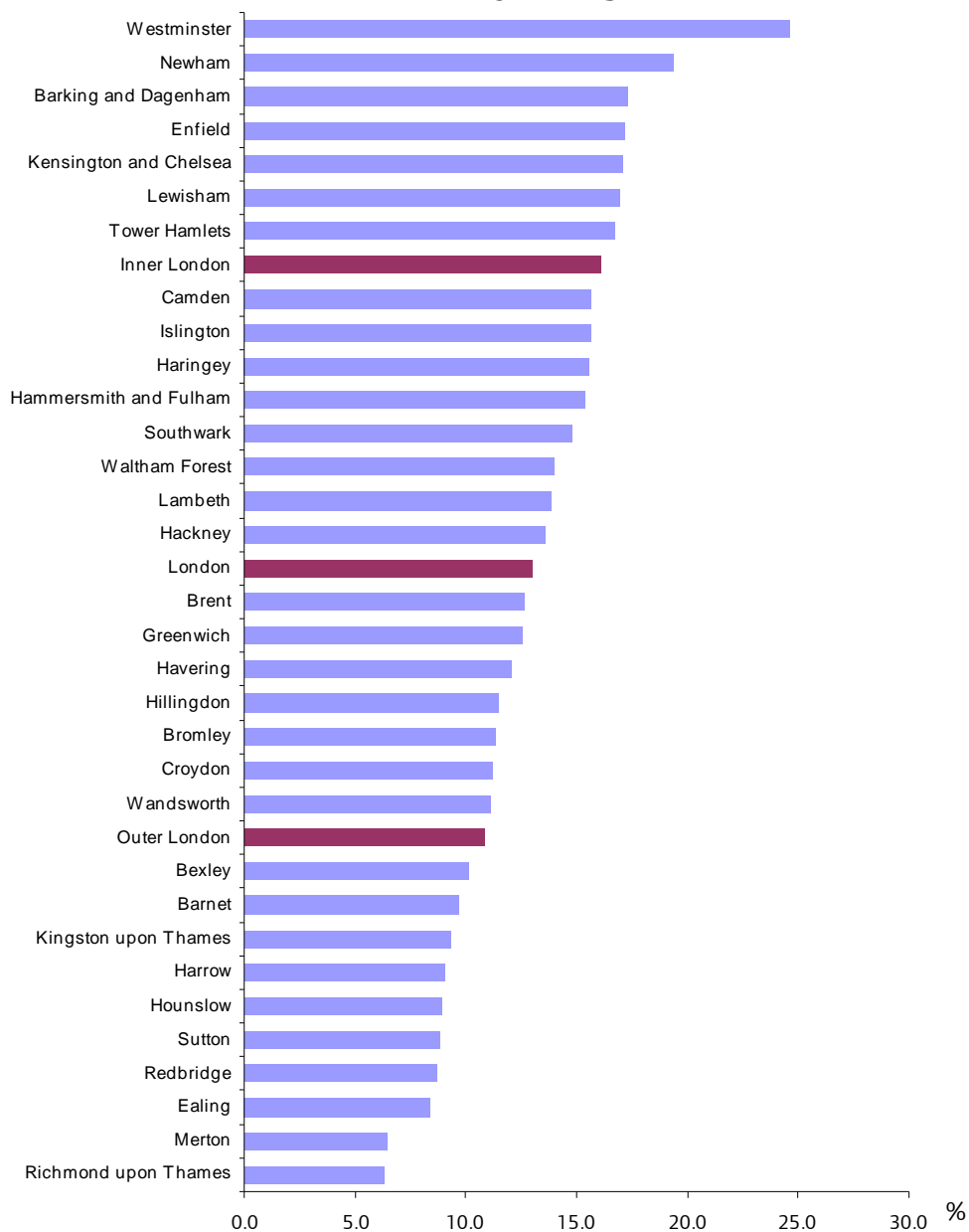
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Sub-regional Worklessness

Chart 8 shows the percentage of workless households by borough for the calendar year 2010. It shows London to have an overall worklessness rate of 13 per cent. However, within the capital there is high variation between Inner and Outer London; 16.1 per cent of households were workless in Inner London whilst just 10.8 per cent were workless in Outer London. The lowest borough level worklessness rate was 6.3 per cent in Richmond upon Thames, compared to the highest rate of 24.6 per cent, that of Westminster. Indeed, households in Westminster are at least 25 per cent more likely to be workless than the next highest borough.

Chart 8: Workless households rate by borough, Jan-Dec 2010



Source: Labour Force Survey, Office for National Statistics

September 2011

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