

More than a quarter of Londoners live in poverty

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Over a quarter (27 percent) of London residents live in poverty, according to a study by poverty charity Trust for London. The research also showed that a shocking 37 percent of London children are living in poverty.

Although the proportion of Londoners living in poverty—defined as earning less than 60 percent of the median income—has slightly decreased from the 29 percent reported six years ago, due to population increase the total number of Londoners living in poverty has remained fixed at a staggering 2.3 million people.

While figures vary across London, none of the capital's 32 boroughs has a poverty rate below 15 percent, nor fewer than around 30,000 residents experiencing poverty. "Poverty, inequality and social exclusion are a London-wide problem," the report states, which requires a "serious and concerted response from every borough."

Despite employment rates in London being ostensibly at their peak since 1992, more than half (58 percent) of Londoners in poverty live in a working family, a total of 1.3 million inhabitants. This is a 50 percent increase in a decade, and marks a shift in the nature of poverty away from workless families in social housing towards in-work poverty.

As the report noted, a major reason for this massive rise in in-work poverty is the increasing prevalence of insecure contracts, under-employment and low pay. According to Trust for London, families with adults working only part-time or with a self-employed member have higher rates of poverty than other working adults, at 45 percent and 28 percent, respectively.

The number of self-employed workers in the UK has rocketed over the last decade, reaching 4.7 million in 2016, of which more than half are low-paid. Businesses often classify workers who are, to all intents, full or part-time employees as self-employed so they can avoid paying sick pay, holiday pay and pensions.

Low pay also affects other working adults; just over one

in five (21 percent) of employees in London are low-paid. Weekly pay in London has fallen over the last 10 years, with a larger proportion of workers earning less than £200 per week in 2016 than 10 years previously. In 2016, 13 percent (410,000) workers earned less than £200 a week, while another 20 percent, or 630,000, earned less than £400 (but more than £200).

The report noted that since the financial crisis, wages have either been stagnating or increasing very slowly, despite the fact that the cost of living has been rapidly increasing, particularly in terms of housing costs in London.

Housing costs in London are among the highest in the world, with average rents now at £1,800 a month according to property-lender Landbay. A single adult in poverty earns less than £144 a week after deducting taxes and housing costs, while the average family of four has less than £347 a week to cover all other living costs.

Housing costs in London are more than double the average outside the capital, one of the main reasons poverty in the UK's largest city is higher than in the rest of the country, where average poverty rates stand at a still-very-high 21 percent.

Average housing expenses have more than quadrupled in the last 20 years, while wages have risen only fractionally in comparison. Social housing costs have risen even more quickly than private rental costs, with local councils increasing rents by 30 percent in the last five years, compared to a rise of a fifth in the private sector.

As the report hints, the chief responsibility for these appalling poverty levels lies with Labour and Conservative governments, which have both carried out relentless cuts to social security benefits over the last decade.

Cuts to Local Housing Allowance payments (housing benefit for the private rented sector) and the introduction

of the “bedroom tax” on council houses deemed to be under-occupied have made it harder for low-income families to live in London, according to the report. “Other cuts to come to social security, such as reduced work allowances under Universal Credit, or limiting support to only two children, will only exacerbate this problem,” it continued.

The research points to the damaging impact of the benefit cap, with the number of families in London affected rising by 70 percent when the cap was lowered. Eighty percent of those affected are families with children.

Although overall poverty rates have fallen, the report noted that the depth of poverty is beginning to gradually increase. One measure of this is having a household income below 50 percent of median income, rather than below 60 percent. Rates of “deep” poverty have increased by 1.5 percent over the last five years.

Trust for London’s study also revealed the rampant levels of wealth inequality in the UK capital. While more than a quarter of London’s population are struggling to get by, the capital’s rich and super-rich are swimming in their ill-gotten gains.

Half of London’s wealth is owned by its richest 10 percent. The bottom 50 percent own only 5 percent, while the bottom fifth of households in London own a mere 0.1 percent.

Wealth inequality is far higher than income inequality. The income of someone just making it into the top 10 percent of households in London was eight times higher than that of someone just counted in the bottom 10 percent. On the other hand, the wealth of someone just in the top 10 percent was a staggering 295 times higher than someone just in the bottom 10 percent. In 2010-2012, it was 160 times higher.



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