

Local indicators of child poverty after housing costs, 2019/20

Summary of estimates of child poverty after housing costs in local authorities and parliamentary constituencies, 2014/15 – 2019/20

Donald Hirsch and Juliet Stone

May 2021



**Loughborough
University**

Centre for Research
in Social Policy

Contents

1.	Introduction	3
2.	Local authority and parliamentary constituency rates in 2019/20	4
3.	Change in local child poverty rates between 2014/15 and 2019/20	9
4.	The effect of housing costs	16

1. Introduction

This paper provides the latest update of local child poverty indicators after housing costs, summarising the dataset produced for End Child Poverty by the Centre for Research in Social Policy at Loughborough University. The latest data cover the period up to financial year 2019/20. Since this ended in March 2020, the figures take no account of the effects of the pandemic, and (like the latest general poverty figures published in March 2021) show the baseline child poverty rates before the impact of Covid on jobs and incomes. Even this baseline had risen significantly in recent years. Across the UK, 4.3 million children¹ lived in families with below 60% median income after housing costs in 2019/20, up 200,000 from the previous year, and up 500,000 over five years.

The data shown below are based on calculations that build on the DWP and HMRC Children in Low Income Families dataset, first published in March 2020, which estimates the percentage of children living in households with below 60% median income in local areas. These figures draw directly from tax and benefit records, making them more reliable than previous local estimates.

However, these sources of information about income do not capture housing costs, and so the official indicator reports poverty on a 'before housing costs' (BHC) basis. That is to say, it takes no account of the fact that comparing incomes for households in different parts of the country where housing costs vary does not produce a like for like comparison of disposable incomes. As a result, the figures greatly understate the impact of low income in areas such as London with high housing costs.

In order to get estimates that are more sensitive to these costs, across region and over time, we have produced an after housing costs (AHC) set of local child poverty indicators, using local data on rents and house prices to supplement the DWP/HMRC figures. These estimates model the effect on poverty rates of higher or lower housing costs in each area. By estimating this effect, the figures give a more informative account of differences across place and time in the proportion of children in families with low disposable income than the BHC figure, which takes no account of housing costs.

The method for calculating our AHC indicators is set out in our [original 2020 paper](#) introducing this series. The data produced in 2021 include previous years from 2014/15. Due to a small technical adjustment in the official figures, past data are slightly different from those published previously. While the previous set of DWP/HMRC data covered Great Britain only, the latest data now include the whole of the UK.

Note that the AHC figures are reported for local authorities, parliamentary constituencies and regions, but cannot be produced for individual wards, since valid data on housing costs at this local level are unavailable. For ward comparisons, we have republished tables showing the official BHC data, which are useful for showing where within each local authority or parliamentary constituency child poverty is the highest, but less so for comparing rates across the country or across time.

¹ Households Below Average Income: 1994/95 to 2018/19 (DWP, 2021). This total includes young people aged 16-19 in full-time education; the statistics in this report relate to children aged 0-15 only, of whom an estimated 3.8 million are in poverty after housing costs in 2019/20.

2. Local authority and parliamentary constituency rates in 2019/20

Tables 1 and 2 show the 20 local authorities and constituencies with the highest child poverty rates, after housing costs, in 2019/20, the latest year for which data are available. Data for all areas, for all years between 2014/15 and 2019/20, can be found [here](#).

Table 1 The 20 local authorities with highest child poverty rates, 2019/20

Local authority	% of children below 60% median income after housing costs, 2019/20
UK	31%
Tower Hamlets	55.8%
Newham	50.0%
Barking and Dagenham	48.1%
Hackney	47.9%
Waltham Forest	45.3%
Southwark	43.1%
Islington	42.7%
Lambeth	42.6%
Birmingham	42.5%
Greenwich	42.0%
Manchester	41.8%
Newcastle upon Tyne	41.2%
Hounslow	40.9%
Haringey	40.6%
Sandwell	40.0%
Brent	40.0%
Redbridge	39.7%
Middlesbrough	39.4%
Luton	39.4%
Lewisham	39.0%

