

COST OF LIVING CRISIS & CHILDREN IN POVERTY: LONDON SPOTLIGHT

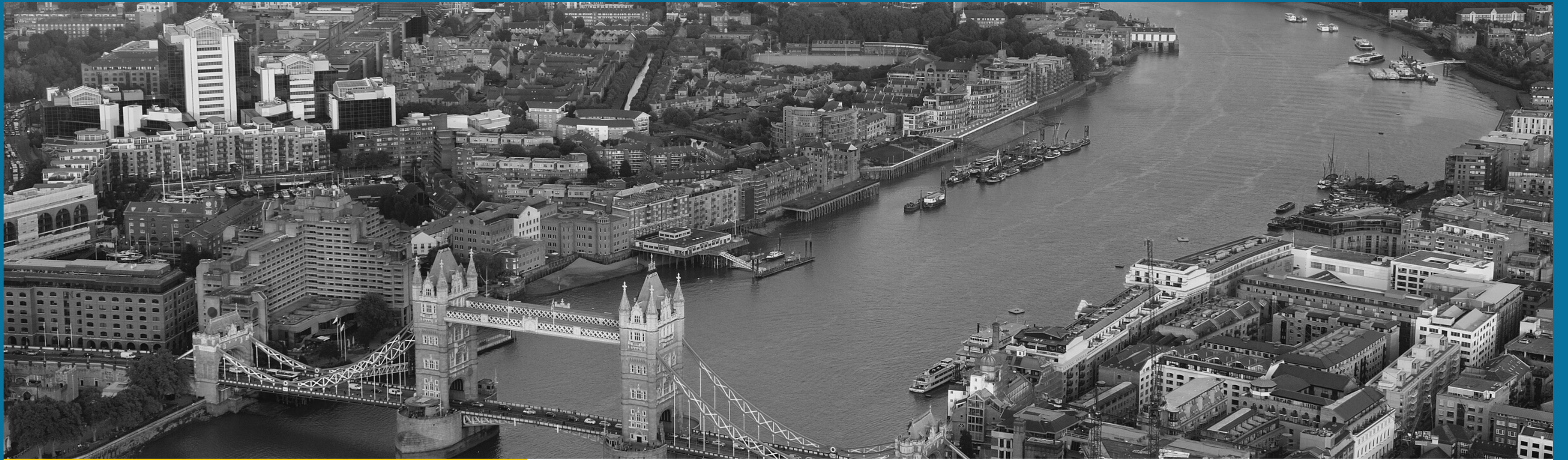


SUMMARY

OUTLINE

- This document provides an outline of the specific impact that rapidly rising energy, food and housing costs will have on London's poorest households.
- In particular, the focus is on the damaging effects of the cost-of-living crisis on children living in poverty.
- It highlights the immediate and longer-term challenges that the financial constraints of rising costs will have on households with children.





PURPOSE

The purpose of this resource is to bring together data from various sources to highlight the particular harm the cost-of-living crisis will bring to London's children to inform local authorities and decision makers about the need to act quickly and sustainably to support vulnerable children in their area.

KEEP IN MIND:

“

THE RISING COST OF ENERGY AROUND THE UK IS A NATIONAL CRISIS, BUT THIS THREAT WILL HIT GEOGRAPHIC REGIONS AND SPECIFIC SOCIAL GROUPS IN DIFFERENT WAYS .



RELATIVE POVERTY

households have less than 60% of contemporary median income | JRF

ABSOLUTE POVERTY

absolute income poverty, where households have less than 60% of the median income in 2010/11, uprated by inflation

