

# Child poverty in London

**R**EGIONAL INCOME FIGURES show that there is no simple relationship between economic performance and the level of poverty. London – the pulse of the UK economy, with the highest GDP of any part of the UK – also has the highest regional rate of child poverty in the UK, with 39 per cent of children (some 600,000 children) living in poverty. In the 13 boroughs that make up Inner London – an area with a population similar in size to that of Wales – children are more likely to be living in poverty than not. Canary Wharf towers over one of the poorest boroughs in the country. Moreover, although child poverty in the capital is lower than at its peak in the 1990s, there has been no consistent improvement since 2000, in contrast with significant change at national level. It was in light of this lack of progress that the independent London Child Poverty Commission was established this year by the Greater London Authority (GLA) and London Councils, which represents all 33 London local authorities.<sup>1</sup>

Research for the Commission has made it clear that the staggering child poverty figures for London are not a statistical artefact arising from the way housing costs are measured, as the messages from data on income poverty are strongly consistent with those from other sources. Over a quarter of children in London are living in workless households, rising to 38 per cent in Inner London. The Government's 70 per cent employment target for lone parents continues to be challenged by slower improvement in rates in London. In 2005, only 43 per cent of lone mothers were in employment, compared with 58 per cent in the rest of the UK.

In-work poverty rates are also high as, perhaps surprisingly, families in London are much less likely to have both parents in employment than in other areas. While 70 per cent of couples nationally now have both parents working, in London this is only 56 per cent,<sup>2</sup> and only 46 per cent in Inner London, and research has conclusively shown that this is not a reflection of affluence but of deprivation.<sup>3</sup> As elsewhere in the country, income poverty in London translates directly into material deprivation. In 2002 over a half of lone-parent families and a quarter of other households with children could not afford a week's holiday away from home and similar proportions could not afford to save even £10 per month. While some of the underlying causal

The Government has committed to a series of challenging national targets on child poverty: numbers of children in poverty to be reduced by a quarter by 2004/05 (a target which was narrowly missed) and by a half by 2010/11. There are no corresponding targets at regional or local level, but there remain huge differences in child poverty levels between different parts of the UK, and reducing these differences will be key to making further progress towards the long-term objective of eliminating child poverty by 2020. How other tiers of government can contribute to meeting this aim is likely to be a major issue on the road to the 2010/11 target. Carey Oppenheim presents the challenge for London.

factors driving poverty rates may be different in London, child poverty is the same phenomenon in the capital as it is elsewhere in the country.

On broader indicators of life chances messages are more mixed. Over-crowding and very high numbers of families in temporary accommodation are growing problems, with the result that some poorer families have to move frequently disrupting schooling, links with the community and access to jobs. But indicators for educational attainment, life expectancy at birth, material deprivation and teenage pregnancies are showing improvement.

London's economy is far more successful than the poverty figures would seem to suggest – there is an apparent lack of fit between London's economic dynamism and poverty figures. How can a city which has generated 620,000 jobs in the last ten years have a child poverty rate of 39 per cent?

But drawing on the work of the Treasury,<sup>4</sup> the GLA, London Councils and academic experts, there seem to be three broad reasons for London's particularly high rates of child poverty.



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First, London's combination of high living costs (rents, childcare, transport) and highly concentrated employment may create particular barriers to work for families who are confined to lower paying jobs.

Second, for many people, London itself is just one stage in the lifecycle. Many thousands of families will move out of the capital. But these moves are largely confined to families with incomes high enough to access the private housing market. Those on lower incomes are far more likely to remain in London, living in social housing, especially if they have children.

Third, many Londoners belong to disadvantaged groups with low employment rates, including lone parents and some ethnic minority groups. London has always been a city of migrants, and in 2006 had a population unrivalled in Europe for its diversity. By no means all migrant and ethnic minority groups experience disadvantage, but outcomes for Black, Pakistani, Bangladeshi and many other groups have long been worse than for the majority population, and London has more people in these groups. Ethnic minority disadvantage at national level translates into London having lower employment, as employment rates are no better for disadvantaged groups in London than elsewhere, but they make up a much larger share of the population. Because of the younger age structure of ethnic minority populations, families are much more likely to include children, so labour market disadvantage translates into high levels of child poverty. London also has a higher percentage of lone-parent families, but employment rates in London are significantly worse than elsewhere in the country, and this seems to be largely because of fewer opportunities for part-time working – or possibly living costs in London that make part-time working unsustainable.

How has London government responded to the challenge of child poverty? The national target has often seemed somewhat remote from the concerns of regional and local tiers of government – indeed regional figures on child poverty were only published for the first time in 2000. However, over recent years child poverty has contributed to shaping the agenda for London government, including close joint working between the GLA and London Councils.

London has a unique and complex governance structure, involving a regional tier (the Mayor and the GLA Group, which includes the London Development Agency (LDA) and Transport for London), 32 boroughs and the Corporation of

London, which are collectively represented by London Councils (formerly the Association of London Government).

Among the Mayor's powers is a general power to promote economic and social development in London and specific powers on planning and regeneration, economic development and transport. The LDA is accountable to the Mayor and has a remit to tackle worklessness and child poverty through the Mayor's Economic Development Strategy. Legislation to extend the Mayor's powers, including in the areas of skills and employment and health inequalities, is currently going through Parliament.

Local authorities have a duty to promote economic, social and environmental wellbeing of local communities and, since last year, to ensure the availability of childcare provision. London boroughs have a long history of undertaking a wide range of initiatives aimed at tackling many of the individual causes of child poverty which include projects to tackle worklessness, improving affordability and access to childcare and tackling financial exclusion.<sup>5</sup> Some London boroughs, such as Hammersmith and Fulham and Enfield, are also using local area agreements to tackle child poverty in the round.

The ability of local and regional government to speak with one voice on child poverty has proved important in focussing central government's attention on London. The Mayor, the Association of London Government and the LDA have made the case that higher living costs in London were undermining the effectiveness of policies to make work pay.<sup>6</sup> One response was the introduction of the 'in-work credit' of £40 per week over the first year of employment for parents in London entering employment who have been out of work for more than one year. The decision in the 2004 *Pre-Budget Report* to increase the maximum eligible costs which can be met by the childcare element of the working tax credit to £175 a week was widely seen as a response to higher childcare costs and child poverty rates in London.

There have also been important developments in collaborative working between national, regional and local tiers of government to address child poverty. The ten-year Childcare Strategy set in train the Childcare Affordability Programme, jointly funded by the LDA and the Department for Education and Skills, a £33 million programme aiming to benefit up to 10,000 lower income families through supply-side subsidy to increase the affordability and flexibility of care. All 33 boroughs are engaged in this pro-

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gramme. From 2007, it will include pilots supporting childcare costs for lower income parents throughout the period of transition to work.

A further impetus to joint working between different tiers of government has come from the city strategy pilots in the 2006 welfare reform Green Paper. There are two pilots in London, one in the five Olympics boroughs in East London and one in West London. The pilots provide an opportunity for local and regional partners to play a much greater role in determining local service delivery for employment and skills. The two London pilots have both adopted child poverty reduction as an overarching objective, seeking to integrate employment-related services at the point of use in order to enable more parents to overcome multiple barriers to employment. It is intended that the pilots will lead to major changes in the delivery of employment services in the pilot areas and, if successful, will yield lessons that can be applied across Greater London and further.

London's higher costs pose particular challenges for the level of the minimum wage. The Living Wage Unit in GLA Economics has analysed what level of pay is the acceptable minimum in London, with a view to applying this to all GLA group contracts and promoting it more generally with employers in London. The Olympics Delivery Authority has confirmed its commitment to fair employment policies by contractors, including the living wage, as far as is legally possible.

The London 2012 Olympic and Paralympic Games presents other opportunities to improve the prospects for local families in some of the poorest areas of London. These include the Local Employment and Training Framework, under which the LDA will provide £9.5 million to fund specific initiatives in the five host boroughs. These initiatives include job brokerage and employment support services. The goal is to reduce the level of worklessness by 70,000 in London through jobs created as part of the Olympics. Employers are signing up to an Employment Accord, committing them to interviewing job-ready candidates put forward by the public sector.<sup>7</sup>

There can be no doubt that increased awareness of the problem of child poverty in London has spurred a number of important collaborative efforts between national, regional and local tiers of government as well as innovative local projects. However projects to date have tended to address parts of the problem. A strategic approach that tackles child poverty across the

capital and on all dimensions in an integrated manner has yet to be achieved. This is not due to a lack of willingness to tackle poverty on the part of London government, but rather to the difficulties of co-ordinating programmes of action across different levels in a complex set of governance structures, and of working out where child poverty fits in within existing priorities and statutory responsibilities.

It is early days to measure the success of many of the measures, but there has certainly been a shared understanding within London and with central government of the issues involved. The task of the London Child Poverty Commission is to identify policies and approaches at national, regional and local level to reduce child poverty in the capital. We have collected evidence from a wide range of local projects on effective strategies to tackle disadvantage and are developing a tool kit for local authorities to help them develop a more strategic approach to addressing child poverty at local level. Together with London Councils we will be supporting local projects from next spring which are testing out innovative approaches to address child poverty – such as working with disabled parents, women returners and lone parents. Our recent monitoring report provides a benchmark on the state of child poverty in London today. The focus of the Commission is firmly on action – practical measures which will have a sizeable impact on child poverty.

London in many ways foreshadows the future – as a global city it faces high levels of mobility, increasing domestic and international migration, greater inequality of earnings and strong pressures on housing. But it also has immense opportunities – the task is to make sure that the capital's children benefit from those opportunities to flourish and develop their full potential.<sup>8</sup> ■

Carey Oppenheim is Chair of the London Child Poverty Commission and would like to thank Addicus Cort, Declan Gaffney and Doreen Kenny for their contributions to this article.

1 London Child Poverty Commission, *Monitoring Child Poverty in London*, 2006

2 See note 1, p15

3 P Meadows, *Worklessness in London*, GLA Economics Working Paper 15, 2005

4 The Treasury, *Employment Opportunity for All*, 2005

5 As highlighted in London Council's recent survey and subsequent publication, *Tackling Child Poverty In London*, launched in November 2006.

6 Centre for Economic and Social Inclusion, *Making Work Pay in London*, 2003

7 London Employment and Skills Taskforce for 2012 Report, London Development Agency, 2006

8 See [www.Londonchildpoverty.org.uk/](http://www.Londonchildpoverty.org.uk/) for more information.

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