Figure 1 The 20 local authorities with highest child poverty rates, 2019/20

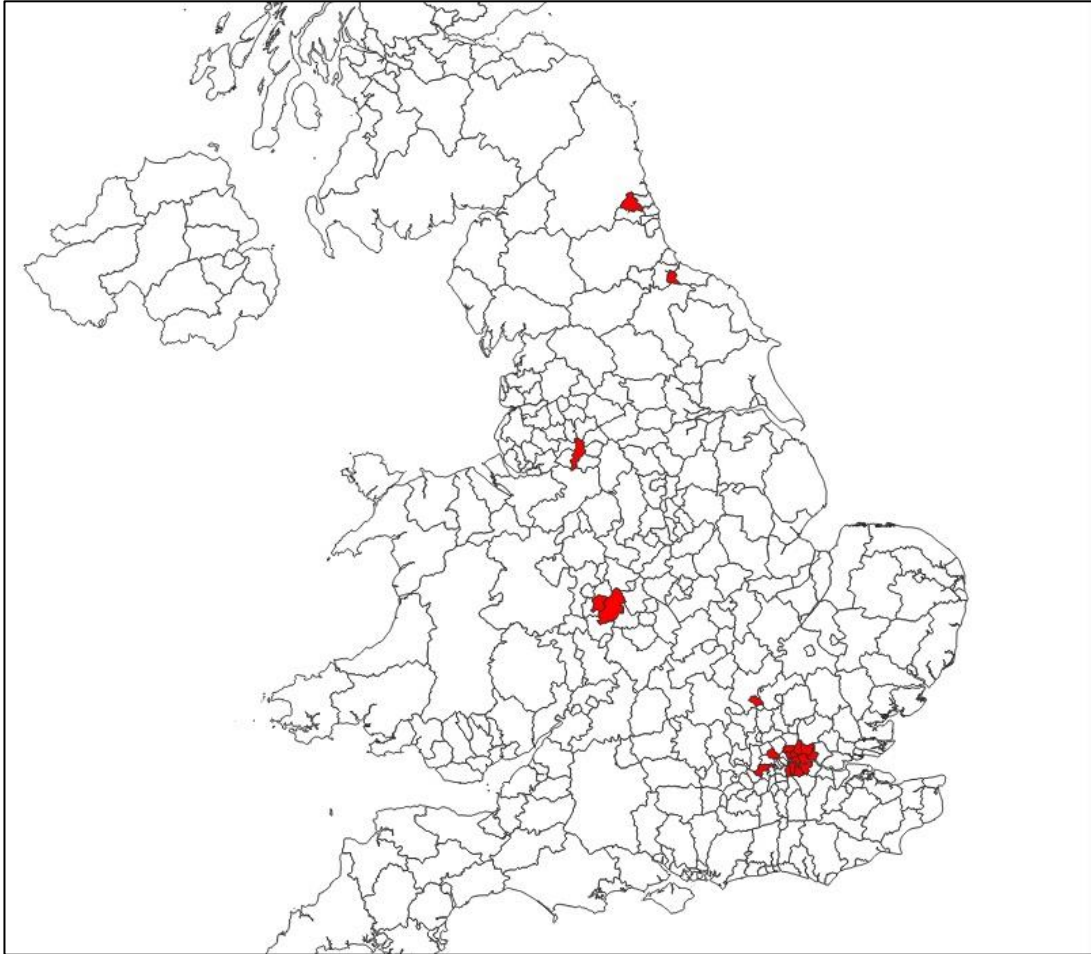


Table 2 The 20 parliamentary constituencies with highest child poverty rates, 2019/20

Constituency	% of children below 60% median income after housing costs, 2019/20
UK	31%
Bethnal Green and Bow	59.6%
Hackney South and Shoreditch	56.3%
Birmingham Ladywood	54.5%
Birmingham Hall Green	54.3%
Birmingham Hodge Hill	52.0%
Vauxhall	51.6%
West Ham	51.2%
Poplar and Limehouse	50.6%
East Ham	50.0%
Walthamstow	49.8%
Birmingham Perry Barr	48.9%
Barking	48.9%
Warley	47.8%
Tottenham	47.6%
Bermondsey and Old Southwark	47.4%
Bradford West	47.3%
Walsall South	47.1%
Manchester Gorton	46.8%
Bradford East	46.7%
Holborn and St Pancras	46.4%

It is immediately noticeable that greatest concentrations of child poverty are in London, once housing costs are taken into account. As shown in Section 5 below, this is a different picture from the BHC estimates produced by the DWP/HMRC, where areas in the conurbations of the Midlands and the North of England feature more prominently. Nevertheless, some of these areas, particularly in Birmingham, show up in the constituency data in Table 2. Thus, it is in Britain's two biggest cities that the greatest concentrations of child poverty can be seen, influenced in London by high housing costs which leave many families with very low disposable income. In nine constituencies in London and Birmingham, the majority of children were below the poverty line in 2019/20, once housing costs are taken into account. These data show alarmingly high rates of child poverty even before large numbers of people started losing their jobs as a result of the pandemic.

Figure 1 gives the bigger picture on child poverty AHC, showing the rates by country and region. The highest rates are in London and the North East, and the lowest in the South East, Northern Ireland and Scotland.

Figure 2 The 20 parliamentary constituencies with highest child poverty rates, 2019/20

