

Update 20-2012

Worklessness in London 2012

October 2012

Key points

- London has among the lowest proportions of all-working households of any region in the UK, but also below average proportion of workless households.
- The proportion of households in London with both working and non-working adults has been rising faster than for most of the UK, while workless households have been decreasing, particularly in Inner London.
- The number of children in workless households has been falling quite sharply, but London is the only region where the proportion of children in workless households is higher than the overall proportion of households that are workless.
- Tower Hamlets remains one of the local authorities in the UK with the highest share of its children in workless households at more than one in three.
- Westminster is among the few local authorities with more than one in five residents over 16 in workless households.

Working patterns and households

Worklessness and particularly how this affects children is a key concern of government so policies, strategies and programmes are devised to reduce the numbers of such households. While worklessness is often considered an individual problem, decisions about working patterns and employment, particularly for families with children, are largely made within a household context and so looking at the combined economic position of households is key to understanding individuals' situation. This Update looks at working and workless households and the people in them, how worklessness in the capital compares with elsewhere in the UK and how levels of worklessness have varied over time. It also looks at parental employment rates.

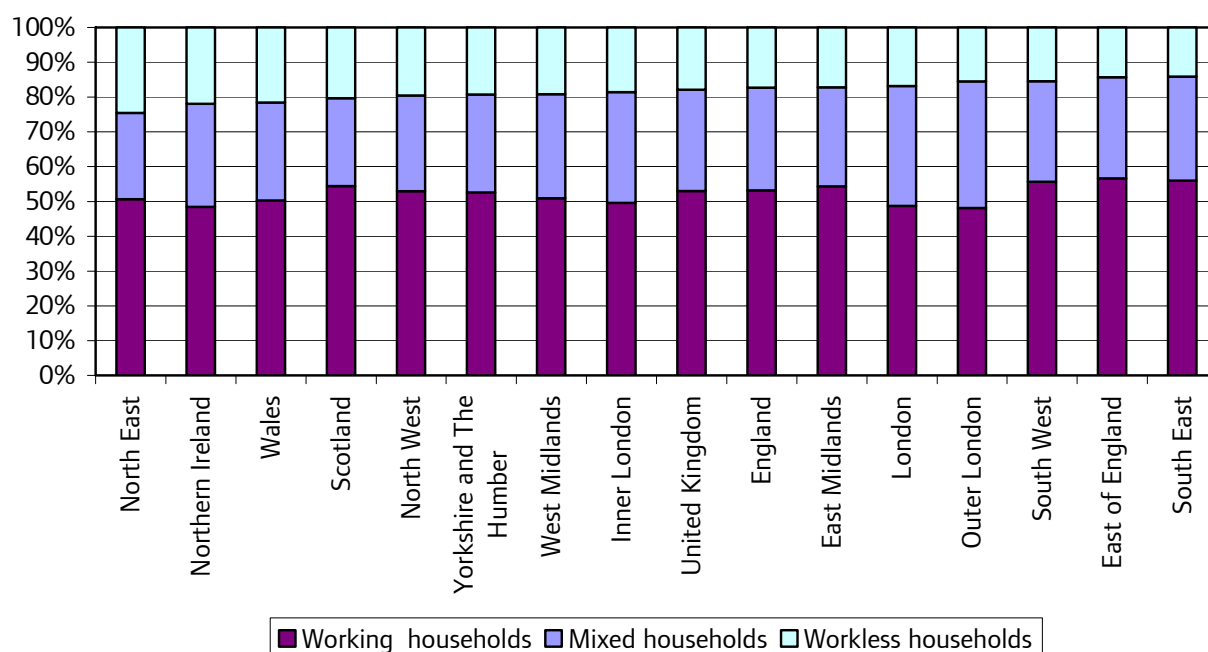
Working and workless households

In this analysis, the economic positions of all people over 16 in a household are combined to give an economic picture of households broken down into three categories; those where all those aged over 16 in

the household are in paid employment, called working households, those with one or more people working and at least one person over 16 either economically inactive or unemployed, called mixed households and those with no-one aged over 16 in paid employment, called workless households. Only those households with at least one person aged 16-64 (called working-age households) are included. It is important to bear in mind that all of these data relate to households at a point in time. There is no longitudinal information, that is, data about the same households over time. Other sources show that a very small percentage of households (around 2 per cent nationally) have no adults that have ever worked¹. More than half of these adults were under 25, and most of those were students. Reliable data for London on this is not available.

