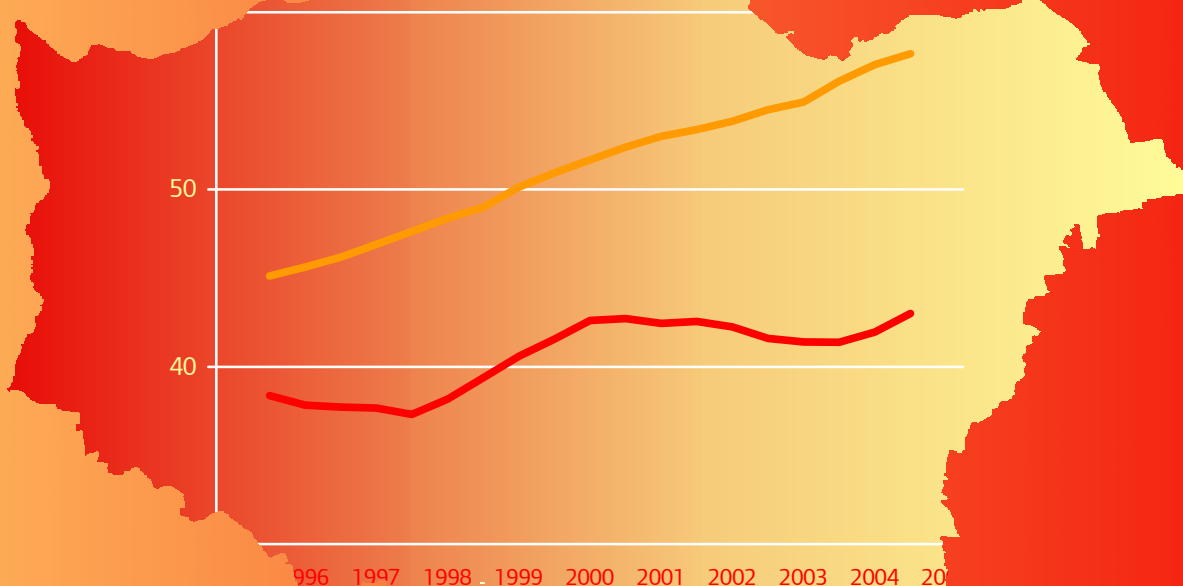


## Data Management and Analysis Group

# Child Poverty in London: Income and Labour Market Indicators

## Summary of findings



# **DMAG Briefing 2006/19**

**June 2006**

## **Child Poverty in London: Income and Labour Market Indicators**

Summary of findings

For more information please contact:

Social Exclusion Data team  
Data Management and Analysis Group  
Greater London Authority  
City Hall (5 East)  
The Queen's Walk  
London SE1 2AA

[Rachel.jeaser@london.gov.uk](mailto:Rachel.jeaser@london.gov.uk) Tel: 020 7983 4696  
[Lorna.spence@london.gov.uk](mailto:Lorna.spence@london.gov.uk) Tel: 020 7983 4658  
[Lovedeep.vaid@london.gov.uk](mailto:Lovedeep.vaid@london.gov.uk) Tel: 020 7983 4699

Copyright © Greater London Authority, 2006

ONS and DWP data produced in this summary have been reproduced with the permission of the Controller of Her Majesty's Stationery Office and the Queen's Printer for Scotland and are © Crown Copyright. An acknowledgement of the source is given at the end of each table or chart.