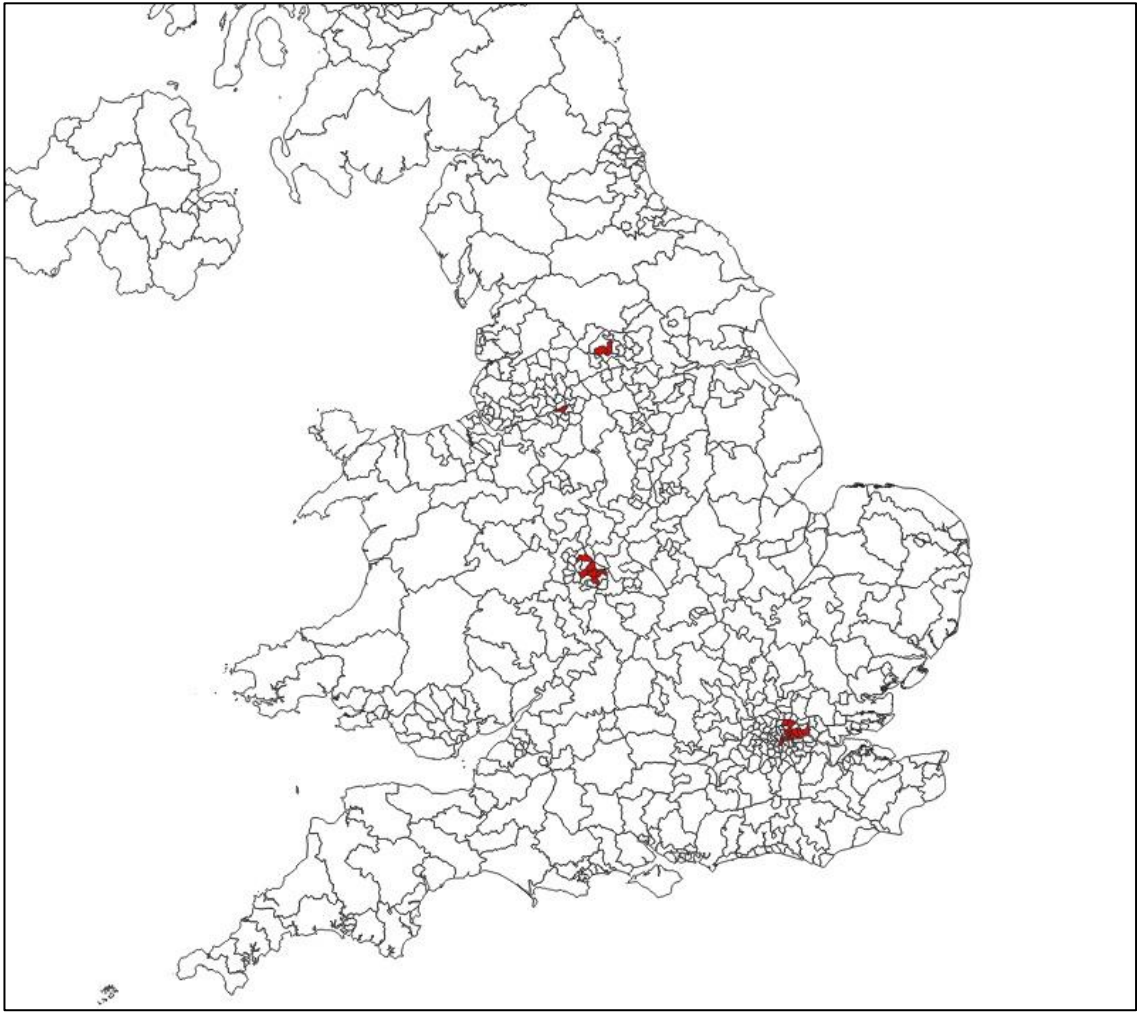
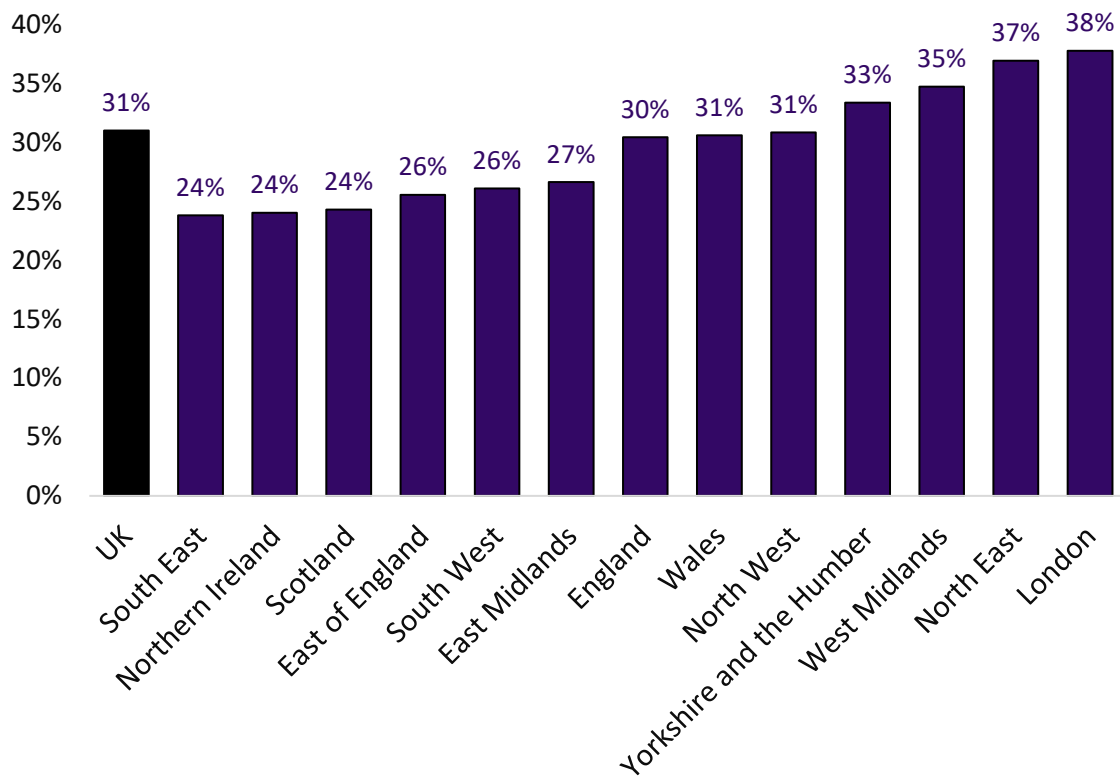


Figure 1 Percentage of children in poverty, AHC 2019/20, by country and region



Note: The UK figure is for the single year 2019/20. In line with HBAI tables, regional figures show a three-year average ending in that year.

3. Change in local child poverty rates between 2014/15 and 2019/20

Tables 3 and 4 show the areas that have seen the greatest growth in child poverty after housing costs during the five years for which data are available. Figure 2 summarises this information by region. It is clear from both the regional and local figures that the largest increases have come in the Midlands and Northern conurbations.