_| JRF



CHILD POVERTY

RELATIVE

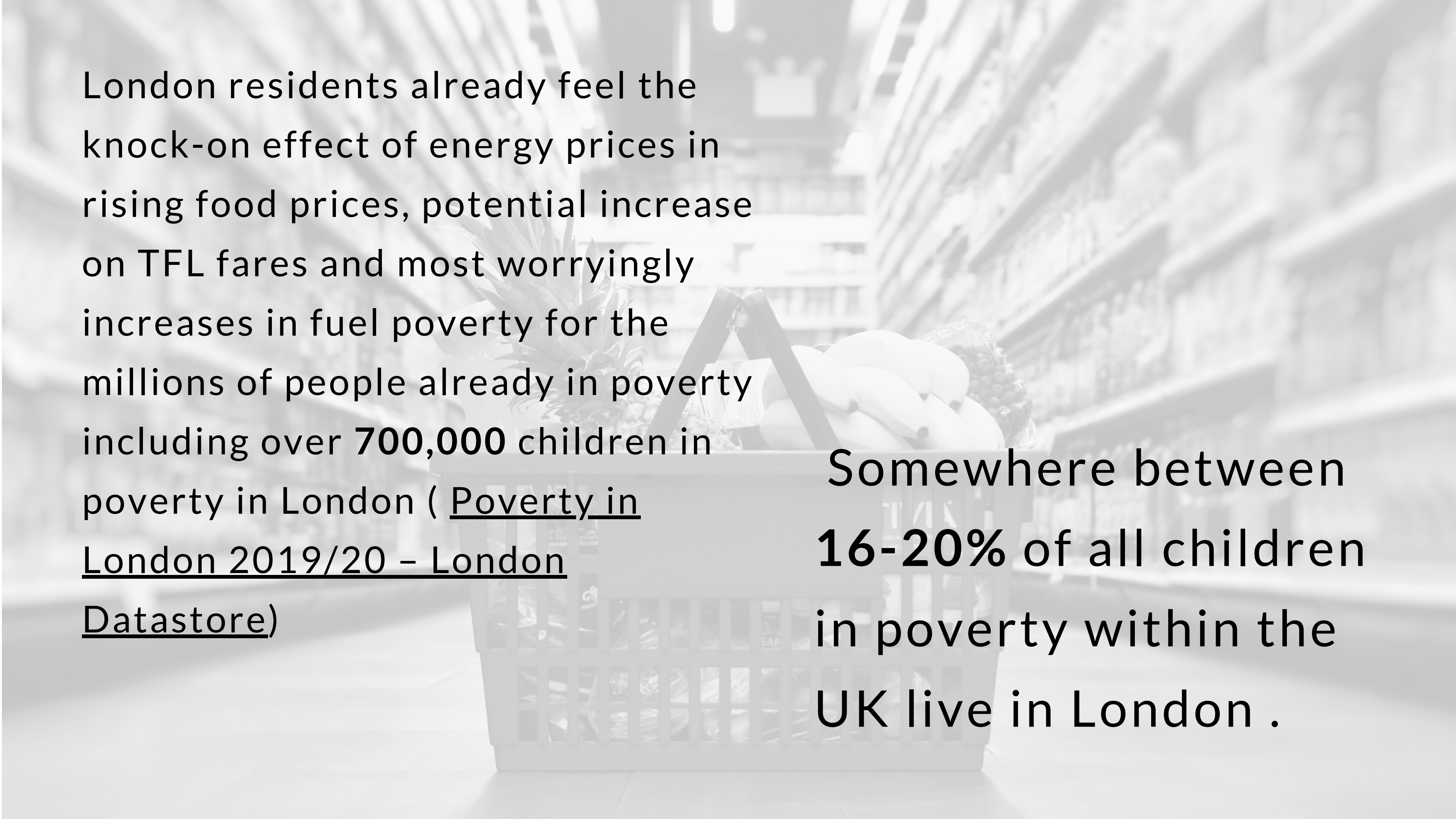
In terms of relative poverty, 35% of all children in London are in poverty. This means that about 4 in 10 children do not have what they need to meet their basic needs. (<https://tinyurl.com/ywah633a>).

ABSOLUTE

In recent years, absolute poverty rates have been falling; however, London has above average inequality and 34% of children in London were in poverty even as recently as 2020 even under absolute poverty metrics (Economic Fairness – Absolute Poverty – London Datastore).

LOOKING AHEAD

By 2024, across the country 1.3 million more children are expected to be in absolute poverty with numbers expected to increase in subsequent years and children in London will make up a large proportion of this national figure ([In at the deep end, 26](#)).