ISSN 1479-7879

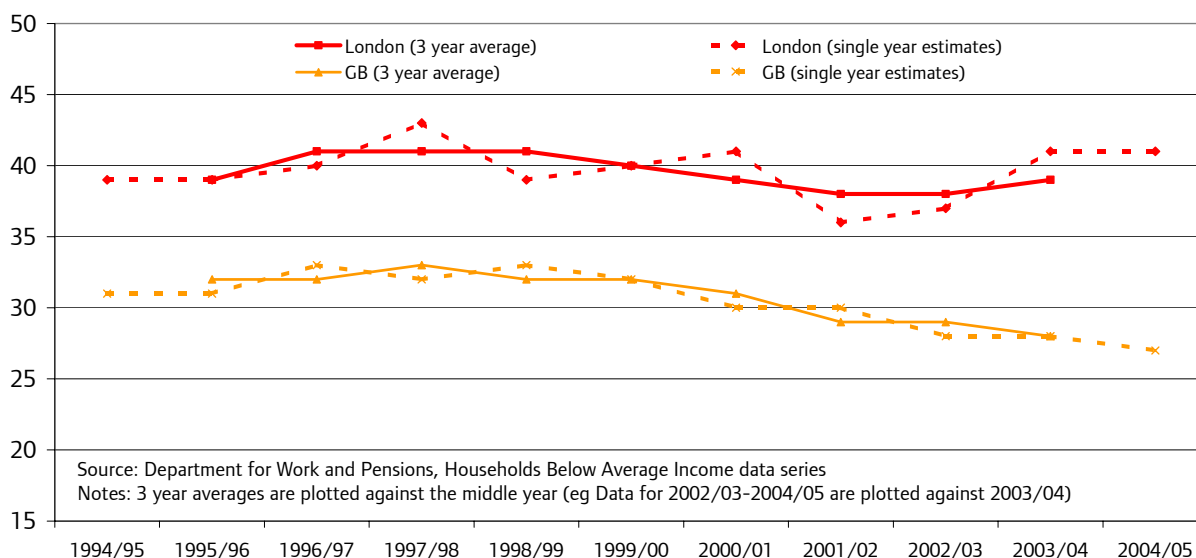
## Summary of findings

This report presents the latest data on child poverty in London and has been produced to inform the work of the newly established *London Child Poverty Commission*. The report brings together data on the living standards of children alongside data on the labour market position of their parents. The analysis also examines whether national improvements in child poverty rates and employment rates have been evident in London.

### Children in income poverty (2002-2005)

- Two out of five children (39 per cent) in London live under the poverty line<sup>1</sup> after housing costs are accounted for – over 600,000 children. Rates of child poverty are very high in Inner London, where over half of all children live in poverty (52 per cent).
- London has the highest rate of child poverty, after housing costs, compared to other regions. This remains the case whether you adopt the ‘official’ poverty line of 60 per cent median income or use the 50 or 70 per cent measures.
- London children with a very high risk of living in poverty include: those from Pakistani and Bangladeshi groups (69 per cent); those from Black ethnic groups (51 per cent) and those living in lone parent families (60 per cent).
- Children whose parents are workless are the most likely to be in poverty. 79 per cent of children in workless lone parent families and 88 per cent of those living in workless couple families live in poverty.

### Percentage of children living in households with below 60% median income (After housing costs), London and GB, 1994-2005



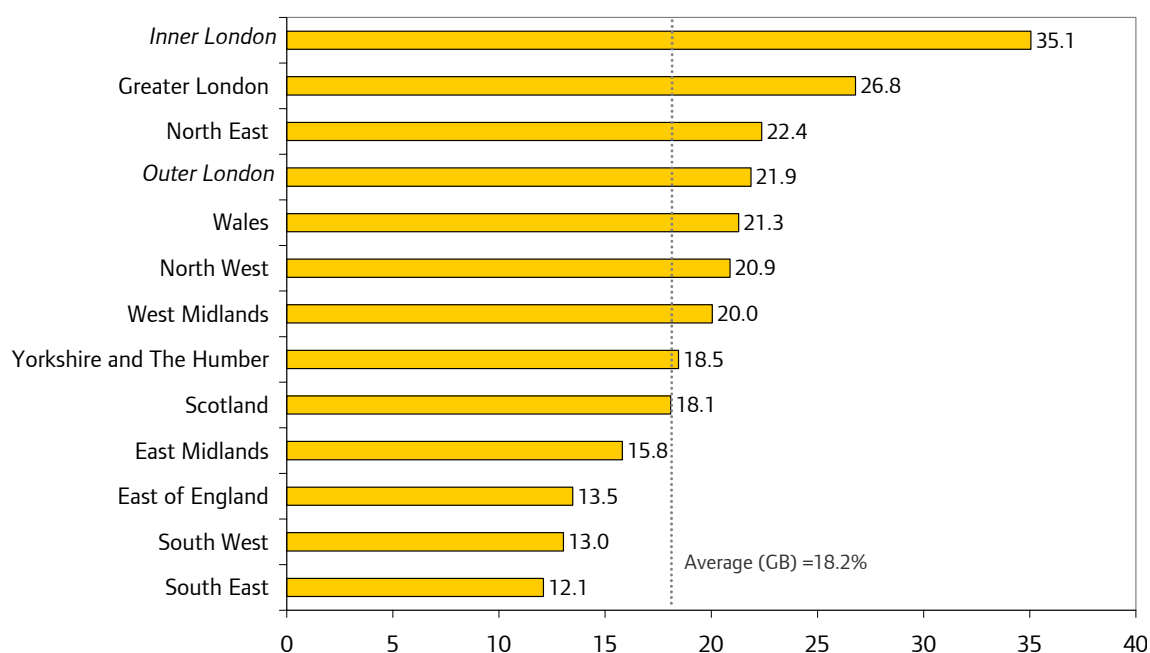
- Over the last ten years, the child poverty rate has fallen nationally, but these improvements have not been evident in London, where rates have remained stubbornly high.

<sup>1</sup> The poverty line is defined as less than 60% of median household income (adjusted for differences in household composition and size). These data are three-year averages 2002/3-2004-5

### Children in families on key benefits

- In August 2005, over one quarter (27 per cent) of children live in families with at least one adult claiming a key benefit<sup>2</sup> - around 460,000 children. Three quarters of these children (77 per cent) live in lone parent families.
- One quarter of London's children in benefits families were those where the main adult claimant was sick or disabled.
- Of all regions, at 27 per cent, London's children are the most likely to live in benefits families. The North East has the second highest rate at 22 per cent and the national average was 18 per cent. Rates are very high across Inner London, where over one third (35 per cent) of all children live in families on key benefits.

### Percentage of children living in families on key benefits by region, August 2005



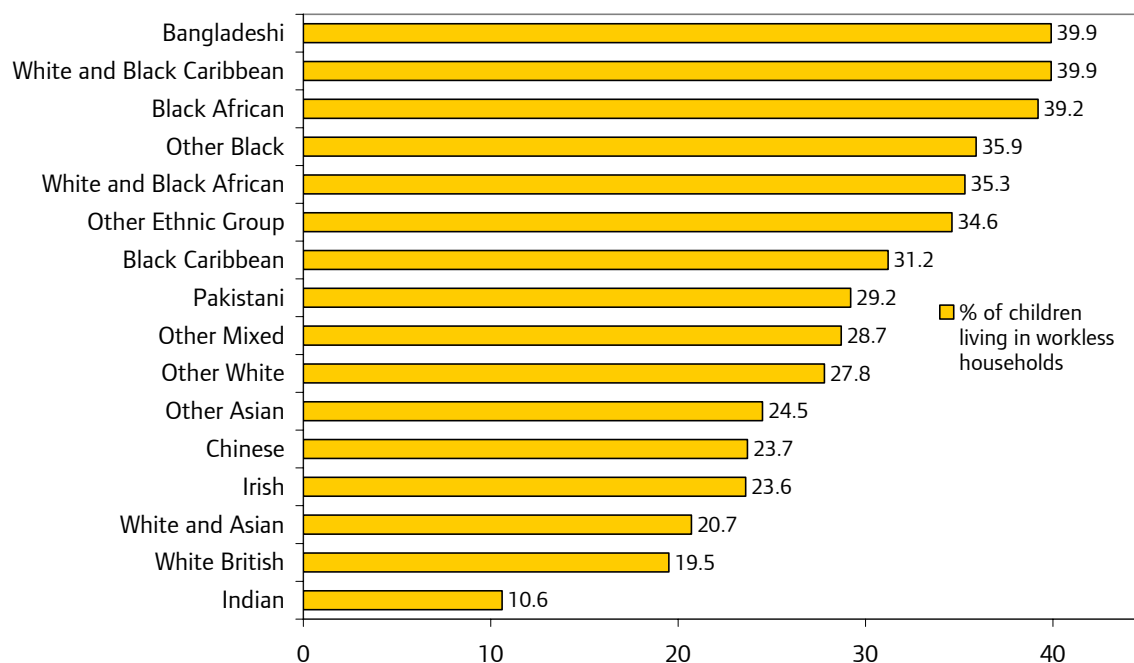
- Of 376 local authority areas in England and Wales, the London boroughs of Tower Hamlets (46 per cent), Islington (45 per cent) and Hackney (41 per cent) have the highest percentage of children in benefits families. 17 out of 32 London boroughs appear in the top ten per cent of authorities.
- While the percentage of children in benefits families in London has fallen from 34 to 27 per cent over the period 1995-2005, following national trends, London's position relative to the rest of Great Britain has shown no improvement. Rates in London have remained around 50 per cent higher than national rates throughout the period.

<sup>2</sup> Key benefits are: Jobseeker's Allowance, Income Support, Incapacity Benefit, Severe Disablement Allowance, Disability Living Allowance.

### Children in workless and work-rich households

- Over one quarter (27 per cent) of all London’s children live in workless households (households with no adults in work). Of these, two thirds live in lone parent households (Autumn 2005).
- London has, by far, the highest percentage of children living in workless households of all regions. London’s rate is almost twice as high as the rate in the rest of the UK (27 and 14 per cent respectively).
- Rates are very high in Inner London, where 38 per cent of all children live in workless households. While the rate is lower in Outer London (21 per cent) it remains well above the national average.
- The proportion of London’s children who live in work-rich households (those where all adults are in work) is 38 per cent, the lowest of all regions and well below the rate in the rest of the UK (56 per cent). In Inner London, only 28 per cent of children live in work-rich households.

### Percentage of dependent children living in workless households by ethnic group, Greater London, 2001



Source: 2001 Census (Theme Table TT012)

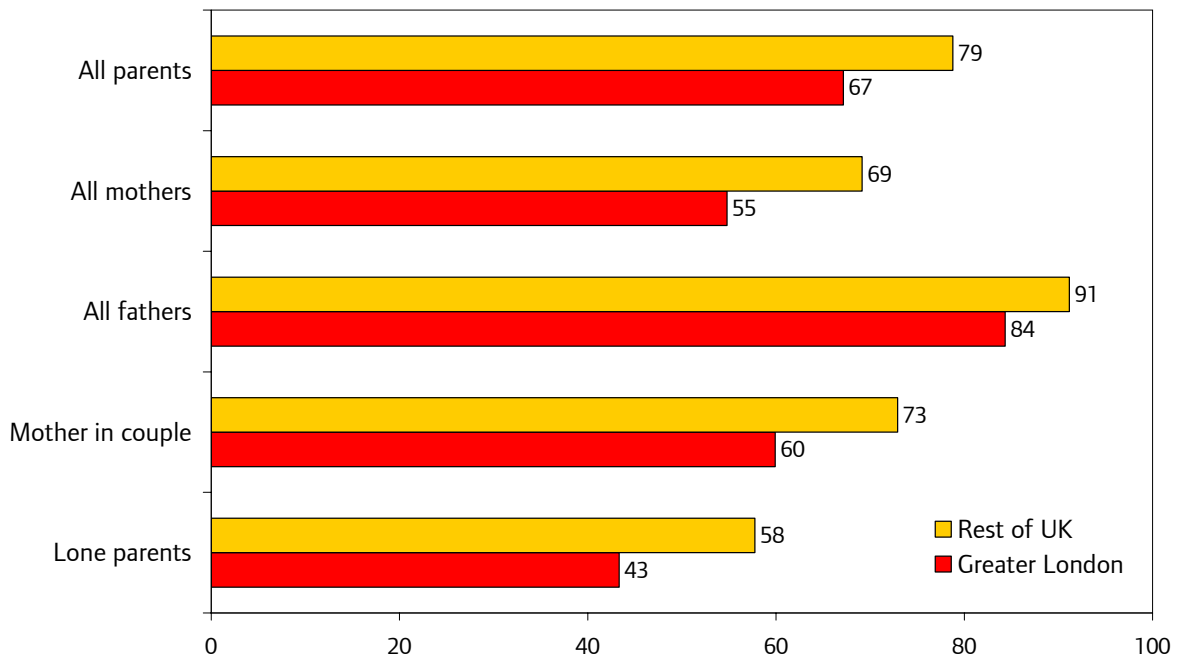
- The 2001 Census found that 40 per cent of children from Bangladeshi groups lived in workless households. Children from Black ethnic groups also faced very high levels of household worklessness, all above 30 per cent. Rates were lowest for Indian (11 per cent) and White British children (20 per cent).

- Over the last ten years (1996-2005), the proportion of children in workless households in London has remained well above the rate in the rest of the UK. While rates in London did show a slight fall between 1996-2001, they have not kept pace with reductions nationally. As a result, the gap in rates between London and the rest of the UK has widened and London's relative position has worsened.

**Employment rates of parents (with dependent children)**

- Parents living in London have far lower employment rates than those living in the rest of the UK, and differentials are most pronounced among mothers. Just over half of all London's mothers (55 per cent) are in employment relative to 69 per cent in the rest of the UK.

**Employment rates (%) of parents (working age), London and Rest of UK, Autumn 2005**



Source: Labour Force Survey household dataset, Autumn 2005

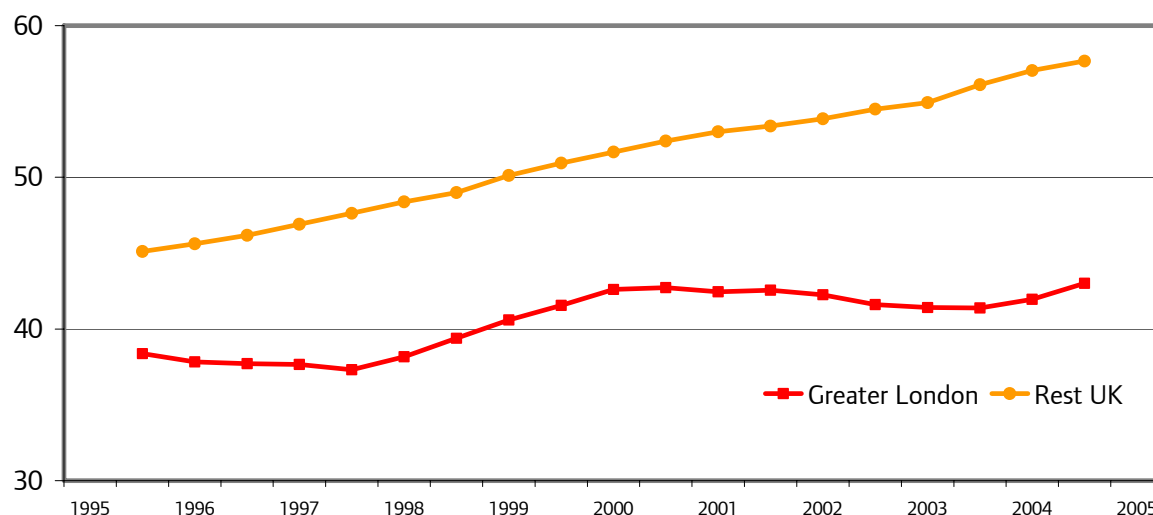
- Of London's fathers, 84 per cent are in work compared with 91 per cent of those in the rest of the UK (Autumn 2005).
- The employment rate for lone parents living in London (43 per cent) is well below the rate for lone parents outside London (58 per cent). As most lone parents are women, the rates for lone mothers in and outside London are similar (42 and 57 per cent).
- For mothers in couples, the differential is similar though levels of employment are higher (60 and 73 per cent).
- The employment rate for mothers living in Inner London (44 per cent) is far lower than the rate for those in Outer London (61 per cent).

- The difference in rates in Inner and Outer London is strongest for couple mothers: less than half (48 per cent) of all couple mothers in Inner London are in work relative to two thirds in Outer London and 73 per cent in the rest of the UK.
- Lone mothers in both Inner and Outer London have very low employment rates (39 and 46 per cent) relative to lone mothers in the rest of the UK (57 per cent).
- Employment rates are very low for BME mothers (45 per cent) and those mothers born outside the UK (43 per cent). It is recognised that there is enormous diversity within London’s BME and migrant population that is disguised by these statistics. The GLA are planning research to explore this further.
- Disabled parents have a far lower employment rate than non-disabled parents. The employment rate for disabled mothers in London is 34 per cent relative to 57 per cent for non-disabled mothers.
- Employment rates are strongly associated with qualifications levels, especially for mothers. In London, the employment rate of mothers with higher level qualifications (74 per cent) is three times higher than the employment rate of those with no qualifications (23 per cent).

### Employment rate of parents 1995-2005

- During 1995-2005, the employment rates of London’s parents have remained well below those outside London and the employment rates of mothers have been increasingly diverging from national trends.