A particularly striking aspect of this, in the latest figures, is a further large increase in child poverty in the North East. Overall in this region, the child poverty rate has risen by over a third - from 26% to 37% - over five years, moving from just below the UK average to the second highest of any region, after London. There has been a particularly marked increase in the latest year for which figures are available - a third of the overall increase has come in this latest year. As shown in Table 3, all of the ten local authorities with at least a ten percentage-point rise in child poverty over the past five years are in the North East. Table 4 shows however that parliamentary constituencies with the highest increases are spread more evenly across conurbations in the North and Midlands.

This pattern suggests that child poverty is growing at an alarming rate across the urban areas of the North East, whereas the greatest changes elsewhere are more localised. This is likely to be influenced in particular by the presence in the region of a large proportion of low-paid workers who had only been just above the poverty line, and were pushed below by the freeze in their in-work benefits. Over the country as a whole, the importance of working poverty continued to increase over this period, with three quarters (75%) of the children in poverty AHC having at least one working adult in their household in 2019/20, up from two thirds (67%) in 2014/15 (Households Below Average Income 2019/20, Table 4.7ts).

Table 3 The 20 local authorities with highest increase in child poverty rates after housing costs, 2014/15 to 2019/20

Local Authority	% of children below 60% median income AHC		
	2014/15	2019/20	%age point increase
UK	29%	31%	2%
Newcastle upon Tyne	28.4%	41.2%	12.8%
Gateshead	24.7%	36.0%	11.2%
Redcar and Cleveland	26.2%	36.8%	10.6%
County Durham	25.3%	35.8%	10.5%
North Tyneside	23.6%	34.0%	10.5%
Darlington	25.7%	36.1%	10.4%
South Tyneside	27.4%	37.8%	10.4%
Hartlepool	27.4%	37.8%	10.4%
Middlesbrough	29.2%	39.4%	10.3%
Sunderland	27.4%	37.6%	10.3%
Stockton-on-Tees	25.5%	35.3%	9.8%
Northumberland	26.5%	36.2%	9.8%
Leicester	30.0%	37.9%	7.9%
Bradford	30.1%	37.7%	7.7%
Birmingham	35.5%	42.5%	6.9%
Leeds	28.6%	35.3%	6.7%
Manchester	35.4%	41.8%	6.4%
Kirklees	30.0%	36.1%	6.2%
Kingston upon Hull	30.2%	36.3%	6.1%
North Lincolnshire	27.2%	33.1%	5.9%

Figure 3 **The 20 local authorities with highest increase in child poverty rates after housing costs, 2014/15 to 2019/20**

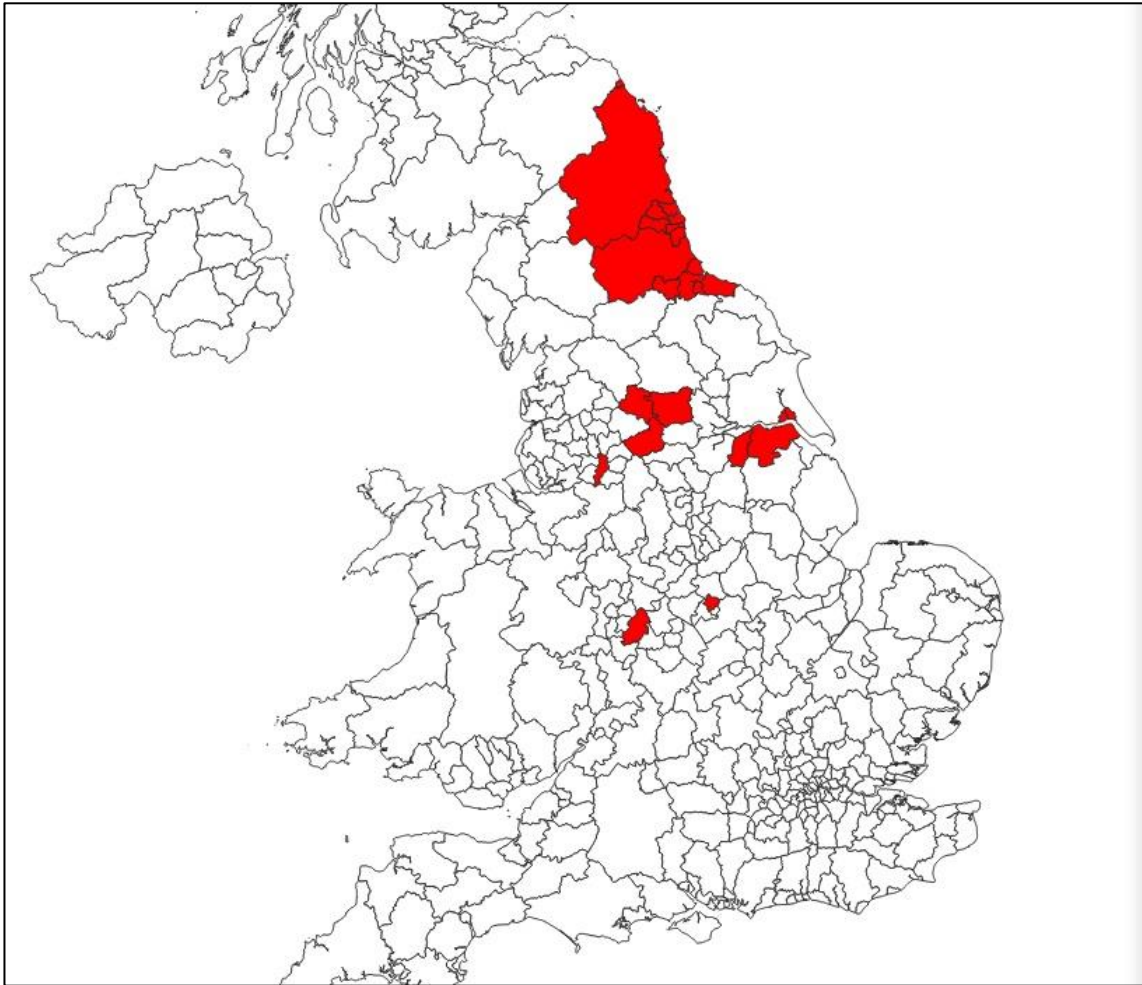


Table 4 The 20 constituencies with highest increase in child poverty rates, 2014/15 to 2019/20

Constituency	% of children below 60% median income AHC		
	2014/15	2019/20	%age point increase
UK	29%	31%	2%
Middlesbrough	32.0%	45.6%	13.6%
Birmingham Yardley	33.0%	46.1%	13.1%
Newcastle upon Tyne Central	32.6%	45.4%	12.8%
Sedgefield	23.7%	35.9%	12.1%
Jarrow	23.8%	35.7%	12.0%
Gateshead	26.5%	38.2%	11.8%
Newcastle upon Tyne North	21.5%	32.6%	11.1%
Newcastle upon Tyne East	27.1%	38.1%	11.0%
Birmingham Ladywood	43.7%	54.5%	10.8%
Bradford West	36.5%	47.3%	10.8%
Easington	26.1%	36.9%	10.7%
North Tyneside	24.1%	34.8%	10.7%
South Shields	28.8%	39.4%	10.6%
Stockton North	26.0%	36.5%	10.6%
Middlesb. South & East Cleveland	24.3%	34.8%	10.6%
Redcar	26.2%	36.7%	10.5%
Hartlepool	27.6%	38.1%	10.5%
Darlington	25.9%	36.3%	10.4%
Washington and Sunderland West	26.6%	36.8%	10.2%
North Durham	24.5%	34.6%	10.2%

Figure 4 The 20 parliamentary constituencies with highest increase in child poverty rates after housing costs, 2014/15 to 2019/20

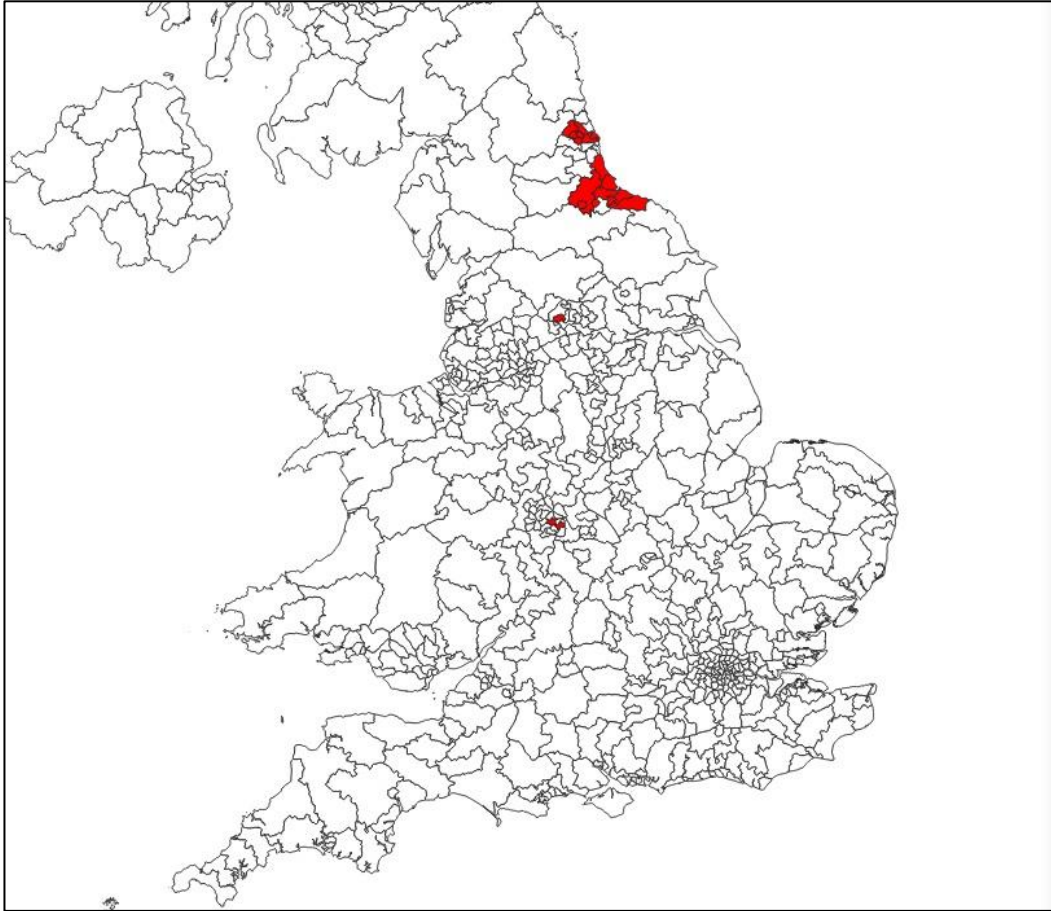
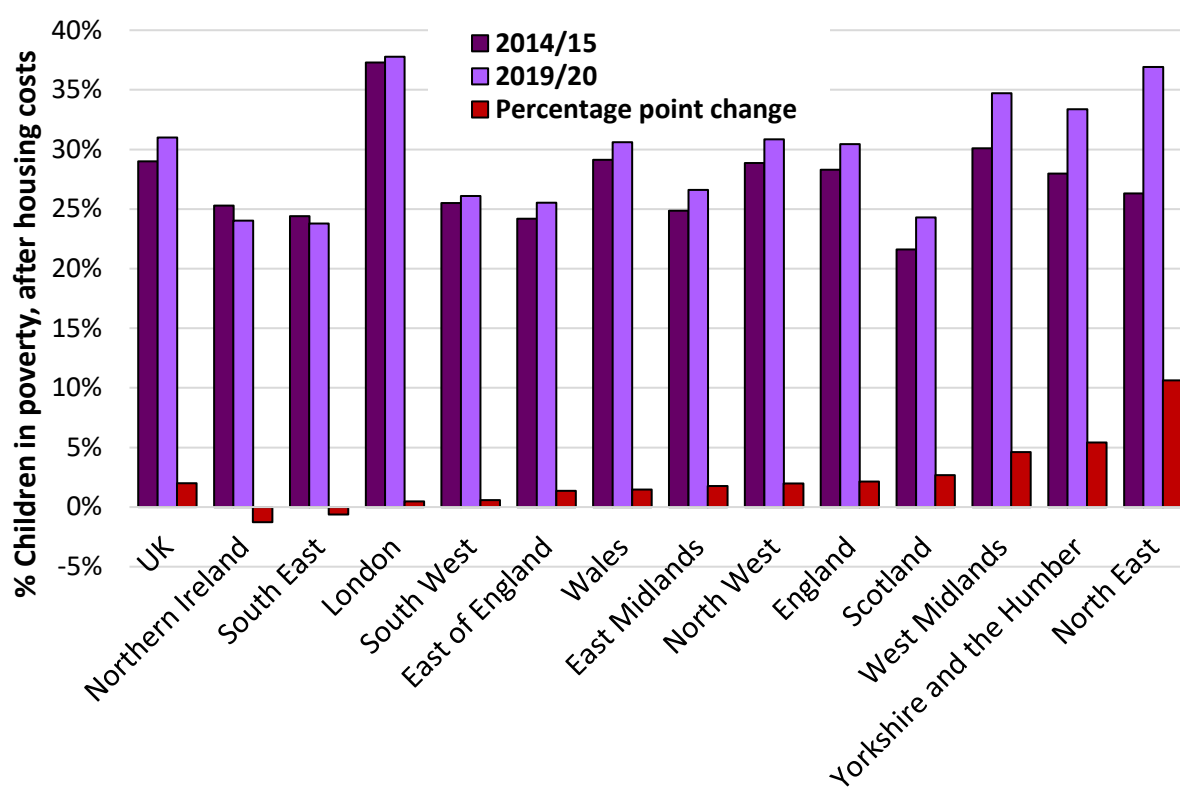


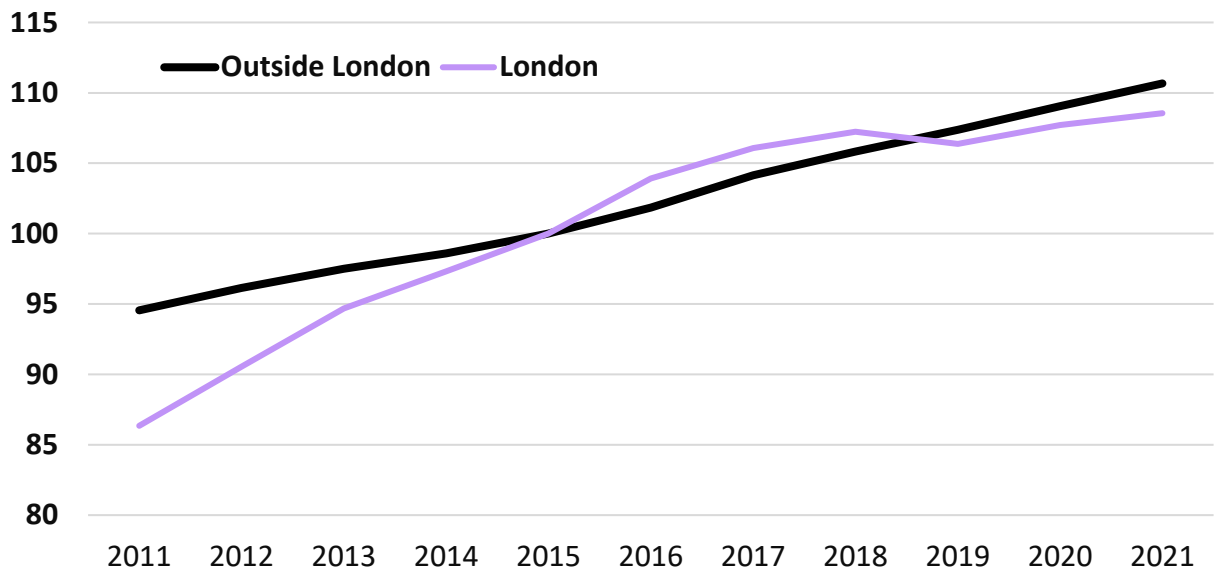
Figure 2 Change in child poverty rate, AHC, 2014/15 to 2019/20, by country and region



Note: The UK figures shown are for the single years. In line with HBAI tables, regional figures show a three-year average ending in the year shown.

One important feature of these patterns is that families in many large urban areas of the English Midlands and North have seen greater increases in their risk of poverty than elsewhere, including Northern Ireland and much of Southern England. When comparing the two regions with the highest child poverty rates, London and the North East, the effects of particularly high housing costs in the former and particularly low incomes in the latter, to a large extent, balance out to produce similar child poverty rates in 2019/20. However, these two factors have not had an equal impact in driving up child poverty since 2015. The greater housing costs paid by Londoners have not increased over this period. Figure 3 shows the index of private rents since 2011. In the early part of the 2010s, London rents were rising fast compared to elsewhere. In contrast, between 2015 and 2020 (the period covered by these data) rents rose slightly less overall in London than in the rest of the UK. In the past three years, rents have risen faster outside London. Thus, the extent to which high rents increase child poverty in the capital has not risen further, and it was the stagnating incomes in other metropolitan areas that drove the greatest increases in child poverty in the second half of the 2010s.

Figure 3 Index of private rents for London and the rest of GB
January 2015=100



4. The effect of housing costs

This report has used the after housing cost indicator of child poverty as the best indicator of how families experience low disposable income. But how much difference has this made in the overall estimates of child poverty, compared to the DWP/HMRC's before housing cost indicator? This of course varies according to area and the cost of housing. Tables 5 and 6 show in which local authorities and constituencies it makes the most difference.

Unsurprisingly, the greatest differences are in London, where housing costs are greatest.

Table 5 The 20 local authorities with the highest AHC compared to BHC poverty rates, 2019/20

Local Authority	% of children below 60% median income AHC		
	AHC	BHC	%age point difference
UK	31%	19%	12%
Tower Hamlets	55.8%	28.0%	27.8%
Hackney	47.9%	23.0%	24.9%
Islington	42.7%	18.0%	24.7%
Southwark	43.1%	20.0%	23.1%
Lambeth	42.6%	20.0%	22.6%
Camden	37.2%	15.0%	22.2%
Newham	50.0%	28.0%	22.0%
Haringey	40.6%	19.0%	21.6%
Waltham Forest	45.3%	24.0%	21.3%
Greenwich	42.0%	21.0%	21.0%
Brent	40.0%	19.0%	21.0%
Ealing	38.5%	18.0%	20.5%
Hammersmith and Fulham	34.0%	14.0%	20.0%
Hounslow	40.9%	21.0%	19.9%
Redbridge	39.7%	20.0%	19.7%
Merton	35.5%	16.0%	19.5%
Enfield	37.4%	18.0%	19.4%
Barking and Dagenham	48.1%	29.0%	19.1%
Lewisham	39.0%	20.0%	19.0%
Croydon	36.4%	18.0%	18.4%

Figure 5 The 20 local authorities with the highest AHC compared to BHC poverty rates, 2019/20

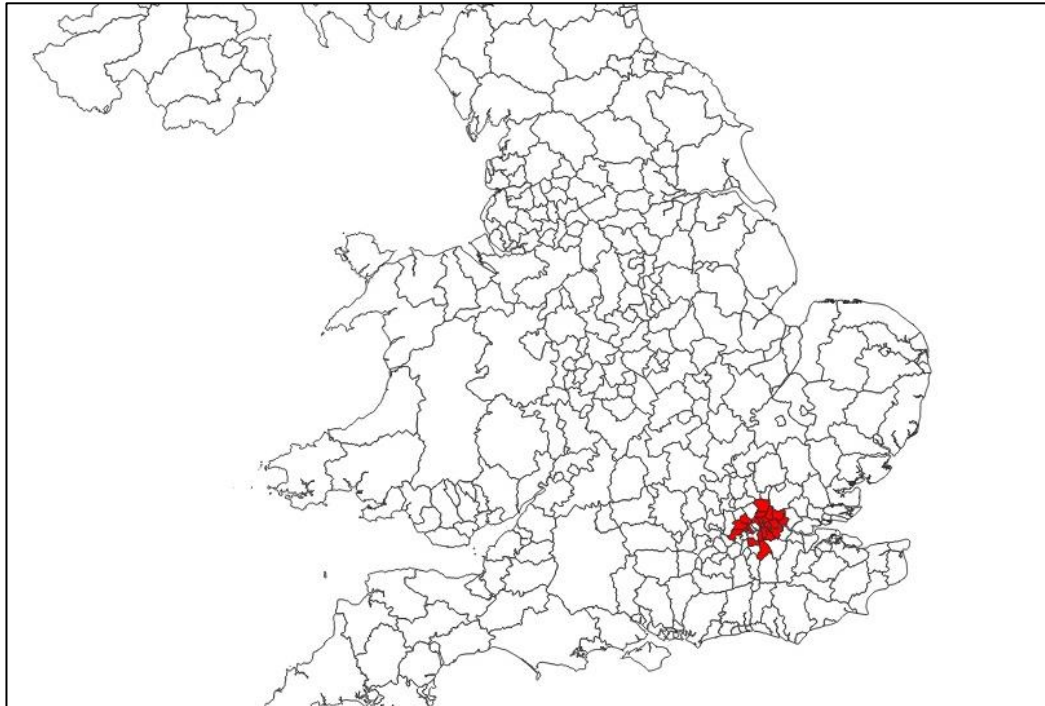


Figure 5 The 20 constituencies with the highest AHC compared to BHC poverty rates, 2018/19

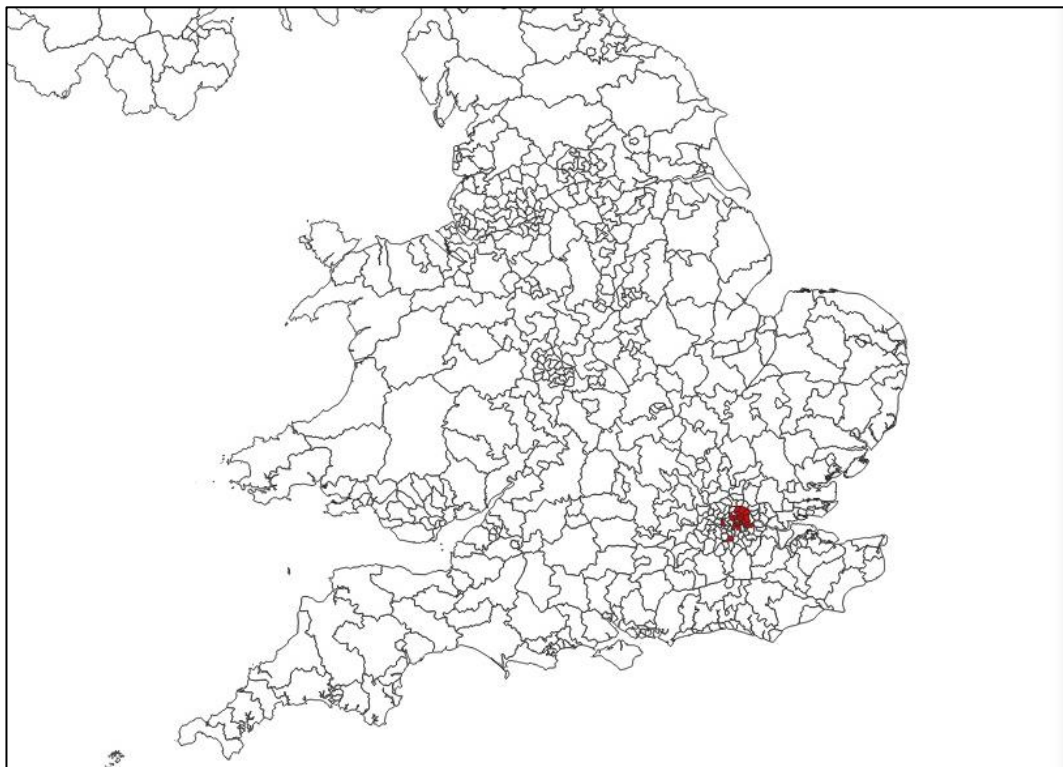
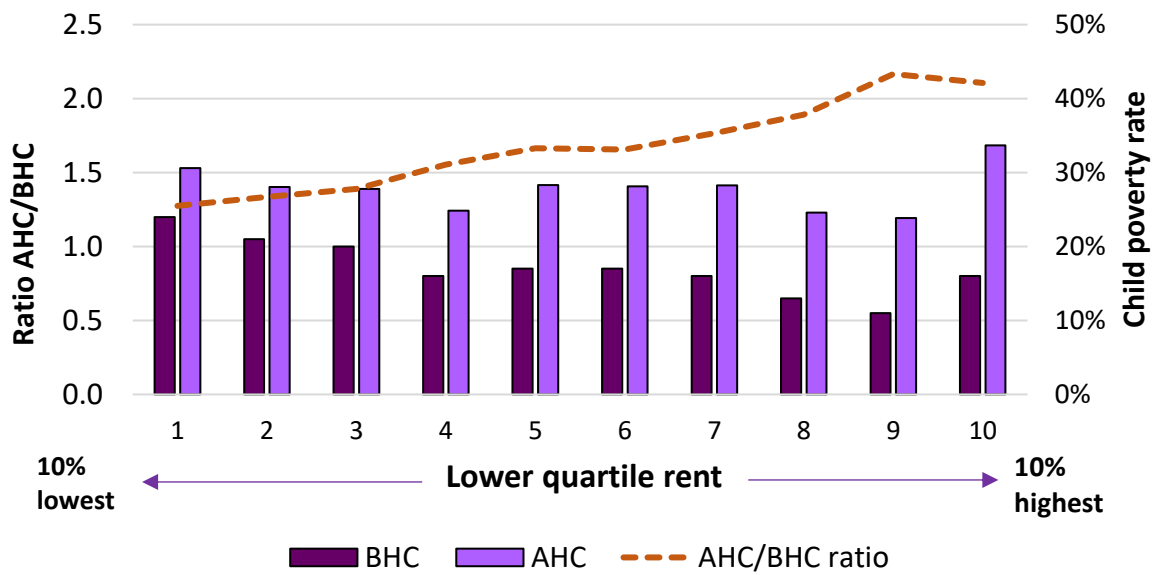


Table 6 The 20 constituencies with the highest AHC compared to BHC poverty rates, 2018/19

Constituency	% of children below 60% median income AHC		
	AHC	BHC	%age point difference
UK	31%	19%	12%
Hackney South and Shoreditch	56.3%	25.0%	31.3%
Bethnal Green and Bow	59.6%	31.0%	28.6%
Vauxhall	51.6%	24.0%	27.6%
Holborn and St Pancras	46.4%	19.0%	27.4%
Islington South and Finsbury	45.0%	19.0%	26.0%
Bermondsey and Old Southwark	47.4%	22.0%	25.4%
Poplar and Limehouse	50.6%	26.0%	24.6%
West Ham	51.2%	27.0%	24.2%
Walthamstow	49.8%	26.0%	23.8%
Tottenham	47.6%	24.0%	23.6%
Hackney North & