

# Poverty in London: 2015/16

## Intelligence Update 2017-06

### Key points

- The total number of Londoners living in poverty has risen a little over the last few years with the growing population and now stands at around 2.3 million people. In percentage terms, the rate has stayed the same, at 27 per cent of all those living in the region, averaged over three years 2013/14-2015/16.
- More than a third (37 per cent) of all London's children are in households with income below the poverty line. The poverty rate for children in London has decreased over fifteen years, but not over the last three years and it remains higher than for any other region.
- Around 300,000 children in Inner London are living in poverty, with a further 400,000 in Outer London. The Inner London child poverty rate has decreased over the last few years, but remains significantly higher than for any other region, at 42 per cent.
- More than two in three children living in poverty in London are in working households.
- The proportion of children living in material deprivation and low income in London has decreased overall, but still represents more than one in eight of all children in London.
- More than one in five of London's children grow up in persistent poverty.
- Around 1.4 million working age Londoners are considered to be in relative poverty, or around one in four of this age group. One in seven are in persistent poverty. Renters, unemployed, disabled or those with no qualifications had the highest risk of poverty.
- London is the only part of the country where taking housing costs into account increases poverty rates among pensioners. While the poverty rate without housing costs is among the lowest in the country at around one in seven, this increases to nearly one in five after housing costs are taken into account, and approaching one in four in Inner London. This represents a rise in poverty rates for this group.
- Inner London also stands out as having high rates of material deprivation among pensioners – more than double the rate for any other part of the UK outside London, with more than one in five unable to have or take part in the social norms for that population group for reasons of poverty, health or isolation.
- Persistent poverty affects 10 per cent of pensioners in London, a little above the national level of eight per cent.

## Measures of income and housing costs

Household income is the most widely used concept in measuring poverty, since for most people it is the key determinant of living standards. More specifically, poverty is often defined as those people living in households with disposable income below 60 per cent of the median (midpoint) of the national income distribution after equivalisation (taking account of differences in household size and composition). This Update provides the latest figures, based on the DWP's Family Resources Survey, as they relate to London.

Disposable income is presented in two ways – before housing costs (BHC) and after housing costs (AHC). This is because the costs of housing do not always reflect the standard of the housing. For example, two households could have very different costs for comparable standards of housing – it is still possible to buy a three bedroom house in the North East of England for less than £50,000, whereas within Greater London a similar property would cost at least five times that amount, and in many parts of London would be in excess of £700,000. Although rental costs may not reflect such differences exactly, there is a high level of correlation. It can be argued, therefore, that housing costs should be deducted from income to give disposable income figures. However, this would understate the relative standard of living of those people who achieved a better quality of life by paying more for better accommodation – a property with larger rooms, more outside space, closer to facilities such as parks, stations or particular schools or with better views might command a higher price. Conversely, not deducting housing costs would overstate the living standards of people in areas of high costs relative to the standard of their accommodation, such as most of London, particularly as support for these higher housing costs, such as Housing Benefit is included in the income calculations. Both sets of figures are therefore included in this Update, though because the relative costs of housing in London are so high compared to most other parts of the country and make a larger difference in a national context than any differences in the standard of the accommodation, the AHC figures are presented as the main set.

## The income distribution

The figures published recently by DWP are for the financial year 2015/16. The average measures of the national (UK) income distribution - mean and median - for all individuals are presented in Table 1. The latest figures for London are also shown in the table but are not directly comparable as they relate to a three-year average rather than a single year.

**Table 1 National average equivalised weekly household income for all individuals 2015/16**

	UK		London*	
	Before Housing Costs	After Housing Costs	Before Housing Costs	After Housing Costs
Mean	£593	£516	£671	£538
Median	£481	£413	£524	£401
60 per cent of median (the "poverty line")	£288	£248		
10 <sup>th</sup> percentile	£244	£169		
90 <sup>th</sup> percentile	£946	£873		

Source: *Households Below Average Income 2015/16*, DWP

\* London figures are based on 3 year average 2013/14-2015/16

Inequality of income across the UK as a whole has increased in real terms over the last year, but there are indications this may not be the case in London.

There are several different measures of inequality now available as part of the HBAI statistics, and most of the measures, both before and after housing costs are taken into account, show increasing differentials across the income distribution for the UK as a whole. For example, the total income after housing costs of the top fifth of the income distribution is up to 8.2 times the after housing costs income of the lowest fifth, from a differential of 7.8 times for 2014/5. The 10<sup>th</sup> and 90<sup>th</sup> percentiles are widely used as a measure of the range of incomes, as they give an indication of almost the full range, but take less account of a few individuals with extreme scores. In 2015/16, ten per cent of people in the UK lived in households where the equivalised income before housing costs was less than around £244 per week, while at the other end of the spectrum, ten per cent had more than around £946 to live on, or nearly four times as much. After taking housing costs into account, this ratio increases to more than five times as much. However, across all measures, the inequality remains lower than just before and during the early part of the last recession (2007/8-2009/10). Regional figures for comparable measures are not available, but, there are some signs that the inequality within London may still be reducing.