### Employment rates of lone parents, London & Rest of UK, 1995-2005



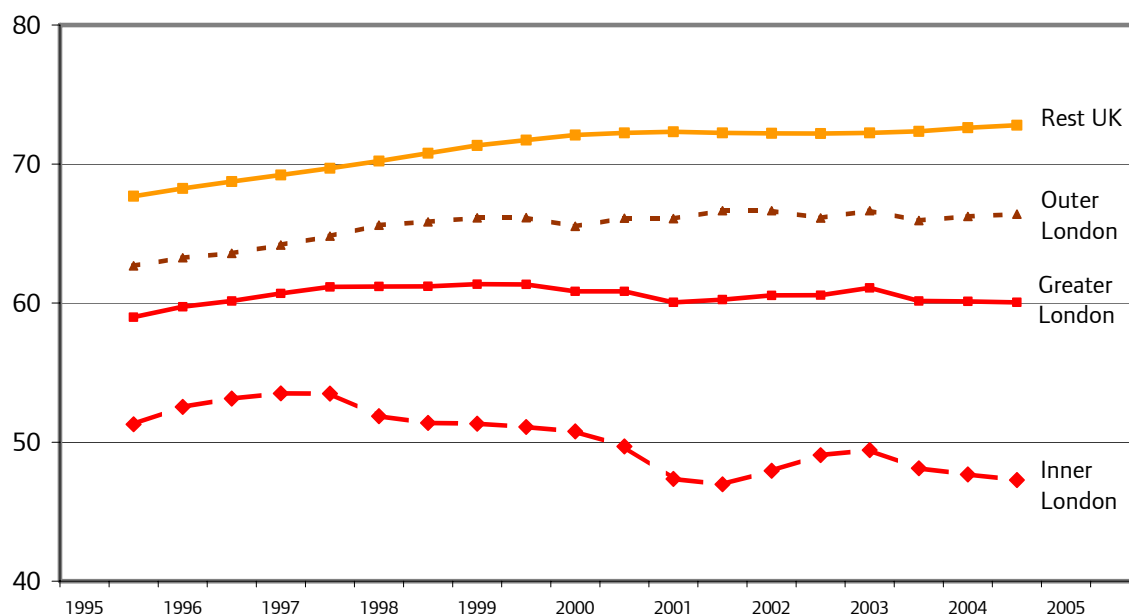
Source: Labour Force Survey Household datasets 1995-2005 (Spring and Autumn quarters only)  
 Notes: Data are two year moving averages (each year comprises two estimates for Spring and Autumn).

- While the employment rate of London’s lone parents has risen, the rise has been far less pronounced than nationally. Outside London, the employment rate rose from 45 to 58 per

cent<sup>3</sup> between 1995 and 2005 – a percentage increase of 28 per cent. In London, rates increased from 38 to 43 per cent, an increase of only 12 per cent. Overall, the gap in lone parent employment rates between London and the rest of the UK has doubled in size from 7 to 15 percentage points over the last ten years and London’s relative position has worsened.

- Trends in rates for couple mothers also show divergence from national trends. Over the period, the employment rate for mothers in couples living in Inner London has fallen, while rates have increased for those living in Outer London and in the rest of the UK. In Inner London, the employment rate of couple mothers fell from 51 to 47 per cent during 1995-2005, whereas in Outer London the rate increased from 63 to 66 per cent, following national trends.

### Employment rates of couple mothers, London & Rest of UK, 1995-2005



Source: Labour Force Survey Household datasets 1995-2005 (Spring and Autumn quarters only)  
 Notes: Data are two year moving averages (each year comprises two estimates for Spring and Autumn).

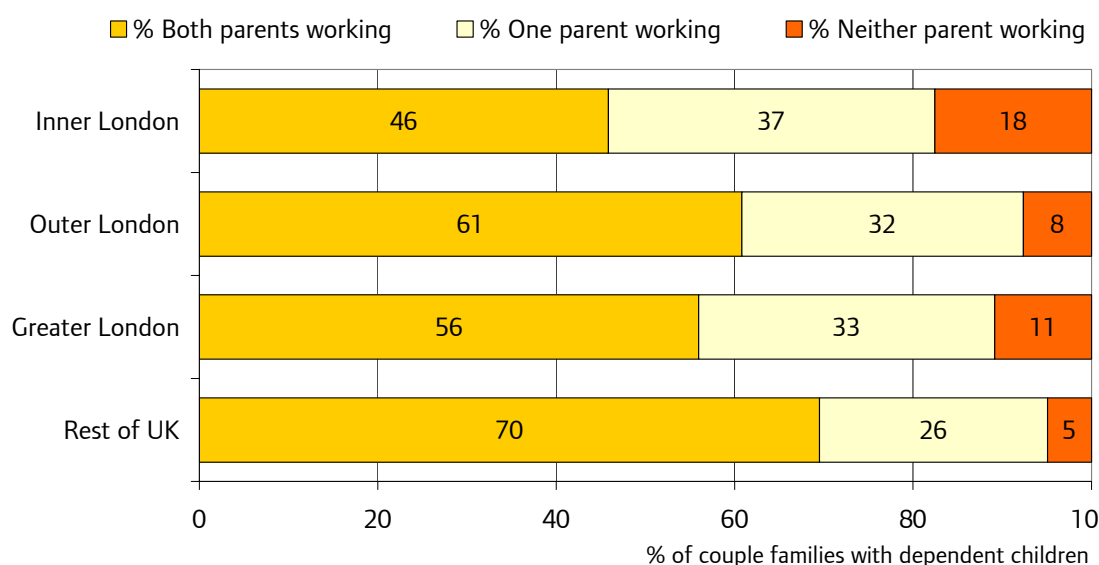
### Labour market position of couples with children

- The analysis has also explored the position of both partners in couple families in London. The data show that around one in ten (11 per cent) couple families with children in London are workless (ie neither parent is in work) and a further one third (33 per cent) are those with one parent in work. The remaining 56 per cent are ‘work-rich’ couple families where both parents work (Autumn 2005).
- In Inner London, almost one in five couple families with children (18 per cent) have neither parent in work. This is more than twice as high as the percentage of workless families in Outer London (8 per cent) and more than three times higher than the percentage outside London (5 per cent).

<sup>3</sup> Change figures quoted relate to change between 1995/6 to 2004/5 (two year averages)

- London couples with children are also more likely to have one parent working (33 per cent) relative to those outside London (26 per cent). In Inner London, 37 per cent of all couple families have one parent in work.

### Employment status of parents in couples, Autumn 2005



- London has a far lower proportion of work-rich couple families (56 per cent) relative to the rest of the UK (70 per cent). In Inner London, less than half (46 per cent) of couple families with children are work-rich.
- Over the period 1995-2005, the proportion of work-rich couple families in London has remained well below the proportion outside London and the gap between the two has widened.
- London's divergence from national trends has been driven by the distinct patterns of couple families living in Inner London, where there has been a fall in the proportion of work-rich couples and a corresponding increase in families where one parent works.

### Conclusions

- London has a high rate of child poverty relative to other regions, and the rate in Inner London is exceptionally high.
- The relative position and circumstances of London's children remain poor according to a range of different income and labour market indicators.
- Certain groups of children in London face a very high risk of exclusion. These include children from certain ethnic and migrant groups, children of disabled parents and children in workless lone parent and couple families.

- The capital's high child poverty rates are driven by high levels of worklessness among London's parents, who have far lower employment rates than those parents outside London. Differentials are most pronounced for mothers.
- National improvements in child poverty rates have not been evident in London and London's relative position on child poverty appears to have worsened in the last ten years.
- This finding is consistent with analysis of the employment patterns of mothers over the last ten years, which show a clear divergence from national trends.

The GLA are planning further research on child poverty and the intention is to update this report annually in June each year and build in new indicators and data as they become available.

### **Related Briefings and further information**

This is a summary report and copies of the full DMAG Briefing 2006/19 are available on request.

This report draws together a range of GLA research in one document, but more detailed technical reports are also available which explore these indicators in far more detail. These are:

Poverty figures for London: 2004/05	DMAG Update 2006/07
Parents and work in London	DMAG Briefing 2006/06
Children in benefit claiming families	DMAG Briefing 2005/37
Trends in household worklessness in London	DMAG Briefing 2005/35
Workless households in London	DMAG Briefing 2005/22
Income poverty in London: 2003/04	DMAG Briefing 2005/16
Workless households with children	DMAG Briefing 2003/21

All reports are available on request by email: [dmag.info@london.gov.uk](mailto:dmag.info@london.gov.uk)