London residents already feel the knock-on effect of energy prices in rising food prices, potential increase on TFL fares and most worryingly increases in fuel poverty for the millions of people already in poverty including over **700,000** children in poverty in London ([Poverty in London 2019/20 - London Datastore](#))

Somewhere between **16-20%** of all children in poverty within the UK live in London .

LONDON FAMILIES

POVERTY RATES AND RESOURCES

The poverty rate for single parent families in London is 53% and 39% for non-white households ([London's Poverty Profile 2022, 9](#)).

Poverty rates in inner-London are as high as 30%, which is 5% higher than many parts of the North East ([London's Poverty Profile, 9](#)).

For borough specific data, Trust for London has created an interactive dashboard ([Boroughs | Trust for London](#)) as has the House of Commons Library ([Constituency data: Child poverty \(parliament.uk\)](#)).





51%

of children in Tower Hamlets are in poverty (after housing costs), the highest rate in London

THE GOVERNMENTS ENERGY PRICE GUARANTEE

UNTARGETED AND LACKING UPDATING

The Government's Energy Price Guarantee will help to mitigate the costs of rising energy prices, but with the unfortunate impact of increased interest rates both in the immediate and long term. ([A Blank Cheque, 5](#)). Thus, while the government's recent actions will help many families afford more heating, it fails to address the cost-of-living crisis holistically and does not provide strategically targeted support to those most in need.

Moreover, while the government has raised the cap for banker's bonuses, they have not raised the threshold for the benefit cap, which disproportionately affects families in London. The cap on benefits not only needs to be urgently updated to adjust for skyrocketing inflation, but the particularly damaging effect its existence has on families must be recognised. This is because it does not differentiate between household sizes despite the fact that 86 percent of households impacted are families with children who will be spending 1.3 times more on energy than those without children ([CPAG June 2022 Benefit Cap, 2](#)). We are still awaiting confirmation whether Truss' government will adjust for inflation on benefit rates as well as the benefit cap as Rishi Sunak had said would be the case under Johnson's government.

THREE SPECIFIC CHALLENGES IN LONDON

HOUSING AND INSULATION

Londoners face a particular challenge because of high property costs in the capital in comparison with income streams.

IMPACT OF ENERGY CRISIS ON CHILDREN'S HEALTH

There is already evidence that poverty increases the likelihood of some illnesses.

INFLATION AND FOOD POVERTY

City Hall has released a statement citing research that shows Londoners are experiencing higher inflation than elsewhere.



HOUSING

HOUSING COSTS

POOR INSULATION

TEMPORARY
ACCOMODATION

HOUSING COSTS

Londoners face a particular challenge because of high property costs in the capital in comparison with income streams. While wages aren't increasing in line with inflation nor are welfare benefits, the cost of housing is. Families are squeezed all around as they try to keep up with rental payments that are higher in London than many parts of the country ([Rental Price Tracker | Property blog](#), [rightmove.co.uk](#); [A-blank-cheque.pdf \(resolutionfoundation.org, 26\)](#)).

POOR INSULATION

London also has many homes with poor insulation. Many low-income families are living in damp, drafty homes which puts them at risk of respiratory illness and poorer immunity to infections in general (Fuel Poverty, Cold Homes and Health Inequalities in the UK, 17).

London has **more** poorly insulated homes than many parts of the country. According to the Institute of Health Inequity, 'in 2011 there was an 8.5 per cent difference in homes rated band C or above between London (the highest percentage at 46.93 per cent) and the West Midlands (the lowest, at 38.46 per cent)' (Fuel Poverty, Cold Homes and Health Inequalities in the UK, 4).

TEMPORARY ACCOMODATION

75,000

children in London are living in temporary accommodation in 2022. Temporary housing can exacerbate challenges around affording heating, food or other unexpected accommodation needs such as appropriate bedding for children of all ages. (Centre for London report finds more than 75,000 children are stuck in temporary accommodation due to insufficient housebuilding and low benefits - [Politics.co.uk; Centre for London: Report](https://www.politics.co.uk/news/articles/2022/07/20/cenre-for-london-report)).



There's enough children
in temporary
accomodation across
London to fill
Manchester's Old
Trafford stadium.

1

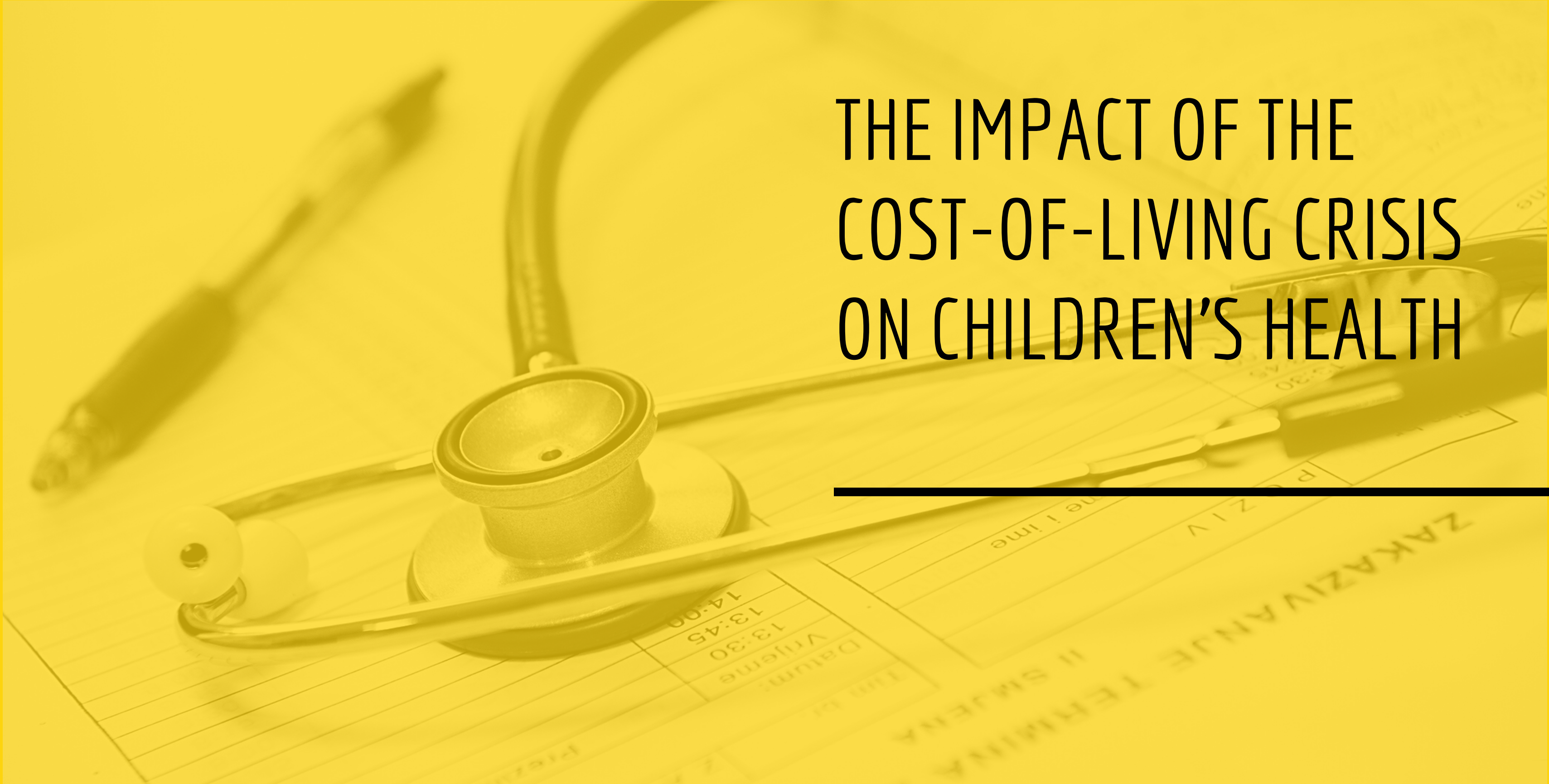
London's low-income families spend a higher proportion of their budget on heating and electricity than the average household. They are also more likely to be on pre-payments ([In the Deep, 3](#)) thus paying a higher rate per unit on their gas and electricity. This current crisis is squeezing their already small budgets and pushing families into deeper poverty.

2

Due to rising costs, the loss in real wages for those in the lowest income decile are expected to experience a 4% loss in income, the highest of any category ([London's Poverty Profile 2022, 16](#)). Thus, London's poorest are expected to lose the highest proportion of their income due to inflation, rising energy costs and a benefit system that isn't keeping up with growing need or increased inflation. In a 2020/21 survey, 13 percent of Londoners aged 16 and over said they cannot keep their house warm enough ([Survey of Londoners 2021-22 Headline findings, 39](#)).

3

London's high number of poorly insulated houses not only has health risks, but also means that the low efficiency of heating will undermine many families' efforts to keep what heating they can afford inside their homes. Thousands of families across London will rely on temporary insulation fixes, low temperature settings or going without food. Some may try to access warmth in public settings such as libraries, after school clubs or museums to reduce money spent on heating their own homes. Some boroughs have already announced measures to provide free warm spaces ([Islington Council announces Warm Community Spaces network](#)). But this still means thousands of children will live in cold, damp homes this winter.

A stethoscope and a pen are resting on a medical chart. The chart has a table with columns for 'Date', 'Time', and 'Vital Signs'. The text 'ZAKAZIVANJE TERAPIJA' is visible on the chart. The entire image is overlaid with a semi-transparent yellow filter.

THE IMPACT OF THE COST-OF-LIVING CRISIS ON CHILDREN'S HEALTH

CHILDREN'S HEALTH

Despite the recent government indecision on a white paper on health inequalities, there is already evidence that poverty increases the likelihood and severity of some illnesses. While everyone is impacted by the energy crisis, the impact on individual's health will not be equal (Children and Young People's Health Equity Collaborative, 3). The impact of the energy crisis on children's health are both direct and indirect when they live in low-income households.

DIRECT

In terms of direct concerns, energy prices becoming unaffordable means many families will go without heating and live in unsuitable housing that contributes to respiratory illness and exacerbation of existing illness or disease and fatigue (Fuel Poverty, Cold Homes and Health Inequalities in the UK, 17). Mould caused by damp could lead to 10-15% increase in new cases of asthma in children across Europe (Fuel Poverty, Cold Homes and Health Inequalities in the UK, 17).

INDIRECT

The indirect health impact of energy crisis is the strain on adults and children who experience the stress on their bodies of not having enough or worrying how to make ends meet. Stress is linked with an increased risk of many illnesses and conditions and has clear implications on mental and emotional health.

CHRONIC

Those with a chronic illness or disability who use equipment that requires energy may face difficult decisions between heating and access to medical machines and accessibility equipment. Their poverty is also more difficult to track because disposable income versus necessary medical costs are not easily accounted for in the data.

INEQUITABLE HEALTH

With such a high proportion of inequality across London and concerns around damp accommodation and poor air quality in less affluent areas, Londoners poorest households are at greater risk of developing new diseases or not being able to access or use services and equipment they need.

UNAFFORDABLE LIVING: INFLATION, FOOD AND POVERTY IN LONDON



INFLATION



FOOD COSTS



POVERTY

INFLATION, FOOD AND POVERTY IN LONDON

Families have little to dip into

The Survey of Londoners 2021-22, conducted before the recent cost-of-living crisis, shows:

14 % of parents had children impacted by low food security.

44 % with a household income of less than £14,900 per annum were food-insecure, no change from 2018-19'

'one in seven (14 per cent) parents in London had children living in low or very low food security'

'four in 10 single parents were food insecure, but only 26 % reported that their children were food-insecure. Of parents living in a couple, 13 % were food-insecure, but only 8 % of this group reported that their children were food insecure.'

INFLATION, FOOD AND POVERTY IN LONDON

These data highlight that low-income families are doing everything they can to survive, with parents bearing the brunt of food insecurity, but still are not able to keep their children entirely protected from the rising costs of food.

FOOD POVERTY

Food prices in London have risen higher than the rest of the country and the number of free food packages needed per 100,000 households is higher in London than the rest of England (London's Poverty Profile 2022, 18).

This is felt acutely as Londoners spend more of their money on food in comparison with the rest of the country (Cost of Living in London August 2022, 11). Increases in food prices will push more families into deep poverty and increase their dependency on food banks to get the nutrition they need.





WHAT DO DECISION MAKERS NEED TO DO?

As noted at the outset of this briefing, the Government has taken some steps towards tackling the cost-of-living crisis, but these will not be enough to prevent many falling into poverty and for those already experiencing poverty, there is not yet enough targeted support to prevent severe poverty that will cause lasting harm to children.

POVERTY IS PREVENTABLE

All the issues set out here can be addressed.

The impact of the energy crisis can be mitigated for all Londoners if comprehensive and urgent action is taken by the Government to ensure that those on the lowest incomes receive the help they need to pay their bills and meet their children's basic needs for a warm home and nutritious food. Immediate measures including uprating benefits and lifting the benefit cap would provide urgently needed, targeted support to millions.

In London, at regional and local government level too, there are steps that can be taken to relieve the extreme pressure on the budgets of low-income families with children.

A hand holding a sign that reads "THE FUTURE IS EQUAL". The sign is white with black text, and the background is a blurred image of a crowd of people.

THE
FUTURE
IS
EQUAL

NEXT STEPS FOR LOCAL AUTHORITIES



Designing Council Tax reduction/support schemes so that they minimise the amount of tax paid by households with children in poverty



Ensuring that Local Welfare Assistance schemes have sufficient funds available to adequately to meet the need of and are accessible to the local community



Prioritise protecting and creating secure jobs, paid at or above the London Living Wage

LOOKING TO THE FUTURE

We need long term solutions to move families away from the margins of poverty to ensure stability and security through a child-centred, robust social security system and a labour market, supported by high quality childcare, that ensures high quality, fairly paid work.



SOURCES CONSULTED

1. [CBP-8631.PDF \(PARLIAMENT.UK\)](#)
2. [CBP-9301.PDF \(PARLIAMENT.UK\)](#)
3. [CHILDREN'S SOCIAL WORK CASELOADS PREDICTED TO SOAR AS LIVING COSTS RISE | CYP NOW](#)
4. [CHILDREN AND YOUNG PEOPLE'S HEALTH EQUITY COLLABORATIVE - IHE \(INSTITUTEOFHEALTHEQUITY.ORG\)](#)
5. [FUEL POVERTY, COLD HOMES AND HEALTH INEQUALITIES IN THE UK - IHE \(INSTITUTEOFHEALTHEQUITY.ORG\)](#)
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11. [HTTPS://DATA.LONDON.GOV.UK/DATASET/GLA-POLL-RESULTS-COST-OF-LIVING-2022](https://data.london.gov.uk/dataset/gla-poll-results-cost-of-living-2022)
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13. [HTTPS://WWW.RESOLUTIONFOUNDATION.ORG/PUBLICATIONS/IN-AT-THE-DEEP-END/](https://www.resolutionfoundation.org/publications/in-at-the-deep-end/)
14. [THE RISING COST OF LIVING AND ITS EFFECTS ON LONDONERS - LONDON DATASTORE - COST-OF-LIVING-AUGUST-2022-UPDATE.PDF \(AIRDRIVE-SECURE.S3-EU-WEST-1.AMAZONAWS.COM\)](#)
15. [MAYOR DEMANDS URGENT ACTION AS HALF OF LONDONERS FACE FUEL POVERTY | LONDON CITY HALL](#)
16. [A-BLANK-CHEQUE.PDF \(RESOLUTIONFOUNDATION.ORG\)](#)
17. [SURVEY OF LONDONERS 2021-22 - LONDON DATASTORE](#)
18. [CENTRE FOR LONDON | TEMPORARY ACCOMMODATION: LONDON'S HIDDEN HOMELESSNESS CRISIS](#)