The simple ratio of mean to the median of the income distribution gives an indication of the inequality. In a skewed distribution, such as income, where there are more people towards the lower end of the distribution and relatively few with very high incomes, the mean (average) will be higher than the median (midpoint). In London, this ratio has always been higher than in the rest of England or the UK as a whole. However, this ratio has been increasing in England overall since the end of the recession, whereas it has continued to decrease in London and is at similar levels to during the mid 1990s when the series began, whereas the ratios for England and UK are higher than they were. Across England as a whole, the after housing costs mean equivalised income is around 25 per cent higher than the median – up from 24 per cent higher around the end of the recession, but below the 26 per cent at the beginning. The London differential has reduced from 47 per cent in the early part of the recession. It was still over 40 per cent at the end of the recession, but has fallen further to around 34 per cent.

In London, the before housing costs mean is now around 28 per cent higher than the median, still higher than the national differential of 24 per cent, but closer than the differential after housing costs. These differences show that there is a larger proportion of households with very high incomes in London than nationally, but also that they spend proportionally less on housing than people on low and middle incomes.

For the first time, the 2013/14-2015/16 figures show that the ratio of mean to median income for the South East of England is now higher than for London, both before and after housing costs across all individuals. This continued decrease in the ratio in London is true for children and working age adults, but not for pensioners, which suggests there may be increasing inequality among this group.

### **Annual change in the income distribution**

Both the mean and median equivalised UK income figures rose again in real terms, for the year 2015/16, both before and after housing costs.

The median of the latest equivalised household income figure before housing costs calculated across all individuals in London is £524 (based on a 3-year average 2013/14-2015/16) surpassing the levels in real terms before the recession, reflecting in broad terms the picture of change across the UK. The pattern for the London median income after housing costs, however, is different. The latest median, stands at £401 on this basis for 2013/14-2015/16, below the levels of around 2005-2010, when calculated at 2015/16 prices. UK-wide, the AHC median equivalised income for all individuals is higher in real terms than at any point since the data series began in 1994/5. While the South East is the only region with a higher median BHC, the East of England, South West and Scotland also have higher median incomes AHC than London. That is because the differential in the medians calculated before and after housing costs for London is so much greater – over £120 in London, which is more than double the difference for most regions. The UK-wide differential is below £70.

The mean equivalised household income of individuals in London is now £671 BHC and £538 AHC – both slightly increased in real terms over the previous year's figures, but still well below the peak prior to the recession. The equivalent figures for the South East are now higher than for London, both having increased dramatically over the last few years and easily exceeded their previous highest levels. The equivalent median after housing costs for individuals living in the East of England is also now higher than the London median.

### **Poverty in London and UK**

The main measure of poverty, the percentage of people in households with incomes below 60 per cent of the national contemporary median, is known as "relative poverty". Due to sample size restrictions, at regional level, these are presented as a three-year rolling average to improve the robustness of the figures.

Poverty levels overall have broadly stayed the same in the UK and London over last year's figures.

The percentage of individuals in relative poverty has remained constant for 2013/14-2015/16, in London and nationally, at 27 per cent AHC for London, which is higher than any other region or part of the UK, and six percentage points above the national figure. The BHC rates are also unchanged over the previous year's figures at 14 per cent for London, two percentage points below the UK-wide level. This huge disparity is due to the high costs of housing in London impacting in two ways – first, the costs of the housing themselves are so much higher in London than the UK average, but second, a large proportion of people at lower levels of income receive support in the form of various welfare benefits, but particularly Housing Benefit which is set at a level determined by the costs of housing in the local area. This therefore artificially boosts the total income for those on low incomes living in areas of high housing costs.

Northern Ireland is the only part of the UK to show any decrease over the figures for 2012/13-2014/15, with a marginal fall in the rate AHC from 21 per cent to 20 per cent. Several other regions have seen a small increase, both BHC and AHC, so the difference between London and the rest of the country has decreased slightly. The most notable change is for the West Midlands where the rate AHC has increased from 23 per cent to 24 per cent, so that the rate is now the same as for Outer London, which saw a decrease from 25 per cent. Inner London figures also show a slight decrease in the proportion of people in poverty AHC, falling from 32 per cent to 31 per cent.

The number of people in poverty has increased nationally in each of the last two years, up half a million people AHC to 14 million, but the published estimates for London remain the same, at 1.2 million Londoners in poverty before housing costs and 2.3 million after taking housing costs into account, though these are up slightly from two years ago due to an increase in the population.