Altogether, there were estimated to be over 2.6 million working-age households in London in the second quarter of 2012. Nearly half of these were working households, that is, households where all the adults were working. This includes part-time working and self-employment, as well as full-time workers. Around two thirds of the rest were mixed households, that is, they contained both working and not working residents aged over 16. This category includes a vast range of circumstances, such as households with larger numbers of adults, with retired people, with older children (over 16) who may still be in full-time education or with one or more adults not working due to unemployment, caring responsibilities or sickness etc. Workless households may have one or more adults, and could include students, lone parents, unemployed, retired, disabled or sick adults, for example. Around one in six working-age households in London was a workless household, which is less than the UK average. Chart 1 illustrates the breakdown of households in terms of working status for all the regions of the UK.

Figure 1: Combined household economic status, by region, April to June 2012

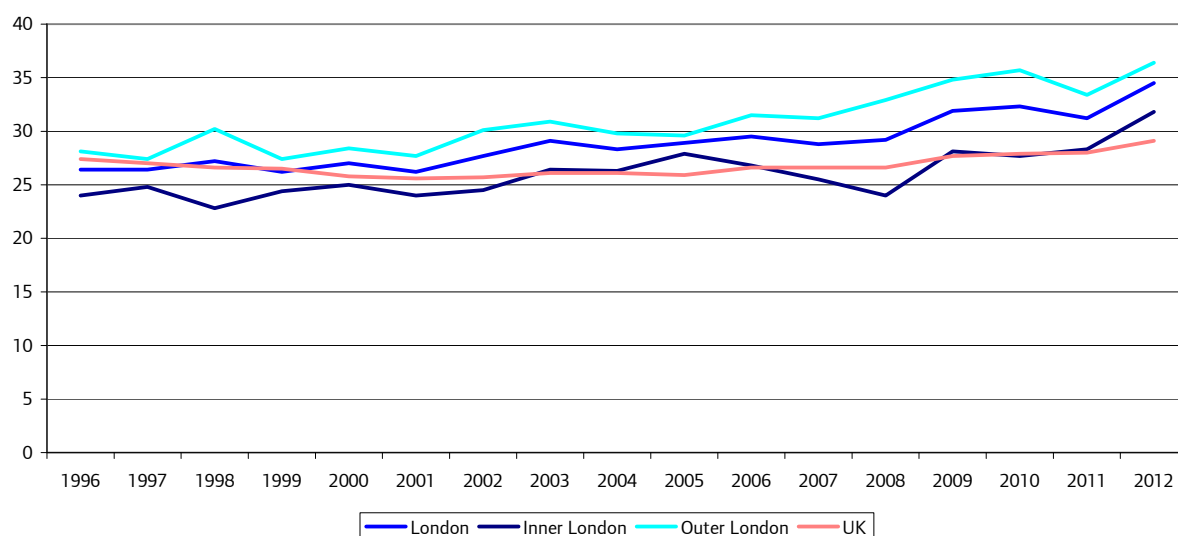


Source: Labour Force Survey, Household Dataset April-June 2012, Office for National Statistics

¹ Monitoring Poverty and Social Exclusion 2011, Joseph Rowntree Foundation

London is one of only two regions where less than half of households have all residents aged over 16 in work, but has the highest proportion of mixed households with both working and not working adults, at over one in three. This is higher than the equivalent figure for one year earlier, though because this is based on a sample survey, it is impossible to say with any confidence that the rate has increased. However, it does follow the general trend of an increasing proportion of households in this category since around 2001 in London, as shown in Chart 2, along with a much smaller increase across the UK as a whole. This growth in the proportion of mixed households is evident in both Inner and Outer London.

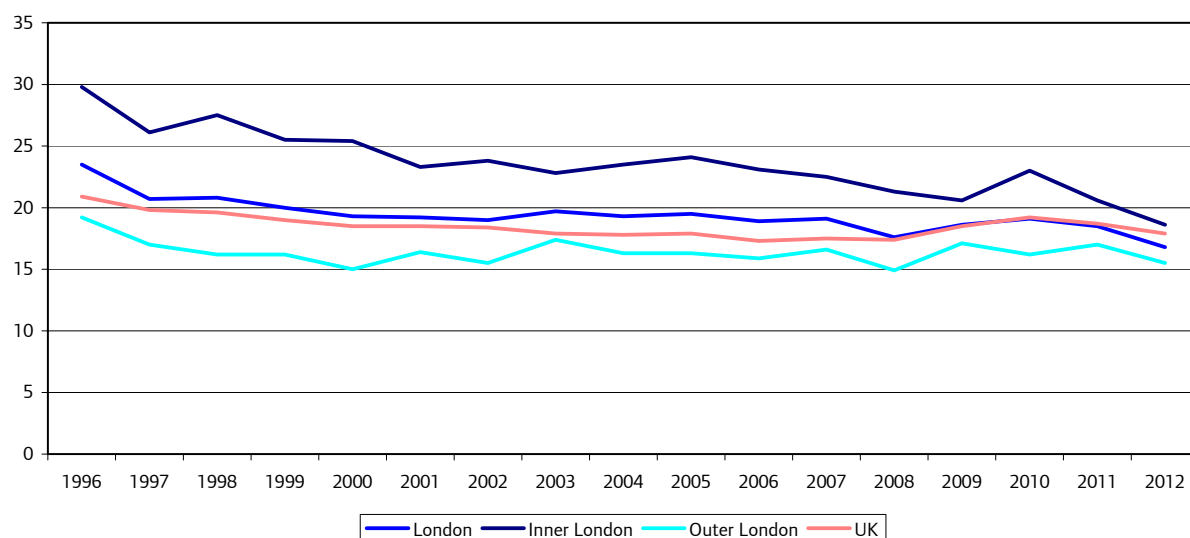
Figure 2: Mixed households rate, London and UK, 1996-2012



Labour Force Survey Household Datasets, April-June quarter 1996-2012, Office for National Statistics

Chart 3 shows how, over the same period, the proportion of workless households has decreased. The reduction is particularly marked in Inner London, from 30 per cent of all working age households in 1996 to less than 20 per cent in 2012. The decrease in Outer London has been closer to that for the UK as a whole.

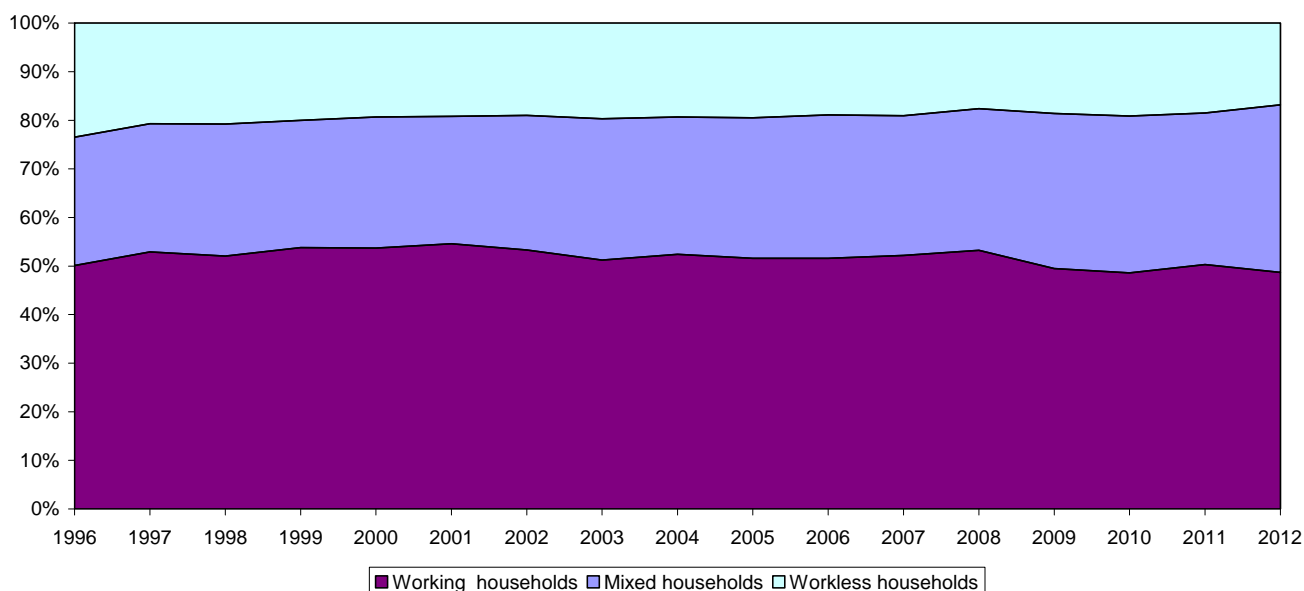
Figure 3: Workless households rate, London and UK, 1996-2012



Source: Labour Force Survey Household Datasets, April-June quarter 1996-2012, Office for National Statistics

The growth in mixed households in London has been almost completely offset by the reduction in workless households in London, with very little change in the proportion of working households overall, as shown in Chart 4. This masks a slight decrease in working households in Outer London, offset by an increase in the proportion for Inner London.

Figure 4: Household Economic Status, London, 1996-2012



Source: Labour Force Survey Household Datasets, April-June quarter 1996-2012, Office for National Statistics

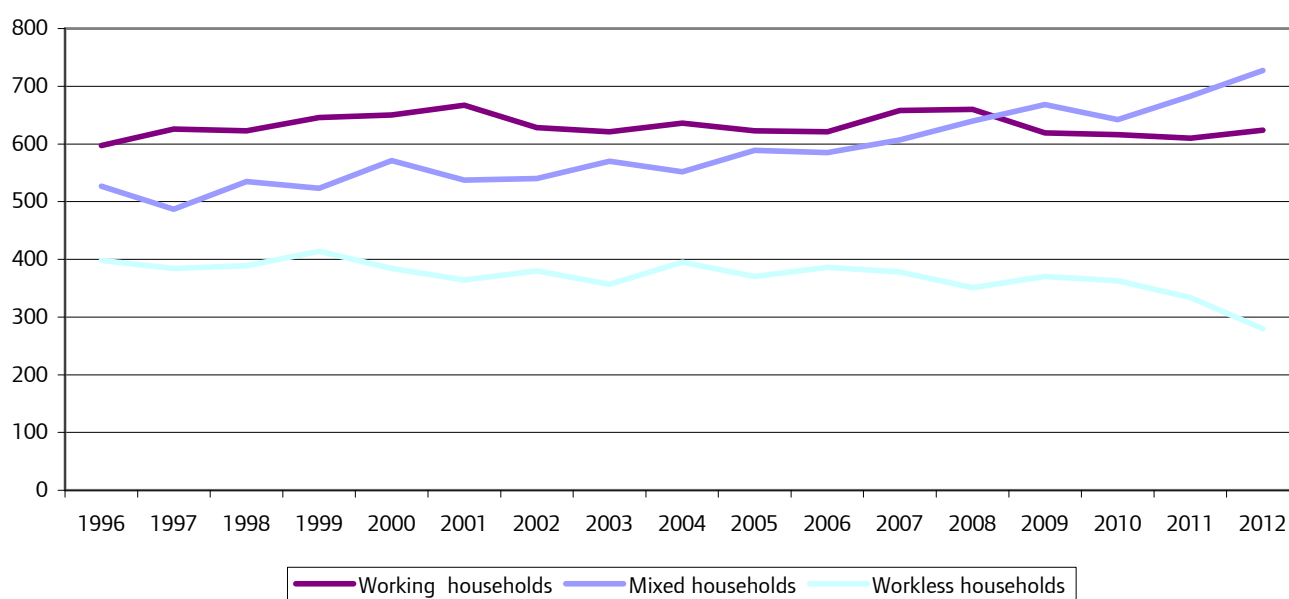
As mixed households have to include at least two adults, it is not surprising that they tend to be the larger households, with around 2.8 people aged over 16 on average in London. In contrast, both working and workless households often include just one person aged over 16, so that the average number of adults in working households is about 1.8 and in workless households is around 1.5. This means that the numbers of

people over 16 and children under 16 in households of different combined economic positions do not necessarily follow the same patterns as those for the households themselves.

Children in households by household economic status

Over the last seven years, there has been little change in the actual number of working households, the number of over 16s or the number of children in those households in London, though the proportions of all these have come down, as the number of people and households in London has increased. In contrast, both the proportions and numbers of households, adults and children in workless households appear to have fallen over the same period. Both the numbers of over 16s and children in mixed households have risen quite clearly during that time. Chart 5 shows how the change in numbers of children by the combined economic position of households is reflected over a longer period. The fall in the number and proportion of children in workless households is steeper than the fall in the proportion of workless households (illustrated in Chart 3).

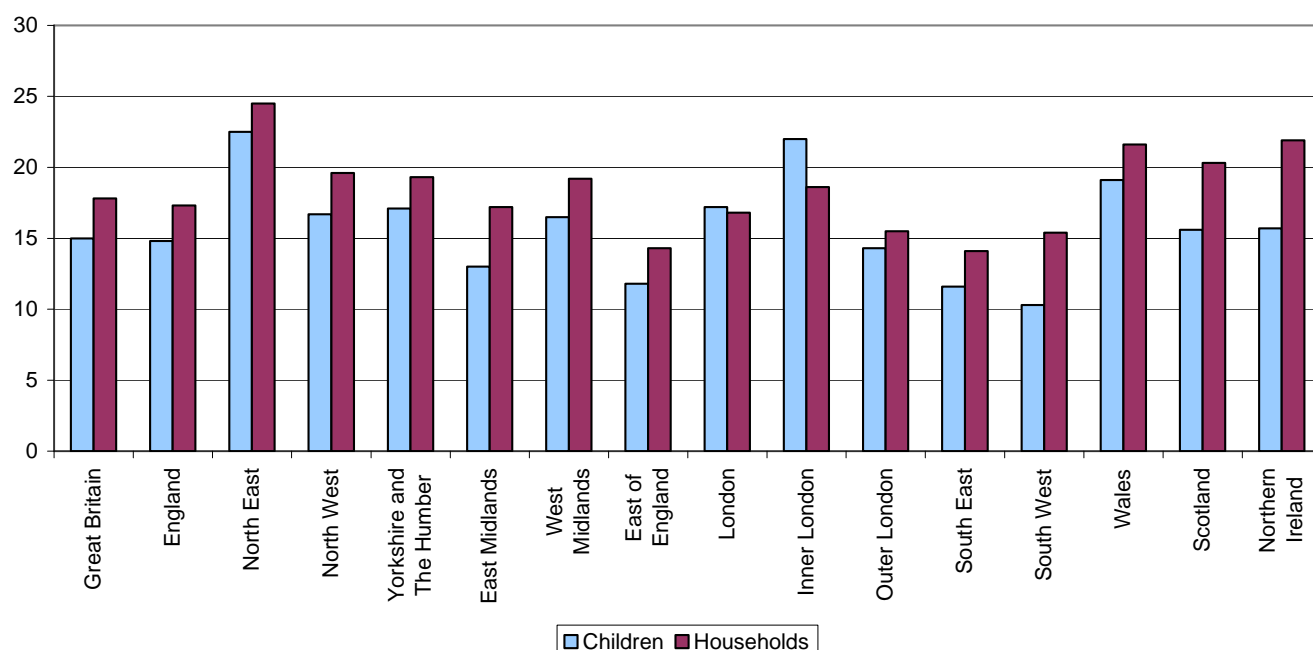
Figure 5: Numbers of children by household economic status, London, 1996-2012, thousands



Source: Labour Force Survey Household Datasets, April-June quarter 1996-2012, Office for National Statistics

Chart 6 shows that London is unlike all the other regions of the UK in that it is the only region where the proportion of workless households is not higher than the proportion of children in these households. This is entirely down to the differences in Inner London, as the Outer London pattern is similar to that in other parts of the country.

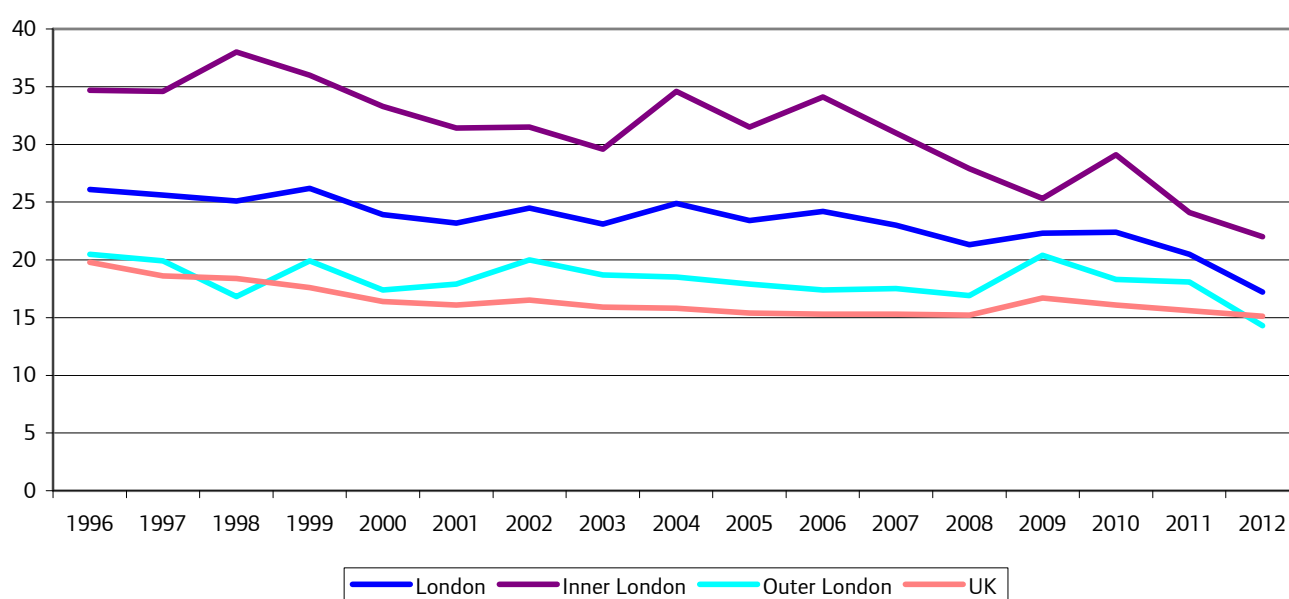
Figure 6: Percentage of workless households and children in workless households by region, 2012



Labour Force Survey, Household Dataset April-June 2012, Office for National Statistics

The proportion of children in workless households in Inner London has fallen much more sharply in Inner London than in the UK as a whole since 1996, as seen in Chart 7. This is why the difference in the proportion of workless households and children in workless households are now very close for London, with the difference for Inner London much reduced.

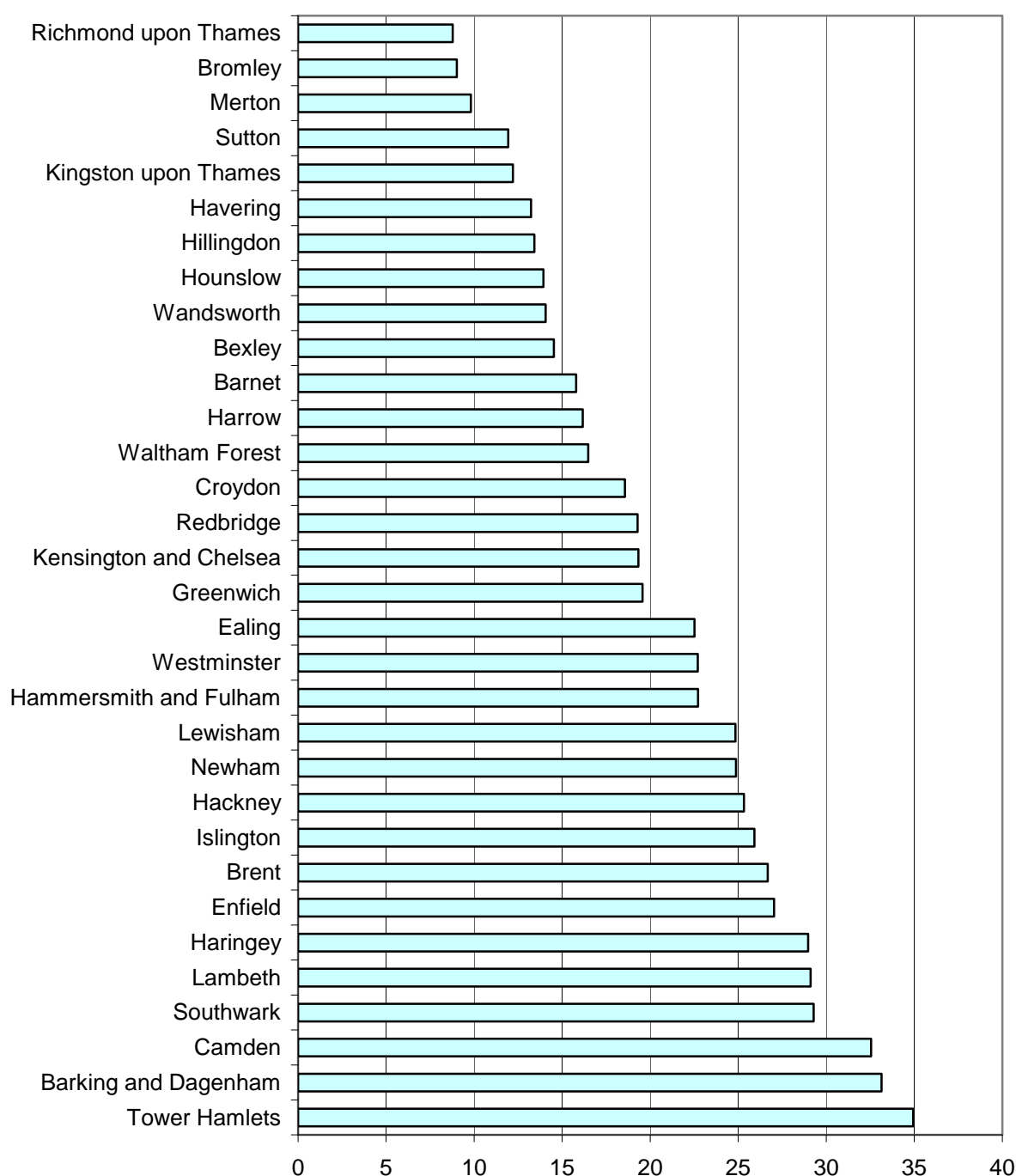
Figure 7: Percentage of children in workless households, London and UK, 1996-2012



Source: Labour Force Survey Household Datasets, April-June quarter 1996-2012, Office for National Statistics

Despite the reduction in children in workless households in Inner London, Tower Hamlets was among the local authorities with the highest proportions; one of less than a handful of authorities where more than one in three children under 16 lived in a household with no one aged over 16 in work in 2011. Chart 8 shows how Tower Hamlets, Barking & Dagenham and Camden stand out as the boroughs with the highest share of their children in workless households. In contrast, Westminster, Camden and Kensington & Chelsea are the boroughs with the highest proportions of people over 16 in workless households (over 18 per cent), while Newham, Westminster and Camden had the highest proportions of workless households (over 25 per cent).

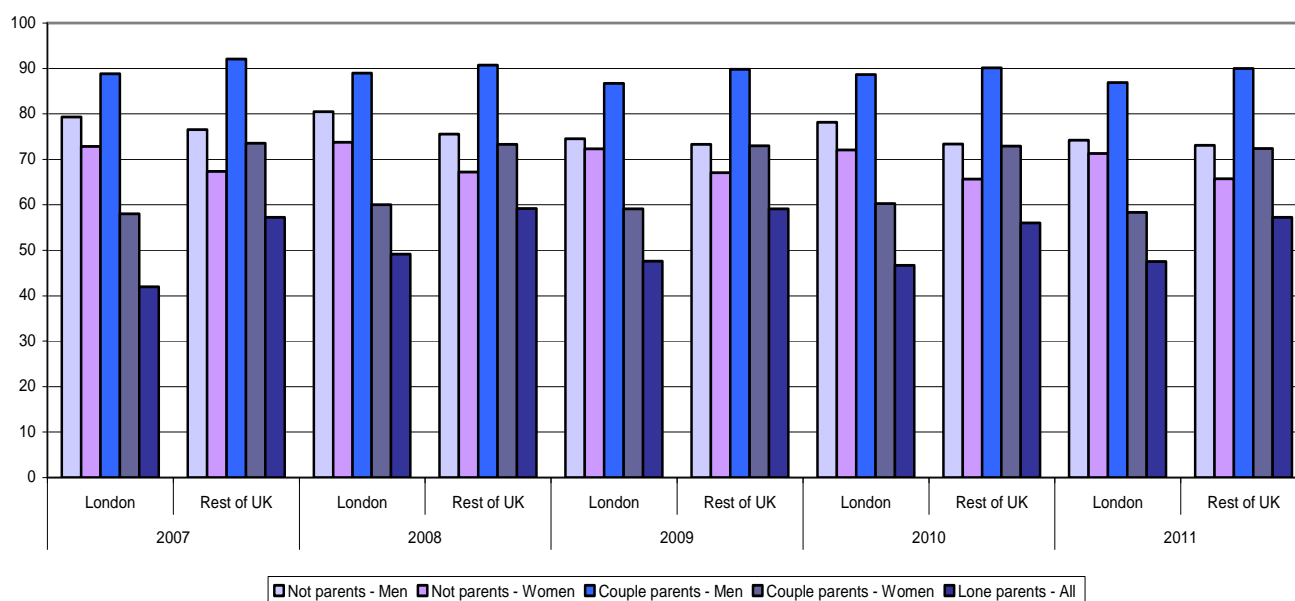
Figure 8: Percentage of children in workless households, London boroughs, Jan-Dec 2011



Source: Annual Population Survey, January - December 2011, Office for National Statistics

Given the decrease seen earlier in children in workless households, it is perhaps surprising that there has been relatively little change in parental employment rates in London over the last few years. The lone parent employment rate appears to have increased between 2007 and 2008, but to have been stable since then. The employment rate for male non-parents has decreased over the period, but for all other groups has stayed the same. These inconsistent trends could be the result of the timing of the data or possibly employment patterns of parents vary according to the number of children. It is not possible to draw any firm conclusions, but it is an area for further monitoring and research.

Figure 9: Employment rates by parental status, London, Oct-Nov 2007-2011



Source: Labour Force Survey Households Datasets, October – December quarter 2007- 2011, Office for National Statistics