

10: London's socio-economic issues

10.1 Key points

- London is a thriving and highly prosperous city. It is one of the richest cities in the world, with a growing economy. But not everyone benefits equally from this prosperity, and London is also home to some of the poorest communities in the UK.
- Nationally, 10 per cent of households have gross incomes (before tax) below £215 per week, while the figure is only slightly higher in London at £231. At the other end of the scale, the top 10 per cent of households in the UK have income above £1,454 per week, compared to the higher figure of £1,945 per week in London. On this measure, London is the most unequal region in the country.
- After taking into account the higher costs of housing in London, the medians for the UK and London are close (£390 and £398 respectively). This means that almost half of London households have less disposable income after paying the essential costs for housing, than equivalent households in the rest of the UK.
- The income constraint on where to live facing Londoners can have knock-on implications for the quality of the local environment, local amenities, schools, and transport they have access to. This may in turn exacerbate the challenges of life for those on low incomes, and the opportunities to escape from poverty through social mobility.
- Poverty levels among London's population after taking account of housing are much higher in London than the UK as a whole. Up to a third of all inner London residents are in poverty by this measure and nearly a quarter of outer London residents, which is also higher than for any other UK region.
- Around 300,000 children in inner London are living in poverty (after housing costs), with a further 400,000 in outer London. The child poverty rate in inner London remains particularly high, at 46 per cent, and although the outer London child poverty rate is lower, at 33 per cent it is still higher than for any other UK region.

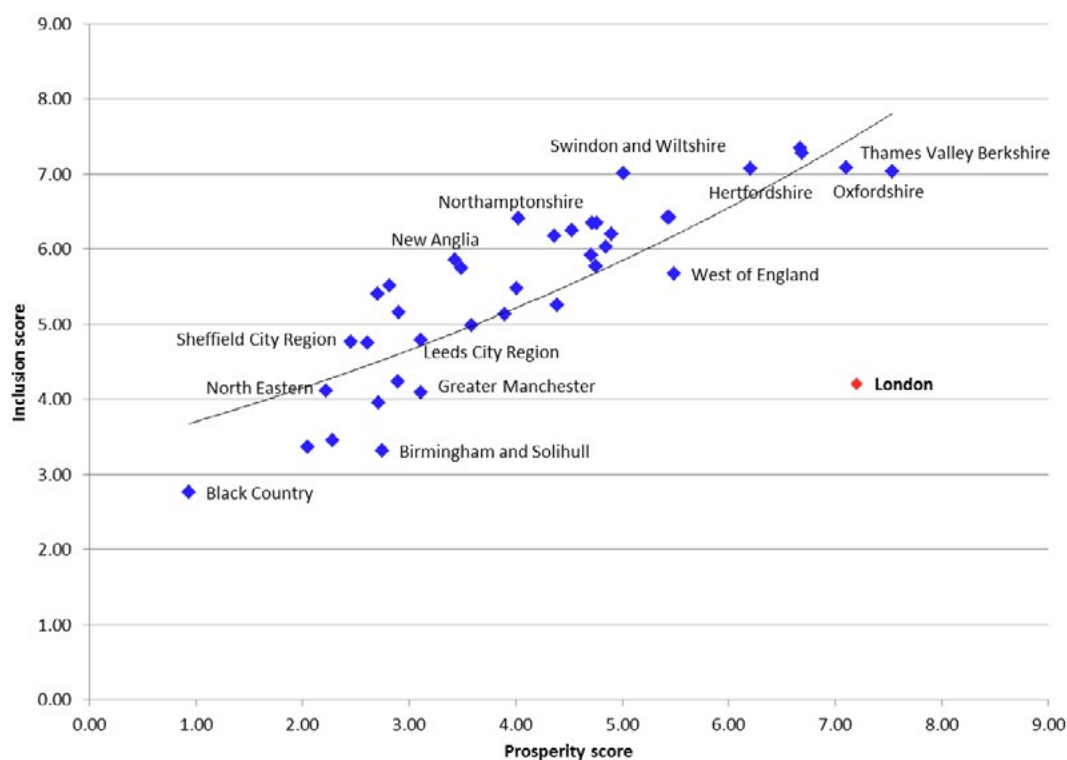
- Areas of Barking & Dagenham, Brent, Croydon, Ealing, Enfield, Hackney, Haringey, Islington, Kensington & Chelsea, Lambeth, Lewisham, Newham, Tower Hamlets, Waltham Forest and Westminster fall within the 5 per cent most deprived areas of England. The City of London and Richmond are the only local authority areas within London with no areas in the most deprived 20 per cent of England.
- The wealthiest 10 per cent of London households own more than 50 per cent of total household wealth (£775 billion), and the bottom 50 per cent own less than 10 per cent of London's total wealth (£80 billion). This is slightly more skewed than in Great Britain as a whole where the richest 10 per cent own 45 per cent of total wealth. As with the distribution of income, there are also extreme differences in wealth among the top 10 per cent. According to the 2016 Sunday Times Rich List, 77 of the UK's 120 billionaires live in London.
- A slim majority of Londoners (53 per cent) consider the capital to be a 'fair city', and there is some evidence that London performs relatively better in terms of educational attainment among disadvantaged groups.
- There is a correlation between socio-economic inequalities and health inequalities in London; health outcomes differ between different population groups and by location as well as when broken down by educational attainment, housing tenure and employment status.
- Average life expectancy at birth in London is slightly higher than the English average for both males (80.3 vs. 79.5) and females (84.2 vs. 83.2), and rates of mortality from preventable causes are declining, albeit more slowly than in earlier periods. London however faces certain health issues that are unique in England. Around two fifths (43 per cent) of all people living with diagnosed HIV in the UK live in London, and London accounts for two in every five cases of tuberculosis in England. Many Londoners are also affected by a mental health disorder, with two million people in the capital estimated to experience some form of mental ill health every year.
- On average, Londoners also reported the lowest levels of life satisfaction, worthwhileness and happiness and the highest anxiety rating of any UK region. In 2015/16, London's average anxiety rating was 3.04, in statistical terms - significantly higher than the England average of 2.87. Londoners rated themselves as feeling relatively less satisfied with their life nowadays - giving an average score of 7.51 out of 10, again statistically speaking - significantly lower than the UK average of 7.65. These average figures can however mask differences in the share of respondents who report low levels of personal wellbeing (or high levels of anxiety) that may be of particular concern.
- Nationally, the likelihood of being a victim of a crime, as measured by the Crime Survey for England and Wales, has fallen significantly over time. The overall levels of victim-based crime in London have also been falling in the last seven years, indicating a shift in criminality towards online and other electronic crimes. Particular areas of London are more vulnerable to crime and issues of community cohesion.

10.2 Introduction

London is a thriving and highly prosperous city. It is one of the richest cities in the world, with a growing economy (see Chapter 1). But not everyone benefits equally from this prosperity, and London is also home to some of the poorest communities in the UK. Chapter 8 highlights the diversity of London's population, and Chapter 9 draws out issues of labour market exclusion: higher rates of unemployment, inactivity and worklessness among different groups and communities, while also highlighting the divergences in educational attainment.

Analysis for the Joseph Rowntree Foundation¹ provides a composite measure of prosperity and inclusion across the country's local enterprise partnership (LEP) areas. This takes account of measures of output, earnings and growth (prosperity) and charts this alongside measures of income, living costs and labour market exclusion (inclusion indicators). Across the country, Figure 10.1 shows that – on the whole – there is a general trend whereby increased economic prosperity is associated with better economic outcomes for its residents. London instead appears as an outlier: scoring highly in terms of prosperity but relatively low in terms of inclusion.

Figure 10.1: Inclusive growth monitor by Local Enterprise Partnership area

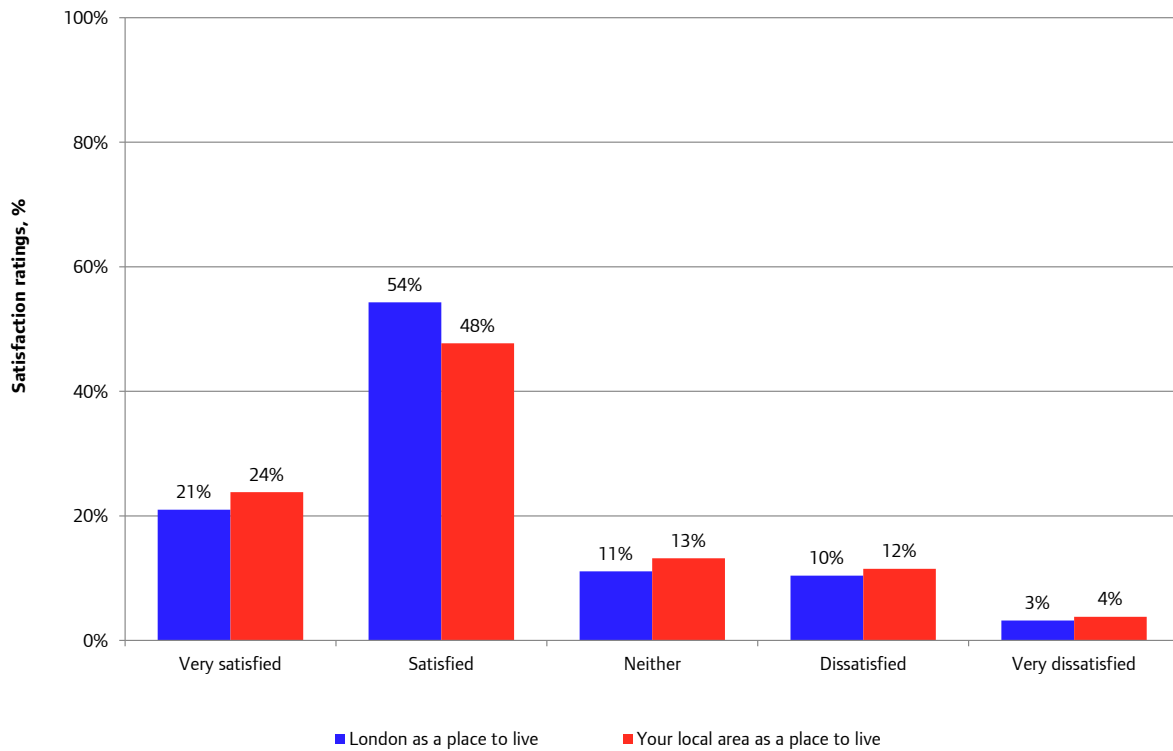


Source: Joseph Rowntree Foundation, *Inclusive Growth Monitor*, 2015

Londoners' unease about a number of issues has recently been raised in GLA polling and although a number of these issues are dealt with elsewhere in the report, some of these are socio-economic and have yet to be examined. This chapter provides a brief overview of some of London's socio-economic characteristics that were not covered elsewhere in this report. The main focus is on those factors that impact directly on individual Londoners, their families or groups of Londoners, beyond the aggregate impact these issues may have on the London economy as a whole.

Based on a survey of 3,861 London adults, the 2015 Annual London Survey² found that a majority of Londoners surveyed (75 per cent) were either 'satisfied' or 'very satisfied' with London as a place to live, with 13 per cent 'dissatisfied' or 'very dissatisfied'. In terms of the local area, Londoners were also largely positive with 72 per cent satisfied or very satisfied (Figure 10.2).

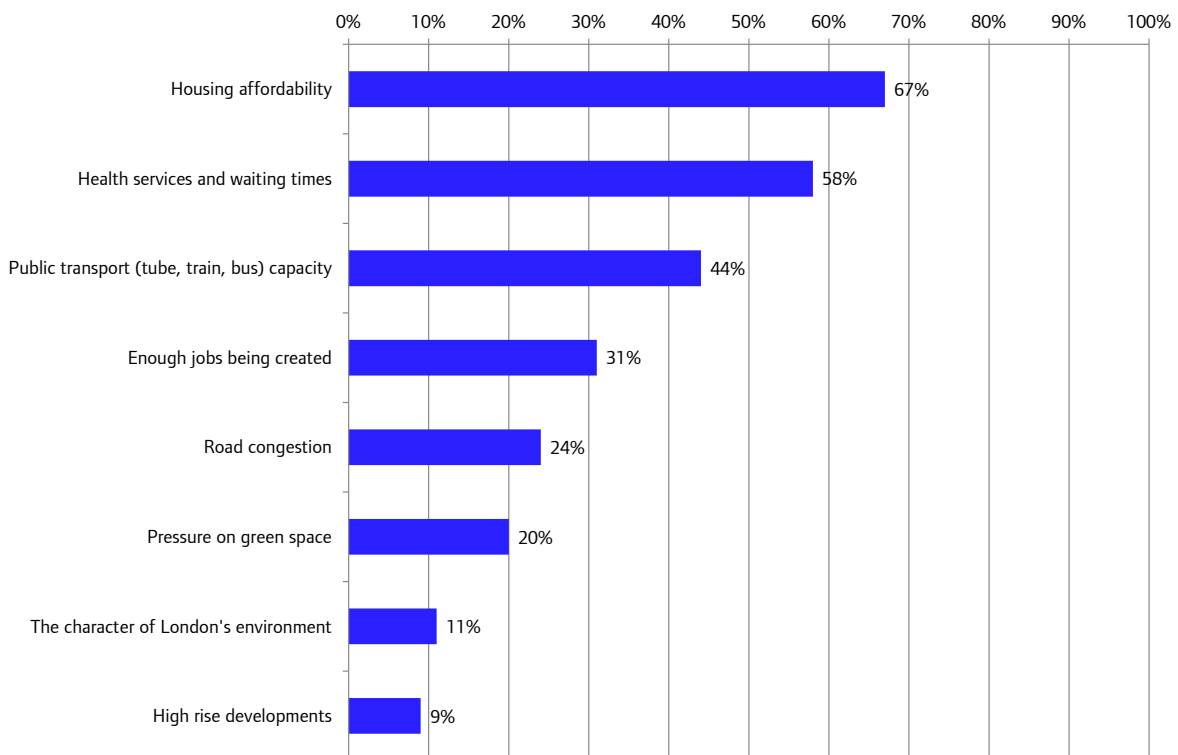
Figure 10.2 Satisfaction ratings among adult Londoners



Source: GLA Intelligence Unit, Annual London Survey 2015

London’s population growth (reported in Chapter 8) is one area in which London residents may have concerns. Based on a poll of 1,003 Londoners in March 2015, the top areas of concern in this regard related to pressure on infrastructure – particularly housing, health services and transport (Figure 10.3). Evidence on transport overcrowding has been presented in Chapter 6, along with other pressures considered in relation to risks for businesses.

Figure 10.3: Londoners’ top areas of concern regarding population growth³



Source: GLA Intelligence Unit polling, March 2015⁴

This chapter looks further into the socio-economic outcomes for Londoners, and the issues they face in more detail.

10.3 Affordability and the costs of living

This section looks at issues around the affordability of living and working in London. Concerns about the affordability of London often revolve around London's economic competitiveness which is then linked to a number of policy priorities. Many of these policies have an underlying objective of achieving sustained economic growth, both in absolute terms and per capita. The other major basis for policy is derived from equity concerns and the potential for ever increasing income and/or wealth inequality being perceived as a source of reputational risk to London. Equally important is the impact on the individual, families or communities directly affected.

Affordability is, for most purposes, dependent on the resources available (usually measured in terms of income) and the costs of the good or service. It is often contingent on a complex balance of resources and needs. Affordability can also be considered from different aspects – business, the overall economic viewpoint or from the household perspective. This section of the chapter looks at the last of these, with the other aspects being covered elsewhere in the report.

10.3.1 Household incomes

Household income is itself a difficult concept. Generally it includes income for all individuals within the household from all sources: earnings (including from self-employment); pensions and investments (including property); benefits and other sources such as maintenance payments; educational grants; and ad hoc income, for example, royalties, income from odd jobs such as babysitting, etc. The total may also include the value of certain payments in kind, such as free school meals, or free TV licences for those aged over 75. This is further complicated by whether this is calculated before deductions such as taxes, pension contributions, and maintenance payments are made.

In addition to variation around sources of income, household characteristics make a big contribution to affordability issues, as the necessary costs vary. To measure the potential living standard of a household, the number and age of the individuals within that household are incorporated with the income information through a process called equivalisation. This makes it possible to compare incomes of individuals living alone with larger households on a consistent basis.

For this analysis, various definitions are therefore used:

- Gross income is all income from all sources, including the value of state-funded payments in kind (but not including the “subsidised” element of social rent).
- Net income before housing costs (BHC) is the gross income as above, less direct taxes, including council tax, pension contributions, housing benefit payments and also deducting transfer payments made, such as maintenance for children or support for students living elsewhere.⁵
- Net income after housing costs (AHC) is the net income BHC less certain housing costs including rent, mortgage interest payments (but not capital repayment), water charges, service charges and structural insurance premiums.

The last of these measures captures both living standards and the question of affordability, with households occupying different types of accommodation depending on their resources. For the most part, people with higher incomes live in better quality accommodation, with more space, in areas considered more desirable, all of which tends to make housing more expensive while those on lower incomes have much reduced options in terms of housing. To the extent that households exercise a degree of choice over housing cost and quality, BHC income measures can be used to understand changes in living standards across the population as a whole.⁶

10.3.1.1 Income distribution

Table 10.1 shows the average figures (mean and median) for gross household income in London and the UK, along with distributional figures for each decile. Nationally, 10 per cent of households have gross incomes (before tax) below £215 per week, while the figure is only slightly higher in London at £231. At the other end of the scale, the top 10 per cent of households in the UK have income above £1,454 per week, compared to the higher figure of £1,945 per week in London. On this measure, London is the most unequal region in the country.

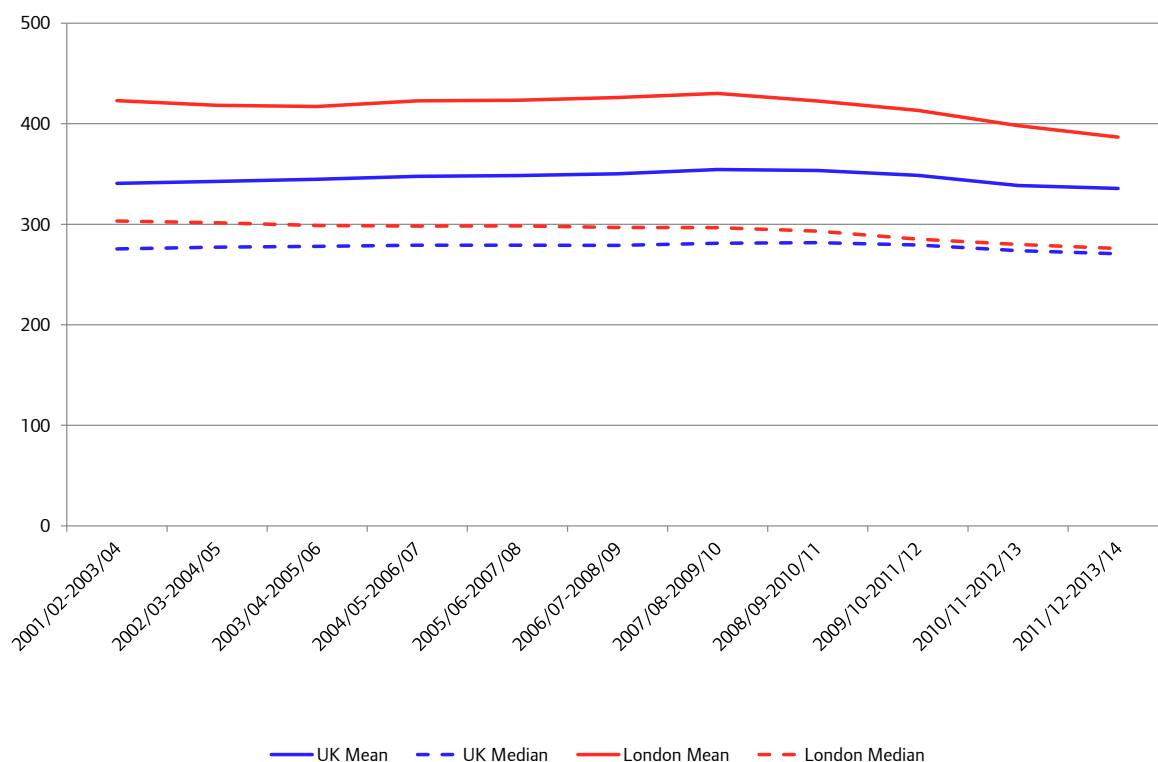
Table 10.1: The distribution of household income in London and the UK, £ per week

	London				UK			
	Gross household income	Equivalised gross household income	Equivalised net household income BHC	Equivalised net household income AHC	Gross household income	Equivalised gross household income	Equivalised net household income BHC	Equivalised net household income AHC
Mean	1,035	942	677	557	787	726	549	484
Median	679	620	508	398	568	543	447	390
Deciles								
1	231	270	230	113	215	259	227	154
2	334	350	304	193	294	328	289	226
3	428	427	367	250	372	390	339	277
4	548	522	433	316	461	459	390	330
5	679	620	508	398	568	543	447	390
6	850	778	600	491	694	641	513	457
7	1,071	972	718	602	850	770	595	537
8	1,358	1,216	878	759	1,067	950	707	646
9	1,945	1,690	1,163	1,049	1,454	1,264	910	846

Source: DWP Family Resources Survey, 2011/12-2013/14 (three year average)⁷, all households, adjusted for inflation using ONS RPI All Prices Index

After equivalisation, the disparities in the gross household incomes between the UK and London figures are smaller, reflecting the fact that London households generally have more people. Once taxes and transfer payments are taken into account (in the net income measure BHC) differences at the lower end of the distribution between London and UK have all but disappeared. The average net income figures for London remain higher than those in the UK however as a result of the number of very high earners in the capital.

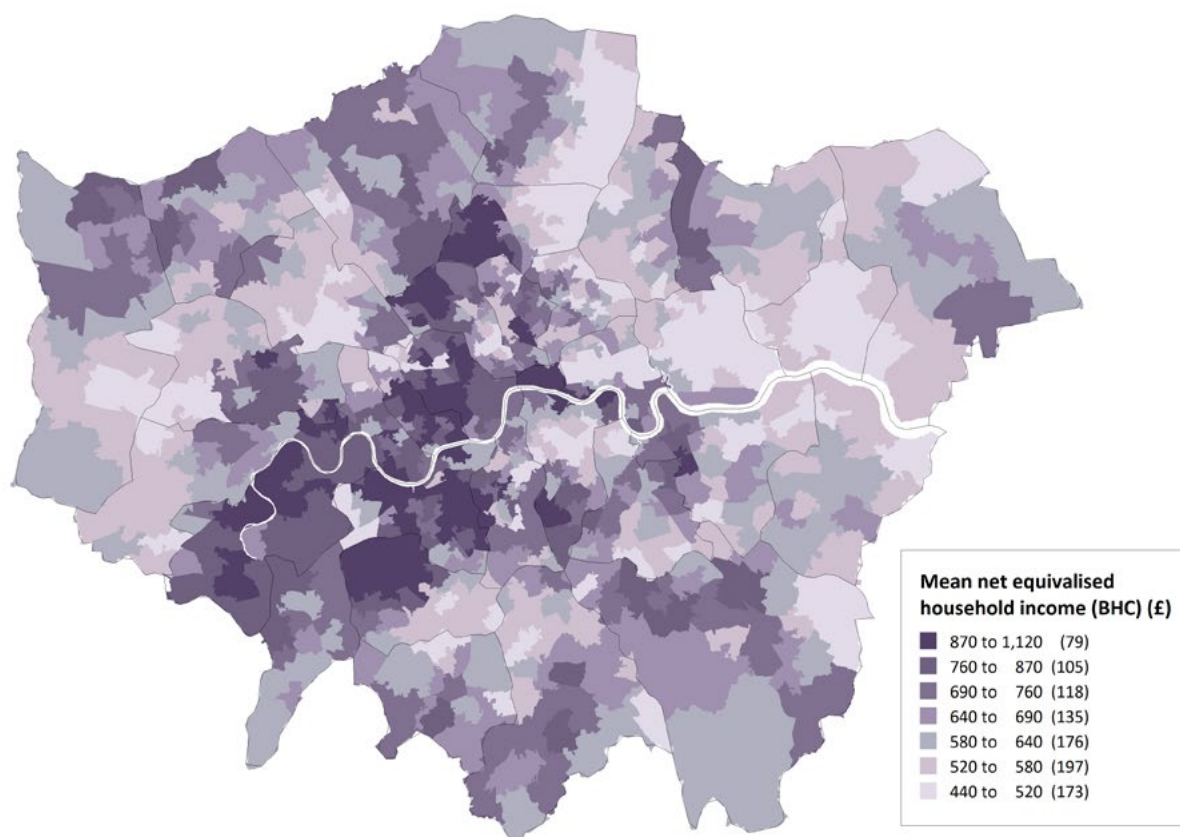
After taking into account the higher costs of housing in London, the medians for the UK and London are close (£390 and £398 respectively). This means that almost half of London households have less disposable income after paying the costs for housing, than equivalent households in the rest of the UK. Figure 10.4 shows the evolution of London and the UK's median and mean AHC incomes overtime and highlights the convergence that has occurred with median incomes. The mean for London however remains considerably higher than the UK average due to the greater levels of income inequality in London.

Figure 10.4: Mean and median equivalised household income AHC, London and UK

Source: Family Resources Survey (3-year averages), net household income adjusted for inflation using ONS RPI all prices index, and equivalised to account for household size.

Table 10.1 also shows that London households below the median have lower disposable incomes than their counterparts in the UK as a whole. Disposable income levels (after housing costs) in the bottom decile within London is less than three quarters of the figure for the whole of the UK. Ten per cent of households have net incomes AHC of less than the equivalent of £113 per week, compared to £154 per week among the bottom decile in the UK as a whole.

Across London, there is also considerable disparity in income levels across local areas. Map 10.1 shows how the mean equivalised net income varies across London, before housing costs. This shows that although the areas that are richer on average, are generally in the west of London, the pattern is dispersed. Several boroughs, such as Wandsworth, Kensington and Chelsea, Lambeth and Southwark, each include small areas with average net income of over £1,000 per household per week, as well as areas where the average net income is less than £500 per household per week. In contrast, there are few areas in east London with high average incomes. No areas in Barking & Dagenham have an average net equivalised income above £600, with only five of the 22 areas in the borough exceeding average incomes of £525 per week.

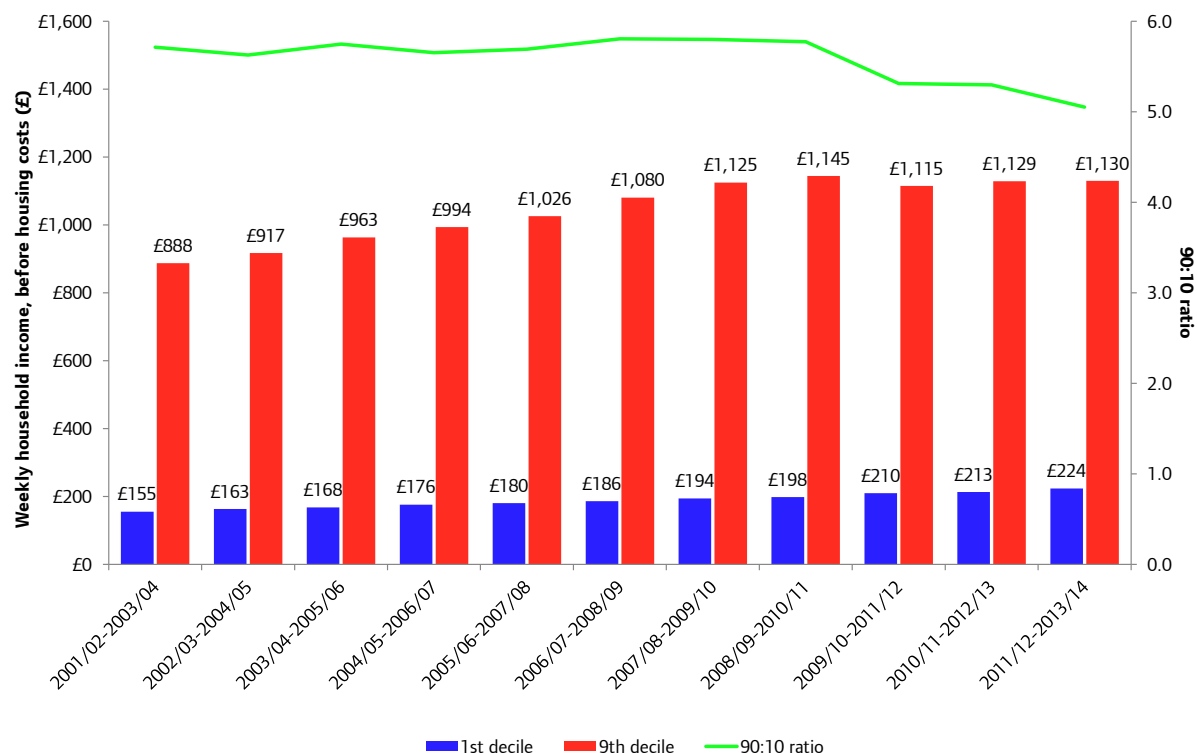
Map 10.1: Mean equivalised household income (BHC) within London (MSOAs)

Source: ONS Small Area Income Estimates 2011/12

The inequality of income levels across London is further illustrated by the change over time. Figure 10.5 shows that the absolute gap between incomes for the top and bottom 10 per cent of London's income distribution (BHC) has increased from the early 2000s to the start of this decade. The relatively faster rate of incomes growth among the lowest decile however means that this gap has decreased in percentage terms, as increases in weekly incomes at the top of the distribution seem to have stalled since around 2009/10. As a result, the 90:10 ratio (the ratio of income at the 90th percentile to income at the 10th percentile), has fallen from 5.7 to 5.0.

While this measure takes account of overall increases in the price level (measured here in terms of the retail price index, RPI)⁸, the living standards of low income households over this period may have been adversely affected by increases in the costs of living, over and above the rate of inflation. For example, sections 10.3.2 and 10.3.3 highlight that the costs of certain essentials such as housing and energy, which have seen fast price rises, tend to make up a greater proportion of low income households' spending.

This measure is also insensitive to changes in inequality between those with the very highest incomes and the rest of the population. Due to limitations in the data, it is not possible to observe the changes in very high incomes in London. However evidence from the Institute for Fiscal Studies shows that incomes among the top 1 per cent (or 99th percentile) in the UK have grown much faster than the rest of the population over the last 25 years.⁹ This is compatible with the trends towards a greater concentration of wealth in London among extremely high net worth individuals observed in section 10.5.1.

Figure 10.5: The distribution of nominal household income (BHC) in London, 2001-2014

Source: Family Resources Survey (3-year averages), net household income (before housing costs) equivalised to account for household size.

There is also vast inequality within the top 10 per cent of incomes that is not fully captured by the household survey data. Data for the UK as a whole on taxpayers' income from HMRC¹⁰ reveals, for example, that those taxpayers in the 99th percentile of incomes (the top 1 per cent) had gross incomes more than three times greater (£159,000) than those at the 90th percentile (£50,600). This is more than seven times that of the median taxpayer (£21,900).

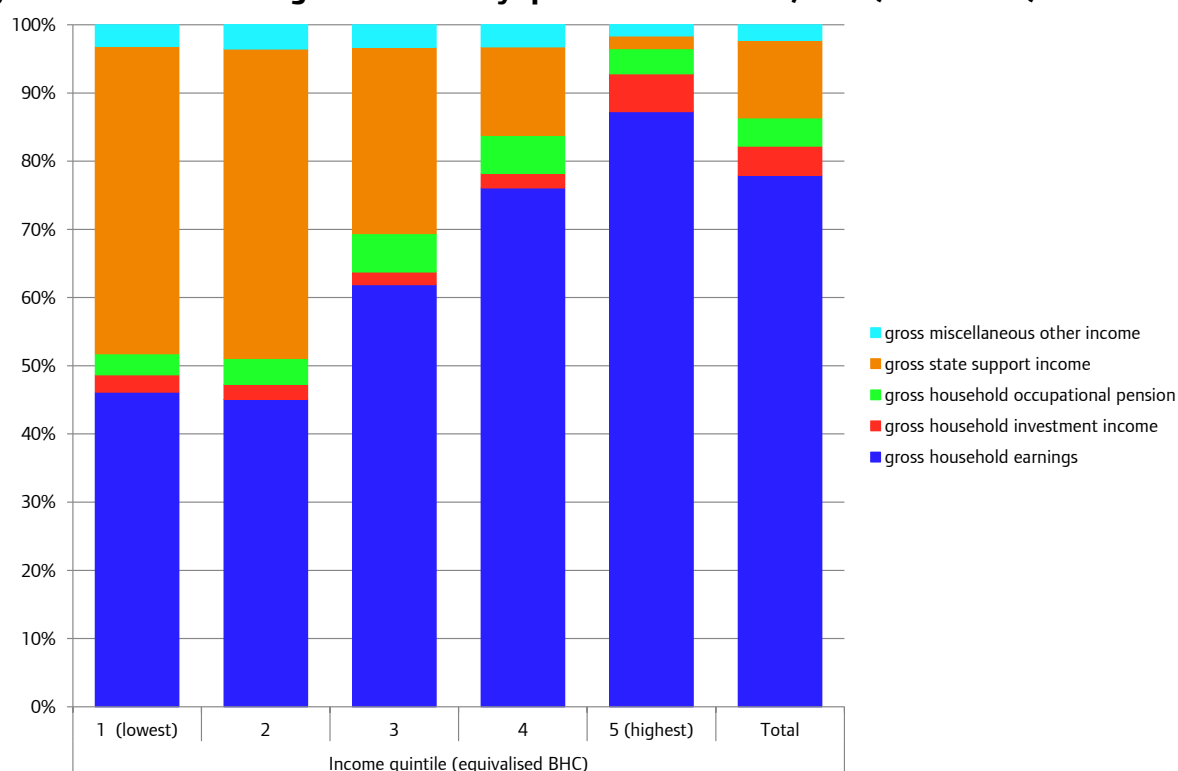
10.3.1.2 Sources of income

On average across all of London's households, earnings made up 78 per cent of gross income in 2011/12-2013/14, making this by far the largest source of income. This compares to 70 per cent across the UK as a whole, where there are more retired households. In London, a further 11 per cent comes from state support in the form of state pension, child benefit, means-tested support for those who are out of work or on low incomes, disability and other welfare benefits. Investments and occupational pensions accounted for a further 8 per cent of the total (see Figure 10.6).

This distribution varies widely by household type and by income level. Nationally, income for households with children comes overwhelmingly from earnings (over 80 per cent), with less than 15 per cent from state support. Households with pensioners but no children have a much higher proportion of income from state support, occupational pensions and investments; though around 20 per cent of income of all households with pensioners was from earnings, with a quarter of income deriving from occupational pensions and over 10 per cent from other investments. Among pensioner households in the lowest fifth of the income distribution, close to 80 per cent of income was from state support, whereas in the highest income category, this made up less than 20 per cent of their total income.

Figure 10.6 looks at income sources among equivalised London households. This shows that those in the two lowest national income quintiles have roughly equal amounts coming from earnings (46 per cent) as they do from state support (45 per cent). Since London has fewer households at the lower end of the income scale compared to other parts of the country, each of these national quintiles accounts for 16 per cent of all London's households. As incomes rise, earnings account for an increasingly larger share, with 87 per cent of gross incomes coming from earnings among those in the top income quintile and 2 per cent from state support. This reflects both the relatively high proportion of London's households in this highest quintile nationally (29 per cent) and the very high earnings of some households at the highest end of the income distribution.

Figure 10.6: Sources of gross income by quintiles in London, 2011/12 – 2013/14



Source: Family Resources Survey 2011/12-2013/14, Department for Work and Pensions

Different rates of real income growth from these sources will have different impacts across different groups. Research for the UK as a whole from the Institute for Fiscal Studies¹¹, for example, shows that real median incomes (AHC), among those aged 22-59 years old, remained below their 2007/08 pre-recession levels in 2014/15. This trend is identified as being worst among the youngest adults (aged 22 to 30), for whom median incomes are still 9 per cent below their 2007/08 level, as a result of 'weaker labour market outcomes' for this age group since the recession. Real median incomes (AHC) among those aged 60 and over have instead risen by around 9 per cent. Growth in incomes among older households has instead been driven by 'strong growth in pensioner benefits... real growth in private pensions, as well as increases in employment among older people'.

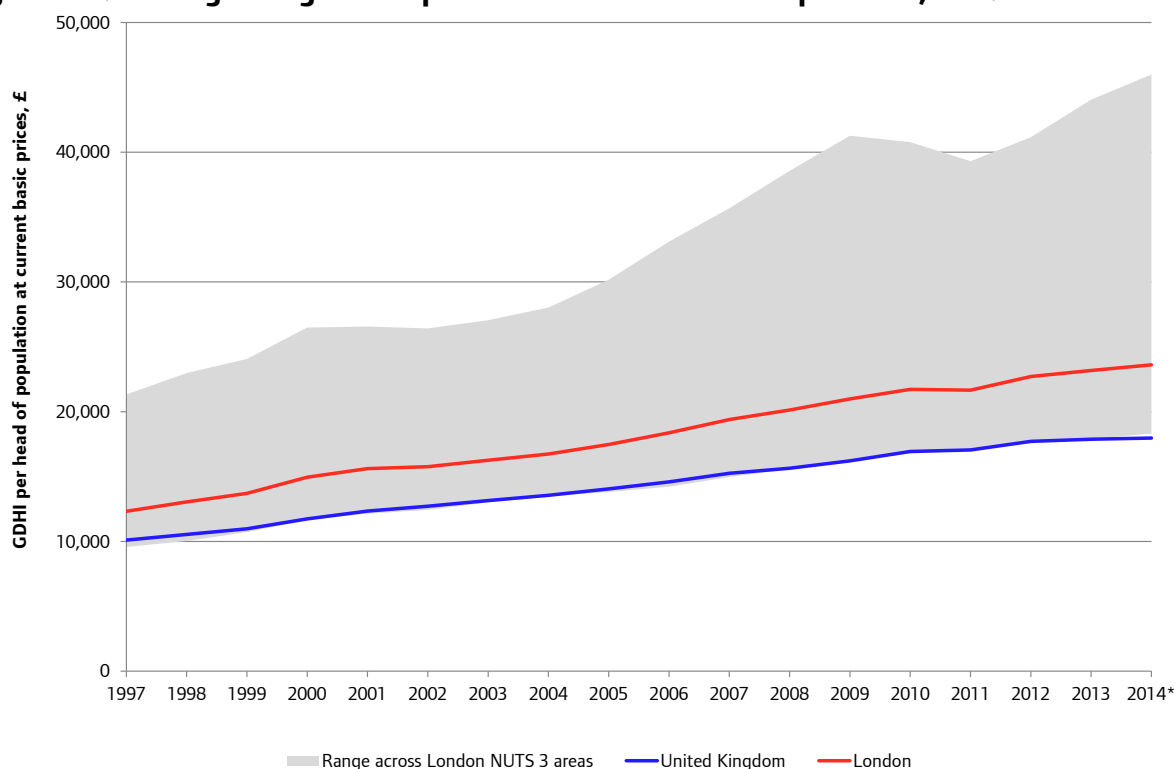
10.3.1.3 Changes in gross disposable household income

In order to understand how changes in taxation, national insurance and benefits have impacted on the amount of money that is available for spending or saving by Londoners, we can look at the official measures of Gross Disposable Household Income (GDHI).¹²

Based on the provisional ONS estimates for 2014, London had the highest GDHI per head of population, with each person on average having £23,607 available to save or spend. This amounted to 17.4 per cent of total UK GDHI, up from 14.7 per cent in 1997. The equivalent figure for the UK as a whole in 2014 was an average of £17,965 per head. Figure 10.7 shows that the gap in average GDHI per head between London and the UK as a whole has grown larger in each year since 1997, with the exception of 2011.

It also shows an increasingly wide range of GDHI per head values across different NUTS3 areas of London. The London areas with the highest GDHI per head (Camden and City of London until 2010, Kensington and Chelsea and Hammersmith and Fulham thereafter) had between 2 and 2.5 times the incomes available than those in the areas with the lowest GDHI per head (Lewisham and Southwark until 2005, Barking and Dagenham and Havering thereafter).

Figure 10.7: Changes to gross disposable household income per head, 1997-2014



Source: ONS Regional GDHI 1997-2014. Notes: data for 2014 are provisional.

10.3.2 Housing affordability

Housing typically represents the largest expense for households in London, either through the costs of a mortgage, rent or the costs of its upkeep and servicing. If housing is unaffordable for many, this can negatively affect London's ability to attract workers. This may be a particular concern for those on fixed incomes or performing public service duties. Long-term trends in the price of housing and the risks to London's economy associated with high housing costs are considered separately in Chapters 4 and 6 respectively.

From a socio-economic perspective, the income constraint on where to live facing Londoners (and its would-be residents) can also have knock-on implications for the quality of the local environment, local amenities, schools, and transport they have access to. This may in turn exacerbate the challenges of life for those on low incomes, and the opportunities to escape from poverty through social mobility.

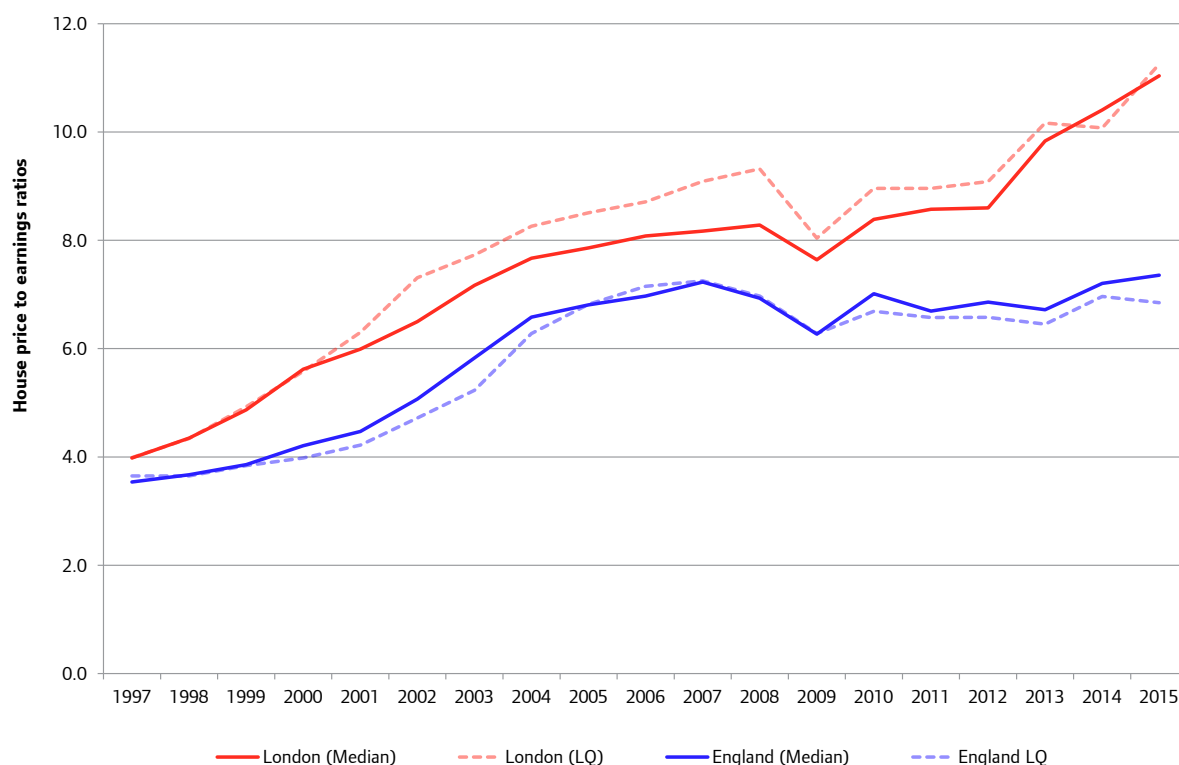
10.3.2.1 Owner occupation

As already highlighted in Chapter 4, house prices in London are high and have been rising. This means rising costs for the majority of households. The median house price for property sold in London in 2015 was £400,000, compared to £212,000 across England as a whole.¹³ This compares to full time median earnings of around £35,000 for workers in London, compared to a median of £28,000 across England.¹⁴

While earnings for full-time workers in London have increased by an average of 3 per cent per year since 1997, house prices have increased by almost 10 per cent per year in the same period. As a result, Figure 10.8 shows that the ratio of median house prices to earnings in London has been steadily increasing over time – with house prices around 11 times median earnings in London in 2015, compared to about 4 times earnings in 1997. In England as a whole, house prices have instead remained at around 7 times earnings over the past 10 years.

Lower quartile price to earnings ratios can instead provide an indication of the entry level house price, typically purchased by first-time buyers. Affordability on this measure is broadly similar, with house prices at this level also around 11 times earnings of those earning at the 25th percentile in London. Previous research by GLA Economics to investigate affordability for residents, higher earners or those with joint incomes, also echoes these findings that those seeking to live or work in London are required to increasingly spend more as a multiple of their income on housing than elsewhere.¹⁵

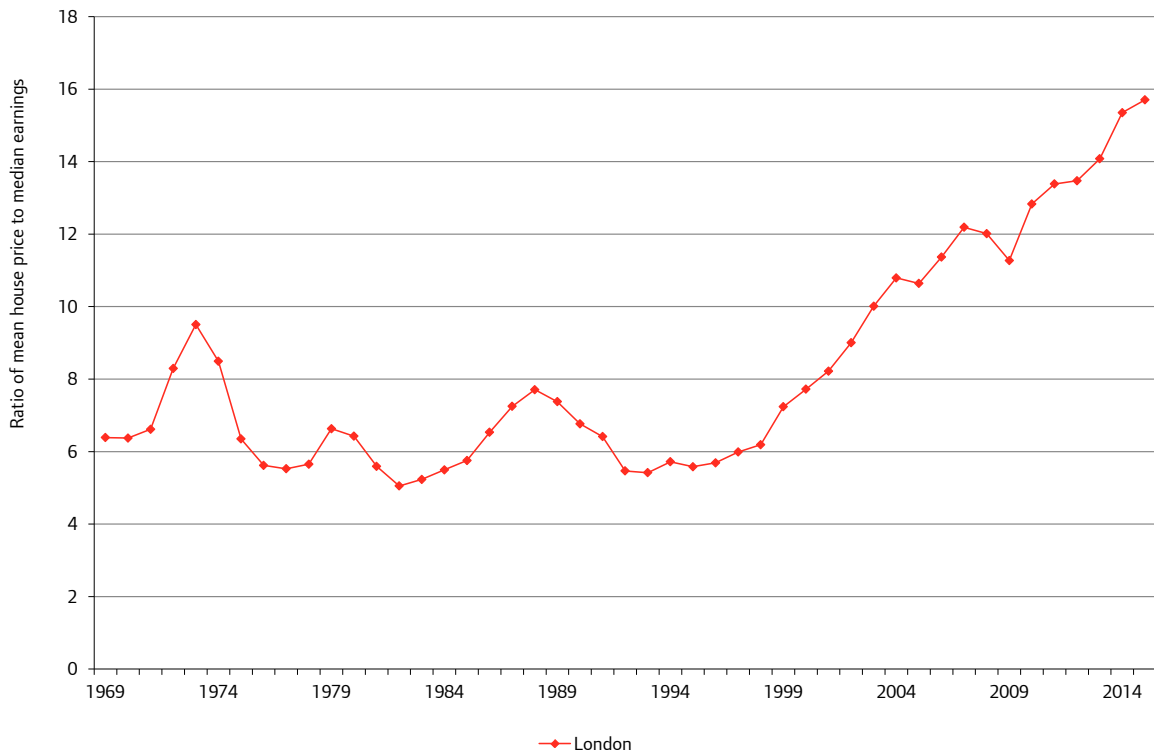
Figure 10.8: Median and lower quartile house price to earnings ratio, 1997 - 2015



Sources: HM Land Registry price paid data, and ONS Annual Survey of Hours and Earnings. Notes: data on earnings are workplace-based for full-time workers.

Looking at affordability ratios using historic data, Figure 10.9 shows that London's house prices are much less affordable than the previous peak in the mid-1970s. The measure here however relies on simple average house prices which tend to be skewed by extreme high values, resulting in a likely over-estimate of the ratio throughout the period. In line with Figure 10.8, the overall trends still point to an issue of increasing unaffordability of house purchases in London.

Figure 10.9: House price to earnings ratio in London, 1969 - 2015

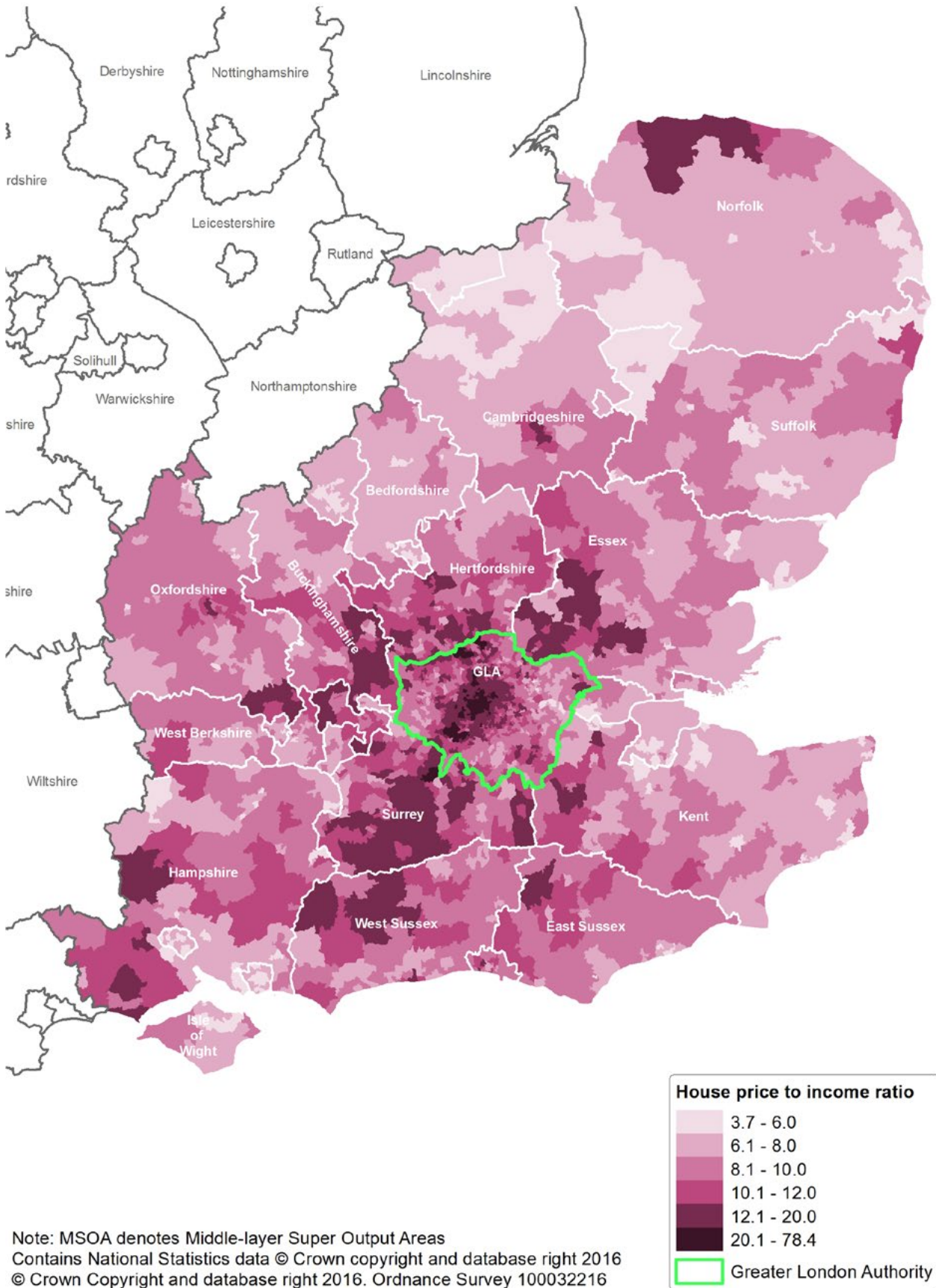


Sources: *New Earnings Survey (NES) prior to 1997 and ASHE workplace-based earnings from 1997 to 2015.*¹⁶ ONS simple average house prices, 1969-2015.

Map 10.2 illustrates a similar issue for the Greater South East as a whole. This shows that while high house price to income ratios are particularly acute in areas of Central and West London, this also extends beyond London’s boundaries to its surrounding areas within commuting distance. These spatial differences in house prices across the UK are sometimes referred to as a ‘ripple effect’.¹⁷

This is a very crude indicator of housing affordability, since household income includes elements that would not be relevant for house purchase, such as housing benefit. It nevertheless shows how much more difficult it may be to access owner occupation in particular parts of Central London, West London and the Greater South East.

Map 10.2: Housing affordability in the Greater South East

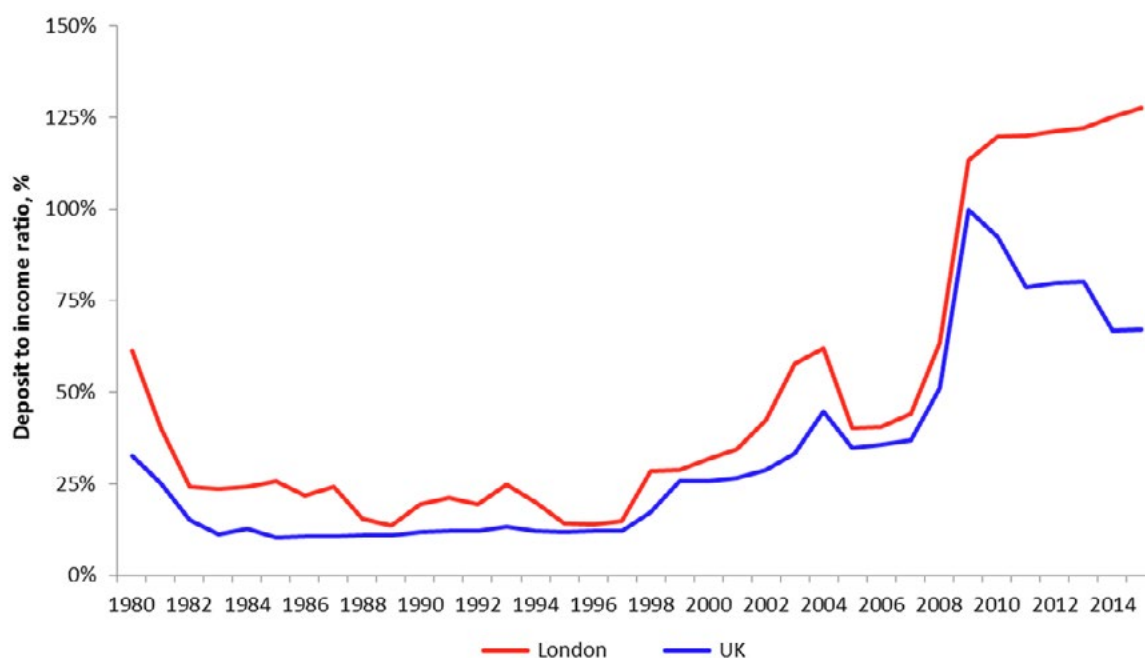


Source: GLA Intelligence Unit mapping of ONS and Land Registry data. Notes: net weekly household income and median house price (2014) by middle layer super output area (MSOA), England and Wales, 2011/12 (£)

Among owner-occupiers, the problem of affordability has partly been masked by low mortgage rates, as a result of high levels of competition amongst lenders and expectations of low interest rates continuing. For these reasons, the portion of income allocated to a mortgage payment for first-time buyers and home movers has remained at or below historic averages. This has been helped further by borrowers taking out longer-term mortgages and spreading the payments.¹⁸ The higher house prices in London may however leave households with mortgages vulnerable to increases in interest rates. Forty-four per cent of London households say that they are concerned about their level of debt, compared to 37 per cent in the rest of England.¹⁹

For buyers, and particularly first-time buyers, there are also significant upfront costs to buying a house associated with the value of the deposit needed to secure mortgage finance, as well as the costs of stamp duty tax on house purchases. Figure 10.10 compares the estimated size of a median deposit for first-time buyers against the median borrower(s) income based on CML regulated mortgage survey data. This shows that the average deposit to income ratio for first time buyers has increased at a rapid rate in London since 2008, reaching an estimated high of 130 per cent of average borrowers' income in early 2016. This is considerably above its long-run trend in the previous three decades, with deposits averaging 30 per cent of incomes from 1980–2007. The rapid deterioration in the affordability of home purchases, on this measure, is driven by a post-recession shift towards lower loan to value (LTV) rates for mortgages (down to 75 per cent) that have meant that first-time buyers have had to raise larger deposits.

Figure 10.10: Deposit to income ratio, first-time buyers



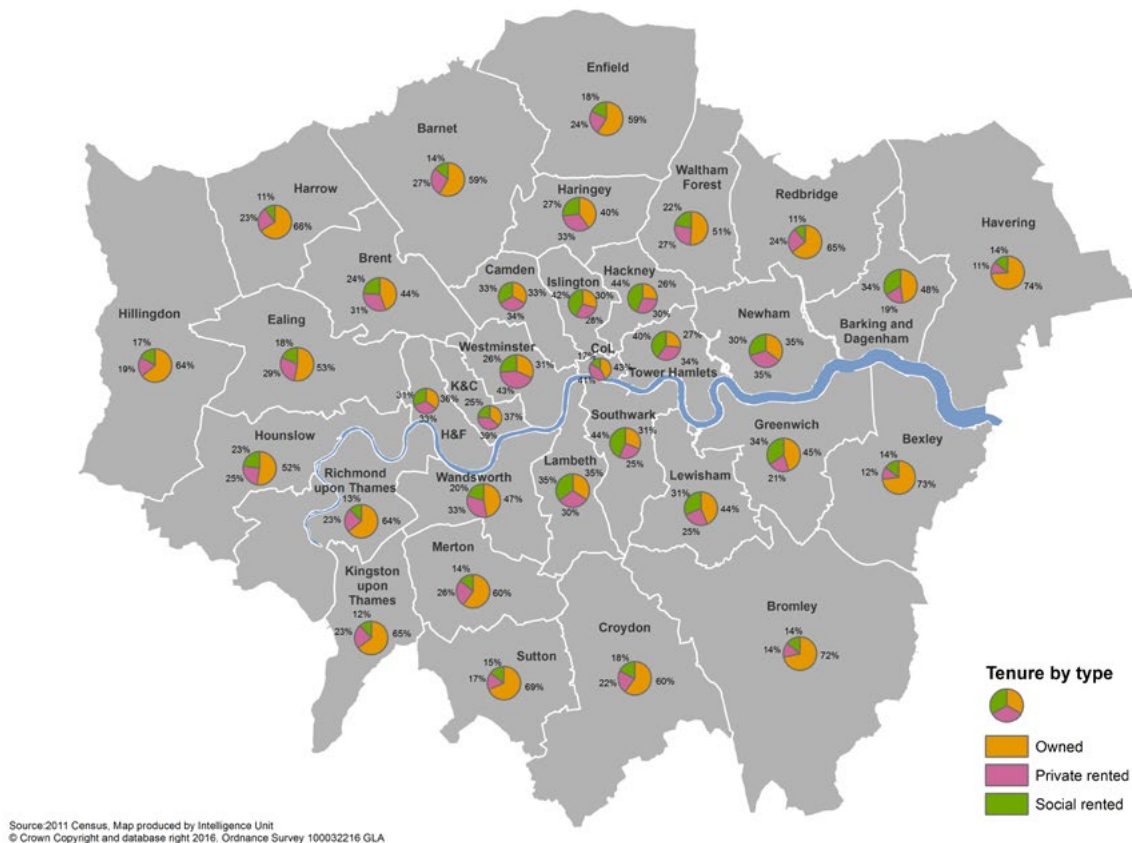
Source: GLA Economics estimates based on data from the Council for Mortgage Lenders (CML). Notes: median deposit value is calculated based on CML data on the size of the advance and its proportion as a share of the total purchase price.

So from a range of statistics it is clear that house purchases in London are expensive and have become increasingly so in recent years.

10.3.2.2 Housing tenure

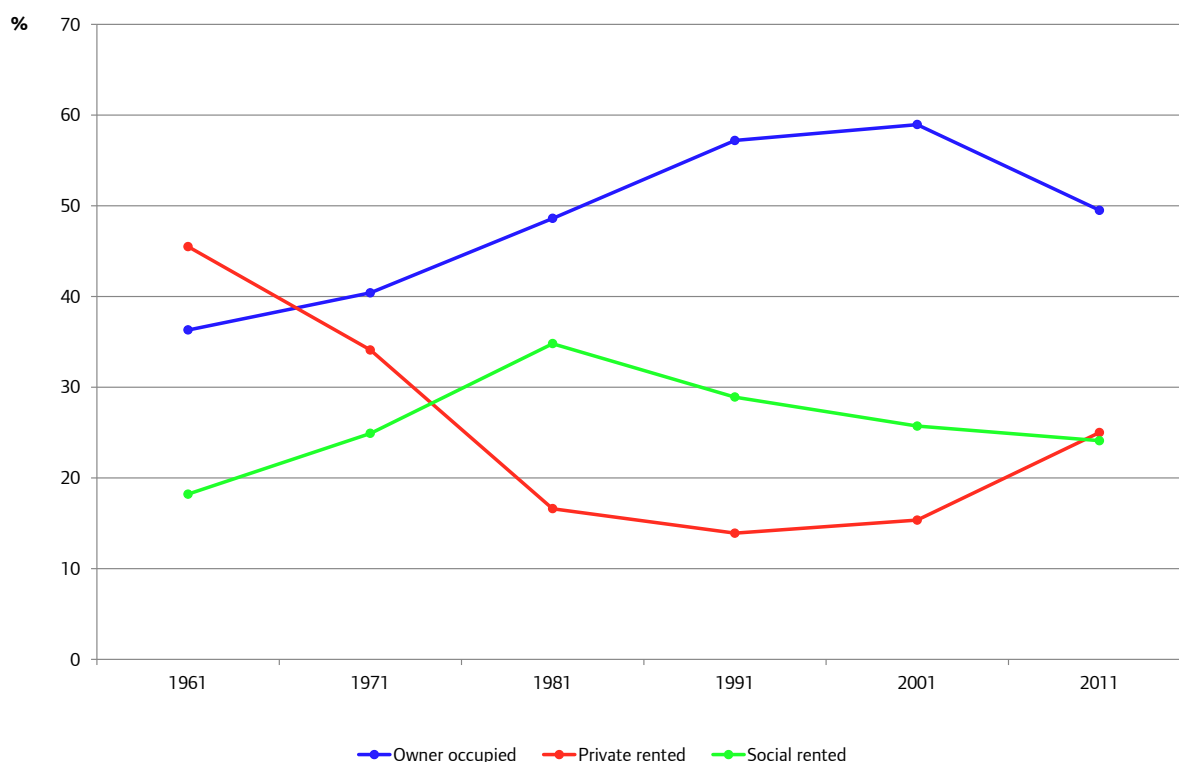
The proportion of London households who own their own home peaked in the early 1990s, but had fallen to 49.5 per cent by the time of the 2011 Census. This is the first time that owner occupiers have been in the minority since the early 1980s. They still make up the majority among those residing in outer London boroughs, though there are more social renters and private renters living in inner London. Owner occupation is more prevalent in the outer London boroughs, particularly in Havering, Bexley and Bromley where almost three quarters of households own their property (see Map 10.3).

Map 10.3: Housing tenure by local authority, 2011



Source: ONS 2011 Census

The private rented sector was once the largest tenure in London but shrank from 46 per cent of households in 1961 to 14 per cent in 1991, before rapid growth brought it back up to 26 per cent in 2011, making it the second largest tenure. In contrast, social renting grew rapidly between the 1960s and 1980s, accommodating 35 per cent of London households in 1981, before falling to 24 per cent in 2011 (Figure 10.11). In England as a whole, 64 per cent of households owned their home in 2011, with 18 per cent each in social and private rented accommodation.

Figure 10.11: Long-term trends in household tenure, London, 1961-2011

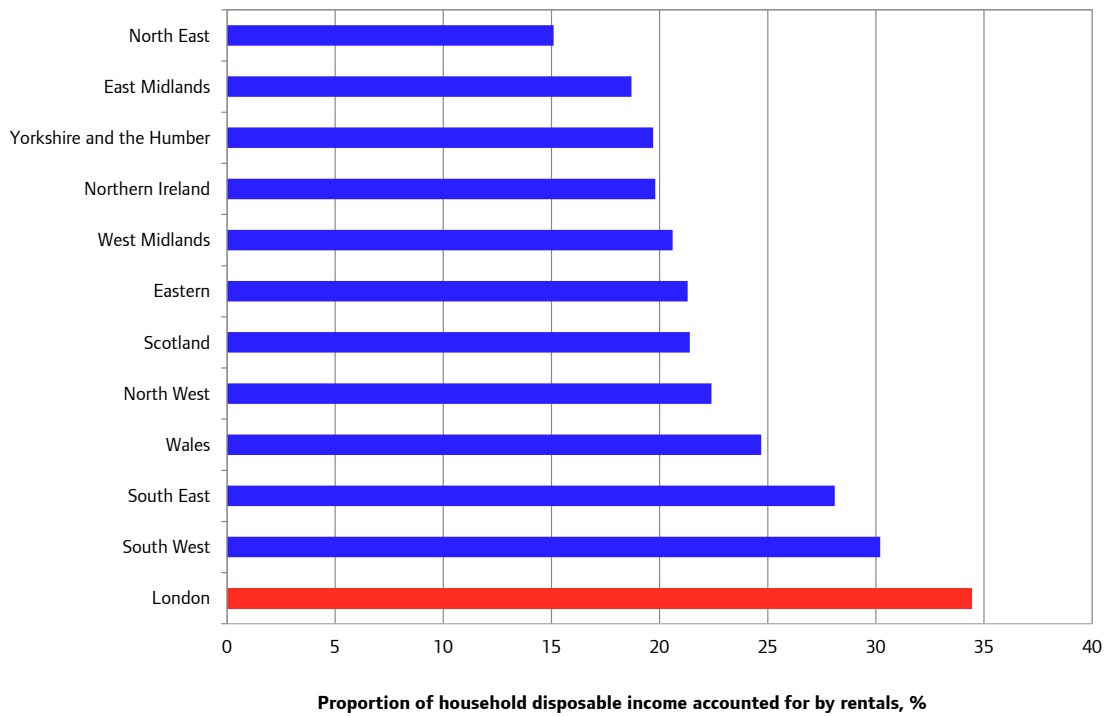
Source: ONS Census, 1961-2011

The combination of rising house prices and falling rates of home ownership can also affect wealth inequality, considered in section 10.4.1. Another associated effect of the fall in rates of home ownership and the decline of social housing, has been the rise in families living in private rented accommodation. The number of households with dependent children that are privately renting in London has trebled in a decade, rising from 96,000 in 2004 to 284,000 in 2014.²⁰

10.3.2.3 Private renting

The affordability of private rents is however also an issue for Londoners. The cost of renting is shown to be increasingly high in London (see Chapter 4), and higher than in any other English region. From 2012 to 2015, annual average rents in London increased 3.3 per cent per year. This far outpaced annual increases in average full-time earnings for London residents of 0.4 per cent in this time.²¹ Figure 10.12 shows that London has the highest proportion of disposable household income accounted for by rentals across the UK. Average rents in London accounted for more than a third (34 per cent) of average disposable household income in 2014, up from 30 per cent in 2013. This compares to a UK average in 2014 of 25 per cent.

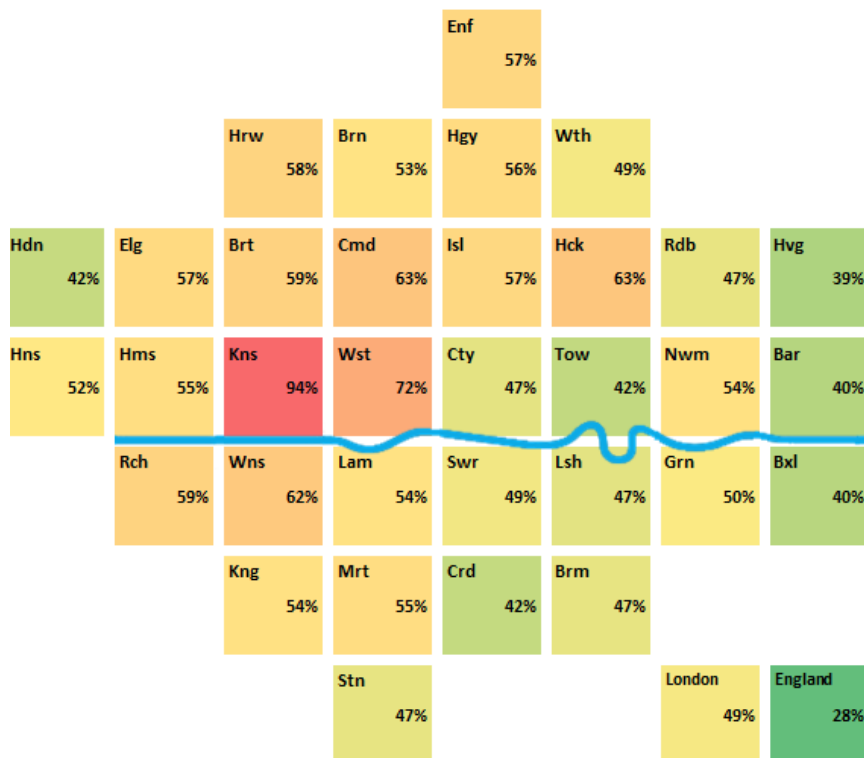
Figure 10.12: Proportion of household disposable income accounted for by rentals by region, private renters 2014, UK²²



Sources: ONS Living Costs & Food Survey, Expenditure & Food Survey, National Food Survey.

Looking instead at the individual earnings of workers, average private rental values in London make up almost half (49 per cent) of median earnings. This varies across London with private rents amounting to as much as 94 per cent of median earnings in Kensington and Chelsea, with a low of 39 per cent in Havering. This compares to an average of 28 per cent across England as a whole (Map 10.4).

Map 10.4: Private rental values as a proportion of median earnings, 2015



Sources: VOA private rentals 2015/16, ONS annual survey of hours and earnings (workplace basis)

High and rising rents reduce the disposable income of Londoners, and may mean that households are required to cut back on spending in other areas. It also makes it more difficult for London's tenants to save. Already, 63 per cent of privately renting households in London say they have no savings or money invested²³, while 82 per cent of 'would-be homeowners' in London report being worried that they 'will never be able to afford to buy'. This is the highest proportion of any English region.²⁴

A possible response to a lack of affordable housing is for tenants to group together to share the costs or live with their parents and other relatives. This can lead to increased over-crowding of housing in London, considered in Chapter 4. The high costs of housing space may also delay some Londoners from starting a family. Forty-two per cent of all Londoners in their twenties who responded to an Opinium survey in early 2016 said that if the cost of homes stays at current levels or rises they will be less likely to raise their children in London, rising to 46 per cent of women in their twenties.²⁵

There has long been concern that lower income households could be displaced from London (or from inner to outer London) as a result of rising costs. There is as yet little evidence of this happening on a significant scale.²⁶ It however remains possible that many renting households who are currently 'hanging on' despite rising housing costs may decide to move in the near future if housing costs continue to increase.

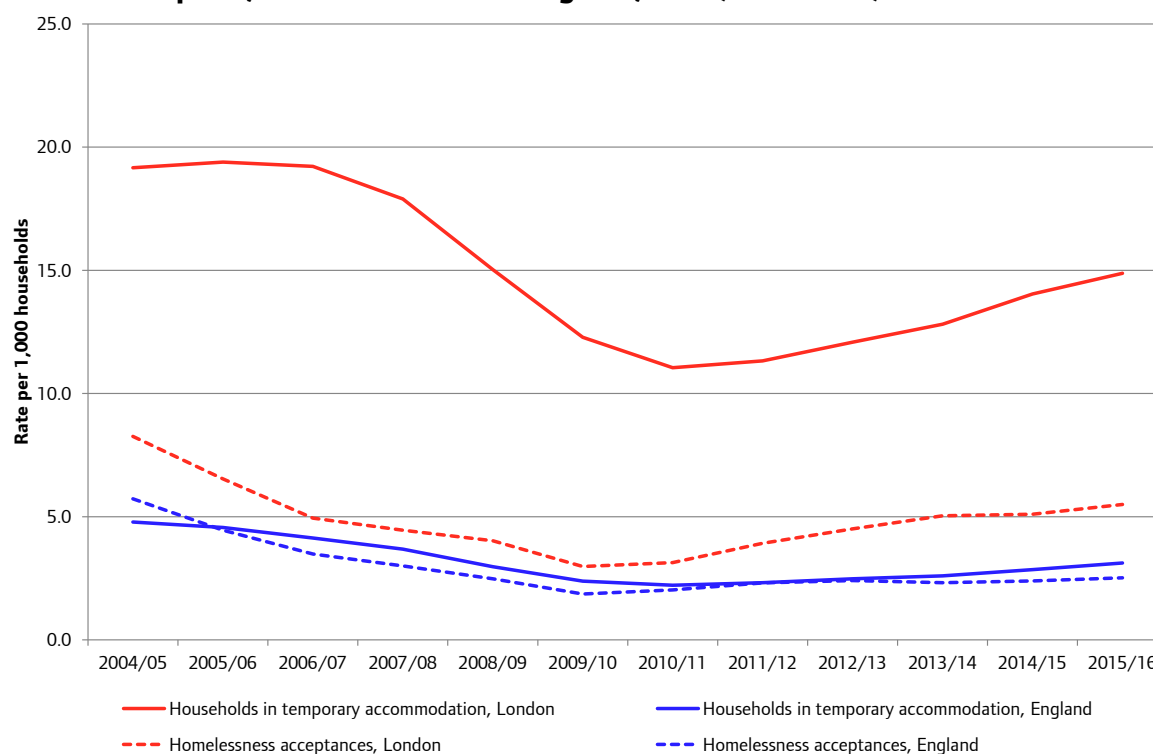
10.3.2.4 Homelessness

Homelessness is a particular problem in London and has been so for some time. The number of households accepted as statutorily homeless in London has gone up year on year since 2010/11, after a previous downward trend from 2004/05. The number of households accepted as homeless by London boroughs in 2015/16 was 19,180, up 9 per cent from 2014/15 but still well below the peak of 26,700 in 2004/05. Homeless acceptances in London as a proportion of the national total rose slightly to 33 per cent in 2015/16.

As a proportion of the household population, Figure 10.13 shows that the number of homeless acceptances per 1,000 households in London is higher than in England as a whole. This figure has risen to 5.5 per 1,000 in London, while the figure for England has been relatively stable in comparison. A large proportion of the recorded increase in statutory homelessness over the past five years is attributable to the insecurity of private rental tenancy, with the ending of a private tenancy accounting for 39 per cent of homelessness acceptances in London in 2014/15.²⁷

Figure 10.13 also shows that London also has relatively high numbers of households in temporary accommodation. This has risen to 51,940 at the end of March 2016, up 8 per cent on the previous year. Of these 42,950 households contained children (amounting to 87,010 children). For the purpose of comparison with England as a whole, this is equivalent to 14.9 out of every 1,000 households in London (around 1 in 70)²⁸, compared to 3.1 per 1,000 households in England (around 1 in 320). The number of households in temporary accommodation in London though remains below its historic peak of 63,800 in the 4th quarter of 2005.

Figure 10.13: Homelessness acceptances per 1,000 households and households in temporary accommodation per 1,000 in London and England, 2004/05 – 2015/16



Source: DCLG Homelessness statistics, tables 784 and 775. Notes: data on homelessness acceptances are recorded for the financial year to end March; data on temporary accommodation are for January to March of the later year.

Accurate data on rough sleeping as a further indicator of homelessness is understandably difficult to collect. This is highlighted by a survey by Crisis²⁹, which reported that 44 per cent of rough sleepers had had no contact with a rough sleepers' team in the last six months. Still, in London, any individual in contact with outreach teams or other services working with rough sleepers has their details entered onto the Combined Homelessness and Information Network (CHAIN) database. Some of CHAIN's findings are reproduced in Table 10.2.

The number of people seen sleeping out in London has increased year on year from 2,807 people in 2005/06 to 8,096 in 2015/16. Rough sleepers in London are more likely to be aged between 26 and 45 years old (58 per cent), and/or to be male (85 per cent), while 40 per cent are UK born and 36 per cent were from Central and Eastern Europe (CEE).

Homelessness is also associated with a number of other complex needs including issues of ill health, unhealthy behaviours and offending (discussed in sections 10.6 and 10.7). These are linked to high levels of demand and costs for public services, including repeated contact with the police and criminal justice system.³⁰

Table 10.2: Characteristics of Rough Sleepers in London, 2015-16

History	New	For 2+ years	Return after 1+ years	Total
Count	5,276	1,828	992	8,096
Age	18-25	26-45	46-55	55+
	10%	58%	21%	11%
Support needs*	Alcohol	Drugs	Mental health	None
	43%	31%	46%	26%

Source: CHAIN Annual Bulletin Greater London, 2015-16. *Note: An individual rough sleeper may exhibit more than one of these support needs.

10.3.3 The costs of living

As Chapter 6 highlights, London is also a costly city to live in, with London ranking at number 6 according to a survey by UBS on the relative cost of living in various global cities.

10.3.3.1 Basic living costs

Expenditure may be considered as relating to either essential or non-essential spending items. The essentials would cover things like housing, food and clothing, transport, fuel and for some, the costs of childcare. For most (even essential) expenditure there is a balance between cost and quality in some way, which may also factor in time spent. For housing, for example, there is for many people a compromise between what they can afford, where they want to be, and the attributes of the actual property.

In the calculation of the London Living Wage³¹ it is accepted that a certain level of income is necessary to cover the costs of essential items to households, these costs are called basic living costs and are divided into the following sub-categories:

- Housing
- Council tax
- Transport
- Childcare
- All other costs (a 'regular shopping basket').

The London Living Wage undertook estimates of basic living costs for four family types:

- a two adult household with two children aged ten and four
- a one adult household with two children aged ten and four
- a couple without children
- a single person without children.

Tables 10.3 and 10.4 show the calculations of basic living costs in London for these families given different employment patterns.

Table 10.3: Basic Living Costs for typical families living in London (£ per week), households with children

Cost category	Couple with children					Lone parent	
	2 full time workers	1 full time, 1 part time	2 part time	1 full time	1 part time	Full time	Part time
Shopping basket	216.40	216.40	216.40	216.40	216.40	164.10	164.10
Housing	122.40	122.40	122.40	122.40	122.40	122.40	122.40
Council tax	25.00	25.00	25.00	25.00	25.00	18.70	18.70
Transport	66.80	66.80	66.80	33.40	33.40	33.40	33.40
Childcare	308.00	149.60	149.60	0.00	0.00	308.00	149.60
Total costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30

Source: GLA Economics, 2015 Living Wage

Table 10.4: Basic Living Costs for typical families living in London (£ per week), households without children

Cost category	Couple with no children					Single no children	
	2 full time workers	1 full time, 1 part time	2 part time	1 full time	1 part time	Full time	Part time
Shopping basket	129.80	129.80	129.80	129.80	129.80	101.90	101.90
Housing	209.00	209.00	209.00	209.00	209.00	134.10	134.10
Council Tax	25.00	25.00	25.00	25.00	25.00	18.70	18.70
Transport	66.80	66.80	66.80	33.40	33.40	33.40	33.40
Childcare	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20

Source: GLA Economics, 2015 Living Wage

Thus, it can be observed that different types of households require different levels of weekly income to cover their basic costs. For families or households with more than two children, or having also adult care responsibilities, it is likely that these average costs are higher still.

10.3.3.2 Costs of childcare

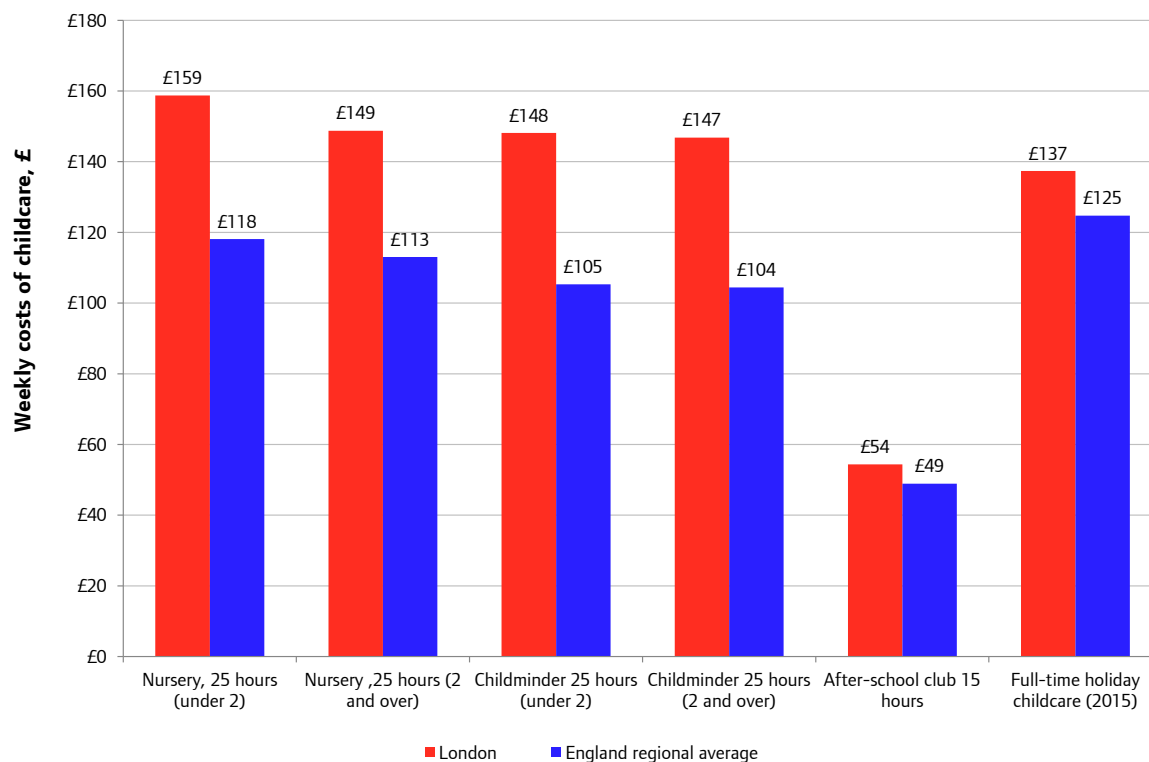
Childcare affordability is a cause of concern for a number of reasons. The costs of raising children also affect decisions on labour supply, as parents/guardians seek to reconcile working and family life. It also affects the decision on whether to have a child in the first place, when to have children, and tends to also affect decisions on where to live. These choices are affected both by the costs and availability of formal childcare, as well as the availability of informal childcare, including family support.

The take-up of childcare is however particularly low in London. A 2013 survey for the Department for Education found that only one-in-nine children (11 per cent) received informal childcare in London, which was almost three times lower than the average for England (31 per cent). This places a greater need on formal childcare, imposing relatively greater costs on families. London was however also one of the regions with the lowest take-up of formal childcare (49 per cent), although this was close to the national average (53 per cent).³²

Data from the Childcare Costs Survey 2015³³ finds that the cost of formal childcare is higher in London than in any other region. Comparing London to the average costs across English regions, Figure 10.14 shows that childcare in London for those under the age of two is 34 per cent more expensive than the England average, at an average cost of £158.73 for 25 hours of care compared to the England average of £118.13. The survey also found that between 2011 and 2016, these costs increased by 29.2 per cent in London, compared to a 23.7 per cent increase for England as a whole.

As a result, childcare can represent a significant proportion of household income, with the survey estimating that the annual cost of a nursery place for a child under the age of two would be around £8,254 in 2016, equivalent to almost 25 per cent of median full-time earnings. This leaves many parents in London, and particularly mothers, needing to earn relatively more to pay for it, acquire debts or cut back on other spending, or else forgo work to care for their children.

Figure 10.14: Weekly costs of childcare, London and England, 2016



Source: Family and Childcare Trust, 2016 Childcare survey. Note: the survey of all local authority Family Information Services, requests details on the average prices charged to parents for different types of childcare.

Empirical studies for the UK³⁴ have found that the higher the costs of childcare, the lower the labour force participation rate of women with pre-school children. This is since the higher costs of childcare raise the wage rate at which they would be willing to accept a particular job, or further hours of work. The analysis in Chapter 9 also finds evidence of lower employment rates and higher inactivity rates among mothers and lone parents in London.

While this may reasonably result from a choice in light of the costs of working and constraints that face them, such decisions may not however take account of the full value to the economy (and society) of women's labour force participation, the potential knock-on impacts on their lifetime earnings and pensions, or the full social benefits of access to good quality childcare for children's development in early years.³⁵ If parents do not return to work after having children, employers can no longer benefit from their skills and experience, and families may depend on benefits and contribute less to the economy through taxes than they otherwise would.

For those families already lacking opportunities for well-paid work, the high costs of childcare may also raise issues of inequality of opportunity associated with poor care in early years. The role of early year development towards social mobility is considered later in section 10.5.3.

10.3.3.3 Energy costs and fuel poverty

Other essential costs may be a significant strain on households. Fuel poverty continues to be an issue in London, with 348,000 households (10.6 per cent) meeting the Government's 'low income high cost' definition of fuel poverty.³⁶ This is in line with the figure of 10.6 per cent in England as a whole. There are likely to be a further number of households, particularly in smaller properties, that may still be struggling to pay their fuel bills despite not meeting the definition.

The fuel poverty rate peaked at 12 per cent in 2009 in both London and England as whole. Across London, this varies with areas in inner London and North East London with worse rates than the England average, with highs of 14.3 per cent in Kensington and Chelsea, and 13.6 per cent in Newham and Hammersmith and Fulham.³⁷

Data from the ONS Family Spending shows that London households spent an average of £24.60 per week on fuel costs in 2012 to 2014, equivalent to 4 per cent of total expenditure. This is slightly less than the UK average of £25.80 per week in the UK as a whole. For those with household incomes in the lowest 20 per cent in the UK, fuel costs instead accounted for an average of 7 per cent of weekly spend.

High energy needs and high costs of servicing these are strongly related to the size of households, the price of fuels used and the energy efficiency of the home. As a result, while single parent households have the highest levels of fuel poverty, it is the elderly (in relatively large homes) which tend to be most deeply affected.³⁸

As of the 2011 Census, there also remained 2.8 per cent of households (92,400) without central heating. This was down from 7.8 per cent (234,600 households) in 2001. The likelihood of living in a household without central heating was greatest in private rented accommodation, where 4.4 per cent of households were without central heating in London.

London homes also remain relatively inefficient. In 2011 around 32 per cent of homes in London were in the lowest bands of efficiency (from E to G). This proportion varied widely by tenure, from 13 per cent of housing association homes to 39 per cent of owner occupied homes, as owner occupied homes tend to be older and more likely detached or semi-detached, which are usually less energy efficient. The environmental impact of energy consumption is considered separately in Chapter 7.

If people are unable to achieve affordable warmth, then this can be detrimental to their health.³⁹ Across England and Wales in 2014/15 there were an estimated 44,000 more deaths during winter months (December to March) than expected from deaths in the rest of the year, around two thirds of which can be attributed to the effects of cold. In London, 26.3 per cent more people died in the winter months compared with the non-winter months in 2014/15. This was equivalent to 4,000 excess winter deaths.⁴⁰ Health concerns are considered further in section 10.6.

10.3.3.4 Household spending

Affordability affects different groups of people in different ways – different factors and different things are important. For many households, income is their most important economic resource for meeting everyday living expenses. However, it is the consumption of goods and services (best reflected by expenditure) that are most important in meeting a household's requirements.

ONS Family Spending⁴¹ cites evidence suggesting that 'income and expenditure together represent a better determinant of economic well-being than income alone' – since expenditure can be 'smoothed' by adjusting savings, drawing on wealth or borrowing, whereas incomes may be more volatile.

Data on household spending shows that London residents tend to spend more on housing services (such as rent and energy costs), but less on transport than the UK average. This is related to the relatively low levels of car purchases and private vehicle running costs in London (£67.30 per week compared to the UK average of £69.80, see Table 10.5). This reflects the greater availability and use of public transport in London as well as shorter distances to travel, which may make walking or cycling more feasible options. The 2011 Census shows that London residents travel 11.2km to work on average, whereas across the whole of England and Wales, the average distance is 15.0km.

On average, Londoners also tend to spend relatively more on eating out and trips away; spending on restaurants and hotels in London averaged £53.90 per week, compared to the UK average of £41.10. On average, London households also spend higher amounts on education fees than the UK average (£15.40 compared to £8.40 per week). Table 10.6 shows that this is largely a reflection of the number of high income households in London, which also spend considerable sums on 'other expenditure items' including mortgage interest payments, holiday spending, cash gifts and donations.

Table 10.5: Household expenditure by UK countries and regions, 2012 to 2014

	North East	North West	Yorkshire & the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland	United Kingdom
Average weighted number of households (thousands)	1,110	3,010	2,300	1,960	2,350	2,530	3,220	3,580	2,220	22,290	1,270	2,310	740	26,620
Total number of households in sample (over 3 years)	770	1,800	1,440	1,290	1,510	1,560	1,380	2,200	1,390	13,340	730	1,330	470	15,870
Total number of persons in sample (over 3 years)	1,760	4,130	3,350	3,020	3,670	3,690	3,450	5,260	3,230	31,550	1,710	2,980	1,180	37,420
Total number of adults in sample (over 3 years)	1,380	3,230	2,600	2,360	2,790	2,860	2,560	4,060	2,540	24,370	1,350	2,380	890	29,000
Weighted average number of persons per household	2.2	2.3	2.3	2.3	2.4	2.3	2.6	2.4	2.4	2.4	2.4	2.3	2.5	2.4
Commodity or service	Average weekly household expenditure (£)													
Food & non-alcoholic drinks	49.80	53.60	51.30	56.80	55.50	61.30	63.20	63.80	61.00	58.30	54.10	56.90	64.00	58.10
Alcoholic drinks, tobacco & narcotics	11.60	13.30	12.50	12.50	11.40	11.50	10.50	12.90	11.20	12.00	10.20	15.60	14.90	12.30
Clothing & footwear	20.90	22.40	21.20	20.60	19.60	22.10	27.40	25.20	22.40	22.90	22.80	23.10	35.90	23.20
Housing(net), fuel & power	61.40	64.20	62.20	65.10	63.90	73.30	109.00	78.90	69.10	74.30	60.00	58.20	56.10	71.70
Household goods & services	32.70	33.70	28.50	33.60	28.60	31.20	34.90	37.40	34.20	33.10	29.40	27.90	30.10	32.40
Health	3.10	5.10	5.80	6.40	5.30	8.30	6.80	9.30	9.20	6.90	4.70	4.50	5.40	6.60
Transport	50.90	59.10	61.80	69.50	63.50	78.90	67.30	88.00	76.80	70.20	60.60	73.30	64.40	69.80
Communication	12.80	13.80	13.10	14.90	14.00	14.80	16.70	15.30	14.70	14.70	13.50	13.70	16.10	14.60
Recreation & culture	57.70	64.10	59.80	66.80	56.70	68.90	65.20	76.30	68.40	65.90	58.00	60.40	56.50	64.80
Education	5.60	4.20	5.10	17.00	4.60	7.70	15.40	7.30	10.60	8.70	11.10	6.50	3.20	8.40
Restaurants & hotels	34.10	38.10	38.40	34.60	35.80	41.40	53.90	46.20	41.20	41.60	33.20	39.00	46.30	41.10
Miscellaneous goods & services	30.50	35.30	35.10	37.70	36.20	45.40	43.20	47.90	40.80	40.20	30.70	34.20	38.40	39.20
Other expenditure items	56.30	60.30	55.80	59.00	59.30	75.80	102.90	86.10	73.50	72.80	56.00	61.10	52.90	70.50
Total expenditure	427.40	467.10	450.60	494.70	454.50	540.60	616.30	594.80	533.00	521.40	444.50	474.40	484.10	512.60
Average weekly expenditure per person (£)	192.20	201.80	196.20	214.90	188.60	232.50	241.40	247.50	224.90	219.80	186.30	210.10	197.30	216.70

Source: ONS, Family Spending 2012 to 2014 (3-year averages). Notes: This table is based on a three year average. Housing (net) excludes mortgage interest payments and council tax.

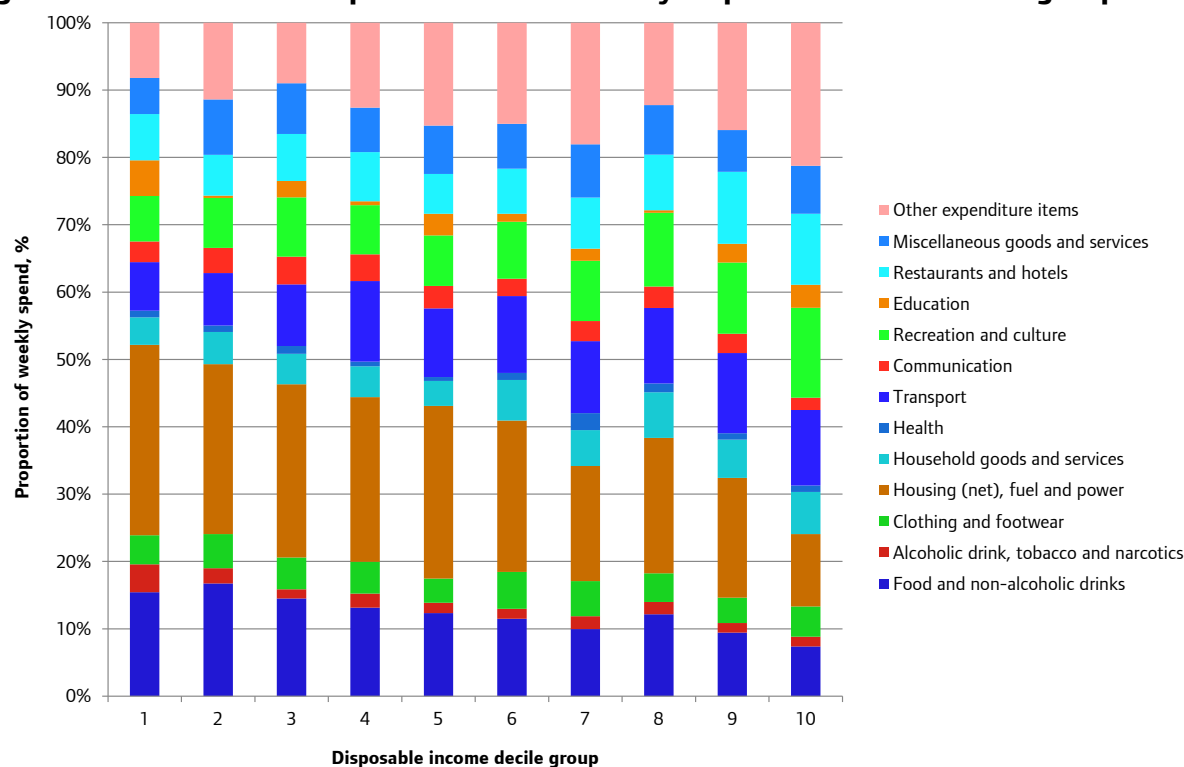
Table 10.6: Household expenditure in London, by disposable income decile group, 2012 to 2014

	Lowest 10 per cent	2nd decile	3rd decile	4th decile	5th decile	6th decile	7th decile	8th decile	9th decile	Highest 10 per cent	All households
Lower boundary of group (£ per week)		188	273	358	442	535	635	765	931	1,210	
Weighted number of households (thousands)	320	280	260	300	290	270	310	270	370	540	3,220
Total number of households in sample (over 3 years)	140	130	120	140	130	110	130	110	150	220	1,380
Total number of persons in sample (over 3 years)	220	250	270	340	320	280	370	300	420	680	3,450
Total number of adults in sample (over 3 years)	180	180	180	240	230	210	270	230	330	500	2,560
Weighted average number of persons per household	1.5	1.9	2.2	2.5	2.5	2.6	2.8	2.7	2.9	3.2	2.6
<i>Average weekly household expenditure (£)</i>											
Commodity or service											
Food & non-alcoholic drinks	38.70	47.00	47.80	52.10	53.90	66.60	59.50	72.20	74.10	94.70	63.20
Alcoholic drinks, tobacco & narcotics	10.40	6.40	4.50	8.30	6.80	8.60	11.40	10.80	11.20	18.50	10.50
Clothing & footwear	10.80	14.20	15.60	18.70	15.70	31.80	31.00	25.20	29.70	57.50	27.40
Housing(net), fuel & power	70.90	70.90	84.80	97.00	112.20	130.40	102.00	119.30	139.60	137.70	109.00
Household goods & services	10.20	13.40	14.90	18.20	16.20	34.90	31.90	40.20	44.80	80.40	34.90
Health	2.50	2.70	3.90	2.70	2.50	6.00	15.00	7.80	7.50	12.00	6.80
Transport	18.10	21.90	30.20	47.50	44.60	66.20	63.70	66.60	93.60	143.90	67.30
Communication	7.70	10.50	13.50	15.70	14.60	14.90	17.90	18.80	22.40	23.40	16.70
Recreation & culture	16.90	20.80	29.10	29.00	32.80	49.10	53.40	65.10	83.20	171.10	65.20
Education*	13.30	1.00	8.00	2.30	14.10	6.90	10.70	2.10	21.90	43.70	15.40
Restaurants & hotels	17.20	17.00	23.00	28.90	25.90	38.80	45.30	49.10	83.80	135.20	53.90
Miscellaneous goods & services	13.40	23.10	24.90	26.20	31.40	38.60	47.10	43.60	48.90	91.40	43.20
Other expenditure items	20.60	32.00	29.60	50.00	66.80	87.10	107.80	72.60	125.20	272.10	102.90
Total expenditure	250.70	281.10	329.80	396.60	437.40	580.00	596.60	593.50	786.00	1,281.40	616.30

Source: ONS, Family Spending 2012 to 2014 (3-year averages). Notes: Housing (net) excludes mortgage interest payments and council tax. London households have been allocated to deciles based on the UK income distribution. *Figures in italics should be used with caution as they are based on fewer than 20 reporting households.

In contrast, as noted in section 10.3, lower income households tend to spend a disproportionate amount of disposable income on what may be considered as ‘essential’ items. Figure 10.15 shows that those in the lowest income group with less than £188 per week disposable income spent an average of 15 per cent of their total weekly spend on food and non-alcoholic drinks (£38.70 per week), and a further 28 per cent on rent and energy bills (£70.90 per week). In contrast, those households in the highest income group, with disposable income of more than £1,210 per week, spent an average of 7 per cent on food and drink (£94.70 per week) and 11 per cent on rent and energy bills (£137.70 per week).

Figure 10.15: Household expenditure in London by disposable income decile group



Source: ONS Family Spending 2012 to 2014 (3-year averages), Note: London households have been allocated to UK income decile groups. As such, roughly 16 per cent of London households are in the highest (10th) decile group.

10.3.3.5 Problem debt and food poverty

For low income households, since spending is concentrated on many of what may be considered essential items, it follows that unexpected changes in income (following for example job loss, reductions in working hours or welfare benefits) – coupled with a lack of savings and difficulties in accessing affordable credit – may lead to situations of financial distress.

A 2015 London Assembly report⁴² found that around 500,000 Londoners have problems servicing their debts, and that there has been a reported increase in households seeking advice about arrears in household debts. Londoners are also reported to be more likely to feel that their financial debts were a heavy burden or somewhat of a burden than households in the country as a whole.

Alongside the risks of fuel poverty highlighted above, low income households – given the higher spending on food as a proportion of their income – may also only be a small crisis away from being unable to afford an adequate diet. While there are no official measures of food poverty or food insecurity in the UK, the Trussell Trust estimates that its foodbanks gave Londoners 110,000 emergency food supplies in 2015/16, up from 105,000 in 2014/15.⁴³ Inadequate diet can create additional challenges for the poorest and their families, such as issues of ill health considered in section 10.6.

On the basis of many competing indicators reported elsewhere in this Evidence Base (see Chapter 5), London is consistently highly placed as a good place to live. However, London is also an expensive city, and is in many respects increasingly less affordable. The economic prosperity and benefits of living in the capital may also not extend to all who reside here. The next section considers the different measures of low income and poverty in London.

10.4 Living standards, poverty and deprivation

Issues relating to living standards and poverty impact on equity, but also can impact on the perception of the capital as a place to live and work. This section analyses evidence on poverty, deprivation and the numbers of households in receipt of welfare support or on low pay.

There is a large degree of overlap between the issues of affordability discussed in the sections above, and the concerns around living standards, poverty and inequality. Both rely on estimates of income and need to adjust for the number and characteristics of individuals in the household which vary substantially. Housing costs, particularly in areas of high housing costs such as the vast majority of London, are inevitably instrumental in determining living standards and need to be taken into account when considering poverty. This wide variation in spending patterns, living standards and inequality is revealed in the levels of poverty in London.

Poverty can cause material and psychological harm to those who experience it. As noted in section 10.3.3.5, the associated financial distress may also lead to the accumulation of problem debts that are linked with other harmful events affecting the entire family, such as losing a home or relationship breakdown.⁴⁴

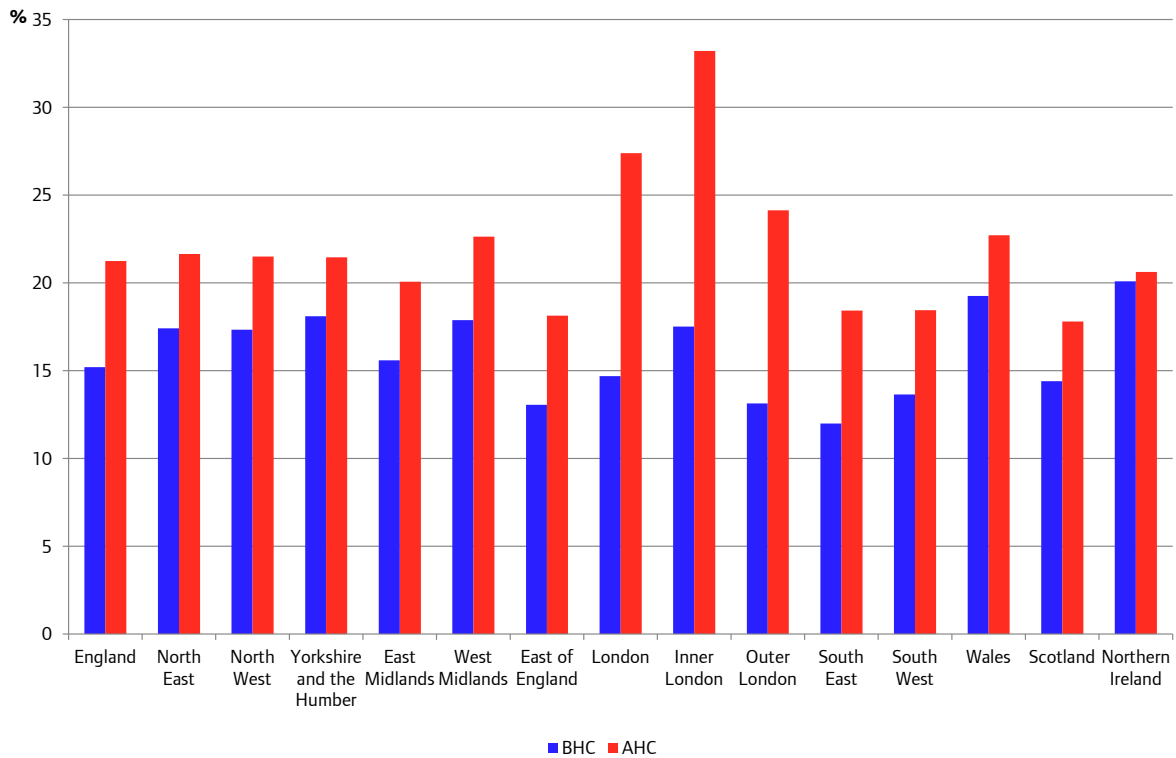
Poverty is also associated with wider social consequences that place additional demands on public services. These include services related to: schooling; health inequalities; police and criminal justice; children's services; and housing and social care. Poverty, and the lower incomes or unemployment associated with it, is also reflected in lower tax revenues, and the need for support from the state through welfare benefits such as income and employment support, housing benefit and pension credits. A 2016 study for the Joseph Rowntree Foundation estimates that the total cost of poverty to the UK public purse is around £78 billion, equivalent to more than 4 per cent of UK GDP.⁴⁵

10.4.1 Poverty

There are a number of different definitions of low income that are used to measure poverty. One measure commonly used by Government is to consider those in households whose (equivalised) household income is below 60 per cent of the median for the UK population as a whole. This is a relative measure of low income in comparison to other residents in the country, and may not necessarily imply a low standard of living. As seen in section 10.3.1, disposable household income can be measured either before or after housing costs are deducted (BHC or AHC).

Taking the BHC measure of poverty, the proportion of Londoners in poverty is close to the national average. This measure however includes housing benefits in the net income figures that are necessarily higher in London as a result of the higher costs of housing (seen in 10.3.2). Housing costs are important in determining living standards, and are particularly relevant for those in the lowest income groups, which tend to draw on housing benefits and necessarily spend a high proportion of their income on housing.

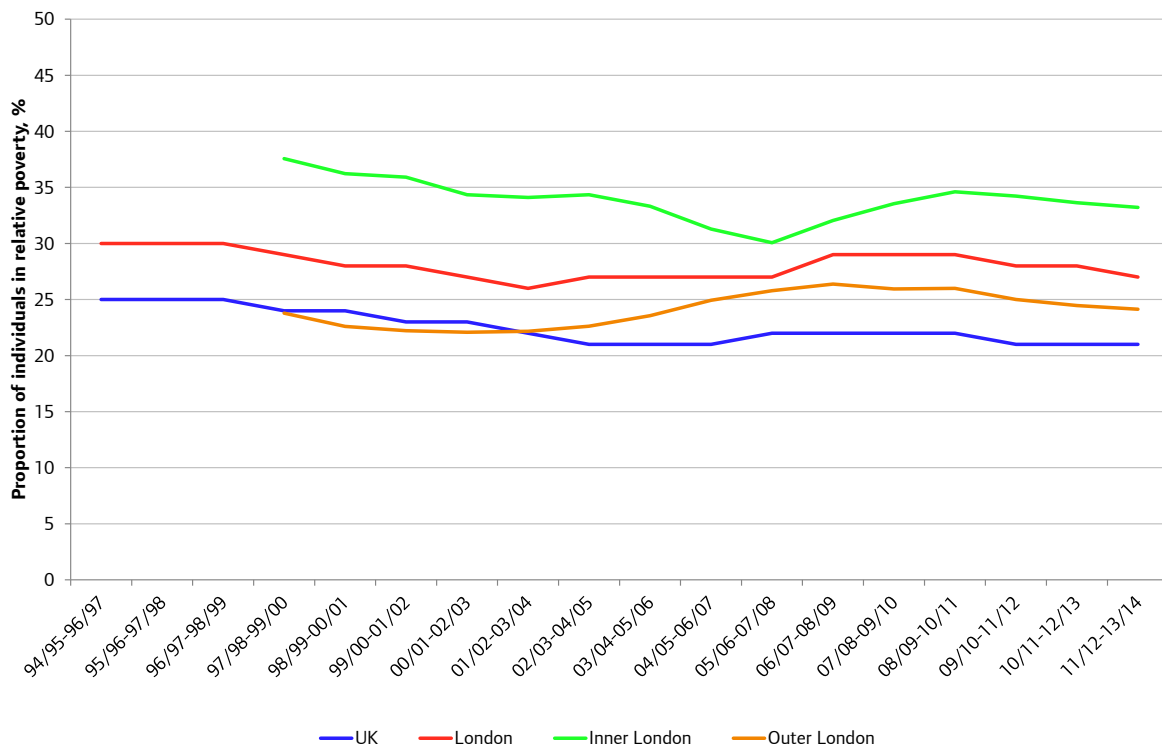
After taking account of housing costs in the capital, poverty rates among London's population are much higher than for the UK as a whole. On average over the period between 2012 and 2014, 2.2 million Londoners were in relative poverty (below 60 per cent of the national median), equivalent to 27 per cent of the population. This includes a third (33 per cent) of all inner London residents, and nearly a quarter (24 per cent) of outer London residents, which is still a higher rate than for any other region. This compares to an average poverty rate of 20 per cent in the rest of England (Figure 10.16).

Figure 10.16: All individuals in households with income below 60 per cent of median

Source: FRS 2011/12-2013/14, DWP (3-year average)⁴⁶

There has been little change in relative poverty rates over the past five years. The time series for all individuals in poverty in London and the UK, after housing costs, are illustrated in Figure 10.17. The latest figure of 27 per cent AHC (2011-14) in London shows a slight decrease on the previous non-overlapping period from 2008-2011 of 29 per cent. The rate of poverty in inner London has been higher than outer London over the past 15 to 20 years. While this gap had fallen in the lead up to the economic recession (to 4 percentage points), poverty rates in inner London have been consistently 9 percentage points higher than outer London since 2008.

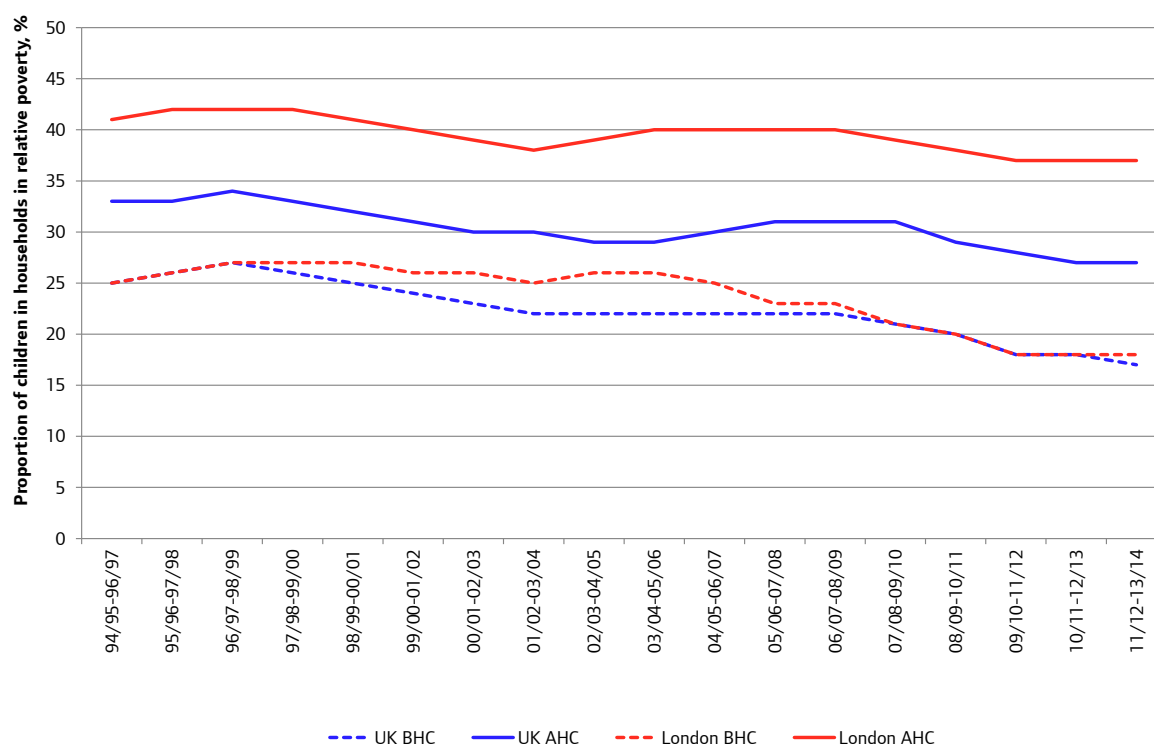
Figure 10.17: Percentage of individuals living in households with less than 60 per cent of median household income (AHC), 1994 –2014



Source: FRS 1994/95-2013/14, DWP (3-year rolling averages), after housing costs measure.

Looking at the 60 per cent of contemporary median income measure, the poverty rate in London also varies by household characteristics; with some groups of the population having higher poverty rates than others. For example, London households with children are more likely to be in poverty than those with only working age adults. Still, as Figure 10.18 shows, by both (BHC and AHC) measures child poverty rates for London and for the UK as a whole have fallen slightly over the last two decades. However, the rates of child poverty in London remain well above those of the population as a whole, with 37 per cent of London’s children living below the poverty line after housing costs.

Figure 10.18: Percentage of children living in households with less than 60 per cent of median household income (AHC), 1994 –2014



Source: FRS 1994/95 - 2013/14 (3-year rolling averages), after housing costs measure.

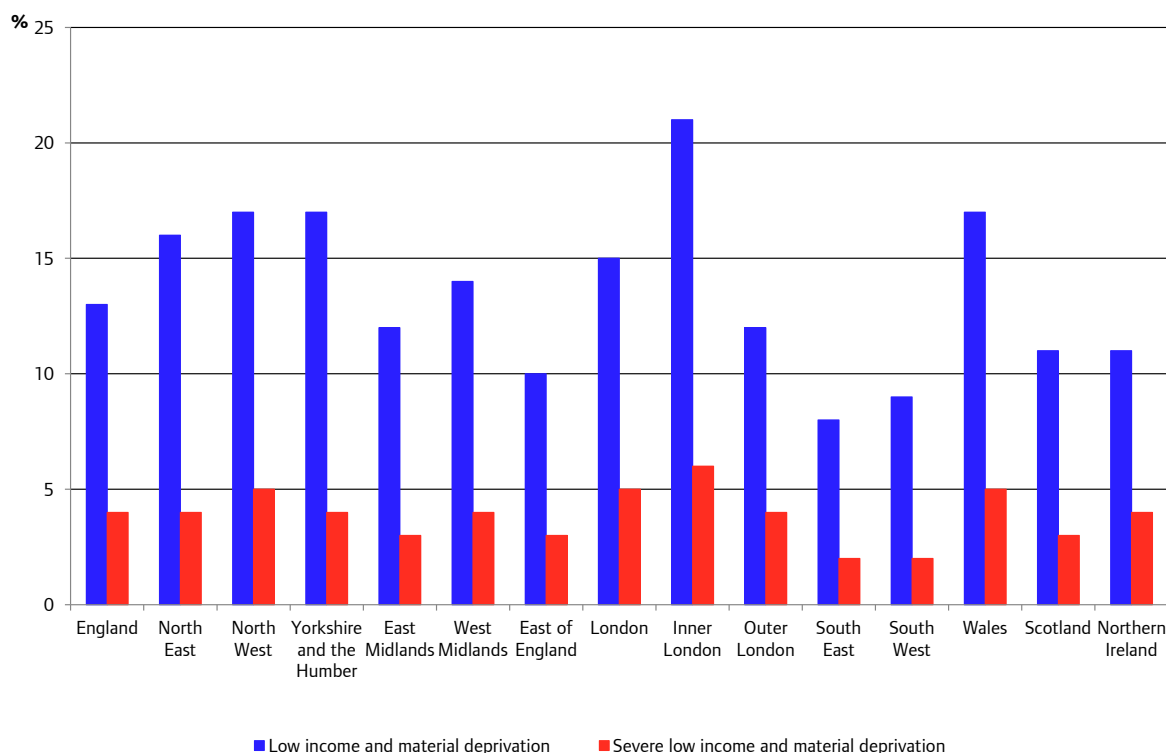
There is a variation in poverty levels within London, as well as between London and other regions. Around 300,000 children in inner London are living in AHC poverty, with a further 400,000 in outer London. The inner London child poverty rate remains particularly high, at 46 per cent; while the outer London child poverty rate is lower, at 33 per cent, it is still higher than for any other region.

However, the relative income poverty measure used in the above analysis is a somewhat arbitrary measure, and other income levels can be used alongside to give a broader picture. For example, a quarter of London's children live in households earning less than half of the national median income, and nearly half are in households with less than 70 per cent of the median.

ONS analysis highlights that characteristics associated with an increased risk of such 'persistent poverty' include long-term worklessness (particularly for households claiming unemployment benefits), living in either social or private rented housing, single parent households, disability and a lack of formal qualifications. For example, an estimated 43 per cent of people in the UK who left education without any formal qualifications experienced poverty at least once between 2011 and 2014, twice the percentage of those with a degree or higher qualification.⁴⁷

Another way of measuring poor living standards is used in the Family Resources Survey and looks at material deprivation. By this measure, a family is 'materially deprived' if it is unable to afford a certain (weighted) number of items or activities that taken together are widely viewed as proxy measures for an acceptable living standard in the UK.⁴⁸

Figure 10.19 illustrates the regional differences in the levels of material deprivation for children, combined with two alternative measures of low income. This shows that 12 per cent of children in outer London were living on low incomes – below 50 per cent of median BHC incomes – without the essentials. In contrast, more than one fifth (21 per cent) of children in inner London could not afford such necessities. This compares to an England average of 13 per cent. On the measure of severe low incomes – where the household income is below 70 per cent of median BHC – this pattern of greater levels of material deprivation among children in inner London still holds.

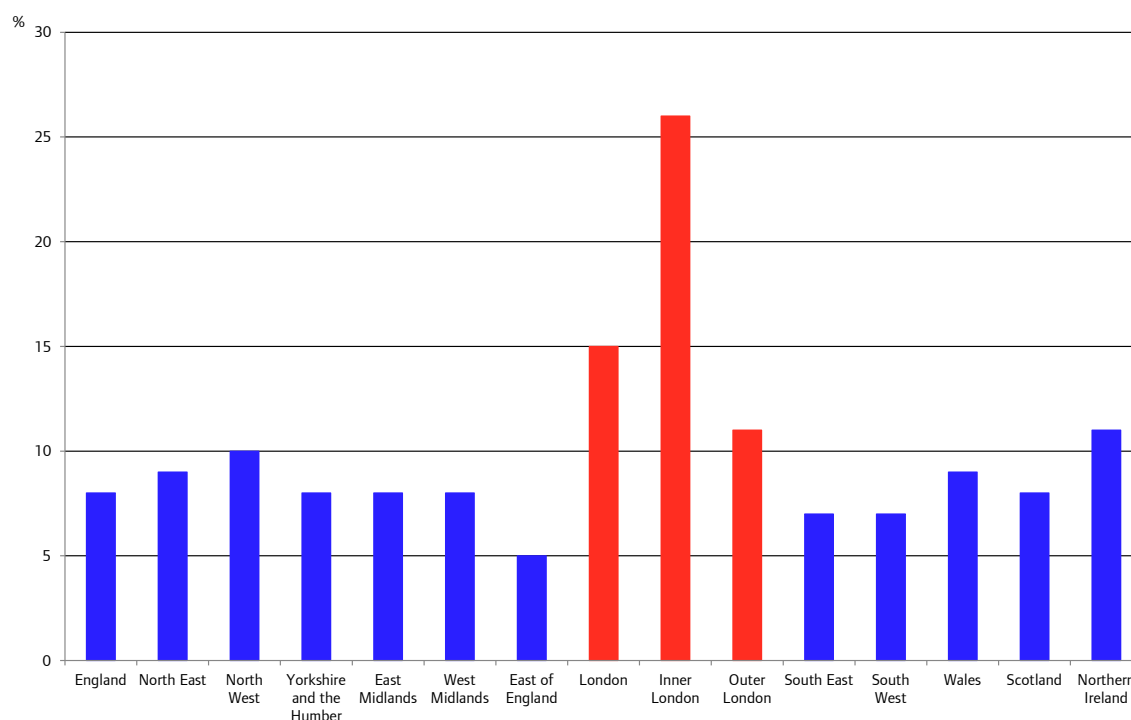
Figure 10.19: Low income and material deprivation levels among children by region

Source: FRS 2011/12 - 2013/14 (3-year average).

Figure 10.20 shows that low incomes and material deprivation among pensioners in London is much higher than elsewhere. In inner London, this affects more than a quarter of all pensioners (26 per cent) – more than twice the proportion in any other UK region. While even in outer London, the 11 per cent rate of material deprivation is higher than any other English region.

Evidence on income poverty among those of pensionable age (65+) is less clear cut, with more pensioners in poverty by the BHC measure than the AHC measure in most areas, although in inner London (where relatively fewer pensioners live), this is not the case. The likelihood of living in poverty as a pensioner is stronger for those living in rented accommodation, particularly social housing. It is stronger still for those reliant on state pension and welfare benefits, without income derived from an occupational or private pension.

Figure 10.20: Material deprivation levels among people of pensionable age by region, 2011/12 to 2013/14



Source: FRS 2011/12 - 2013/14 (3-year average)

The above measures of poverty and low income however only provide a series of snapshots, and cannot tell us whether it is the same households which remain in poverty from year to year. National evidence from the ONS⁴⁹ shows that, across the UK as a whole, fewer than 4 in 10 people in poverty in 2014 were also in poverty in at least two out of the three preceding years. The analysis also identifies an average annual rate of exit from poverty of 48.6 per cent from 2011 to 2014, indicating that slightly more than half of those in poverty were in the same situation the following year. This suggests that periods of low income can afflict a large number of people from year-to-year, and between 2011 and 2014, it is estimated that almost a third (32.5 per cent) of the UK population experienced poverty at least once.

Getting a job is considered to be one of the best ways of moving out of poverty. Between 2007 and 2012, the ONS⁵⁰ estimates that 70 per cent of those aged 18 to 59 in the UK who were out of work and then moved into employment left poverty, with the other 30 per cent remaining in poverty despite having entered employment. While worklessness continues to be associated with the risk of poverty, the rising employment rates seen in Chapter 9 mean that this is increasingly less of a factor.

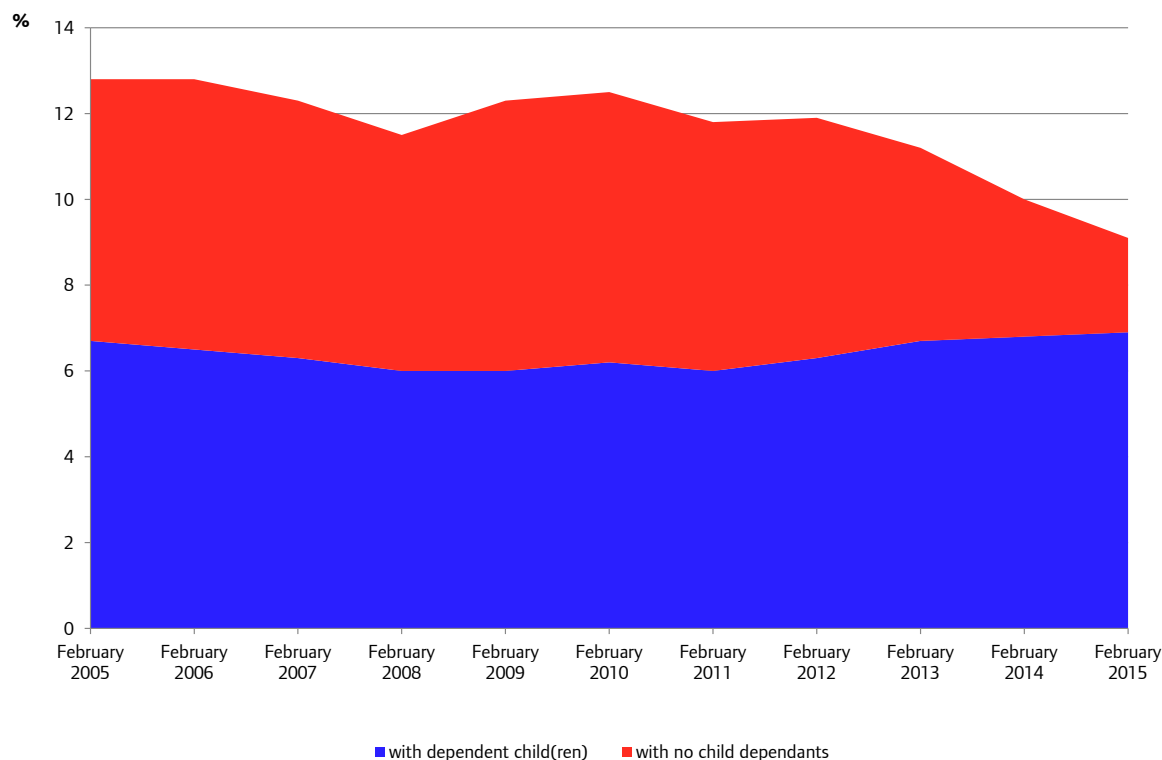
Indeed, most Londoners in poverty are in working families – equivalent to an estimated 1.2 million individuals, or 21 per cent of working families. For those in in-work poverty, ONS analysis at the UK level suggests that increases in earnings are the main route out. Between 2007 and 2012, 70 per cent of individuals leaving in-work poverty did so following an increase in their hourly earnings of 5 per cent or more, including as a result of moving to a new job. An increase in average hours that somebody works was also a factor in 38 per cent of exits from in-work poverty.⁵¹

Chapter 9 considered the levels and growth in earnings for males and females, while the incidence of low pay and the role of the national minimum wage and the London living wage are considered below in section 10.4.3. The other major source of incomes, particularly for those in lower income households, is income from welfare benefits. These can support both those out of work, and those on low pay in meeting the costs of living, and are considered below.

10.4.2 Income support from welfare benefits

Another indicator of living standards, only indirectly related to low income, is the number of Londoners dependent on various benefits. Some, but not all benefits are means-tested and each benefit has different qualifying criteria, such as job seeking requirements, or certain circumstances that do not require the recipient to be looking for work due to caring responsibilities or disability. Some welfare benefits are available for people who are either out of work or in work in low paid jobs and some are available for people in households where others may be in well-paid work. Interpretation of benefit statistics is therefore not straightforward. Still, recipients of certain benefits in London as a percentage of London's working age population are shown in Figure 10.21.⁵²

Figure 10.21: London's working age population dependent on certain benefits



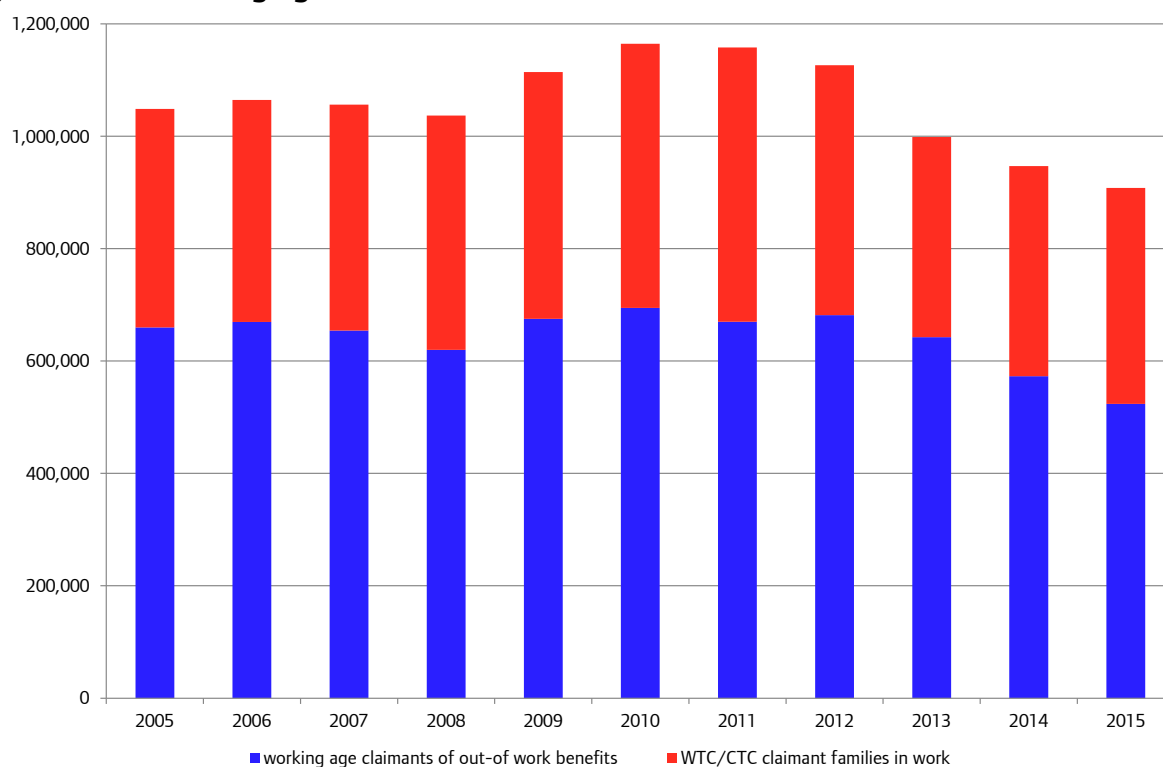
Source: Department for Work and Pensions (DWP) Longitudinal Study (aggregate statistics published via NOMIS). Notes: The benefits are primarily for those out of work, though some people working limited hours are included. Individuals may be receiving more than one benefit. The benefits included are: job seekers, ESA and incapacity benefits, lone parents and others on income related benefits.

The percentage of London's working age residents claiming out-of-work benefits is slightly higher than that for neighbouring regions but lower than for the Midlands, the northern regions or other countries of Great Britain. Recent changes in London's economy, such as job creation along with changes in the welfare system have combined to result in a reduction in the overall number of working age adults claiming out-of-work benefits. The overall decrease in the number of working age residents in families receiving these mainly out-of-work benefits is a product of a small increase in the proportion with dependent children receiving them and a clear reduction in the number with no dependent children over the last few years. This overall picture masks decreases in the numbers of those receiving benefits because of job seeking and because of being a lone parent; the overall numbers receiving a benefit because of a health issue or disability have remained fairly stable.

These data provide only a partial picture of the working age population receiving welfare assistance from the state. Figure 10.22 shows, alongside those receiving the main out-of-work benefits (in blue), families in low paid work receiving tax credits (in red). This provides a crude approximation of the number of benefit claimants in the working age group (aged 16-pensionable age) based on the available data.

The year-on-year reductions in the number of in-work families claiming tax credits since 2011 are likely to be partly due to changes in the benefit entitlement rules, and partly due to changes in the level of earnings. The reduction in the numbers claiming out of work benefits is also at least partially due to changes in the eligibility criteria, particularly around disability benefits and lone parent support where the requirements have become more stringent.⁵³ Some of these claimants became in-work claimants of tax credits.

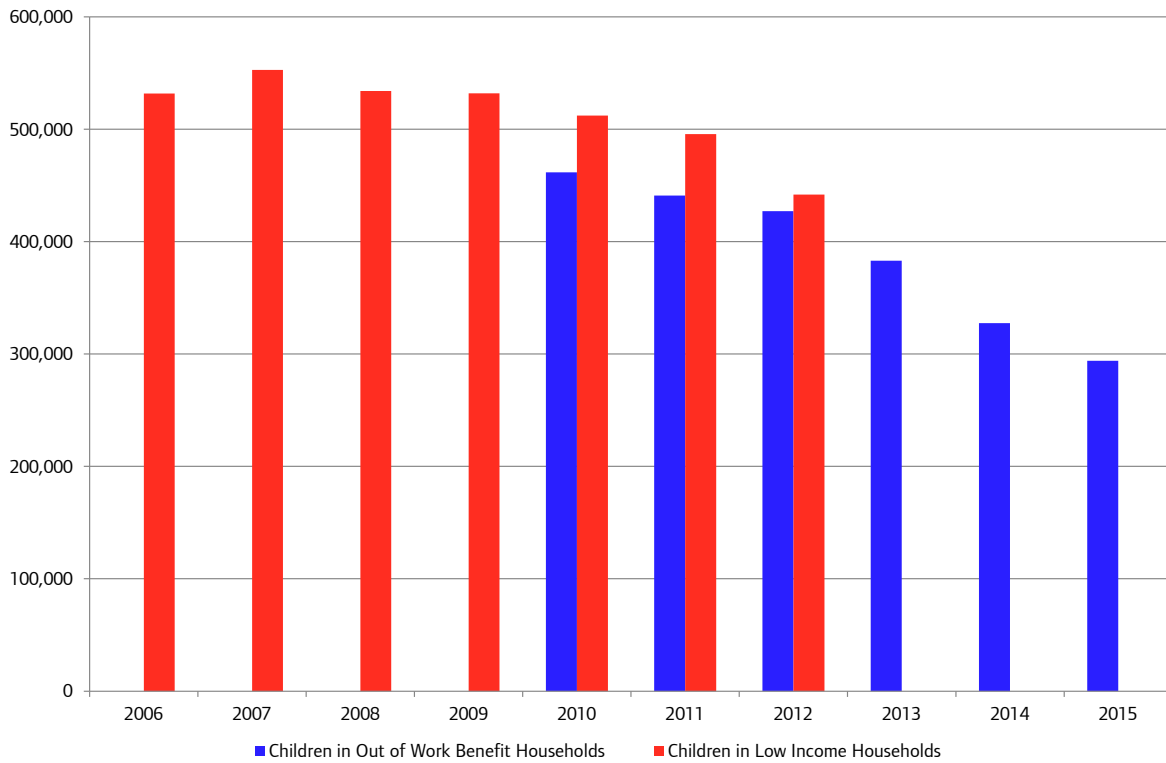
Figure 10.22: Working age benefit claimants in London



Sources: DWP Longitudinal Study (aggregate statistics published via NOMIS); HMRC Personal Tax Credit Statistics. Notes: WTC refers to Working Tax Credit; CTC refers to Child Tax Credit. Notes: These figures may include people of pensionable age where one partner is below pensionable age or in the case of Child Tax Credit, the adult(s) claiming may be of pensionable age. Claimant numbers for Universal Credit are not included in the chart.

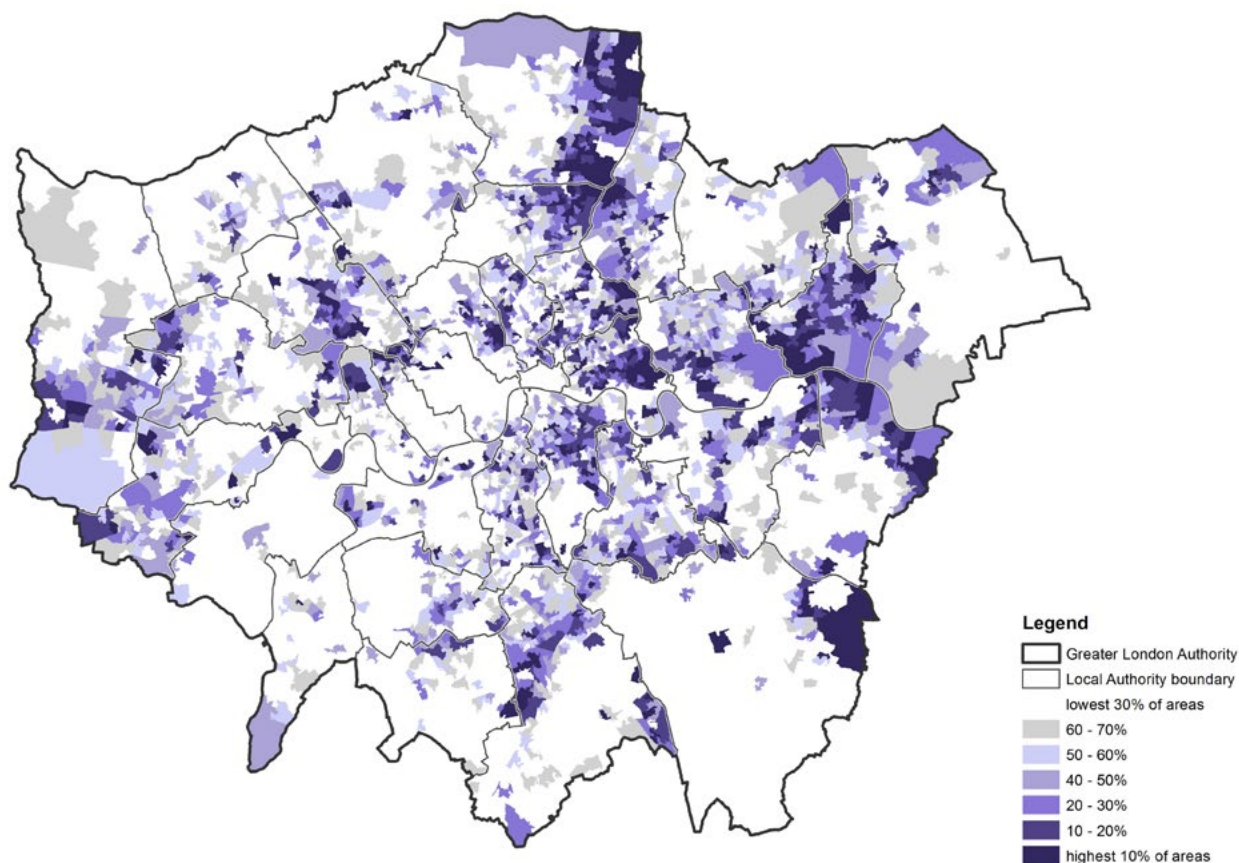
Figure 10.23 shows that, on the current DWP measure, the number of children in London in out-of-work households receiving benefits has fallen in each year since 2010. This is a result of a fall in the number of workless households (see Chapter 9 for further details on workless households). This continues the trend seen in the previous indicator on children in low income households since 2009, with the difference between the two data series mainly due to the former measure's inclusion of children in households receiving child tax credit, where the household income falls below a threshold calculated to represent a 60 per cent median figure nationally.⁵⁴ However, some children in families not receiving child tax credit may have incomes below this threshold and be excluded while some children in households receiving out of work benefits may have incomes above this threshold.⁵⁵

Figure 10.23: Children in families receiving benefits in London



Sources: DWP Longitudinal Study and HMRC Child Benefit Statistics, published as data series: Children in Out of Work Benefit Household; DWP Longitudinal Study and Family Resources Survey, published as data series: Child Poverty Statistics (formerly known as National Indicator 116)

Map 10.5 shows the distribution of children (aged under 16) living in families in receipt of out of work benefits as at May 2014. This shows that many of these children are in North East London, with particular concentrations in areas within Enfield, Tower Hamlets and Newham.

Map 10.5: Children in out of work benefit households

Source: *Children in out-of-work benefit households data series, May 2014, DWP*

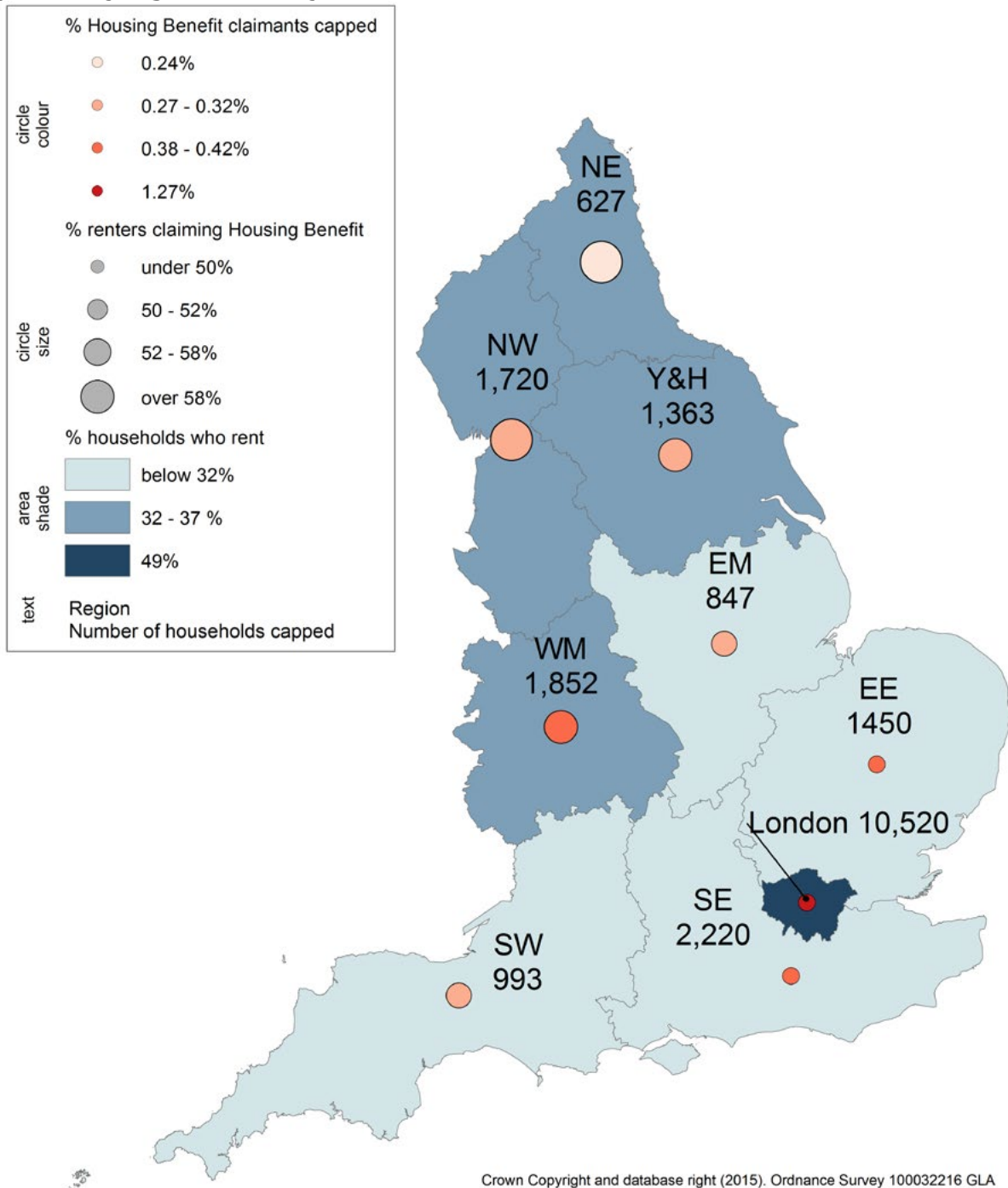
In 2013-14, London was the English region with highest number of claims for child benefit, child tax credit and working tax credit for the number of registered children (550,000), entitled non-recipient children (50,000), expenditure (£3.98 billion) and amount unclaimed (£410 million).⁵⁶

While many in low pay do not receive any of these benefits, they may still receive help with paying rent through housing benefit. Less than half of London renters claim housing benefit, among the lowest proportions for any UK region. The total value of housing benefit support tends to be higher in London, however, as it directly relates to the costs of housing. In February 2016 there were 807,024 housing benefit claimants in London; this has risen from 712,000 in 2008. Of the total, 550,000 were in the social rented sector and 250,000 in the private rented sector, the highest number of claimants were in Hackney and the lowest in Kingston upon Thames.⁵⁷

A benefit cap was introduced in 2013 which aimed to limit the amount that could be claimed in benefits by households who were not in work to the earnings level of the average household in the UK. This has impacted more on households in London where housing costs, and therefore the amount payable in housing benefit, are higher. Nearly half (45 per cent) of all households in Great Britain receiving reduced amounts because of the cap on the total payable were in London. However, not every household subject to the cap continues to be affected by it, with London households no longer subject to the benefit cap more likely to have moved into work than those in other British regions.⁵⁸

Map 10.6 illustrates the variation across the regions of England in levels of renting (the blue shading), and in the proportion of renters claiming housing benefit (the size of the circle), as well as the percentage of those claimants whose payments are capped (the red shading in the circle) and the overall number of households whose payments were capped as of June 2015. It shows that London actually has among the lowest proportion of renters claiming housing benefit, but since a much higher proportion of all households rent, the overall impact of the benefit cap is more widespread in London than in any other region.⁵⁹

Map 10.6: Households renting in England, claiming benefit and with capped benefit payments by region, February 2015



Sources: GLA calculations using 2011 Census and DCLG 2012 based Household projections; Housing Benefit Statistics, DWP; Benefit Cap Statistics for February 2015, DWP.

10.4.3 Low pay: minimum wage and living wage

In its exploration of the lower earnings for females, and part-time workers, Chapter 9 also highlighted the low levels of pay for full-time workers in the 10th percentile, with earnings of less than £9.00 per hour. GLA Economics has previously investigated low pay, defined as being ‘hourly pay excluding overtime below the 20th percentile point in the pay distribution for all London employees’.⁶⁰ This research also found that ‘part time employees are much more likely to be low-paid than full-time employees’ and highlighted that this is true for half of all part-time workers in London with around half earning less than the London living wage.

The research also looked at pay in four sectors of London’s economy that are thought of as generally having ‘low pay’: the cleaning sector; the retail sector; the social care sector; and the hospitality and catering sector – sectors that also have a relatively high proportion of female workers.⁶¹ This found that since 1997 the proportion of employees in low pay working in social care has been 40-50 per cent. For the retail sector, the proportion has been even higher at 50-60 per cent. For the hospitality and catering sector the proportion in low pay has been higher still at 60-70 per cent and for the cleaning sector, 75-85 per cent of employees have been in low pay. Moreover in three of the four ‘low pay’ sectors, the proportion of ‘low paid’ employees was at a peak in 2012 (or equal to a previous peak in the case of hospitality and catering). This suggests that the difference between these sectors and the non-‘low pay’ sectors may be increasing.⁶²

Voluntary and statutory measures have been attempted to support those on low wages in London. These measures include the statutory National Minimum Wage, the statutory National Living Wage and the voluntary London Living Wage. It is however important to differentiate between these schemes.

The new National Living Wage was set at £7.20 from April 2016 for workers aged 25 and over. This represents an increase from the previous National Minimum Wage of £6.70 (which still stands for those aged between 21 and 24). This new hourly minimum wage for those over 24 is expected to increase to 60 per cent of median UK earnings by 2020 (around £9.00). In comparison, for 2015 the London Living Wage was set at £9.40 per hour. It should also be noted that the National Living Wage has some other significant differences from the London Living Wage (see Table 10.7)⁶³, and its counterpart the out-of-London Living Wage.

Table 10.7: Comparing the London Living Wage to the National living wage

London Living Wage	National living wage
Participation by employers is voluntary	Participation by employers is compulsory
Payable to employees 18 and over	Payable to employees 25 and over
Calculation based on household living standards	Calculation based on individual earnings

For those that are employees, employers may voluntarily opt in to pay the London Living Wage. This is set at a rate which takes account of household composition and the changing costs of living. For 2015 this was set at £9.40 per hour for employees in London.

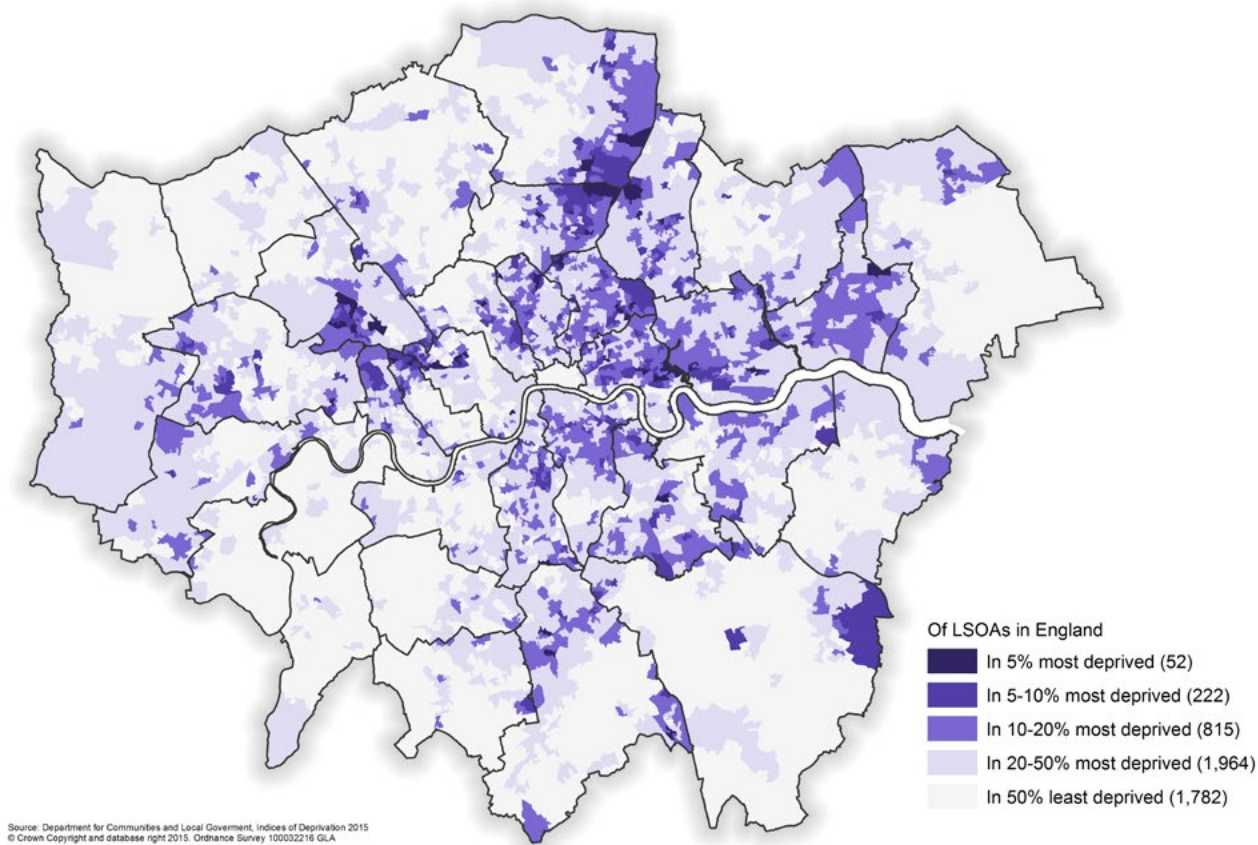
As of 2015, there were 700 accredited firms that had registered to become Living Wage employers, employing 30,000 workers. Comparing hourly wages in 2015 with the London Living Wage, 20.0 per cent (up from 18.3 per cent in 2012) of employees earned less than the 2015 London Living Wage – 16.6 per cent of men and 23.7 per cent of women. This is higher than in 2012, when 18.3 per cent of employees in London earned less than the 2012 London Living Wage of £8.55.⁶⁴

10.4.4 Deprivation

A lack of income, employment and earnings is often associated with a wider range of other socio-economic issues, such as poor health (see section 10.6), poor quality housing (10.3) and schooling (10.5), as well as vulnerability to crime (10.7) and local air pollution (see Chapter 7).

The UK Government measures relative deprivation via its qualitative Index of Multiple Deprivation (IMD), a relative measure of deprivation for small areas across England. Map 10.7 shows how the 2015 IMD ranks the areas within London, with the darker shades representing the most deprived areas. This shows that London has a large number of areas across the capital among the most deprived in the country. London has improved on this measure to become less deprived relative to the rest of the country between 2010 and 2015, despite persistently high levels of poverty. The areas of deprivation have also become more dispersed over time. It is important to note though that not every person in a highly deprived area will themselves be deprived. Likewise, there will be some deprived people living in the least deprived areas.

Map 10.7: Index of Multiple Deprivation 2015

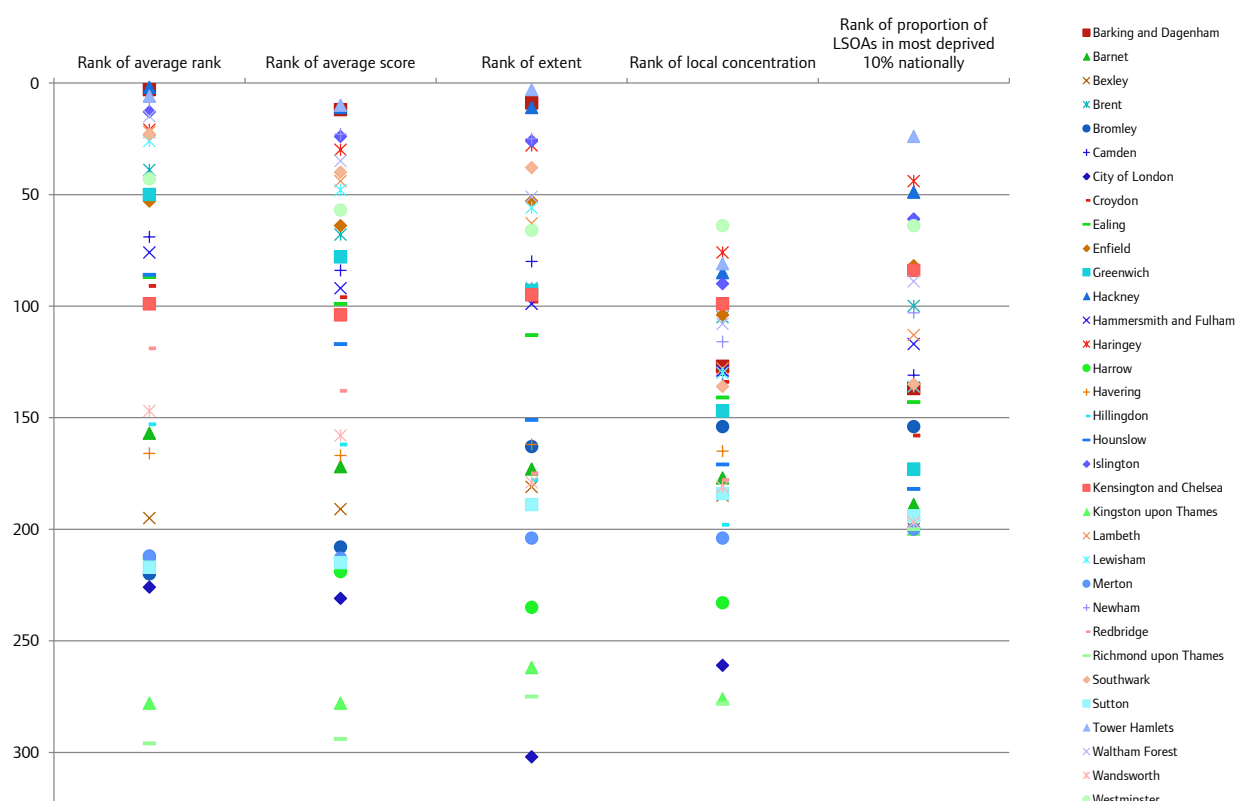


Source: GLA Intelligence Unit mapping of Indices of Deprivation 2015, DCLG

Deprivation is measured across seven different areas or domains: such as income; employment; health; education; living environment; crime; and barriers to services, using a wide range of indicators. The methods used show how each area compares with other areas across England using a combination of all these indicators. None of the very worst areas (the most deprived one per cent of nearly 33,000 areas in England) are within London, and only three are in the next percentile – one in each of Hackney, Islington, and Westminster. Falling within the most deprived five per cent of areas are also parts of Haringey, Tower Hamlets, Croydon, Brent, Newham, Kensington & Chelsea, Barking & Dagenham, Enfield, Lewisham, Waltham Forest, Lambeth, and Ealing. The City of London and Richmond are the only local authority areas within London with no areas in the most deprived 20 per cent of England.⁶⁵

Summary measures for local authorities look at different aspects, such as how the borough performs on average (average rank and score); the extent to which people are most affected by deprivation (extent); and how bad the deprivation is in the worst parts (local concentration and proportion of LSOAs in most deprived 10 per cent nationally). Figure 10.24 shows how the London boroughs fare out of the 326 local authority areas in England in each of the five measures. As each of these measures is important, there is no borough that stands out as being “the most deprived”. Barking & Dagenham, Hackney, and Tower Hamlets are each ranked in the 20 most deprived local authorities in England on three of the five measures. Islington, Newham and Waltham Forest also rank in the top 20 most deprived on one of the five measures.

Figure 10.24: Summary measures of the Index of Multiple Deprivation 2015 across London Boroughs

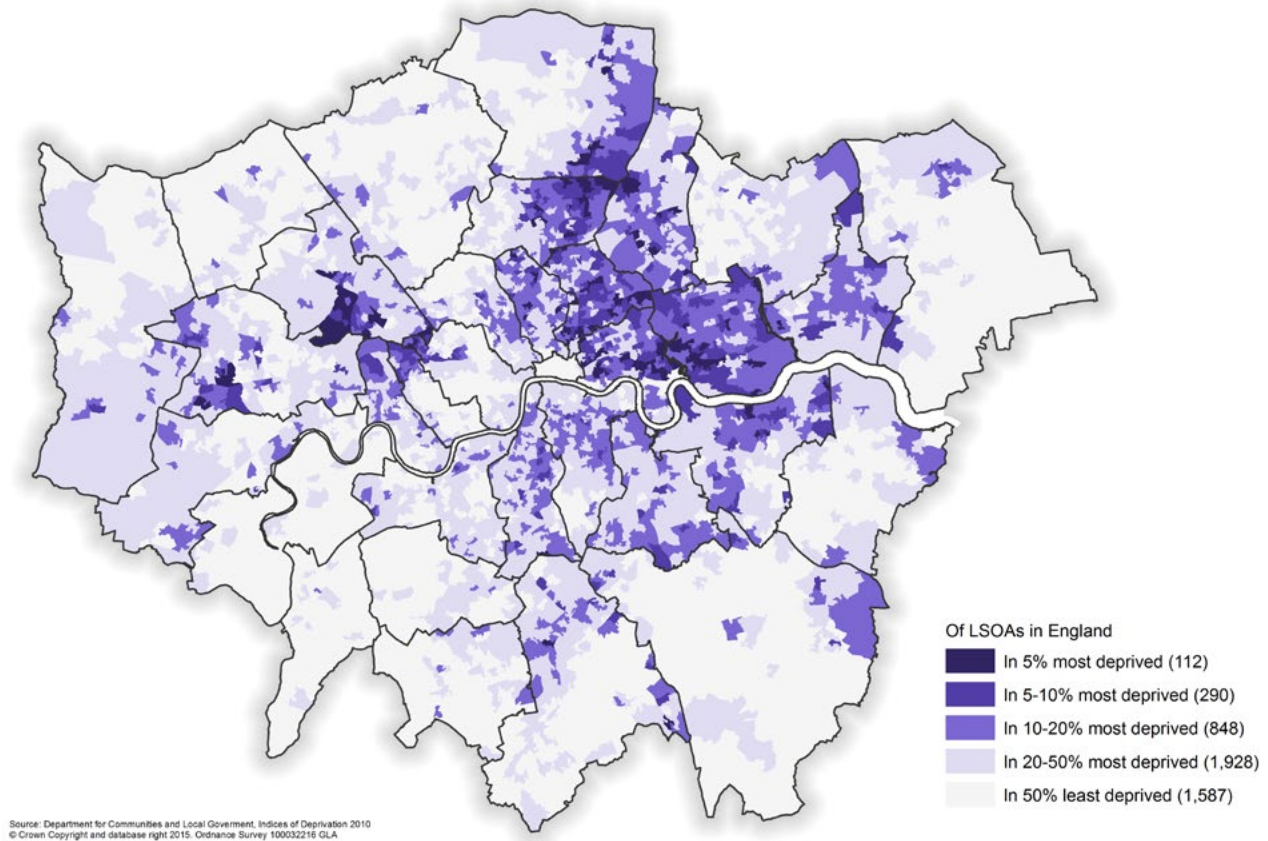


Source: *Indices of Deprivation 2015*, DCLG. Note: A rank of 200 on the proportion of LSOAs in the most deprived 10 per cent nationally means there are no LSOAs in the highest ten per cent.

Comparison over time is difficult as changes to indicators and the areas used mean that strict comparability is not possible, but broadly speaking Newham appears far less deprived than it did under the previous IMD in 2010 (see Map 10.8). This is at least partly due to an improved population estimate, where a previous under-estimate in the number of residents probably overstated the degree of deprivation. Conversely, an over-count of Westminster’s population previously tended to understate its deprivation levels.

Map 10.8 shows the 2010 IMD for London, and it is clear that the general pattern of deprivation is similar, with a broad crescent from Enfield down through Haringey, Islington, and Hackney, to Tower Hamlets, Newham, and Barking & Dagenham still apparent, though slightly less marked than previously. This is almost mirrored south of the river from Greenwich to Lambeth and down into Croydon, although it is dispersed a little more sparsely. Other notable pockets of deprivation remain evident, such as around Stonebridge/Harlesden through to Paddington and in the River Brent area.

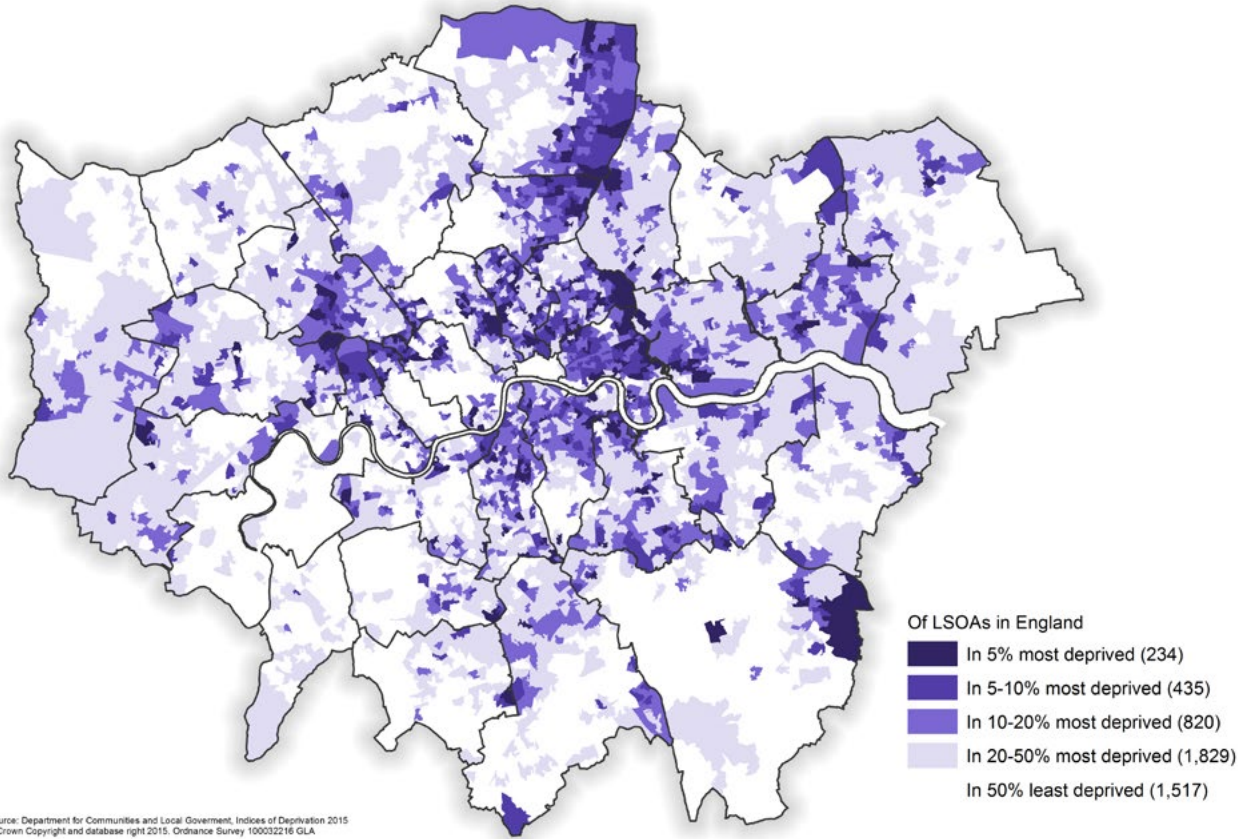
Map 10.8: Index of Multiple Deprivation 2010



Source: GLA Intelligence Unit mapping of Indices of Deprivation 2010, DCLG

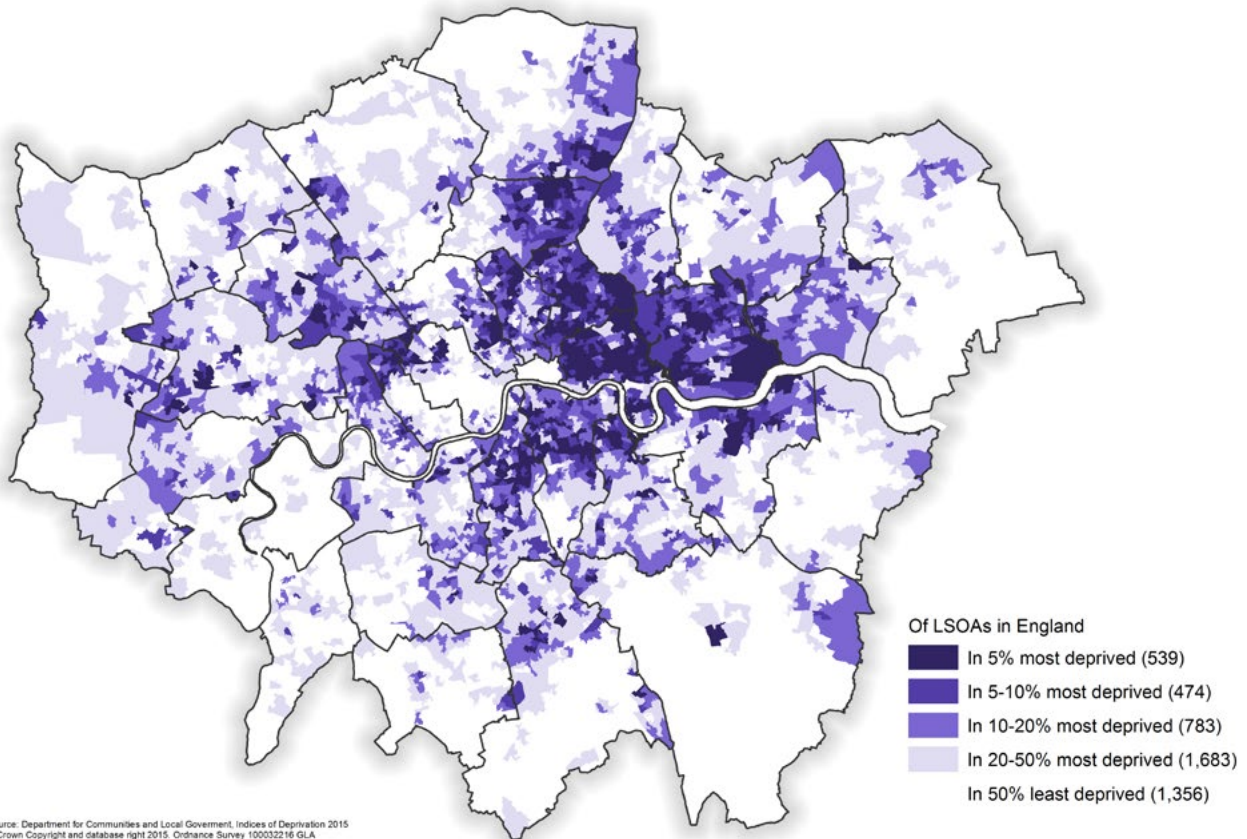
The supplementary indices, measuring the extent of income deprivation among children and among older people, show that areas in inner London such as Tower Hamlets have high levels of older people living in income deprivation, while more areas within Enfield have high levels of income deprivation affecting children (see Maps 10.9 & 10.10). Overall, around 14 per cent of London LSOAs are among the ten per cent with the highest levels of income deprivation affecting children, while more than 20 per cent of London LSOAs are among the ten per cent with the highest levels of income deprivation affecting older people.

Map 10.9: Income deprivation affecting children, 2015



Source: GLA Intelligence Unit mapping of Indices of Deprivation 2015, DCLG

Map 10.10: Income deprivation affecting older people, 2015



Source: GLA Intelligence Unit mapping of Indices of Deprivation 2015, DCLG
GLA Economics

10.5 Wealth, fairness and social mobility

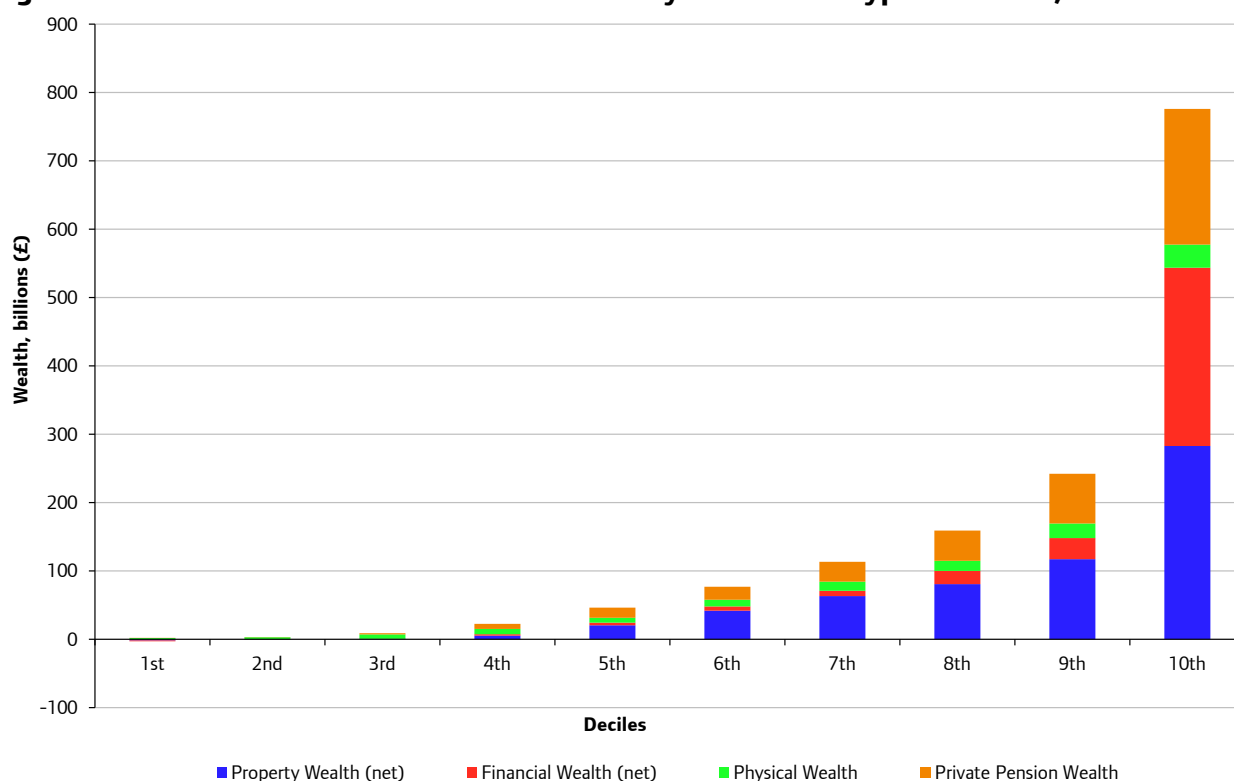
10.5.1 Wealth

Wealth is much more unequally distributed than income (see section 10.3.1). The wealthiest 10 per cent of London households own more than 50 per cent of total household wealth (£775 billion), and the bottom 50 per cent own less than 10 per cent of London's total wealth (£80 billion).⁶⁶ This is slightly more skewed than in Great Britain as a whole where the richest 10 per cent own 45 per cent of total wealth.

For the top 10 per cent of London households this is comprised of £283 billion in net property wealth (46 per cent of all property wealth in London), £261 billion of net financial wealth (79 per cent of all London's financial wealth), £198 billion of private pension wealth (51 per cent of all London's private pension wealth), and £34 billion of physical wealth (28 per cent of all London's physical wealth). The largest component of wealth among poorer households tends to be physical wealth, made up of private household possessions, such as jewellery or motor vehicles (see Figure 10.25).

In London property wealth is an important component of London's unequal wealth distribution, accounting for almost 40 per cent of total wealth among the wealthiest 20 per cent of households. Property ownership rates are lower for Londoners than elsewhere, but the net property wealth is higher. Housing wealth is also an important source of inheritance. During 2010-12, it is estimated that 168,000 individuals in London received some form of inheritance in the preceding two years. Of these, 40,800 included a "house, flat, land, or share in property", accounting for 24 per cent of all inheritances within London. Such transfers of wealth may serve to perpetuate inequality across generations.

Figure 10.25: Distribution of wealth in London by deciles and type of wealth, 2010-12



Source: ONS Wealth and assets survey, 2010-2012

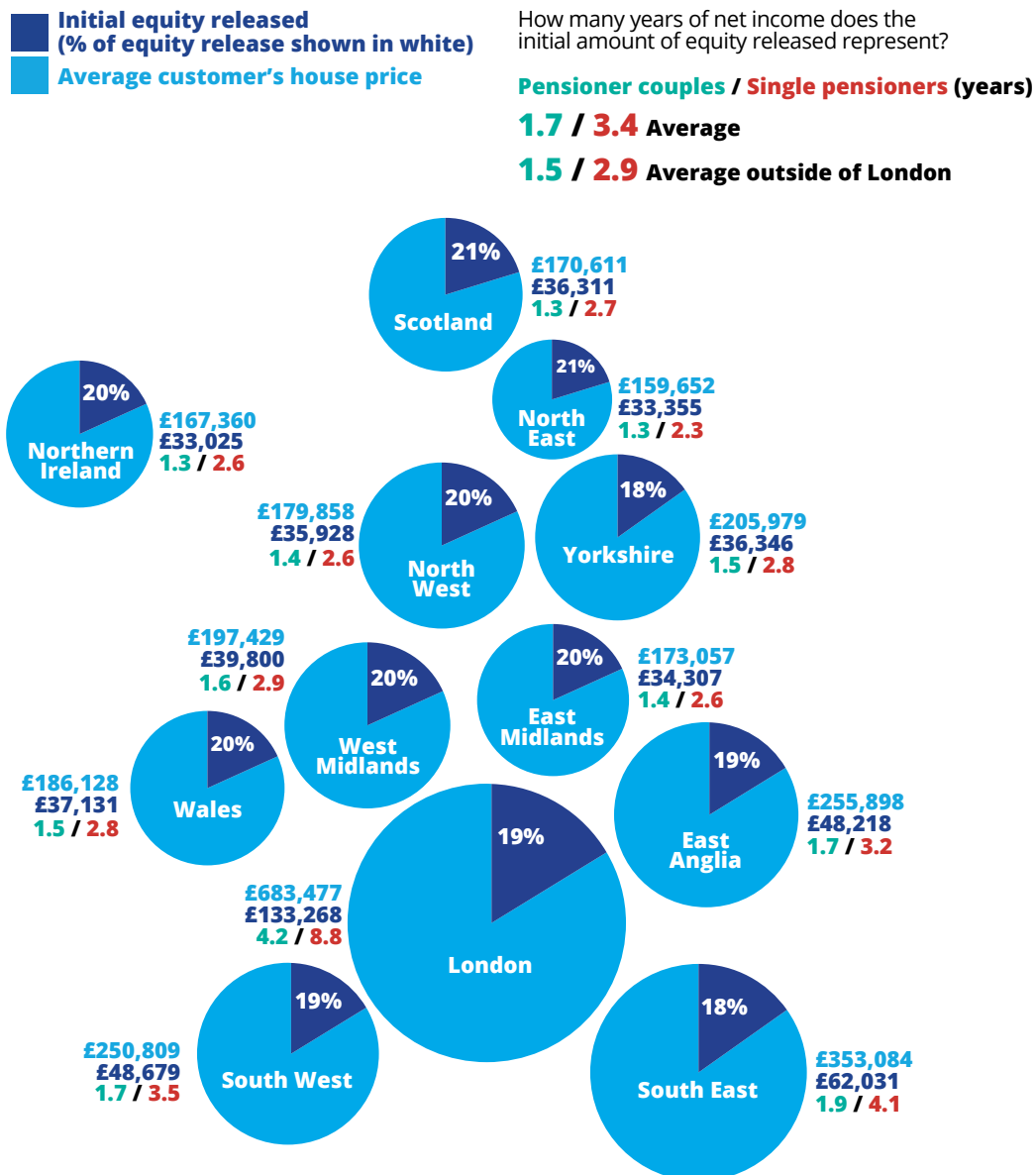
As with the distribution of income, there are also extreme differences in wealth among the top 10 per cent. At the extreme, London is home to a relatively high number of very high net worth individuals. According to the 2016 Sunday Times Rich List, 77 of the UK's 120 billionaires live in London. This marks three fewer than in 2015, but more than any other city in the world. Taking account of property wealth and other assets, UK-based billionaires held an estimated combined wealth of £344 billion.⁶⁷

Homeowners with a high percentage of their property mortgaged are more likely to view it as a burden, and Londoners have much higher mortgage debt than elsewhere – more than half of those with a mortgage in London owed more than £130,000. The ONS Wealth and Assets Survey find that more than a quarter of Londoners with financial debt (including household bills, credit cards or loans etc.) found it a heavy burden.⁶⁸

Still, there is some evidence that some of the property debt may be in the form of re-equity release arrangements, rather than a mortgage to purchase a property. UK equity release schemes allow individuals aged 55 and over to release money from the property they live in without having to make any monthly repayments. Data from the Equity Release Council presented in Figure 10.26 show that some older people are releasing substantial sums from their properties. Although the proportion of the property value varies little across the country (from 18 to 21 per cent), there is a substantially larger sum released in London than elsewhere, averaging more than £133,000.

The reasons for the equity release are not available, but could include provision for long-term care, cash to cover essential spending costs or maintaining a lifestyle, or helping a younger generation fund a deposit for their own home.

Figure 10.26: Regional trends in equity release, 2014



Source: Equity Release Market Report, autumn 2014

10.5.2 Fairness and equity in London

In many ways London's economy has recovered well from the 2008/09 recession, with levels of employment not seen since records began in 1992 (see Chapter 9). However, as noted in Chapters 1 and 6, productivity has lagged behind. Although the city offers opportunities that draw people from across the world (see Chapter 5), issues around the cost of housing and concentrated levels of deprivation (amongst other factors) have led some to question whether these opportunities are available to all.

Recent research by the London Fairness Commission has begun to examine this issue in some detail.⁶⁹ Based on a survey of 2,000 adult Londoners, it found that a slim majority agreed with the statement that "London is a fair city", with 51 per cent of women and 56 per cent of men agreeing. A substantial minority (31 per cent) however feel instead that "London is not a fair city", while the remaining 16 per cent of Londoners do not know either way. However, there were variations based on age with 51 per cent of 18-54 year olds agreeing while 60 per cent of those aged over 55 agreed. Further, a minority of those who rented their housing agreed standing at 48 per cent, compared to 61 per cent of owner occupiers. There were also variations based on household income levels with 52 per cent of households with incomes less than £50,000 agreeing, this rose to 60 per cent for households with incomes between £50,000 and £70,000, before dropping to 55 per cent for households with incomes over £70,000 per year.

The Commission also found that two thirds of Londoners believe that their wages have not kept pace with the increased costs of living, with this being felt particularly strongly for households earning less than £50,000 per year. Furthermore, just over half of Londoners do not believe that their wage is a fair reflection of their work. Fifty-seven per cent of Londoners think that it is unfair for top earners in London to be paid very high salaries as others in London struggle to get by. There is also a strong call for a higher minimum wage in London with 78 per cent of Londoners supporting this.

10.5.3 Social mobility and life chances

Inequality is not only a matter of incomes (see section 10.3.1) or wealth (see section 10.5.1); there is also great divergence in outcomes across a broad range of dimensions: from health, to education and job opportunities. A key concern for individuals and families is the educational outcomes of their children throughout their school career, as high educational attainment is seen as one way in which individuals can improve their lot; and become more socially mobile.

However, combinations of low incomes, poor housing, ill health, a lack of work and low education attainment tend to feed off each other, and may limit the ability of part of the population to fulfil their productive potential and improve their quality of life. The accumulation of disadvantages, unchecked, also risks perpetuating lost potential across generations; from parents to their children.

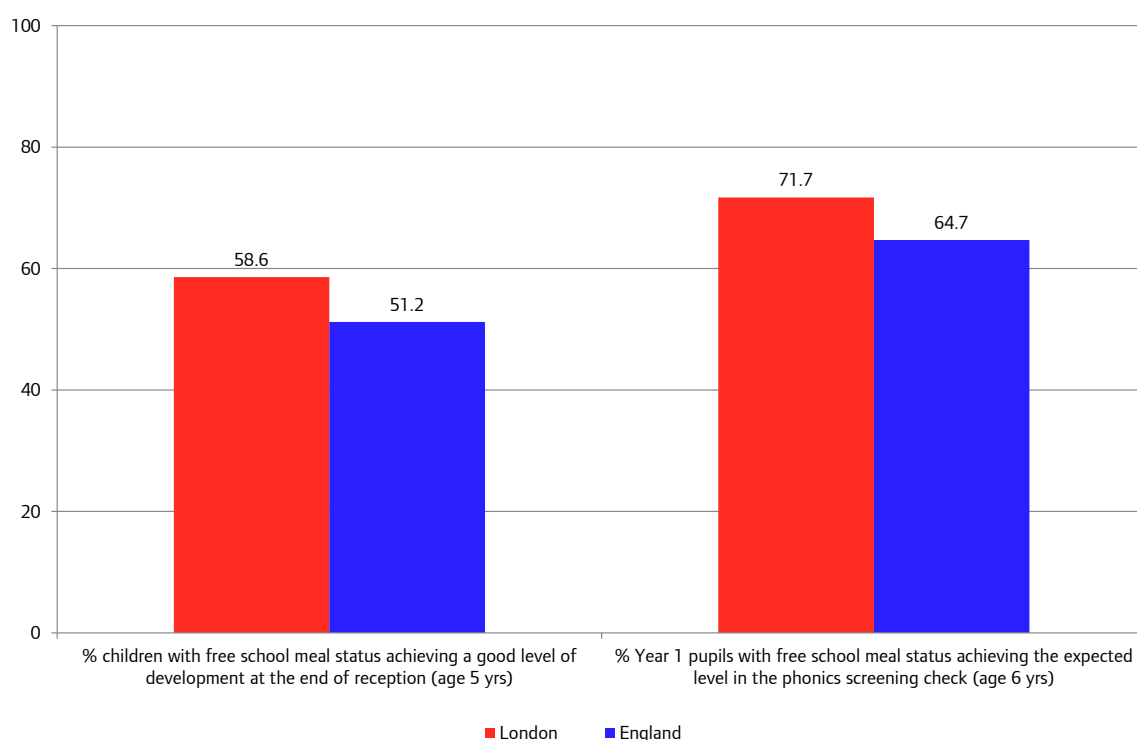
Preliminary research by the OECD⁷⁰ finds that throughout developed countries 'the better-off can expect their children to attain better educational performance and acquire higher levels of skills, including social and emotional skills, that put them in a better position to interact with a demanding work environment'. Education, in its broadest sense, is therefore seen as an important component influencing social mobility.

Chapter 9 highlighted that there are a number of factors that can impact educational attainment at age 16, such as whether pupils have special education needs, English as an additional language, as well as other factors such as their gender and ethnicity. This finds that London's pupils from a range of backgrounds tend to achieve better GCSE results than other areas.

Issues with child development that may affect later life chances may also appear earlier.⁷¹ For instance, Ofsted found that only a little more than a third of children from low income backgrounds reached what is considered ‘a good level of development’⁷² before entering primary school, and the expected level in the phonics screening test by year 1.

Due to a lack of data combining information on household incomes and child development, the association between low income backgrounds and these two measures is often captured by using information on children’s free school meal status as a proxy measure.⁷³ Figure 10.27 shows that, although London children receiving free school meals perform better than the English average at the start of their formal school career, there are still many who do not.

Figure 10.27: Early years’ development of children with free school meal status in London and England, 2014/15



Source: Public Health England, Public Health Outcomes Framework

There was also a variety of outcomes across London with Ofsted further noting that when looking at ‘the proportion of children from low income families achieving a good level of development in each local authority... children are being failed in very different areas. Gateshead, Leicester and Richmond upon Thames serve very different communities and yet all have similar poor performance’.⁷⁴

Although often of high importance to families, some children or parents can still misperceive the importance of formal educational attainment and less formal skills for life chances. The failure of young people to realise their potential may make them more prone to develop into NEETs (those aged 16 to 24, not in education, employment or training).

There is evidence that unemployment early in life can have a ‘scarring’ effect on individual life chances, with youth unemployment associated with lower life satisfaction, ill-health, and wages more than 20 years later.⁷⁵ Other studies have also identified associations with alcohol consumption, crime, civil unrest and antisocial behaviour;⁷⁶ issues which may in turn further impact on individuals’ health and wellbeing (investigated in section 10.6), and the quality of life in London, while unemployment is also associated with costs to the public finances (in terms of spending on public services and the tax revenues foregone).

There is also a further issue around equity. There is evidence of a vicious circle, particularly amongst London's white, low income families. LSE research for the Trust for London has found that across the UK, 'educational inequalities between those from different backgrounds declined for those born after 1980. However, when focussing on the highest levels of attainment, gaps have persisted'. It also notes that, 'there is clear evidence that initially high-attaining poorer children fall behind richer but lower-attaining children between 11 and 16. Much of this is attributable to differences between the secondary schools attended by richer and poorer children, and some of it to differences in educational values, aspirations and expectations of pupils'.⁷⁷

Further, 'children with lower attainment at age five but coming from more privileged backgrounds suggests that there is a 'glass floor', protecting them from the downward social mobility that might have been predicted. Protective factors include higher parental education, higher maths attainment by age 10, enrolment in private or grammar secondary schools, and reaching university'.

In its analysis of the educational backgrounds of business, political and public sector leaders in the UK, the UK Government's social mobility commission identified substantial over-representation of those educated privately at independent schools. This found that 71 per cent of senior judges, 62 per cent of senior armed forces officers, 53 per cent of senior diplomats, and 44 per cent of the Sunday Times Rich List, attended independent schools – compared to 7 per cent of the UK public as a whole.⁷⁸ As of January 2016, London had more independent schools (551) than any other English region, and a higher proportion of London's children are privately educated (10.5 per cent) than the England average (6.8 per cent).⁷⁹ To the extent that the prospects of making it to the very top are limited for those who begin their career without those advantages, this may serve to maintain the social gap.

Following compulsory schooling, the ONS reports that the UK has a low level of earnings mobility across the generations.⁸⁰ This means that there is a strong relationship between the economic position of parents and that of their children. The Government's State of Britain 2015 report⁸¹ states that 'young people from poor families are far less likely to go to university, attend a top institution or access certain elite professions'.

In London, while data is limited, evidence on the situation in terms of access to university suggests that this may be slightly less stark. Analysis of the progress of children in receipt of free schools meals (FSM) into higher education shows that 40 per cent of those receiving FSM in London at age 15 in 2009/10 went on to Higher Education by age 19 (in 2013/14). This compares to 49 per cent of non-recipients of free school meals (non-FSM) in London. While still sizeable, this 9 percentage point gap compares favourably to the 17 percentage point gap in progression for England as a whole, with average figures of just 22 per cent for FSM, and 39 per cent for non-FSM.⁸²

In London's demanding labour market (see Chapter 9), being highly qualified is increasingly important for being in work – such that gaps in education attainment at school can reduce opportunities for work thereafter.

10.6 Health and wellbeing

Health and wellbeing also represent measures of the quality of life in London for its residents. Chapter 6 cites lower levels of personal wellbeing as having a possible negative impact on the ability to attract (and retain) people to work and study in the capital. Health outcomes in London may also be directly affected by economic decisions on how much to work or exercise, as well as what, and how much, to consume. As seen in Chapter 7, health status is also shaped by economic activity affecting the quality of the local environment – with exposure to air pollutants in 2010 estimated to reduce life expectancy by between 9 and 17 months, on average across all of London’s population.⁸³

Ill-health is also linked to high levels of demand and costs for public services. It can also represent costs for businesses in terms of lost hours or days of work, while also presenting a barrier to education and employment for those affected. As Chapter 9 noted, long-term sickness is one of the main reasons for economic inactivity in London (behind study and caring for the home/family).

10.6.1 Life expectancy and premature mortality

Most developed countries have enjoyed large gains in life expectancy over the past decades, thanks to improvements in living conditions, public health interventions and progress in medical care. For the UK as a whole life expectancy at birth stands at 81 years. This is one year above the OECD average, ranking 18th out of 38 countries. When asked “how is your health in general?” 74 per cent of adults in the UK reported to be in good health, ranking 14th out of 38 OECD countries, and above the OECD average of 69 per cent.⁸⁴

London’s health performance with respect to the rest of the country is however mixed. In analysis of London’s people in Chapter 8, it was shown that London has a slightly higher life expectancy at birth than the England average for both females and males. In line with the rest of the country, women also tend to live an average of around four years longer. Table 10.8 shows however that while women could expect to live significantly longer in good health based on current rates (around half a year longer) than men across England as a whole, men and women born in London have a similar ‘healthy life expectancy’.⁸⁵ As a result this means that males in London can expect to spend 80 per cent of their life in good health, compared with 76 per cent for females.

Evidence at a national level, has highlighted that differences in both life expectancy and healthy life expectancy show a clear social gradient, with the most deprived groups having shorter lives and living a greater proportion of them in ill health. As pension ages rise, health may have an increasing impact on more deprived groups’ ability to be economically active as a result, further exacerbating existing inequalities.⁸⁶

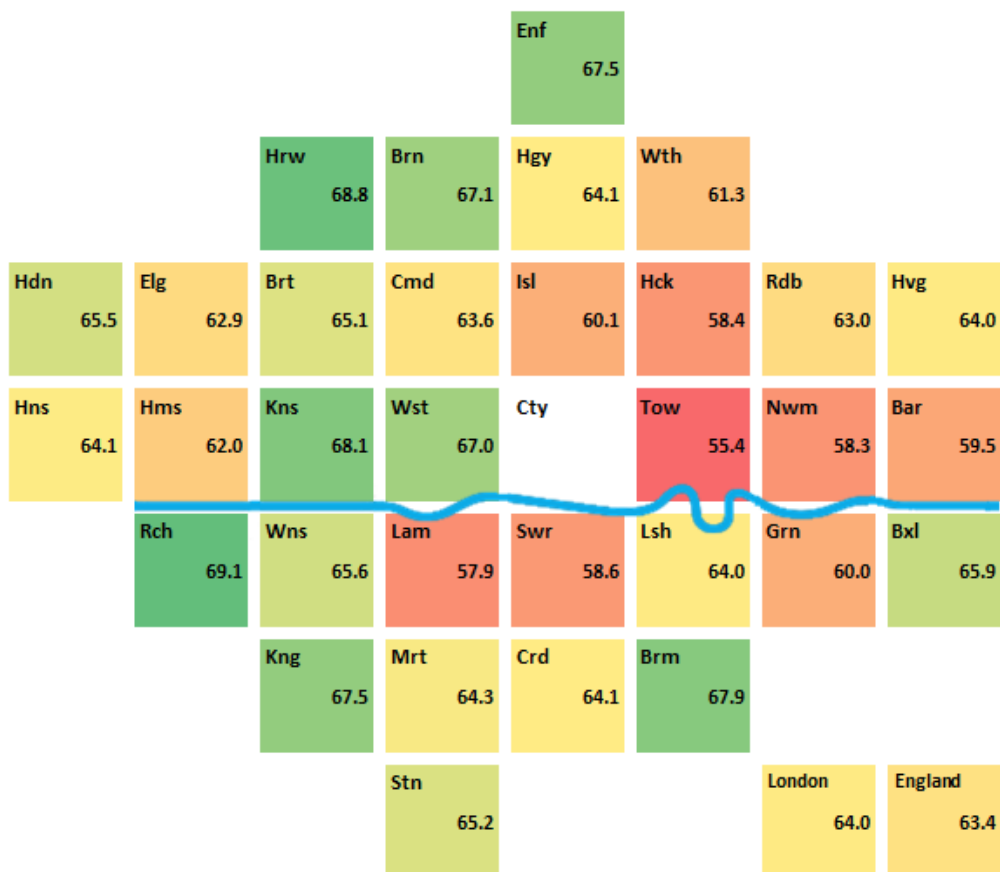
Table 10.8: Life expectancy (LE) and healthy life expectancy (HLE) for males and females at birth by English region, 2012 to 2014

	Life expectancy		Healthy life expectancy	
	Males	Females	Males	Females
South East	80.5	84.0	65.9	66.6
South West	80.2	83.9	65.1	65.6
East	80.4	83.8	65.0	66.0
London	80.3	84.2	64.0	64.1
East Midlands	79.4	83.0	62.7	63.5
West Midlands	78.9	82.9	62.4	62.5
Yorkshire and the Humber	78.7	82.4	61.4	61.8
North West	78.1	81.9	61.1	61.8
North East	78.0	81.7	59.7	59.8
England	79.5	83.2	63.4	64.0

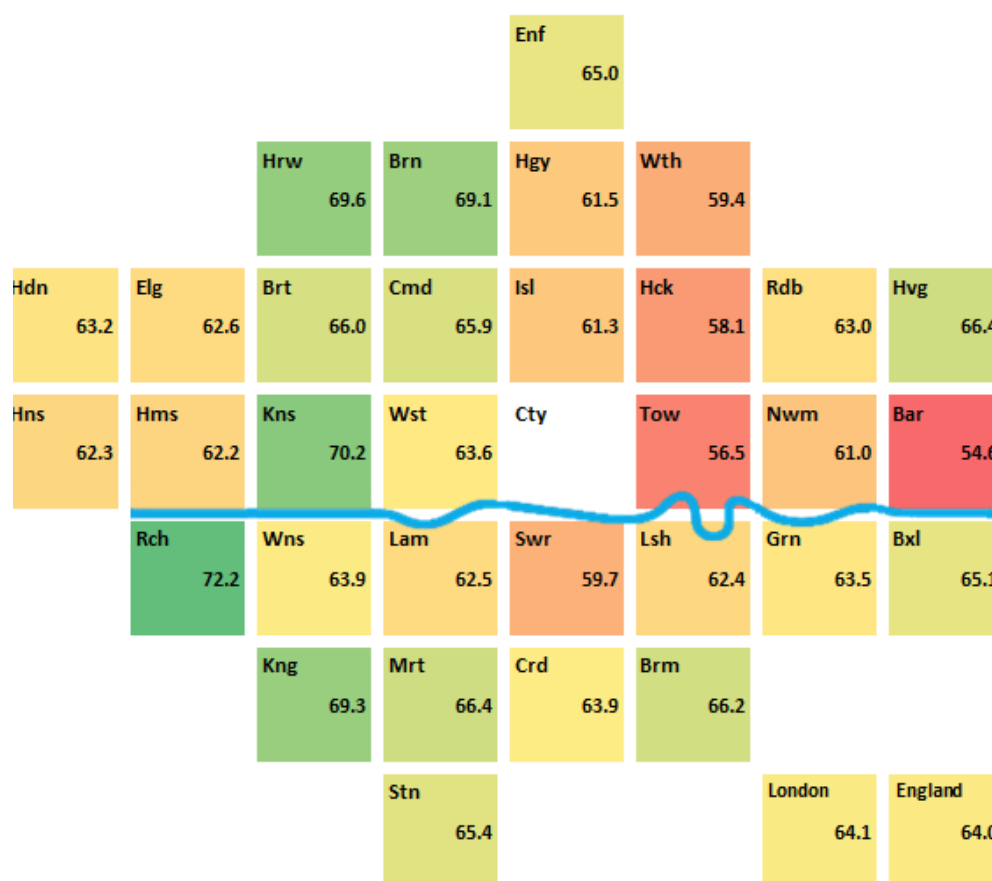
Source: ONS healthy life expectancy, 2012-14⁸⁷

Average HLE varies significantly across local authorities, as shown in Maps 10.11 and 10.12 for males and females respectively. For those born in Barking and Dagenham, Hackney, Southwark and Tower Hamlets, both females and males can expect to live significantly less time in good health than the London average. In contrast, residents of Barnet and Harrow in North West London, and those of Kensington and Chelsea, Kingston upon Thames and Richmond upon Thames in the South West can expect to live significantly longer in good health than the London average. Due to the small size of the reporting samples, there are however no significant differences in HLE for males and females within local authorities. It is not possible to analyse HLE by ethnicity because ethnicity is not requested on registration of death.

Map 10.11: Average healthy life expectancy for males by local authority, 2012-2014



Source: ONS healthy life expectancy 2012-14. Note: data for the City of London is not available.

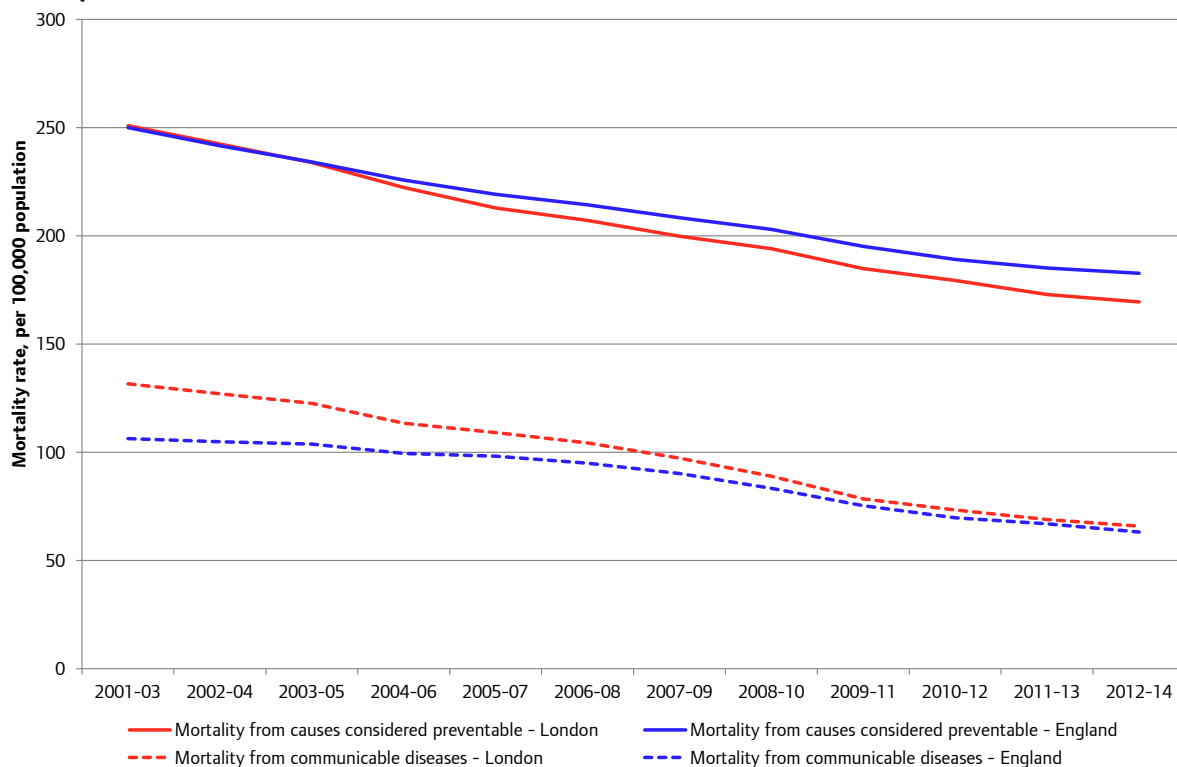
Map 10.12: Average healthy life expectancy for females by local authority, 2012-2014

Source: ONS healthy life expectancy 2012-14. Note: data for the City of London is not available.

Based on analysis of 2009-2013 data, the ONS notes that healthy life expectancies in London can also vary depending on where people live even within boroughs. Highlighting the impact of the level of deprivation on health, the ONS states that ‘men who live in the least deprived part of Kensington and Chelsea can expect almost a quarter of a century (24.6 years) more of good health than their male counterparts in the most deprived part of the borough’. For females at birth across Kensington and Chelsea, the equivalent difference during the same period was 21.2 years. In contrast, the ONS finds low levels of health inequality in Newham at 3.8 years for men, and 3.1 years for women. This is however largely because most of the areas within the borough have a similarly low HLE.⁸⁸

Mortality, or the rate at which people are dying in a given year, provides an alternative measure of healthcare need reflecting the overall burden of disease and ill health on the population, both in terms of the incidence and prevalence of diseases and the ability to treat them. Figure 10.28 shows that, in recent years, London’s mortality rates from causes considered preventable have been falling, and is on average performing slightly better than England as a whole.⁸⁹ It also shows that the rate of mortality from communicable diseases (transmissible from person to person) – some of which may also be considered preventable⁹⁰ – has also fallen in the past 15 years. It however remains significantly higher than the England average (65.8 per 100,000 compared to 62.8 per 100,000).

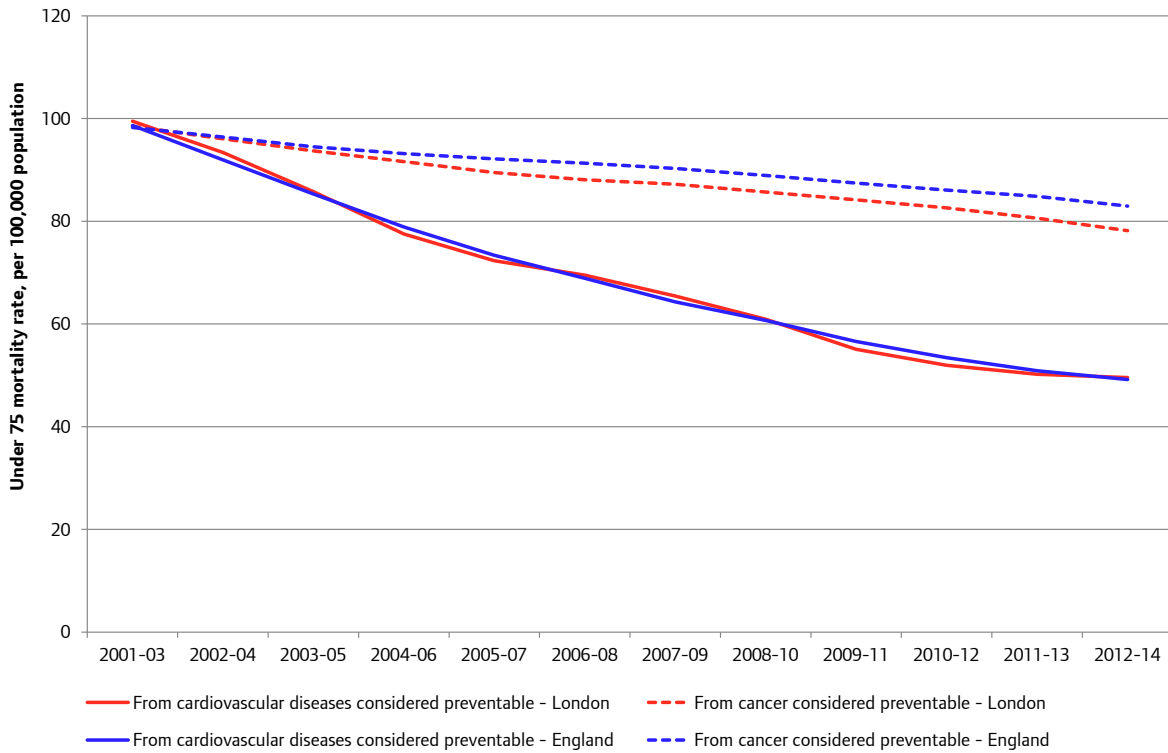
Figure 10.28: Mortality rate from causes considered preventable and from communicable diseases, 2001-2014



Source: Public Health England, three-year averages, standardised by age.

Figure 10.29 shows that this improvement in performance is also seen for two of the leading causes of potentially avoidable deaths: cardiovascular diseases and cancer. Looking back over a longer period from 1961 to 2011, a report by the British Heart Foundation highlights the role of changes in lifestyle, such as the fall in levels of smoking, in reducing mortality rates.⁹¹ The relationship between lifestyle and health is considered further in section 10.6.3.

Figure 10.29: Under 75 mortality rate from cardiovascular diseases and cancer considered preventable, London and England



Source: Public Health England, three-year averages, standardised by age.

The infant mortality rate for London, measured as the rate of deaths in infants under one year old per thousand live births, was slightly lower than that for England on average (3.6 compared to 4.0) in the period 2012 to 2014. Figure 10.30 shows that there is however a degree of variation across London with rates of infant mortality significantly worse in the Borough of Hackney (highlighted in red).

Figure 10.30: Infant mortality (under 1 year old), per 1,000 live births, 2012 - 2014

Area	Value	Lower CI	Upper CI
England	4.0	3.9	4.1
London region	3.6	3.4	3.8
Hackney	5.6	4.4	7.0
Hammersmith and Fulham	4.7	3.3	6.5
Lewisham	4.7	3.7	5.9
Barking and Dagenham	4.4	3.3	5.8
Kingston upon Thames	4.3	2.9	6.2
Tower Hamlets	4.3	3.3	5.5
Harrow	4.2	3.1	5.6
Greenwich	4.2	3.1	5.4
Brent	4.1	3.2	5.2
Enfield	4.0	3.1	5.2
Croydon	4.0	3.1	5.0
Hounslow	3.9	2.9	5.1
Southwark	3.9	2.9	5.1
Waltham Forest	3.8	2.9	5.0
Wandsworth	3.7	2.8	4.8
Lambeth	3.7	2.7	4.8
Newham	3.6	2.8	4.5
Ealing	3.4	2.6	4.4
Hillingdon	3.3	2.4	4.4
Westminster	3.3	2.2	4.8
Havering	3.2	2.1	4.6
Merton	3.1	2.1	4.3
Haringey	3.0	2.1	4.1
Camden	2.9	1.8	4.2
Bexley	2.8	1.8	4.1
Sutton	2.7	1.7	4.1
Kensington and Chelsea	2.7	1.5	4.4
Islington	2.6	1.7	4.0
Richmond upon Thames	2.6	1.7	4.0
Redbridge	2.6	1.8	3.5
Barnet	2.2	1.6	3.1
Bromley	1.6	0.9	2.4
City of London	*	-	-

Source: [Public Health Outcomes Framework](#), accessed on 26 July 2016

If we examine London in relation to UK and EU regions with regard to indicators of life expectancy, mortality and morbidity, the picture becomes more mixed. Based on an assessment in 2010, Table 10.9 shows that for some health indicators, London performed well compared to the UK and EU, with it having relatively low rates of mortality from circulatory diseases, cancer and external causes, and relatively high levels of life expectancy at birth. In other indicators, such as the incidence of AIDS, London performed less well – having among the highest levels across EU regions.

Table 10.9: Health summary for London against UK and EU rankings

Domain	Indicator	Rank of London in the UK/EU	
		UK	EU
Mortality	Life expectancy at birth: Female	4/12	90/189
	Life expectancy at birth: Male	4/12	51/189
	Infant mortality	7/12	78/248
	Perinatal death rate	2/12	40/227
	Mortality all causes: Female	9/12	172/265
	Mortality all causes: Male	4/12	214/265
	Premature mortality <65: Female	9/12	126/265
	Premature mortality <65: Male	7/12	189/265
	Mortality circulatory diseases: Female	9/12	191/244
	Mortality circulatory diseases: Male	9/12	177/244
	Mortality cancers: Female	10/12	82/235
	Mortality cancers: Male	9/12	184/235
	Mortality external causes: Female	10/12	212/244
	Mortality external causes: Male	12/12	240/244
Morbidity	AIDS incidence	1/12	19/168
	Low weight births	5/12	27/169
	Road injuries and deaths	9/12	206/212

Source: 12sare project, 2010.⁹² Rankings are based on 12 UK regions, and those EU regions for which data was available. In the table, the region with the rank 1 is the region with the highest value of the indicator.

Evidence from indicators on life expectancy and the rates of mortality from some of the major causes of premature or preventable death suggest that Londoners are, on the whole, becoming healthier (or at least dying later). The average figures may however disguise higher levels of incidence in particular areas or among particular communities, shown to be associated with deprivation.

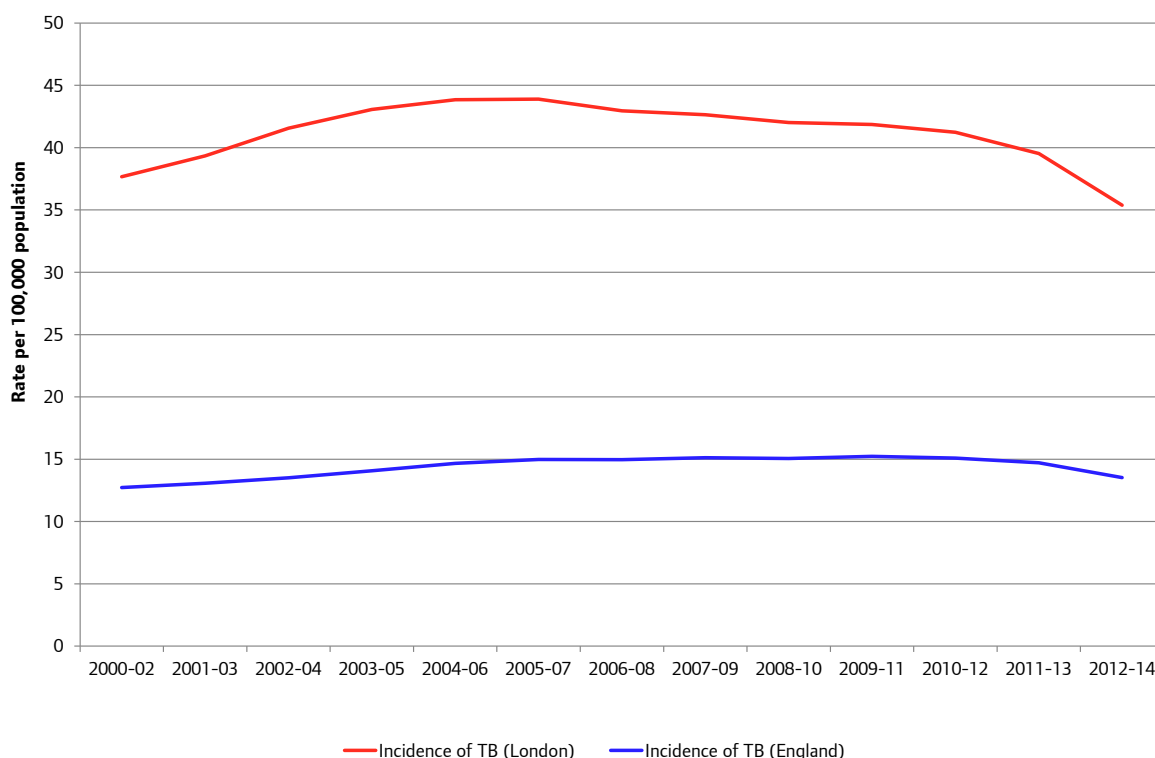
10.6.2 Issues of health and wellbeing

London's residents also face several specific health issues. These relate to physical illnesses, mental health, personal wellbeing, as well as issues of access to healthcare and health protection that result in inequalities in the uptake of vaccines and health appointments.

10.6.2.1 Physical illness

London is disproportionately affected by communicable diseases compared to the rest of the UK, with London Medicine noting that this is 'particularly symptomatic of its highly mobile population'.⁹³ In particular, London has a significantly higher incidence of tuberculosis (TB)⁹⁴, human immunodeficiency virus (HIV)⁹⁵ and sexually transmitted infections (STIs) than the rest of the country.

Figure 10.31 shows that average TB incidence from 2012-2014 in London was 35.4 per 100,000 of population, slightly down from its 2005 to 2007 peak at 43.9 per 100,000. This is however more than double the England average of 13.5 per 100,000 of population, which means that London accounted for roughly two in every five cases of TB in England. There is also considerable variation in TB incidence between London boroughs associated with their demographic differences: 83 per cent of TB patients were born outside the UK; men are more likely to be affected and 30 per cent of TB patients are resident in the most deprived quintile. The case rate is highest among Indian, Pakistani and Black African ethnic groups.⁹⁶ In a 2015 report the London Assembly Health Committee identified rough sleepers and those living in overcrowded and poorly ventilated living conditions as being more susceptible to TB.⁹⁷

Figure 10.31: Reported new cases of TB per year per 100,000 in London and England

Source: Public Health England, three-year averages based on case notifications.

Further, there are an estimated 103,700 people in 2014 living with HIV in the UK, with around two fifths (43 per cent) of all those living with diagnosed HIV living in London.⁹⁸ The rate of new HIV diagnoses is also higher in London with 36.5 per 100,000 – three times the England average (12.3 per 100,000). However it should be noted that many of those estimated to be living with HIV may be undiagnosed and unaware of their infection.

London also has a higher proportion of people affected by the five main Sexually Transmitted Infections (STIs) – chlamydia, gonorrhoea, syphilis, herpes and genital warts – than elsewhere in England. In 2015, new STI diagnosis rates in London were significantly higher than any other region at 1,391 per 100,000 people. This compares to an average of 768 per 100,000 across England as a whole. The diagnosis rates of syphilis and gonorrhoea are particularly high in London, with 33 people per 100,000 diagnosed with syphilis in London in 2015, compared to an England average of 9 per 100,000. Similarly, the diagnostic rate for gonorrhoea in London was 222 people per 100,000 in 2015, compared to an England average of 71 per 100,000.⁹⁹

10.6.2.2 Mental ill health

Alongside (and sometimes overlapping with) physical health conditions, mental ill health is increasingly recognised as an important issue for ensuring the health of the population. In London, it is estimated that over 900,000 adults and over 100,000 children in London are affected by a mental health disorder, while a reported two million Londoners will experience some form of mental ill health every year.¹⁰⁰

It is also closely connected with other problems, including poor physical health and nutrition as well as damaging consequences in other areas in terms of quality of life, relationships, education and employment. A GLA report also notes that “mental health issues may also prevent physical health conditions from being addressed properly¹⁰¹, estimating that one in three people with long-term physical health problems also have a mental health problem.¹⁰²

A health committee report by the London Assembly in 2015¹⁰³ identified a wide range of factors beyond health that may contribute to an individual's predisposition to mental ill-health, including a lack of access to good housing, education and employment. The 2014 Cavendish Square Group report¹⁰⁴ also finds Londoners are more likely than residents in other parts of the UK to suffer mental health problems as a result of unemployment or debt. As a result, the incidence of mental illness varies sharply between boroughs with some mental illnesses reportedly twice as common in deprived parts of London compared with the least deprived areas.¹⁰⁵

NHS England highlights that suicide is often associated with mental health with an estimated 90 per cent of people who attempt or die by suicide having one or more mental health conditions.¹⁰⁶ London however has the lowest rate of deaths by suicide of any region in the UK at 7.8 per 100,000 of population in 2014, up slightly from 7.4 per 100,000 in 2013. This compares to an average of 10.8 deaths per 100,000 in the UK as a whole, and is the second lowest rate of any region since the series began in 1981. In line with the rest of the country, suicide rates of London males (12.4 per 100,000) are around three times higher than that of females (3.5 per 100,000).¹⁰⁷ Rates of self-harm (measured by hospital stays) are also lower than the England average and have been falling in London since 2012. The 2014/15 rate is 97.3 per 100,000 residents, compared to the English average of 191.4 per 100,000.¹⁰⁸

A 2012 review by the Samaritans¹⁰⁹ emphasised that middle-aged men in lower socioeconomic groups are at particularly high risk of suicide. This review points to evidence that suicidal behaviour results from the interaction of complex factors such as unemployment and economic hardship, lack of close social and family relationships, the influence of a historical culture of masculinity, personal crises such as divorce, as well as a general 'dip' in subjective wellbeing among people in their mid-years.

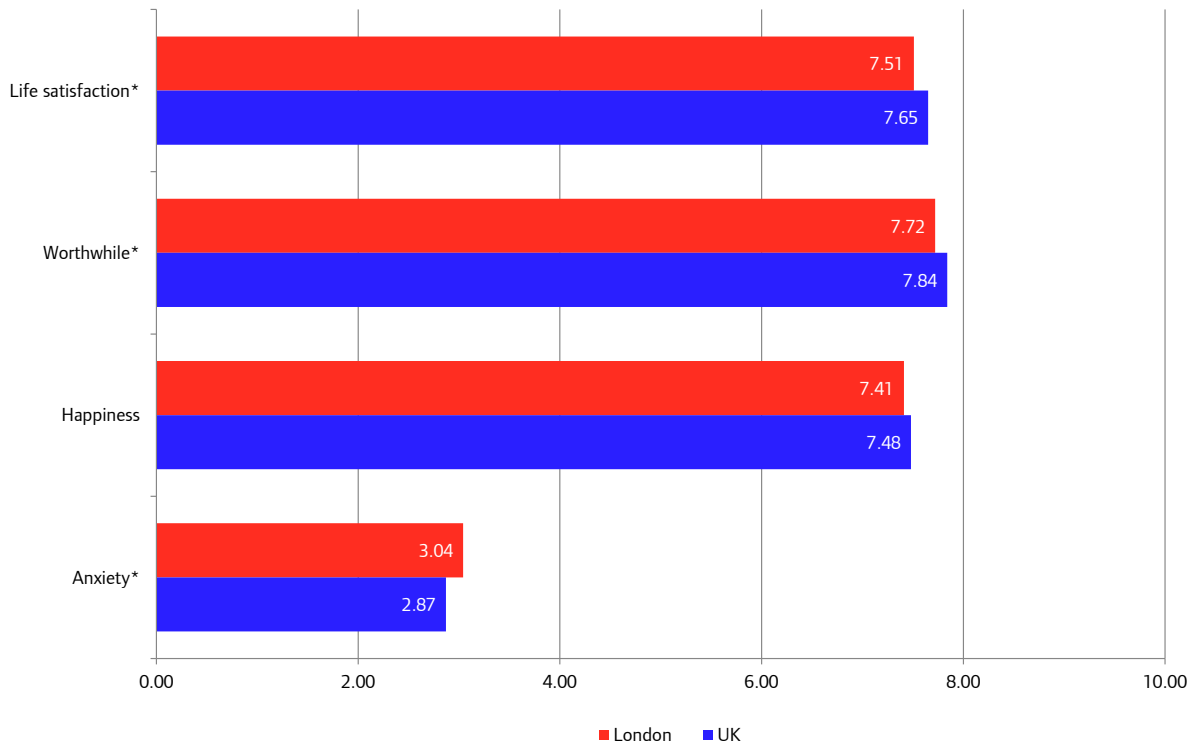
10.6.2.3 Personal wellbeing

Mental health is not only an issue of mental illness and diagnosable health conditions. In response to survey questions from the ONS on subjective wellbeing, Londoners reported the lowest average life satisfaction, worthwhileness and happiness and the highest anxiety of any UK region. Londoners rated themselves as feeling relatively less satisfied with their life nowadays – giving an average score of 7.51 out of 10. Figure 10.32 shows that this is, in statistical terms, significantly lower than the UK average of 7.65.

These average figures can however mask differences in the share of respondents who report low levels of personal wellbeing (or high levels of anxiety) that may be of particular concern. In 2015/16, around 8.3 per cent of Londoners reported feeling low levels of happiness (defined as a rating of 0-4 out of 10), compared with around 8.8 per cent for the UK.

Similarly, Londoners average anxiety rating¹¹⁰ was also the highest of any region at 3.04 (out of 10), and, statistically speaking, significantly higher than the UK average of 2.87. However, Londoners (20.0%) were no more likely than people across the UK as a whole (19.5 per cent) to report high levels of anxiety (a rating of 6-10 out of 10). Employed people and people in good health are less likely to report high anxiety.

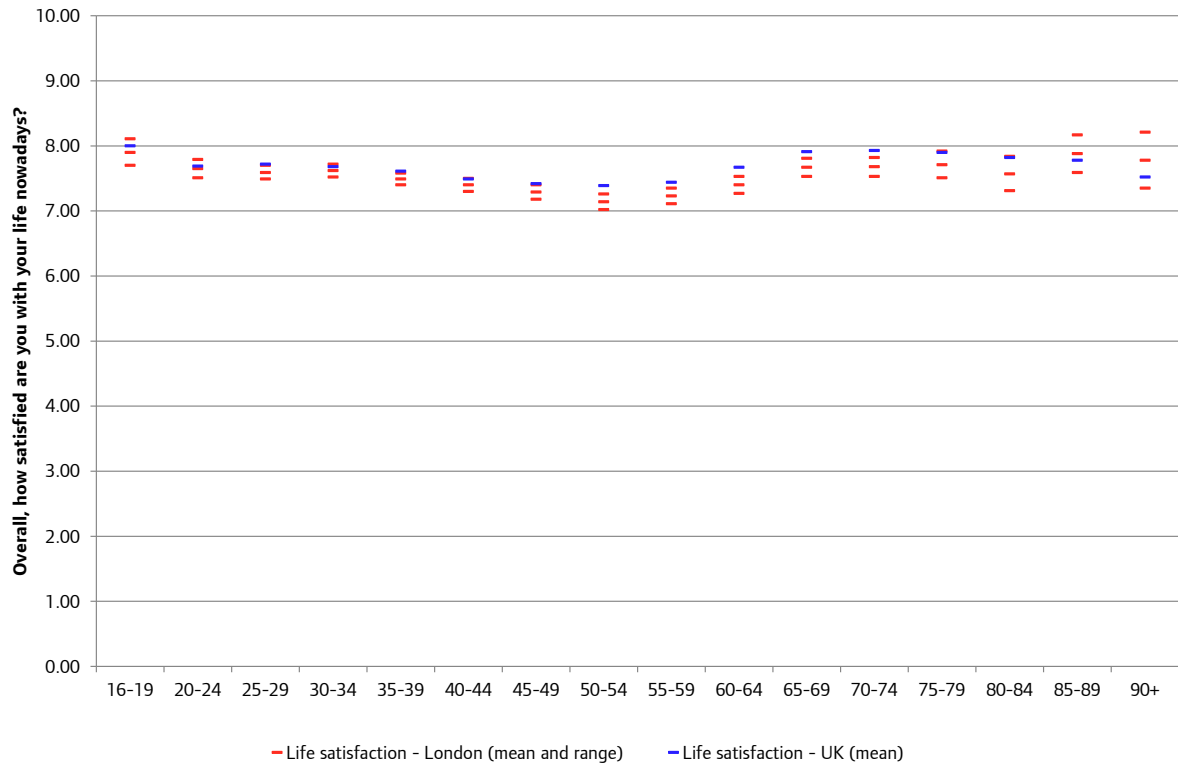
Figure 10.32: Measures of personal wellbeing in London and the UK, 2015/16



Source: ONS APS, April 2015 to March 2016. *Denotes significant difference from the UK

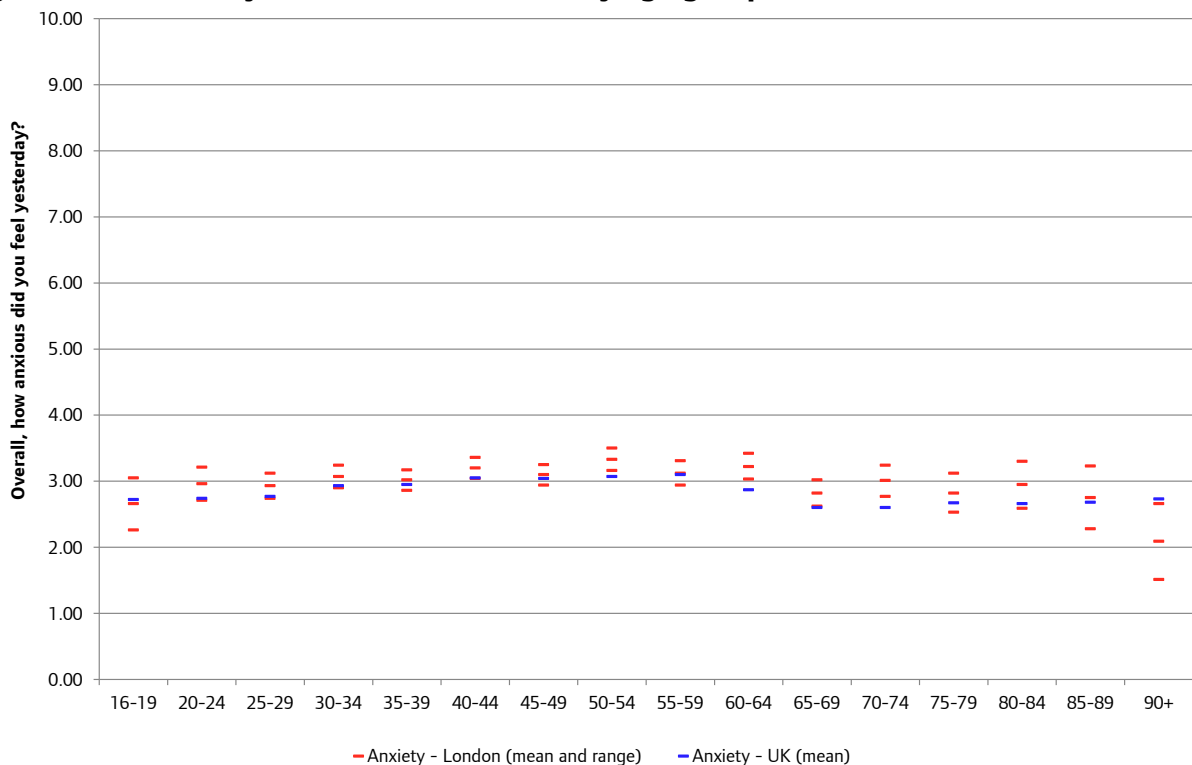
Looking at reported levels of life satisfaction and anxiety in more detail in Figures 10.33 and 10.34, we can see that part of this difference may be explained by London’s demographic profile. In particular, as explored in Chapter 8, London has a lower proportion of older people aged between 60 and 89 – age groups which tend to report greater levels of life satisfaction and lower levels of anxiety. However, it is also the case that those living in London aged between 50 and 74 report significantly lower levels of life satisfaction than their counterparts in the rest of the UK. Londoners in their early 50s, 60s and 70s also report significantly higher levels of anxiety on average than those in the UK as a whole.

Figure 10.33: Life satisfaction in London and the UK by age group, 2015/16



Source: ONS APS, April 2015 to March 2016. *Upper and lower limits of confidence interval shown.

Figure 10.34: Anxiety in London and the UK by age group, 2015/16



Source: ONS APS, April 2015 to March 2016. *Upper and lower limits of confidence interval shown.

Within London it is also notable that those from black and mixed/multiple ethnic groups report significantly lower average levels of life satisfaction and happiness than the London average. In contrast, those from Indian ethnic backgrounds have significantly higher ratings of personal wellbeing. When all other factors are held equal, the evidence for the UK as a whole suggests that people's assessment of their health is the factor that is most closely linked to their overall levels of personal wellbeing.¹¹¹

10.6.2.4 Health protection

Take up of vaccination and screening programmes can help to reduce inequalities in health outcomes between different groups of people and between areas; it can also highlight inequalities in access to such services. Another identified risk in London is the relatively low coverage of nationwide vaccination programmes to protect against ill health. This may be the result of either low provision or low levels of take-up.

In 2014/15, London had the lowest vaccination coverage against influenza (seasonal flu) among those aged 65 and over in any region.¹¹² Across London on average 69.2 per cent of eligible adults aged 65 and over had received the flu vaccine in 2014/15, compared to an average of 72.7 per cent for England as a whole. With the exceptions of Enfield, Greenwich, Newham and Tower Hamlets, every other borough in London had significantly lower coverage than the England average. NHS immunisation data shows that vaccination coverage among children aged 2 against measles, mumps and rubella (MMR) is also significantly lower in London (87.3 per cent), with only Islington having a higher proportion of children immunised by their second birthday (93.6 per cent) than the England average (92.3 per cent).¹¹³

London also has lower cancer screening cover than the rest of England. Breast cancer screen coverage for 50–70 year olds in London is lower than the England average, with a three-year average of 64.2 per cent compared to the England average of 72.2 per cent. The case is similar for screening of cervical cancer and bowel cancer (among those aged 60–67 years old).

10.6.3 Lifestyle and health

Many studies have shown that environmental and 'lifestyle' risk factors and exposures contribute greatly to the incidence and severity of disease and ill health. Five 'modifiable lifestyle factors' are often particularly noted to be related to early death: smoking, alcohol consumption, obesity, poor diet and low levels of physical activity. Each of these risk factors is associated with a series of economic decisions as to how people use their scarce resources and allocate their time. The co-occurrence of multiple unhealthy behaviours has also been shown to have a cumulatively negative impact on health and tends to be driven by other social factors.¹¹⁴

10.6.3.1 Smoking and alcohol

A major lifestyle factor impacting on the risk of ill-health is smoking. A report by the Department for Health considers that 'smoking is the biggest preventable cause of death in England, resulting in nearly 80,000 premature deaths each year, and is a direct cause of several diseases often co-existing together – co-morbidities'.¹¹⁵ In London it is estimated that tobacco is responsible for the death of around 8,500 Londoners each year.¹¹⁶ Smoking is also an addiction associated with poverty which itself is a driver of health inequalities. Research for Action on Smoking and Health in 2015 estimated that around 46,000 London households would be considered to be in poverty after spending on tobacco is taken into account.¹¹⁷

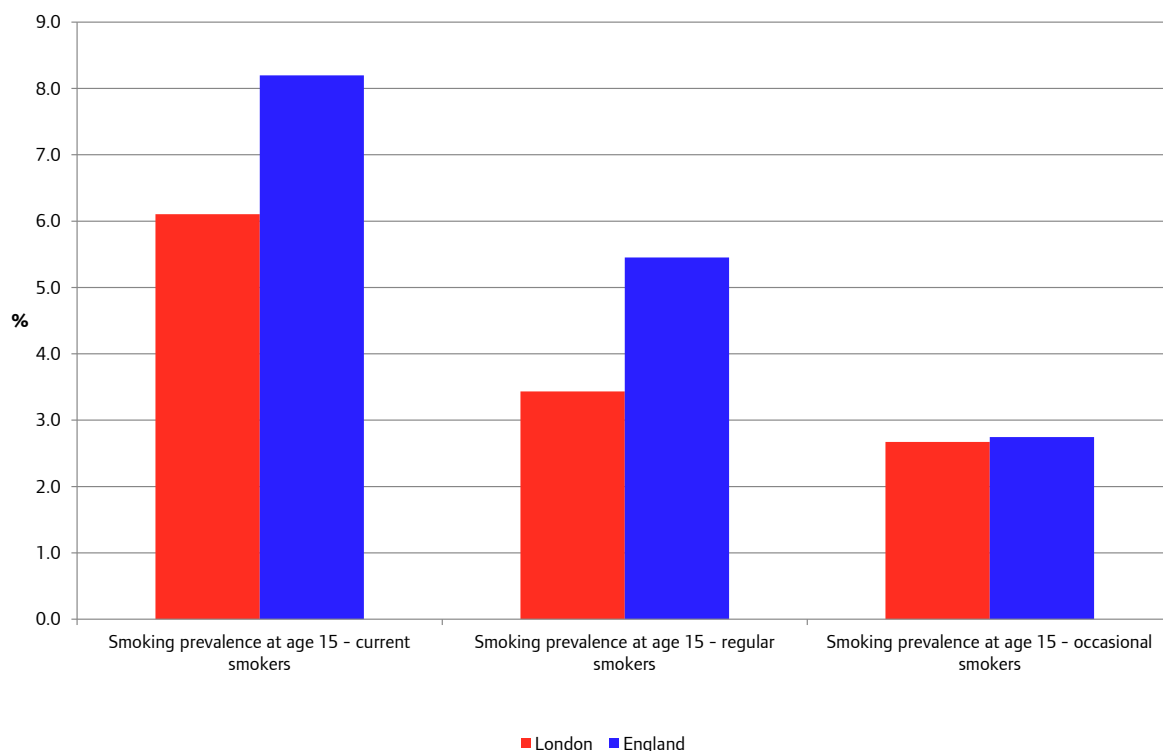
There are an estimated 1.2 million smokers in London, equivalent to 17.0 per cent of the total adult population in 2014. This is down from 19.4 per cent in 2010, and is slightly lower than the average for Great Britain as a whole (19.0 per cent). This continues the downward trend seen across Great Britain since its peak of 46 per cent of adults in 1974.¹¹⁸ Some London boroughs have significantly higher smoking rates, with 22 per cent of adults smoking in Barking and Dagenham, Hammersmith and Fulham, Islington and Tower Hamlets (as shown in Map 10.13).

Map 10.13: Prevalence of smoking among persons aged 18 and over, 2014

Source: Integrated Household Survey, analysed by Public Health England.

Public Health England also notes a strong relationship between smoking and socio-economic status (measured by occupation), with smoking rates much higher among people in routine and manual occupations (25 per cent) than the London average (18 per cent).

As well as being a major cause of preventable morbidity and premature death, Public Health England notes that 'there is a large body of evidence relating smoking behaviour in early adulthood with health behaviours later in life'.¹¹⁹ Smoking prevalence at the age of 15 is however generally lower in London than England as a whole as shown in Figure 10.35. This gap is particularly pronounced among regular smokers – having at least one cigarette per week.

Figure 10.35: Smoking prevalence in 15 year olds, London and England in 2014/15

Source: *What about Youth (WAY) survey, 2014/15*

A particularly vulnerable group to smoking are new born children and their mothers. In 2015/16, 4.9 per cent of mothers in London were recorded as smokers at the time of delivery, which is lower than the England average (10.6 per cent) and the lowest proportion among the NHS commissioning regions in England. The proportion in London has also been declining over time. In 2010/11, 2012/13 and 2014/15 it was recorded as 6.3 per cent, 5.7 per cent and 4.8 per cent respectively.¹²⁰

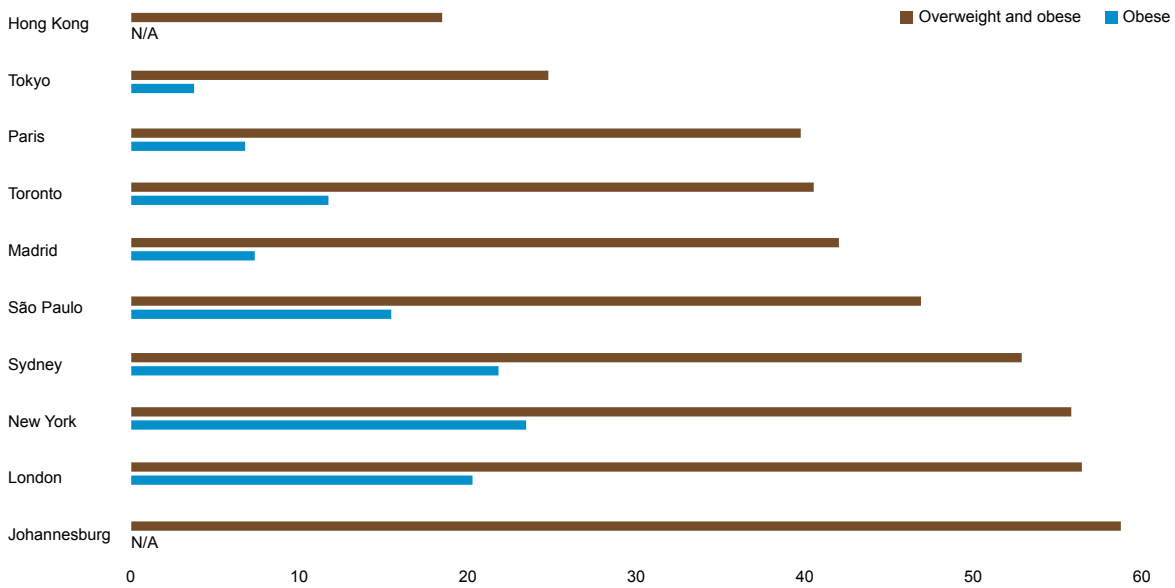
Alcohol consumption represents another lifestyle factor associated with ill health. Across England, there were 6,831 alcohol-related deaths in 2014, up from 6,592 in 2013 and higher than in any previous year since data was collected in 2001.¹²¹ While it is not known how many of these relate to London residents, in 2014/15, there were 137,250 hospital admissions related to alcohol consumption in London (12.6 per cent of the almost 1.1 million admissions across England).¹²² Of these 65 per cent related to hospital admission of males.

Londoners are, on average, less likely to be prescribed (and dispensed) items for the treatment of alcohol dependence. Among adults in London in 2015, 194 out of every 100,000 people were prescribed such items, compared to the England average of 348 per 100,000.¹²³ This may relate to London's lower proportion of regular drinkers (defined as those who drink on at least five days in the last week) than other parts of the country; with an estimated 10 per cent of London adults drinking 'regularly', compared to 12 per cent across England as a whole.¹²⁴ London is also home to a higher than average proportion of teetotallers with 29 per cent of adults (over 16) not drinking alcohol at all. This compares to an England average of 21 per cent.

10.6.3.2 Excess weight, diet and nutrition

A further, but very important, lifestyle factor is the incidence of overweight and obese people in the population and specifically children, with this being linked to incidence of diabetes and other medical issues. When comparing London's proportion of overweight and obese adults to ten world cities it is exceeded only by Johannesburg. London's performance in terms of obesity alone is a little better and is shown in Figure 10.36.

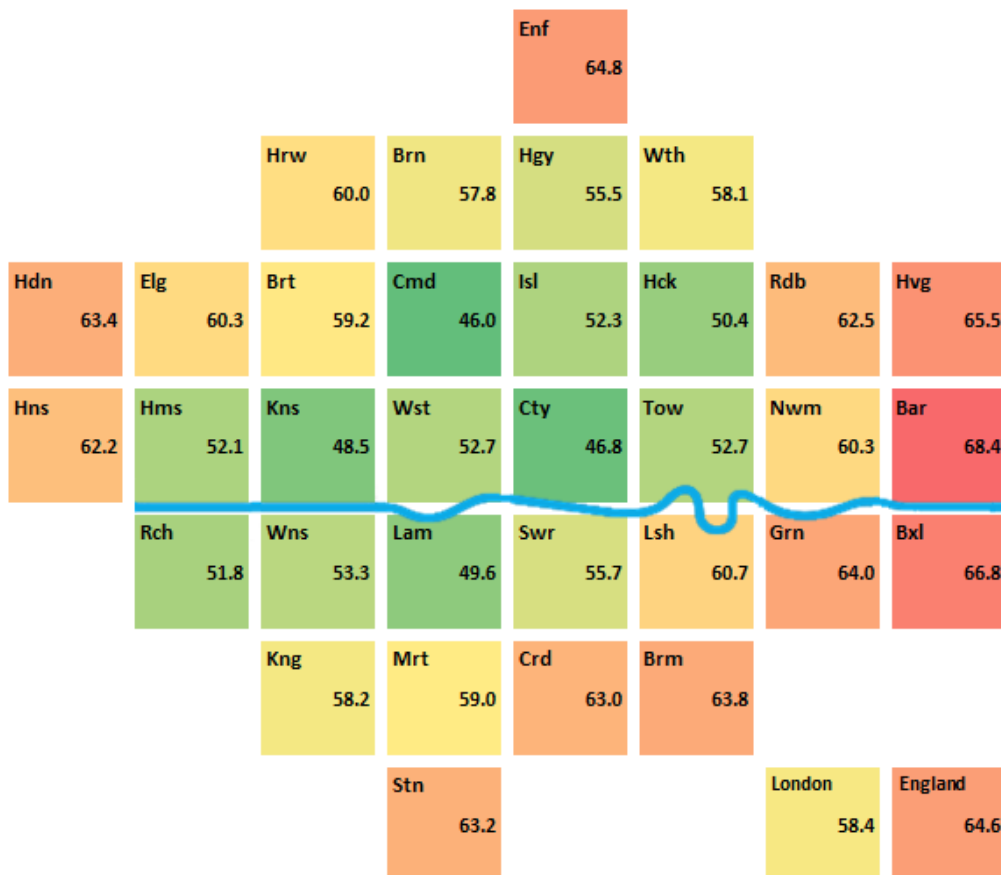
Figure 10.36: Proportion of overweight and obese adults in ten world cities, 2012



Source: *Better Health for London, and Global Cities Analysis; London Health Commission, October 2014.*¹²⁵

Nevertheless, Map 10.14 shows that the prevalence of being overweight or obese in London is lower compared to the England average¹²⁶, with 58.4 per cent of the adult population in London with excess weight, compared to 64.6 per cent in England as a whole. However, proportions vary significantly between London’s boroughs, with average rates of excess weight of over 65 per cent in Barking and Dagenham, Bexley and Havering, while less than 50 per cent of adults in Camden and Kensington and Chelsea are classified as overweight (or obese).

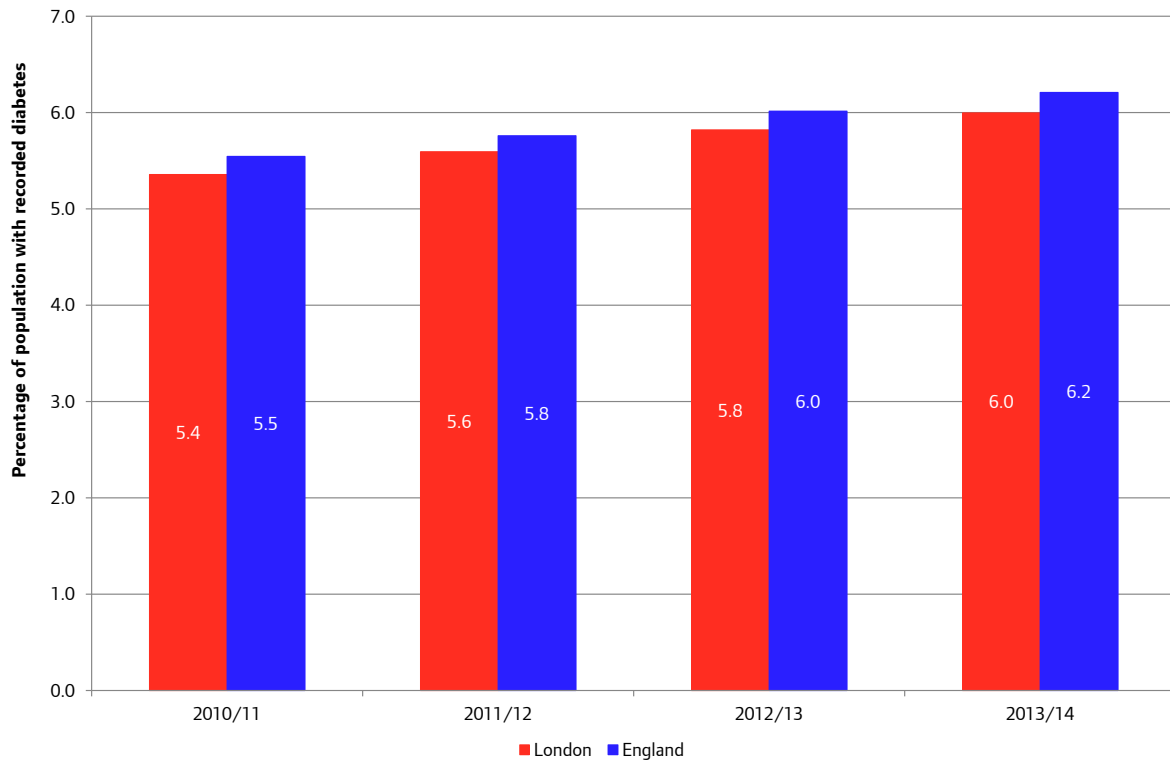
Map 10.14: Proportion of adults classified as overweight or obese, 2012 - 2014



Source: *Active People Survey, Sport England. Data are from mid-January 2012 to mid-January 2015.*

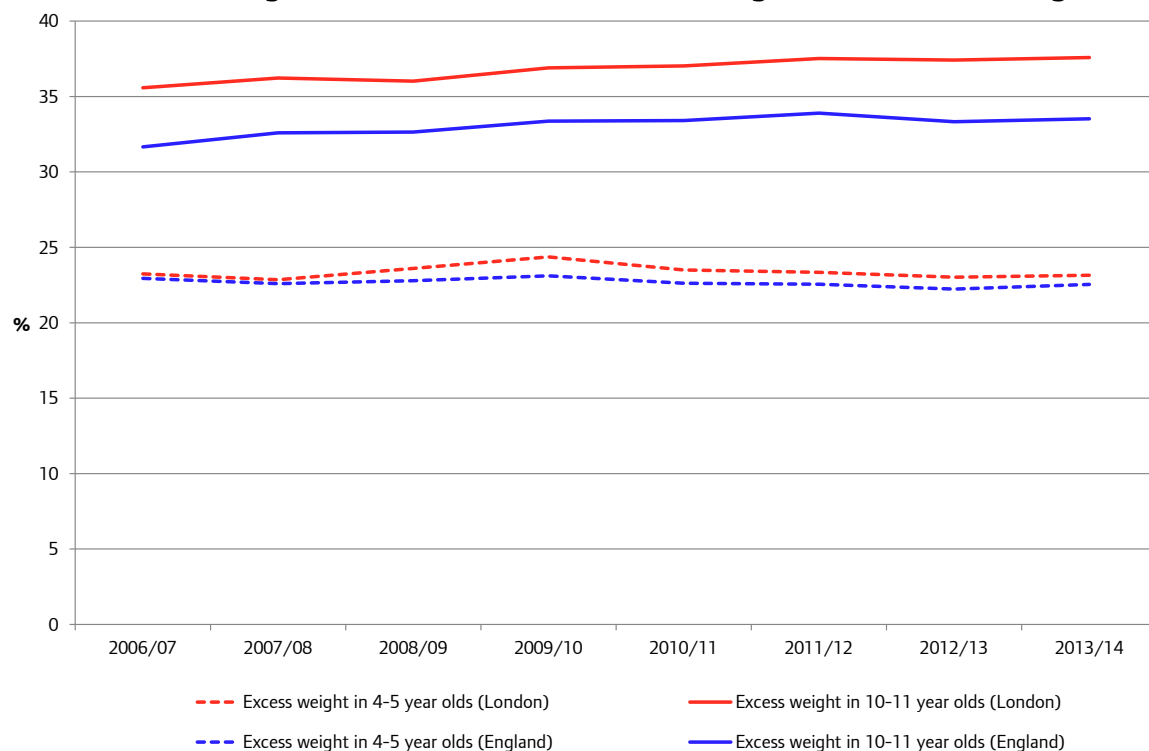
Excess weight is associated with type 2 diabetes.¹²⁷ The lower prevalence of excess weight among adults in London may therefore help to explain why the rate of recorded diabetes is lower in London than England as a whole. However, as Figure 10.37 shows the prevalence of recorded diabetes has been rising in recent years in London and across England as a whole.

Figure 10.37: Recorded diabetes as a percentage of the population, 2010-2014



Source: Public Health England, Outcomes Framework

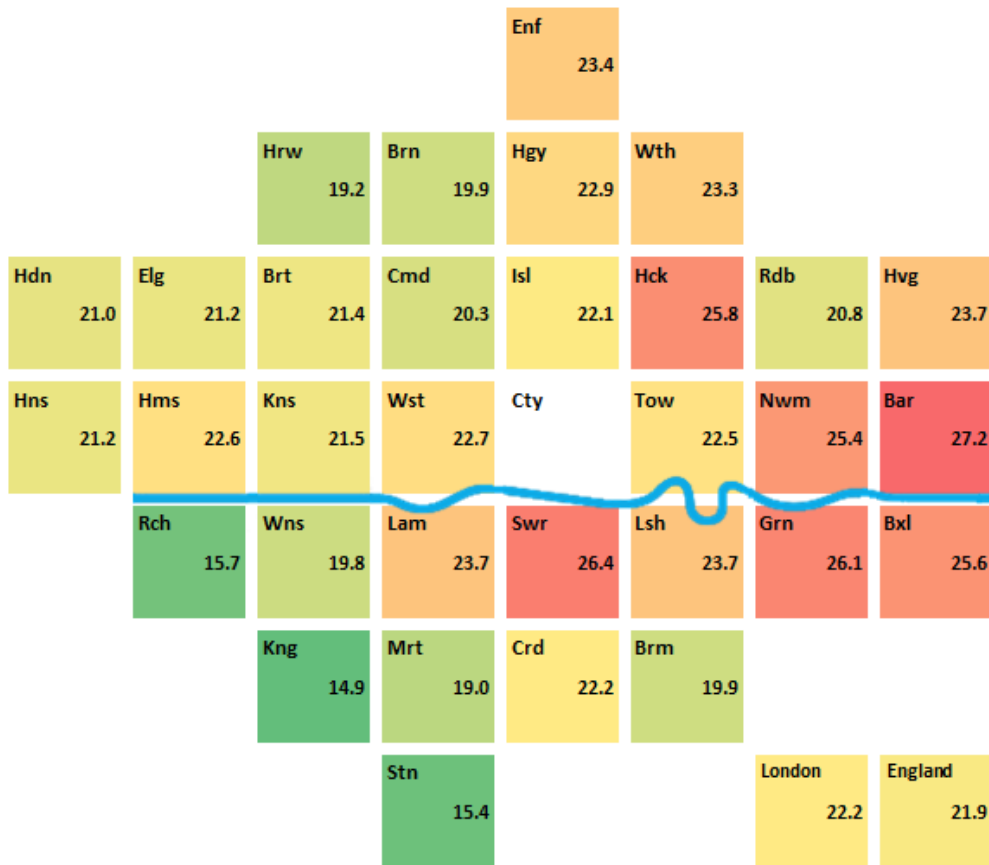
Obesity amongst children in London is also an acute issue. The London Health Commission reports that “London has the highest rate of childhood obesity among peer global cities.¹²⁸ In all the regions of England, London also has the highest proportion of obese children. Figure 10.38 shows how the London rates have exceeded the England averages since 2006/07.

Figure 10.38: Percentage of children who have excess weight in London and England

Source: Health and Social Care Information Centre, National Child Measurement Programme

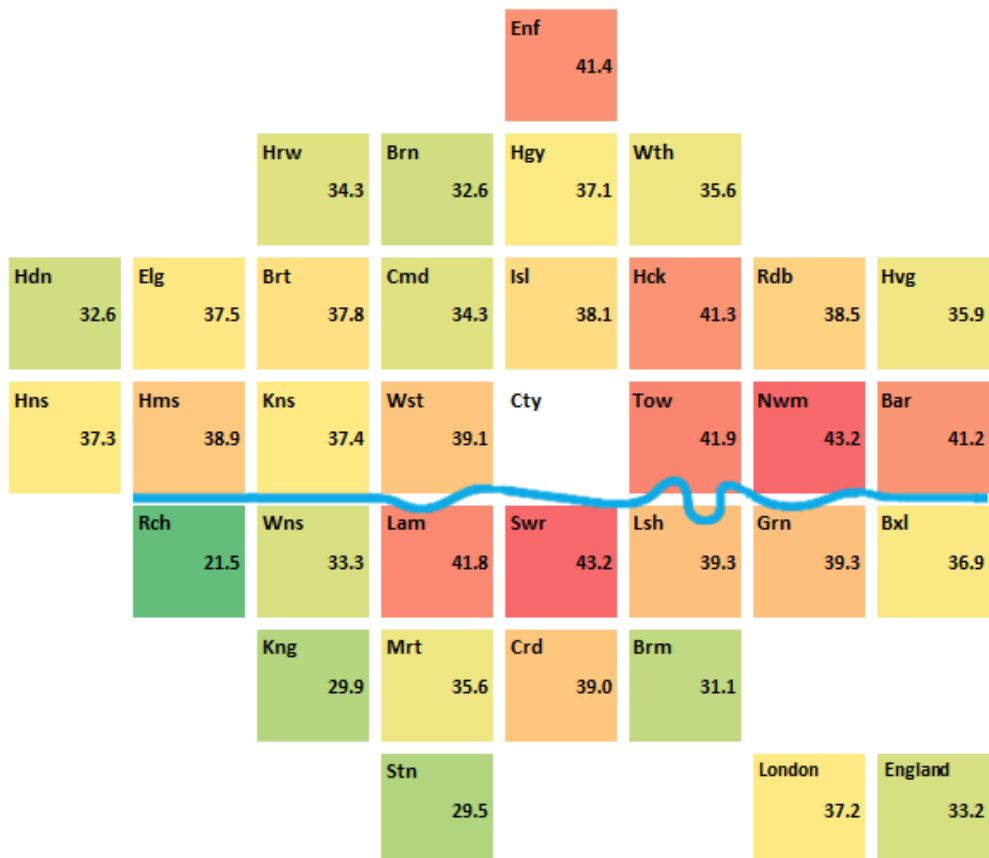
Excess weight among children is significantly higher than the London average across many parts of North and East London, where residents are also most affected by deprivation (see section 10.4.4). In Barking and Dagenham, Southwark, Hackney and Newham, more than 25 per cent of children aged 4-5 and more than 40 per cent of children aged 10-11 were deemed to have excess weight, with Enfield, Tower Hamlets and Lambeth also having a relatively high prevalence of obesity (over 40 per cent) among children aged 10-11 and Greenwich and Bexley also having a relatively high prevalence of obesity (over 25 per cent) among children aged 4-5. Maps 10.15 and 10.16 provide a picture of childhood obesity for these two age groups.

Map 10.15: Excess weight in 4-5 year olds, 2014/15



Source: Health and Social Care Information Centre. Note: value for Hackney and City of London combined.

Map 10.16: Excess weight in 10-11 year olds, 2014/15



Source: Health and Social Care Information Centre. Note: value for Hackney and City of London combined.

Obesity is related to eating a poor diet, food poverty (seen in section 10.3.3.5), physical inactivity, and ‘obesogenic environments’ that encourage people to eat unhealthily and not do enough exercise.¹²⁹ In 2015, the London Health Commission reported however that the ‘research on obesity gives a clear message: physical activity levels – though important for fitness and wellbeing – are weakly related to obesity, and are therefore not the main priority’. It is therefore claimed that ‘the obesity crisis can only be solved by eating less food. The doubling of serving sizes means that people eat 22 per cent more on average – and portion sizes have increased greatly in the last 30 years’.¹³⁰

Analysis by the National Obesity Observatory also shows a strong association between deprivation and the density of fast food outlets, with more deprived areas having more fast food outlets per 100,000 of the population.¹³¹ A large number of these outlets are also located near to schools. This is likely to have an impact on the food choices young people make and affect levels of obesity within this age group.

In 2015, just under half (49.4 per cent) of Londoners were meeting their recommended 5-a-day of fruit and vegetable portions on a ‘usual day’, below the England average (52.3 per cent)¹³². It remains possible though that such survey responses on diet may suffer from bias resulting in understating unhealthy eating patterns. For example, 2016 analysis by the Government’s Behavioural Insights team found evidence that daily calorie intake is increasingly under-reported through similar surveys.¹³³

Poor diet and nutrition are also associated with a number of other health issues including: high blood pressure and high cholesterol associated with an increased risk of heart disease and stroke, osteoporosis and tooth decay. Despite tooth decay being almost entirely preventable, children aged five in London have significantly higher levels of decayed, missing or filled teeth on average (1.00) than in England as a whole (0.84), with more than 1 in 4 London five-year olds (27 per cent) having at least one decayed tooth.¹³⁴

10.6.3.3 Physical inactivity

A further modifiable risk factor associated with ill health is a lack of physical activity. The World Health Organization (WHO) for example, reports that insufficient physical activity is a leading risk factor for many preventable, non-communicable diseases (NCDs) including heart disease, cancer and diabetes.¹³⁵

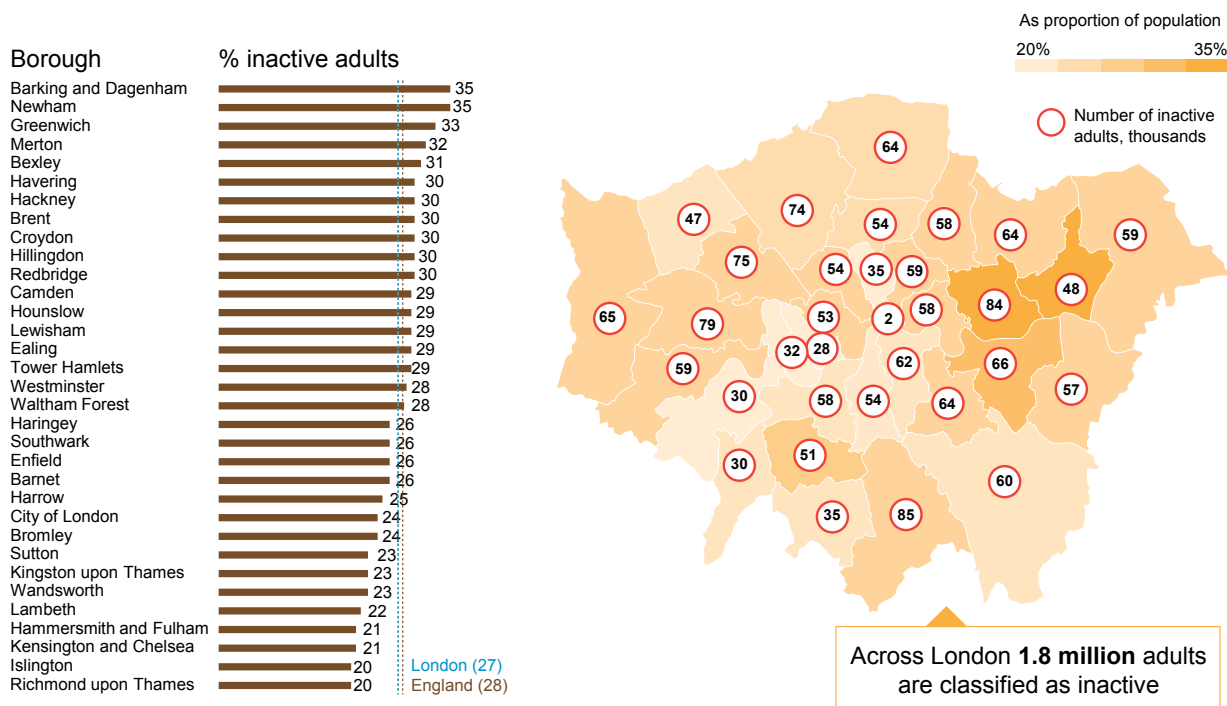
Moderate or Vigorous intensity Physical Activity (MVPA) is calculated in terms of the minutes of moderate to vigorous intensity activity undertaken per week.¹³⁶ Inactivity is defined as an MVPA of less than 30 minutes per week, physically active is 150 minutes or more, with anything in between deemed insufficiently active.

Inactivity rates are significantly lower in London men than women, with 23.0 per cent of London men inactive compared to 30.9 per cent of London women. These rates are slightly lower than the England averages of 23.8 per cent and 31.5 per cent respectively. The incidence of inactivity among adults in London increases with age with the highest levels of inactivity found among those aged 65 and over (49 per cent). This compares to 16 per cent among those aged 16 to 19 years old.¹³⁷

Map 10.17 looks at the number and proportion of Londoners who do less than 30 minutes of moderately intense physical activity each week. This shows significant variation in inactivity, with more than one in three adults classed as inactive in Barking and Dagenham and Newham, compared to one in five in Richmond and Islington.

The UK Government’s Marmot review team in 2010 identified that ‘people from lower socioeconomic groups tend to have poorer access to environments that support physical activity such as parks, gardens or safe areas for play; and are more likely to live close to busy roads’.¹³⁸ These may in turn create additional issues such as noise and poor air quality, seen in Chapter 7.

Map 10.17: Physical inactivity in London



Source: Better Health for London, London Health Commission, October 2014

10.6.4 The impacts and economic costs of ill-health

As noted above ill-health often disproportionately affects individuals in lower socio-economic or lower income groups. There is also evidence of a geographic dispersion of ill health across London, which often overlaps with areas of income deprivation in the capital (seen in section 10.4.4). It is likely that this relationship works in both directions with ill-health limiting employment prospects and income potential on the one hand, and a lack of employment and income having a negative impact on people’s health on the other.

As Chapter 9 showed, the employment rate for disabled people is significantly lower (50.1 per cent) than that for non-disabled people (77.4 per cent), in line with the country as a whole. Among those Londoners outside of the workforce, long-term sickness is cited as the reason for inactivity by 16.0 per cent of the economically inactive.

For those in the workforce, ill-health can also result in lost productivity with 1.5 per cent of working hours lost due to sickness absence in London in 2012/13, equivalent to an average of 3.5 days lost per worker.¹³⁹ This compares to a UK average of 4.5 days lost per worker. Based on 2012 data, the cost of working hours lost for the average London firm of 250 employees was equivalent to around £4,800 per week (or around £250,000 a year).¹⁴⁰

In a 2014 report on mental health in London, GLA Economics identified that there are costs for individuals affected associated with reduced quality of life (valued at around £6.5 billion per year), as well as wider impacts through the costs of informal care (£1.2 billion), as well as impacts on crime – in terms of victims’ wellbeing (£340 million) and other costs related to crime (£530 million).¹⁴¹ There are also wider economic and social costs with the total cost of output losses associated with mental ill-health estimated to be over £10 billion per year (based on various data sources from 2007-2013). This estimate includes the costs of increased worklessness and sickness absence, reduced productivity, and lost output due to premature death. Taken together this amounts to an estimated total economic and social cost of mental ill health of around £26 billion in London each year, equivalent to an average of around £3,000 per head of population.¹⁴²

Ill health and inequalities in ill-health also have a direct impact on demand for and spending on public services. Based on an assessment of the cost of risk factors for chronic disease, for example, research for the UK as a whole in 2011 estimated that in 2006/7, poor diet-related ill health cost the National Health Service (NHS) £5.8 billion. Smoking-related and alcohol-related ill health each cost an estimated £3.3 billion, overweight/ obesity-related ill health cost an estimated £5.1 billion.¹⁴³ The cost of physical inactivity-related ill health was £0.9 billion.

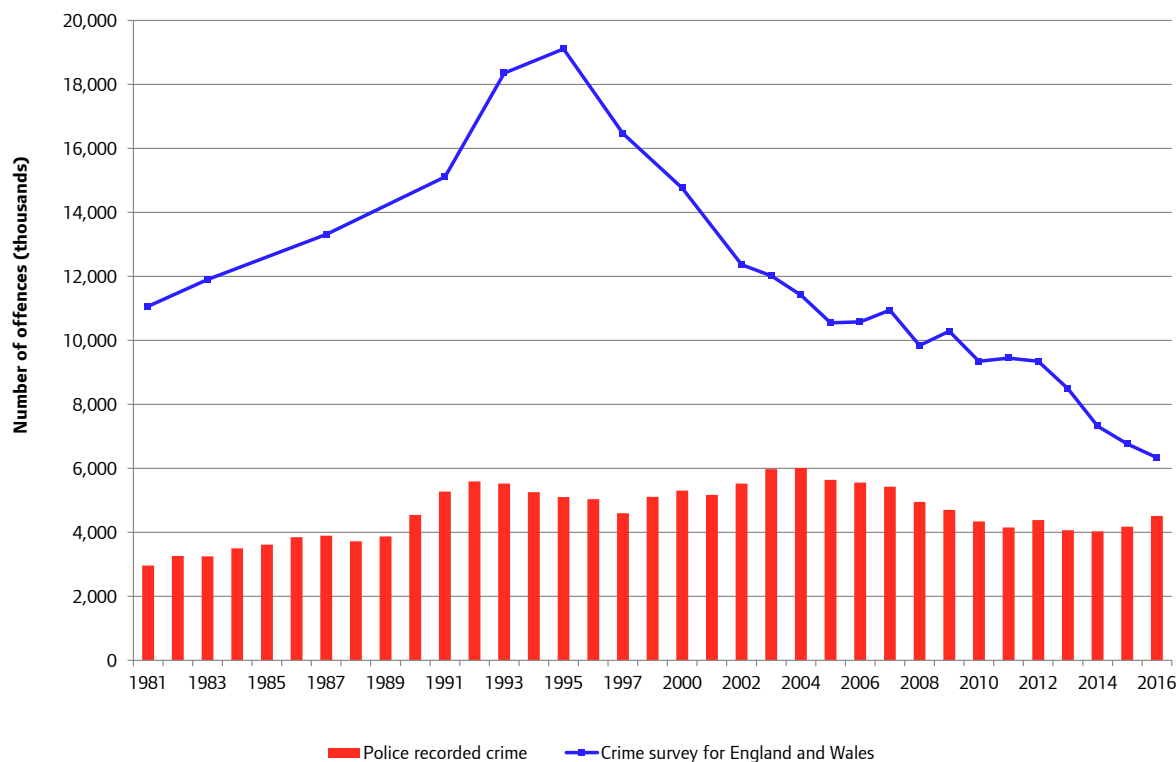
The NHS budget for the UK as a whole was £116.4 billion in 2015/16,¹⁴⁴ and in London the NHS spends around £17 billion each year on healthcare.¹⁴⁵ Taken as a whole, NHS Trusts in London overspent by £567 million in 2015/16, and 24 out of 37 providers ended the year in deficit.¹⁴⁶

10.7 Crime

Another aspect that affects the liveability of London is crime, and this section considers the crime experienced by London's residents, its impacts on the economy and the role of the socio-economic factors that shape the trends in crime we observe. Crime and the perception of London as a safe place to live and do business will also affect its ability to attract businesses, workers and tourists.

Figures from the Crime Survey for England and Wales (CSEW) show that since the mid-1990s, there have been falling incidents of crime experienced by adults aged 16 and over. In the survey year ending March 2016, there were an estimated 6.3 million incidents, down from a 1995 peak of 19.1 million incidents. These estimates cover crimes against the person (e.g. violence or theft from the person) and crimes against households (e.g. domestic burglary or criminal damage). As a result, the likelihood of being a victim of CSEW crime has fallen significantly over time; to around 15 per cent of adults in 2016 compared with around 40 per cent in 1995.

Figure 10.39 plots the overall trends in CSEW crime figures alongside police recorded offences. This shows little relationship between the two sets of indicators since recorded crimes are also influenced by the quality of crime recording by police, and police recording practices, while the CSEW measures adults' experiences of crime (irrespective of whether these were reported). As a result, the increase in recorded crime across England and Wales in 2016 to 4.5 million, up 8 per cent from 4.1 million in 2015 'is thought [to be] principally owing to the renewed focus on the quality of crime recording, rather than a genuine increase in crime'.¹⁴⁷

Figure 10.39: Trends in Crime Survey for England and Wales and police recorded crime, 1981 to 2016

Sources: ONS Crime Survey for England and Wales (CSEW), and Home Office, Police recorded crime statistics. Notes: data is for the calendar year prior to the year ending March 2002, and the financial year thereafter.

10.7.1 Crime in London

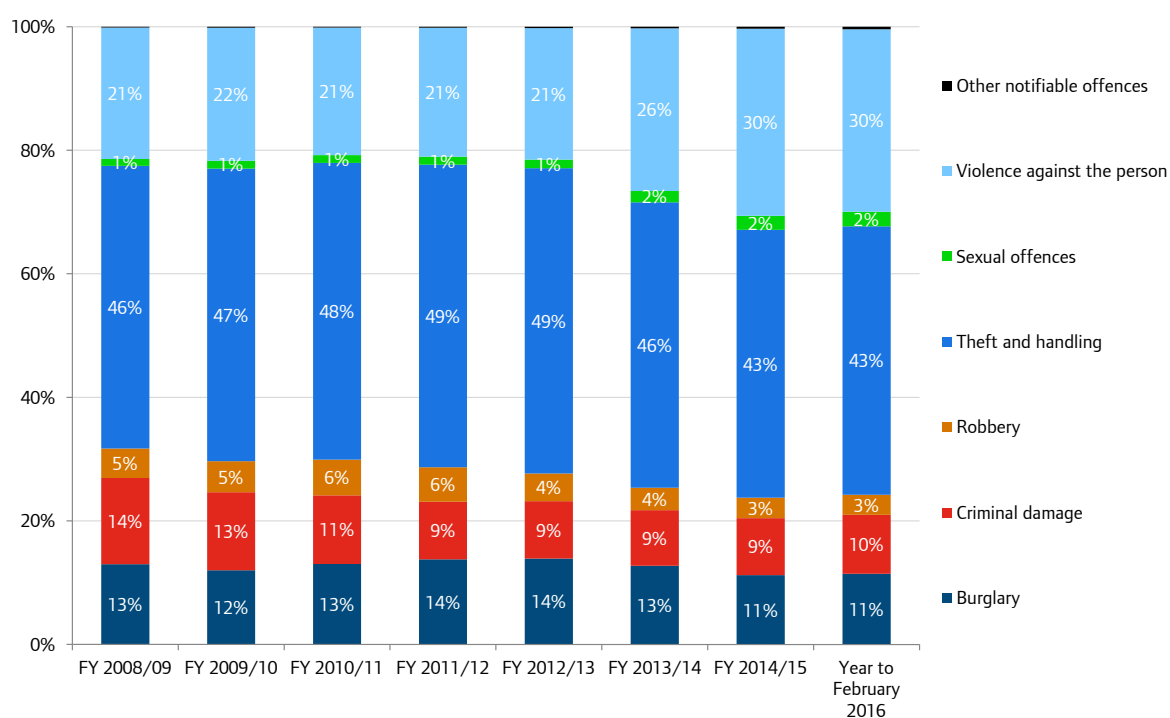
Crime, although generally declining in recent years, still risks making London a less-appealing place to live. London is relatively safe by global comparisons – placed 5th on Economist Intelligence Unit ‘safe cities index’ based on cities of a similar size with a score of 73.83 out of 100, its placed behind Tokyo and Singapore and comes 18th when compared to other cities in general (not accounting for population size). However, crime remains a worry for many Londoners. Based on a survey of 3,861 Londoners aged 18 and older, 36 per cent indicated that they were ‘worried’ or ‘very worried’ about crime in their local area.¹⁴⁸

In London, it is not possible to obtain regional data from the CSEW on adults’ experiences of crime due to issues of sample size. Instead, we can look at the recorded crime statistics published by the Metropolitan Police Service (MPS) website each month. These are broken down into 32 different crime types: including violence with injury, robbery, theft from person, burglary, theft of motor vehicle, theft from motor vehicle and criminal damage, reflecting their policing priorities.

On this measure, levels of recorded crime in London have fallen consistently since 2008. Notably, the volume of victim based crimes has decreased over time, with over 53,000 fewer offences in the most recent year compared to 2008/09. This is a result of considerable reductions in ‘traditional’ victim based crimes, such as Robbery and Burglary, over the last seven years, indicating a shift in criminality across London, and indeed across England and Wales, away from these crime classifications. These shifts are highlighted by the changing shares of recorded crimes by different offence categories in Figure 10.40.

An exception to this downward trend in victim based crimes is the number of recorded sexual offences which have increased dramatically. In the year to February 2016 the number of recorded sexual offences is 91 per cent higher than in 2008/09. This represents an increase of over 7,000 offences, many of which may relate to historic crimes occurring more than one year prior to reporting. Outside of this data, there is likely to have also been a shift towards fraud, online and other electronic crimes. ONS data on fraud estimates that during the period April 2015 to March 2016 there were approximately 5.8 million incidents of fraud nationally. While fraud is not a new offence, methods of committing it have evolved a great deal¹⁴⁹, with the London Assembly reporting that ‘around 70 per cent of frauds are now “cyber-enabled”, up from 40 per cent a few years ago.¹⁵⁰

Figure 10.40: Recorded crime as a share of total offences, MPS



Source: MOPAC recorded crime. Note: data for the metropolitan police service (MPS) only, and does not include the City of London.

Compared with England as a whole, Table 10.10 shows that the total recorded crime in London per 1,000 of resident population was higher in the year to March 2016 (87.1 per 1,000 vs. 67.3 per 1,000). However, this did not hold for all offending in London, with, for instance, sexual offences and possession of weapons offences being at similar rates. These figures however include crimes recorded in London by non-residents so may also partly reflect London’s high number of non-residents (such as commuters and tourists) on any given day, and may also be affected by different forces’ recording practices.

Table 10.10: Police recorded crime by offence group, year ending March 2016

	Rate per 1,000 of the population		
	MPS	London	England
Total recorded crime - excluding fraud	86.6	87.1	67.3
Violence against the person	21.8	21.8	17.2
Homicide	0.0	0.0	0.0
Violence with injury	8.6	8.7	7.5
Violence without injury	13.1	13.2	9.7
Sexual offences	1.9	1.9	1.8
Robbery	2.5	2.5	0.9
Theft offences	41.7	42.0	30.6
Burglary	8.2	8.2	7.1
Domestic burglary*	5.1	5.1	3.4
Domestic burglary (households)*	13.3	13.3	8.4
Non-domestic burglary	3.0	3.0	3.6
Vehicle offences	9.7	9.7	6.5
Theft from the person	4.0	4.0	1.4
Bicycle theft	1.9	2.0	1.5
Shoplifting	5.1	5.2	5.8
All other theft offences	12.7	12.9	8.4
Criminal damage and arson	7.2	7.3	9.3
Drug offences	4.6	4.7	2.5
Possession of weapons offences	0.6	0.6	0.4
Public order offences	5.1	5.1	3.4
Miscellaneous crimes against society	1.2	1.2	1.1

Source: ONS police recorded crime statistics. Notes: London includes data from the City of London Police as well as the MPS. *Domestic burglary rates are shown both by rate per 1,000 of population and rate per 1,000 households. Household population figures are from the 2012 mid-year estimate.

The perpetrators of crime in London are also often re-offenders; 77 per cent of adult offenders convicted or cautioned in London from June 2013 to June 2014 were reoffenders. Among offenders, the proven adult reoffending rate in London is similar to the levels in England and Wales, at around 26 per cent. Based on the criminal history of a sample of around 2,000 of London's high risk and prolific offenders the Mayor's Office for Policing and Crime (MOPAC) reported that this group of offenders were responsible for around 53,000 offences over a three year period, at a cost to society of £163 million.¹⁵¹

London also had relatively higher rates of first time offenders with 28,100 such offenders in 2014, equivalent to 334 per 100,000 of population. This compares to a rate of 263 per 100,000 in England as a whole.¹⁵² Public Health England notes that a person's offending behaviour is often intrinsically linked to their physical and mental health, and particularly any substance misuse issues. It also highlights the inter-generational issues of families with multiple needs managed through the criminal justice system.

Children and young people in London, aged between 10 and 17, are also slightly more likely to receive their first reprimand, warning or conviction than the England average. In 2014, 3,130 young Londoners were first time entrants to the youth justice system at a rate of 426 per 100,000 of population, compared to an average rate of 409 per 100,000 of population across England.¹⁵³ It is also noted that children within the youth justice system often have more unmet health needs than other children, while having a criminal conviction is also associated with lower incomes, and worse employment outcomes that can impact on young Londoners' life chances (explored in section

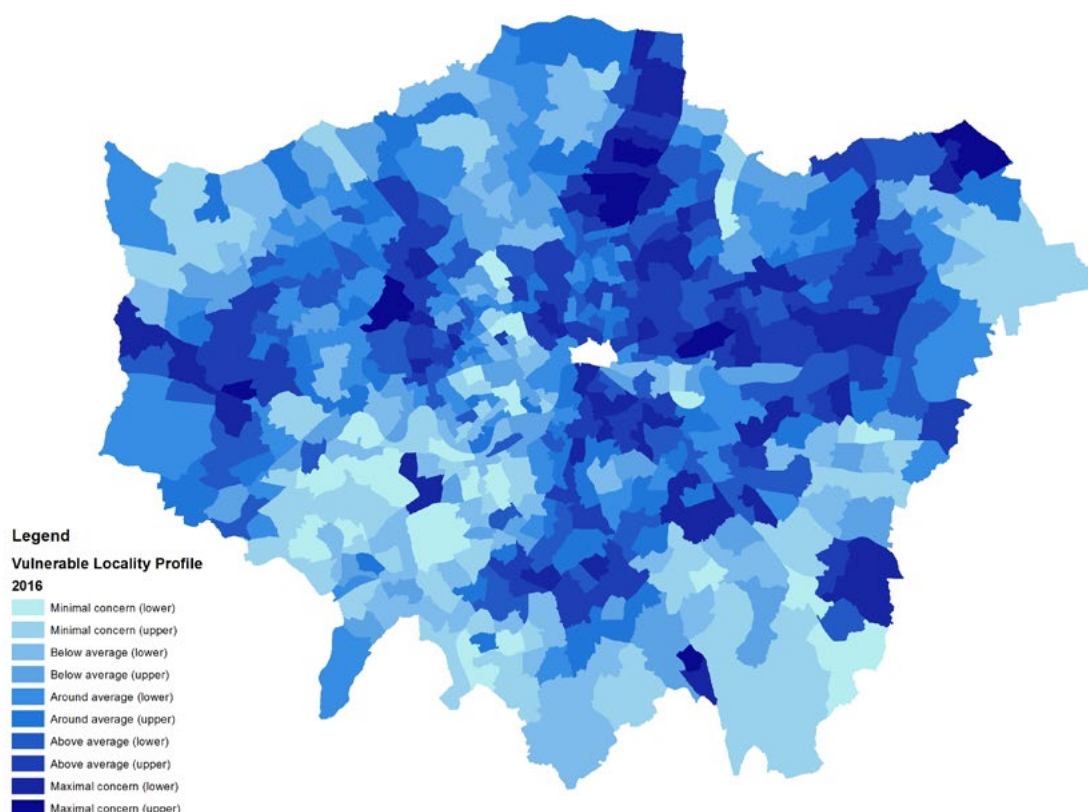
10.5.3).¹⁵⁴ Children in care are particularly at risk, with the rate of offending for looked after children in England six times higher than the offending rate of than children in the general population, which was 1 per cent. Therefore, while most children in care do not get in trouble with the law, they are six times more likely than children in the general population to be convicted of a crime or receive an out of court disposal¹⁵⁵.

10.7.2 Vulnerability to crime and community safety

Using London-specific data covering issues of deprivation, population, crime, and educational attainment, the Vulnerable Locality Profile (VLP) maps the relative safety of locations in London to identify wards in London most at risk from issues of community cohesion.¹⁵⁶ This identifies a 'central cross' of vulnerability in London and classifies a top 10 per cent of wards as of being of most concern. In this group, several wards are located in Haringey (7), Enfield (7), Newham (6), Barking and Dagenham (5), Southwark (5), Lewisham or Brent (both 4), with Northumberland Park in Haringey assessed to be the 'most vulnerable' ward in London. In contrast, over 70 per cent of the least vulnerable wards are located in South London, in the boroughs of Richmond, Bromley, Wandsworth, Sutton, Merton, Bexley, Kensington and Kingston (see Map 10.18).

Within the most vulnerable areas, there are higher rates of crime, particularly violence against the person, and there are also much higher rates (compared to the group of least vulnerable wards) of unemployment, deprivation, residents of BAME ethnicity, and deliberate fires¹⁵⁷.

Map 10.18: Vulnerability locality profile at ward level, 2016



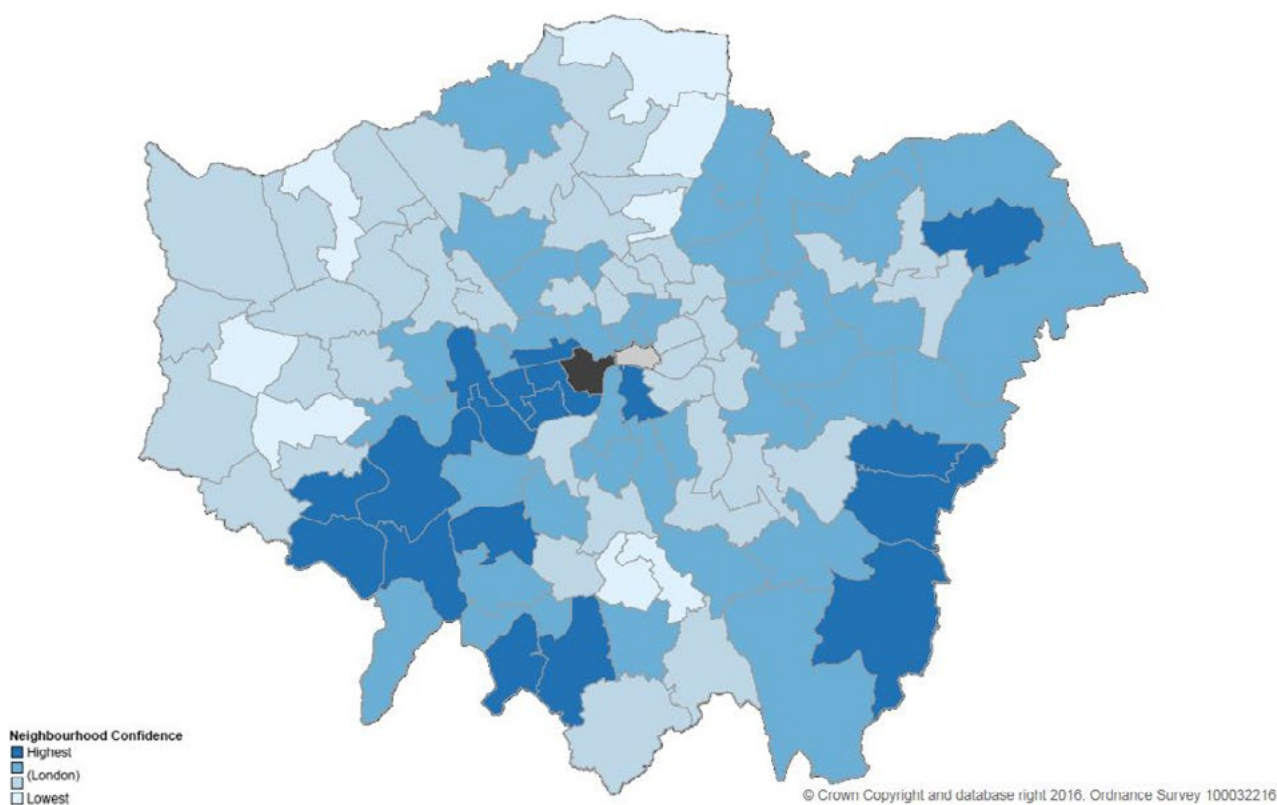
Source: GLA London Landscapes, derived from data provided by GLA population projections, the Metropolitan Police Service, and Department for Education via ONS Neighbourhood Statistics.

Another measure of community safety, relates to confidence or trust in local policing. Based on the latest results from the MPS/MOPAC Public Attitudes Survey, around two thirds of Londoners (67 per cent) think that the police do a good or excellent job in their area.¹⁵⁸ While not directly comparable, the proportion of adults across England and Wales as a whole who gave their local police a positive rating in 2013/14 was similar – at 63 per cent.¹⁵⁹

Levels of public confidence in local policing on this measure vary considerably across ward areas, ranging from 53 per cent of respondents in North East Croydon to 84 per cent in Kensington (see Map 10.19). Those living in more deprived areas in London consistently report more negative views towards the police.

Attitudes towards the police also vary according to an individual’s socio-demographic characteristics, with young BAME respondents in particular tending to hold more negative views than the rest of the population. However, whilst there are differences at a spatial and individual level, the traditional drivers of public confidence, namely: police-community engagement; fair treatment; police effectiveness; and alleviating local anti-social behaviour remain the main vehicles for improvement, and this applies to all communities regardless of age or ethnicity.

Map 10.19: Neighbourhood confidence in local policing, July 2014-June 2016¹⁶⁰



Source: MPS/MOPAC Public Attitude Survey. Data for the West End (shown in black) are not available due to small sample sizes, and the City of London (shown in grey) was not covered by the survey.

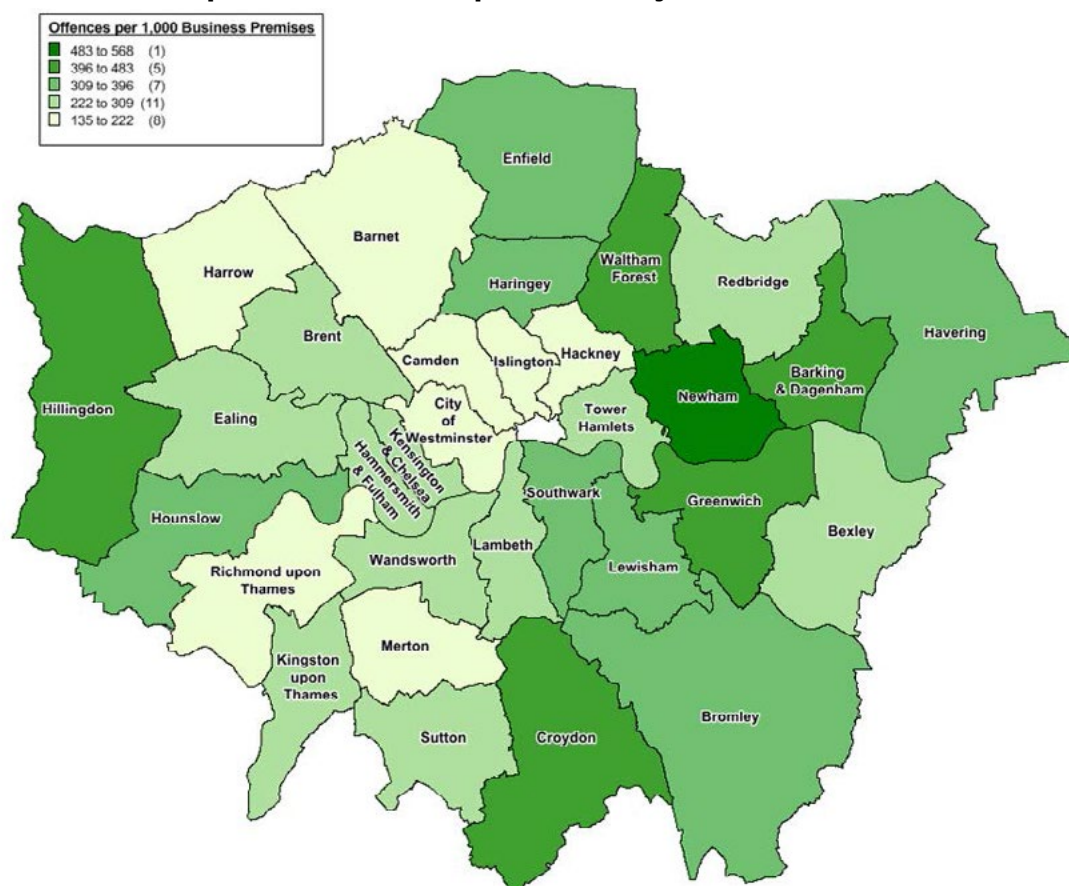
10.7.3 Business crime

Crime and the perception of London as a safe place to do business can also affect its ability to attract businesses, workers and tourists (other factors are considered in Chapter 5). MOPAC data indicates that while business crime has consistently accounted for 15 per cent of all crime, measured by total notifiable offences (TNOs), the volume of offences has fallen from 2011 to 2016.¹⁶¹

Comparisons of crime against businesses at a national level are limited to shoplifting and commercial robbery only. This shows that while the MPS contributed the largest percentage of recorded offences for these two types of crime than any other force in England and Wales (13.3 per cent in 2015), the MPS records a lower rate of offending (per 1,000 business premises) than many forces, including the three most similar: Greater Manchester, West Midlands and West Yorkshire police.

Looking at the levels of business crime across London, Westminster consistently records a high volume of business crime, as there are more business premises in Westminster. However, controlling for the number of premises, Map 10.20 shows that the rates of business crime varies considerably, with Newham having the highest rate of business crime in the year to June 2015.

Map 10.20: Offences per 1,000 business premises, July 2014 to June 2015



Source: MOPAC, business crime statistics

Businesses in London also vary in the extent to which they have confidence in local policing. Analysis of the MOPAC Business Attitudes Survey finds that engagement with the business community and the effectiveness in dealing with crime are the two most important drivers of business confidence. In particular, those businesses that have high levels of engagement with the police tend to be more confident in policing, than those who have low levels of engagement.¹⁶²

The majority of boroughs which score low for business confidence in policing (such as Newham, Tower Hamlets, Brent and Enfield) are also vulnerable to issues of community cohesion, as measured via the VLPs seen in section 10.7.2. Personal characteristics such as age, gender and ethnicity of the respondent, and business characteristics, including location, nature of business, sector and size are however not significant drivers of confidence in policing. The policing response may therefore be seen as crucial to improving business confidence in policing across all parts of the capital.

Chapter 10 endnotes

- 1 Joseph Rowntree Foundation, '[Inclusive Growth Monitor](#)', 2015
- 2 Results are based on interviews with 3,861 London residents aged 18+. Participants were not randomly sampled, but self-selecting via a number of known databases. This achieved a non-representative sample of Londoners. The data has been weighted by age, gender and ethnicity to reflect that of the London population.
- 3 The interview question asked 1,003 adult Londoners: "There are currently over 8.5 million people living in London. By 2030 the population is expected to grow to 10 million people. Bearing this in mind, which two or three of the following are you most concerned about?"
- 4 Results are based on interviews with 1,003 London residents aged 18+. Interviews were carried out by telephone on 20-26th March 2015. A representative sample was interviewed, with quotas set by age, gender and borough. For this and other GLA poll results see: <http://data.london.gov.uk/dataset/gla-poll-results>
- 5 This net measure does not include the effects of indirect taxes (for example VAT and duties) or benefits in kind (for example health and education). The amount of indirect tax each household pays is determined by their expenditure, considered in section 10.3.3, rather than their income. Further information is available at: ONS, '[The effects of taxes and benefits on household income: financial year ending 2015](#)', 24 May 2016.
- 6 See for example, Institute for Fiscal Studies, '[Living standards, poverty and inequality in the UK: 2016](#)', July 2016
- 7 DWP data on household incomes for 2014/15 was released in July 2016. This latest data will be reported on separately in a forthcoming release from the Intelligence Unit.
- 8 DWP households below average income statistics for the period 2001/02 to 2013/14 were adjusted for inflation using the retail price index (RPI). From 2016, the consumer price index (CPI) will be used.
- 9 Institute for Fiscal Studies, 'Living standards, poverty and inequality in the UK: 2016, July 2016, pp.32-33
- 10 Source: HMRC, Survey of Personal Incomes 2013-14
- 11 Institute for Fiscal Studies, 'Living standards, poverty and inequality in the UK: 2016, July 2016, pp.12-13
- 12 GDHI is the amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect. Source: ONS, '[Gross disposable household income](#)' [website], accessed on 17 August 2016
- 13 ONS house price statistics for small areas, June 2016
- 14 Earnings data are gross annual earnings excluding incentive pay for full-time workers, taken from the ONS annual survey of hours and earnings 2015. This is slightly higher than residents' earnings, which in 2015 were £33,200 in London. This is a result of the relatively higher earnings of commuters.
- 15 For more information on this see: Marsden, J., November 2015, 'Working Paper 72: House prices in London – an economic analysis of London's housing market'. GLA Economics
- 16 For consistency with ASHE data, median annual earnings from 1969-1997 are based on weighted estimates of work-based weekly earnings from NES data.
- 17 See for example, Meen, G. 'Regional house prices and the ripple effect: a new interpretation', *Housing Studies* 14(6), pp. 733-753, 1999
- 18 Data from the Council for Mortgage Lenders has revealed that mortgage terms are, on average, getting longer with 60 per cent of first time buyer mortgages on deals longer than 25 years in 2015.
- 19 Bank of England (2014), 'Financial position of British households survey, 2014'
- 20 GLA, analysis of data from the Labour Force Survey
- 21 Average private rentals taken from the Index of Private Housing Rental Prices, and wage growth reflects the growth of average full-time earnings from the Annual Survey of Hours and Earnings on a residency basis. The figures are presented as compound average growth rates. Source: ONS, [April Economic Review 2016](#)
- 22 Disposable income is measured after benefits and direct taxes are paid. This is consistent with the DWP Effects of Taxes and Benefits publication.
- 23 GLA, analysis of English Housing Survey 2013/14
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- 39 Boardman, B. 'Fixing Fuel Poverty: Challenges and Solutions', 2010
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- 42 London Assembly, '[Final demand: personal problem debt in London](#)', 2015
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- 44 StepChange, '[London in the red: a briefing on problem debt in London](#)', 2015
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- 46 DWP data on household incomes for 2014/15 was released in July 2016. This latest data will be reported on separately in a forthcoming release from the GLA Intelligence Unit.
- 47 *ibid*
- 48 These include items such as being able to afford birthday and other celebrations for children, a warm winter coat, managing to pay bills/debt repayments, having household contents insurance, and having a week-long holiday each year; for pensioners, this may include items such as having a damp-free home, access to a telephone when needed, and having their hair done or cut regularly.
- 49 ONS, '[Persistent poverty in the UK and EU](#)', 16 May 2016
- 50 ONS, '[Poverty and employment transitions in the UK and EU: 2007-2012](#)', 10 March 2015
- 51 The percentages add up to more than 100 per cent as it is possible for an individual to experience more than one of these events.
- 52 The welfare system is administered by different departments and branches of government, including local authorities. It is therefore not possible to simply combine data from the different sources. Some of the figures included here are individual benefits, while others may be for entire families. Nor are these comprehensive counts, since some benefits are not included, including some disability-related benefits and some housing-related benefits. The published statistics do not allow comprehensive counts to be derived.
- 53 Further details on changes to welfare benefit since 2011 are available at: <https://www.turn2us.org.uk/Benefit-guides/Benefit-Changes/Benefit-Changes-Timetable-2016>, accessed on 24 August 2016.
- 54 This is defined to match the specific information in the benefit system, excluding both Housing Benefit income and housing costs, rather than the usual published 60 per cent median statistics.

- 55 In earlier years, rates were produced for using the total number of children receiving child benefit as the denominator. In most areas, with a few notable exceptions in Central London, this was a good proxy for the total number of children in families receiving benefits. However, with the changes to the Child Benefit system, this is no longer possible.
- 56 HMRC, Personal tax credit statistics
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- 58 Further analysis is available in: GLA Intelligence Update, '[Benefit Cap in London](#)', July 2015.
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- 61 The differences in earnings between male and female workers are considered separately in Chapter 9.
- 62 *ibid*
- 63 For more information on the London Living Wage see: GLA Economics, 2 November 2015, '[A Fairer London: The 2015 Living Wage in London](#)'.
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