When these figures are calculated taking inflation into account, poverty is shown to have decreased marginally across many parts of the UK, including London, with 13 per cent of Londoners in poverty BHC relative to 2010/11 living standards and 26 per cent AHC. These compare with 15 and 21 per cent for the UK as a whole.

**Table 2 All ages poverty figures: 2013/14-2015/16**

Percentage of individuals in households with income below 60 per cent of national median

	UK	London	Inner London	Outer London
Before Housing Costs	16	14	16	12
After Housing Costs	21	27	31	24

Source: FRS 2013/14 - 2015/16

The time series for all individuals in poverty in London and the UK<sup>1</sup>, both before and after housing costs, are illustrated in Chart 1. The latest figure of 27 per cent AHC (2013/14-2015/16) in London has remained constant over several years, remaining clearly above the UK figure, in line with the long term figures. The BHC percentage shows a continuing, slow decrease over the long term in London, alongside the UK figure until the last few years, when the national figures have risen slightly.

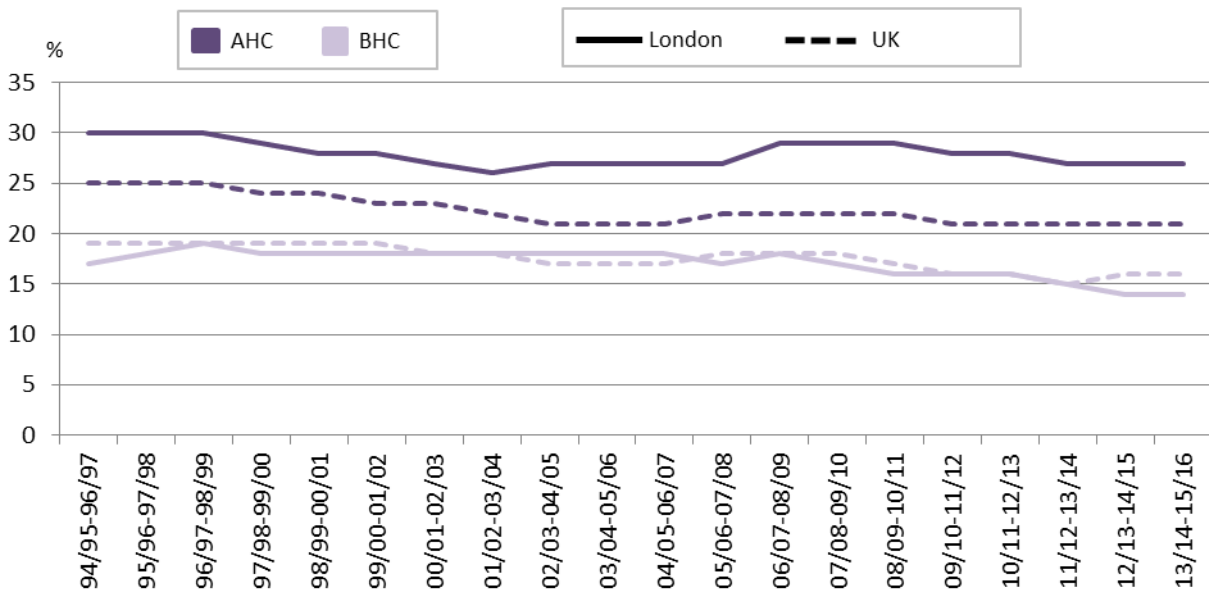
The 60 per cent median level is fairly arbitrary and other income levels can be used alongside to give a wider picture. More than a third of London residents live in households with income below 70 per cent of the national median AHC, only just above the proportion for the West Midlands, with the nationwide rate at 30 per cent. The comparative figure for Inner London is 38 per cent. One in five of all Londoners lives with income below 50 per cent of the national median AHC, sometimes called severe poverty. This rises to one in four in Inner London, compared with 15 per cent across the UK as a whole.

Poverty rates among children in London have remained stable.

Chart 2 gives both national and London time series for the percentage of children living in households with income below 60 per cent of the contemporary national median. Comparison with Chart 1 shows that the patterns seen among children living in households with income below the poverty line are similar to those across all individuals, showing no change in the rates within London overall in the latest figures, maintaining the lowest level since the data series began in 1994/5, but still above those seen at any point in the two decades nationally. Child poverty remains at 37 per cent for London AHC (around 700,000 children) and 17 per cent BHC. At the same time, the rates have increased nationally, so that the comparable three year average figures for the UK are 29 per cent AHC and 19 per cent BHC. On a single year basis, for 2015/16, they are one percentage point higher than the three year average, so 30 per cent of all children in the UK are living in poverty after taking account of housing costs, or 20 per cent BHC.

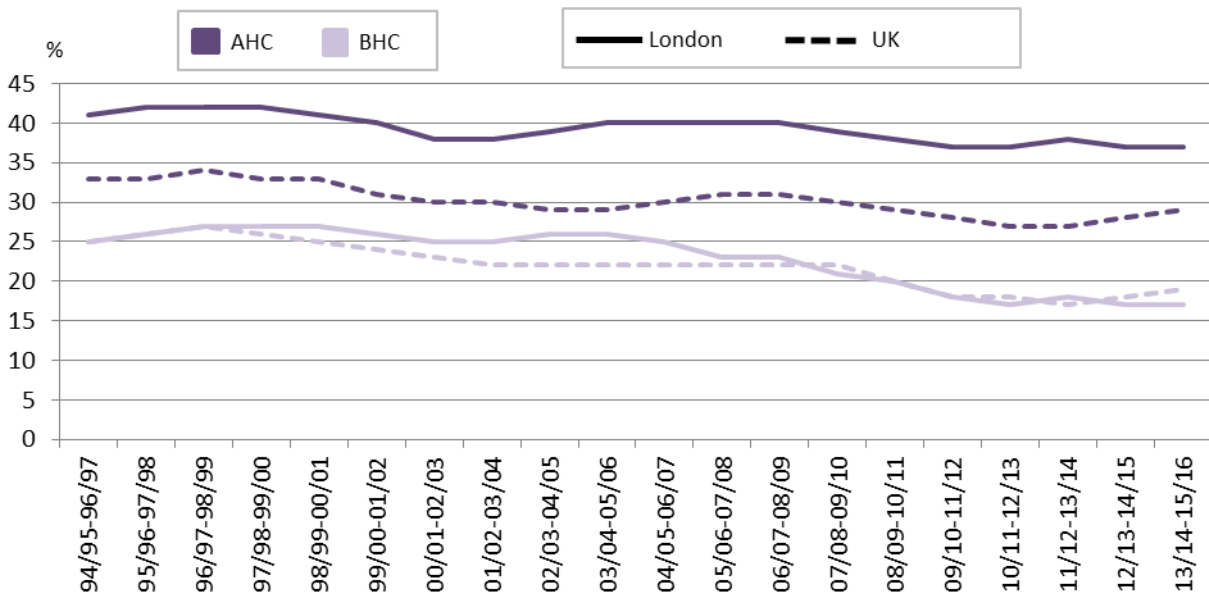
<sup>1</sup> The UK figures are also presented as three-year averages to give comparability with those for London.

**Chart 1 Change in overall poverty (all individuals) for London and UK (three year rolling averages) 1994/95 to 2015/16**



Source: FRS 1994/95 - 2015/16

**Chart 2 Percentage of children living in households with less than 60 per cent of contemporary median household income, for London and UK 1994/95 -2015/16**



Source: FRS 1994/95 - 2015/16

**Poverty within London**

Child poverty in Inner London remains significantly higher than in any other region.

**Table 3 Child poverty figures: 2013/14-2015/16**

Percentage of people of working age in households with income below 60 per cent of national median

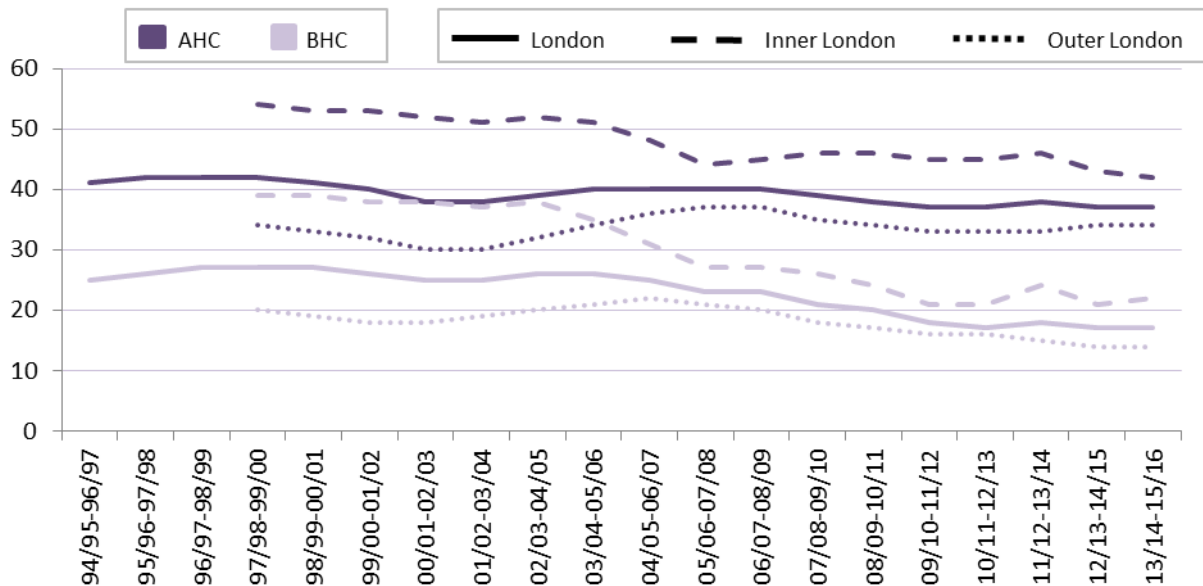
	UK	London	Inner London	Outer London
Before Housing Costs	19	17	22	14
After Housing Costs	29	37	42	34

Source: FRS 2013/14 - 2015/16

Chart 3 shows how the levels of child poverty within Inner and Outer London have shown quite different patterns over the period. The percentage of children in poverty AHC in Inner London has been falling though it remains the case that more than four in ten children living in Inner London are in poverty. In Outer London, poverty rates have been stable, or even risen marginally in recent years, so the gap is narrowing and more than one in three children in Outer London lives in poverty. In contrast, BHC poverty rates have almost halved in Inner London, though the decrease appears to have stalled over recent years, whereas child poverty BHC started at a much lower level and has continued to fall, though very slowly, in Outer London, so the gap between Inner and Outer London appears to be widening.

Other parts of the UK have seen increases both before and after housing costs in their child poverty rates. Again most notable is a rise in the West Midlands in the AHC rate from 30 per cent to 33 per cent, just one percentage point below the rate for Outer London.

**Chart 3 Change in child poverty for London: (three year rolling averages) 1994/95 to 2015/16**



Source: FRS 1994/95 - 2015/16

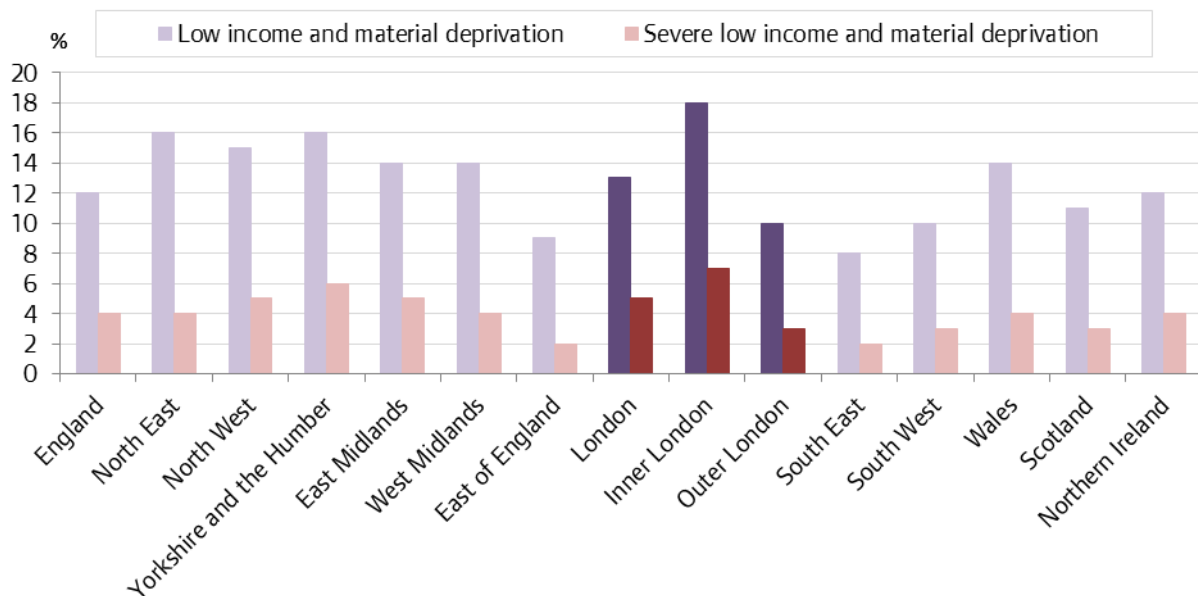
**Alternative measures of poverty**

Material deprivation has fallen among children in London.

A further measure of poor living standards for families with children is the percentage living in low income and material deprivation. Rates of material deprivation, as measured by whether or not their families are able to afford a certain number of essentials for children, such as a winter coat, birthday celebrations and not being in arrears on household bills, combined with low income have decreased

markedly over the last year in London. The latest figures show that 13 per cent of London’s children live in families with both material deprivation and low income (below 70 per cent of national median), down from 15 per cent (down from 20 per cent to 18 per cent in Inner London and from 12 to 10 in Outer London). This means that although material deprivation levels among children across London are above those in neighbouring regions, they are below most of the country. Material deprivation among children in Inner London is still higher than in most of the UK, as Chart 4 shows clearly. However, while material deprivation and low income levels have fallen in London, at the same time, the number of the capital’s children living in severe low income families with material deprivation has increased marginally from four to five per cent, up from six to seven per cent of Inner London children though down from four to three per cent of Outer London children. London remains above the UK average for children living in material deprivation and severe low income.

**Chart 4 Low income and material deprivation levels among children by region: (three year average) 2013/14 to 2015/16**



Source: FRS 2013/14 - 2015/16

Most children in London that experience relative poverty will be in poverty over an extended period of time, called persistent poverty

New data have been released alongside the Households Below Average Income dataset, which use longitudinal data, asking the same people about their experiences over time, to investigate movements into and out of poverty. These Income Dynamics data show that most children who experience poverty are likely to be in persistent poverty. Around 14-15 per cent of children<sup>2</sup> in London are classified as being in persistent poverty before housing costs at the 60 per cent median level, that is, in households with income falling below that level in at least three out of four successive years. Over that time period, the BHC poverty rates for children in London have remained at around 17-18 per cent, so it is clear that most children in poverty in London using this definition are in persistent poverty. Nationally, 11 per cent of children are estimated to be in persistent poverty on a

<sup>2</sup> Classified as a dependent child in the first year of four successive years surveyed.



comparable basis, so a lower proportion than in London, whereas the national BHC poverty rates for children have been close to or higher than in London.

A higher proportion of London children are in persistent poverty on an after housing costs basis, at around 21-23 per cent, but this compares with 37-38 per cent as being in poverty for each year, so a smaller, but nevertheless very significant proportion of those in AHC poverty would be in persistent poverty. Nationally, 16 per cent of children are estimated to be in persistent poverty on this basis.

### **Characteristics of children in poverty**

Around two in three children in poverty live in working households.

Not surprisingly, it remains the case that children in working age households with no one in work are more likely to be in poverty than where there is at least one adult in employment, particularly when someone is unemployed. Nationally, more than two thirds of children in workless households were living below the poverty line, compared with less than a quarter of children in households with at least one adult in work. However, because the overwhelming majority of children live in working households, around two in three children in poverty across the UK live in working households.

Comparable figures are not currently available for London, but analyses of previous years' figures have shown that children in workless households in London are at lower risk of BHC poverty than elsewhere in the country – around 30 per cent in London compared with around 40 per cent nationally – and it is likely that the inclusion of welfare benefits to help pay for housing as income would account for this. However, after housing costs are taken into account, a higher proportion of children in workless households in London were in poverty – over 70 per cent, compared with around 65 per cent across the UK. Poverty rates among children in families with at least one adult in work were also higher in London than elsewhere.

Poverty rates are also much higher among children from some ethnic groups than from others. Nationally, children from Black, Pakistani and Bangladeshi and "Other" ethnic groups (excluding White, mixed and all other Asian ethnic groups) had a risk of poverty at least one and a half times the average with children in Bangladeshi households having particularly high poverty rates at close to 60 per cent. Previously, the patterns in London have broadly followed the national picture, though with higher overall rates.

Children living in families receiving certain types of state support (welfare benefits and/or tax credits) are also particularly likely to be in households with total income below the poverty line. Nearly 90 per cent of children in families in receipt of Jobseeker's Allowance are in poverty AHC and over 60 per cent of those in families receiving Income Support or Housing Benefit are also in relative poverty. Previous analysis showed that the difference between London and the rest of the country in the poverty rate among children in families receiving tax credits is particularly noticeable – London children in families receiving Working Tax Credit or Child Tax Credit were at least 50 per cent more likely to be in poverty than those living in the rest of the UK.

Children living in both social and private rented housing had much higher risk of poverty too, at well over 50 per cent in London, which was over ten percentage points higher than for those outside London according to previous analysis. However, rates nationally have risen so that more than half of all children in social housing and 47 per cent of those in privately rented housing are counted as being

in relative poverty. Each sector accounts for around quarter of a million of London’s children living in poverty. Nevertheless, one in six of London’s children living in owner-occupied housing had income below the poverty line after adjusting for housing costs, (counting only interest payable on any mortgage, not repayment of the amount borrowed).

### Poverty amongst working age adults

Poverty levels among working age adults in London have barely changed in two decades.

The proportions of people of working age in households with incomes below 60 per cent of the national median, after adjusting for household composition, are lower than for children, which is not surprising, given that some live with children (decreasing living standards for the same level of income) and some without. Poverty among working age people in the UK has shown relatively little change over twenty years. In London, the AHC poverty rates for this age group have hovered around one in four, increasing a little during the recession but now have dropped back to 25 per cent, four percentage points above the national figures. This represents 1.4 million working age Londoners living in relative poverty after taking their housing costs into account. The Inner London BHC poverty rate among working age people matches the national rate of 15 per cent, but is lower in Outer London at 11 per cent, giving an overall figure for London of 12 per cent, around 700,000 people.

Overall, this means the gap between the child and working age poverty rate has narrowed, at London level and nationally. This does not mean that all those in poverty live with dependent children. The rates are higher for those that have children – particularly for lone parents, but, for example nationally more than a quarter of single adults without children have incomes below the 60 per cent median level AHC, double the rate for couples without children.

**Table 4 Working age poverty figures: 2013/14-2015/16**

Percentage of people of working age in households with income below 60 per cent of national median

	UK	London	Inner London	Outer London
Before Housing Costs	15	12	15	11
After Housing Costs	21	25	29	23

Source: FRS 2013/14 - 2015/16

Working age adults are more likely to escape poverty than children.

The figures on low income dynamics suggest that in the region of half of working age Londoners in poverty might be classified as in persistent poverty. The London figures for persistent poverty among working age people are very close to the national picture on a before housing costs basis, with around seven per cent of this age group in persistent poverty at the 60 per cent median level. After taking housing costs into account, the figure is doubled to 14 per cent of this age group in London, compared with 11 per cent across the UK as a whole.

The characteristics of those most likely to be in poverty – social housing tenants, unemployed or in other workless households etc – are similar to those noted above for families with children. Additionally, working age adults with no qualifications are more likely to be in low income households.

## Poverty amongst older people

Around 200,000, or around one in seven, Londoners of pensionable age<sup>3</sup> are living in poverty in London before housing costs are taken into account. On this basis, pensioner poverty in London is higher than for working age adults but among the lowest rates for pensioners in any region and again two percentage points below the UK rate. While the impact of housing costs on poverty rates among pensioners is less severe than for other age groups, London is the only part of the UK where poverty rates among pensioners are higher after taking housing costs into account than before. The AHC poverty rate among pensioners has risen marginally in several regions, including London, over the last few years, but it is still much lower than it was from the 1990s through to the beginning of the recession.

The rates for Inner and Outer London also show a different pattern than for other age groups. There are relatively few older people living in Inner London, but among those that do, poverty rates are lower before accounting for housing costs than in Outer London, as shown in Table 5 whereas after housing costs, the picture reflects that among other age groups, with higher rates in Inner London.

**Table 5 Pensionable Age poverty figures: 2013/14-2015/16**

Percentage of people of pensionable age in households with income below 60 per cent of national median

	UK	London	Inner London	Outer London
Before Housing Costs	17	15	12	16
After Housing Costs	14	19	23	18

Source: FRS 2013/14 - 2015/16

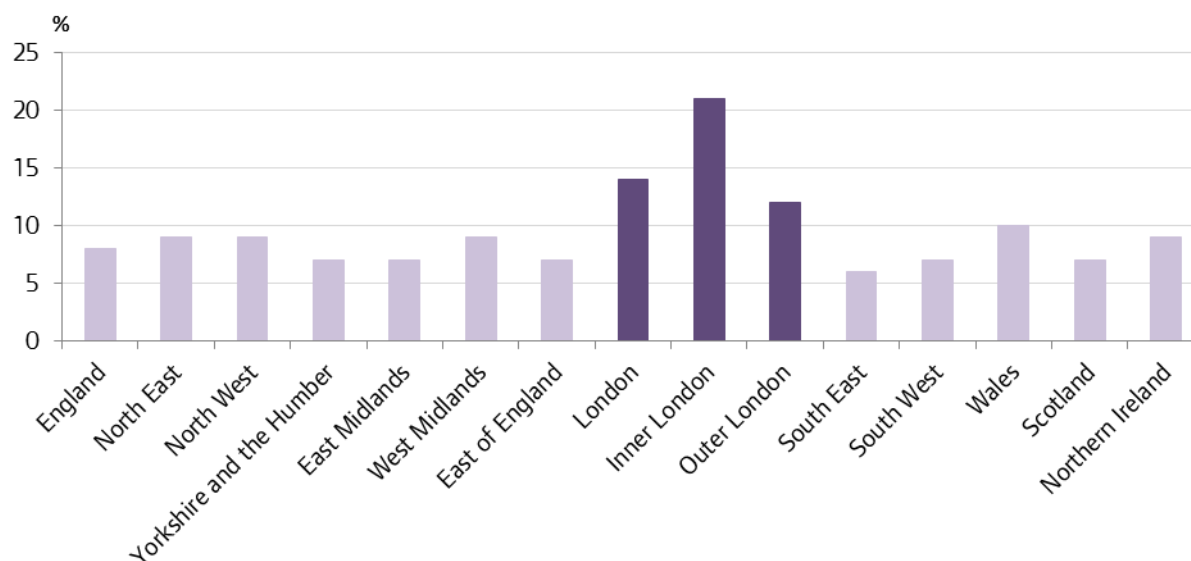
Persistent poverty is also more likely among pensioners outside London on a BHC basis, with 12 per cent of pensioners in persistent poverty at the 60 per cent median level across the UK as a whole, compared with 7-9 per cent in London. Conversely, after taking housing costs into account, as with the straightforward poverty rates among pensioners, persistent poverty is higher in London, though the difference is less than might be expected, at around ten per cent of London pensioners in persistent poverty, compared with eight per cent nationally.

A measure of material deprivation is also produced for pensionable age residents, similar to that for children, but using different criteria (see explanation of terms section for more detail) and without the criterion that they must also be in a low income household. These figures, illustrated in Chart 5, clearly show that London overall had much higher levels of material deprivation among pensioners than any other region, at 14 per cent, and particularly among pensioners in Inner London, with double the rate for anywhere else in the UK outside London, This means that around one in five of all UK pensioners in material deprivation lives in London.

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<sup>3</sup> Pensionable age is based on the state pensionable age at the time of data collection, so for women will be different ages for each of the three years' data. Material deprivation is calculated for all people aged 65 and over.

**Chart 5 Material deprivation levels among people of pensionable age by region: (three year average) 2013/14 to 2015/16**



Source: FRS 2013/14 - 2015/16

## Explanation of terms

### Before Housing Costs

The Before Housing Costs measure of net income is taken as the total income from all sources (including earnings, all social security benefits, pensions, income from investments, maintenance payments, educational grants and cash value of payments in kind such as free school meals) for all members of the household, less income tax, national insurance, pension contributions and maintenance or support payments made to people outside the household.

### After Housing Costs

The After Housing Costs measure is derived by deducting certain housing costs from the Before Housing Costs measure. The housing costs include rent, mortgage interest payments, water charges and structural insurance premiums.

### Equivalisation

Equivalisation is the process of adjusting income to take into account variations in the size and composition of households in which individuals live. This reflects the notion that a larger group of people, such as a family with children, needs more income than a person living alone to enjoy a comparable standard of living. The process takes a couple living with no children as a reference point and adjusts the incomes of larger households downwards relative to this benchmark (ie assumes that a higher income would be needed for a larger household to have the same standard of living). The incomes of smaller households are adjusted upwards relative to the reference household type, recognising that the same income would allow smaller households a better standard of living.

### **Material deprivation for children**

Material deprivation is derived from asking about a set of 21 goods and services, including child, adult and household items that are typical in Britain. If they do not have a good or service, they are asked whether this is because they do not want them or because they cannot afford them. The items are various and include 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's holiday each year. The set of questions changes periodically in order to stay current and changed in 2010/11, so the 2012/13 publication was the first to include regional figures using these new questions. The material deprivation score is a weighted score calculated on a range of 0 to 100. A family is said to be in material deprivation if they achieve a score of 25 or more on this scale.

### **Material deprivation for pensioners**

Pensioner material deprivation is similar in concept to that described above but covers different items, such as having a damp-free home, access to a telephone when needed, having hair done or cut regularly. As well as not being able to afford them, reasons for not having these things can include too much trouble/too tiring, no one to do this with or help me, my health/disability prevents me. All these are considered deprived. Only those who don't want something or say it is not relevant are not considered deprived. A pensioner achieving a score of 20 or more is said to be in material deprivation.

### **Persistent Poverty**

The measurement of persistent poverty comes from a new analysis called Low Income Dynamics from the Department of Work and Pensions based on the Understanding Society dataset. The survey is a very large longitudinal study funded by the Economic and Social Research Council which covers a wide range of topics, including income. While the measure does not exactly replicate the income definition used in the Family Resources Survey, it provides a good proxy. The Low Income Dynamics analysis is intended to investigate the extent to which people move in and out of poverty. Persistent poverty is defined as being in a low income household in at least three of the last four years. Because each wave of the study is conducted over a two year period, the years of analysis cover two separate, but overlapping four year periods. There are different levels of income defined, but this Update reports on the 60 per cent of median income, the closest proxy to the main poverty measures reported. Only those who have been recorded in the study in each of the four years are included in the low income dynamics. The characteristics of relevance, that is, age and place of residence, are those recorded in the first of the four years.

## **March 2017**

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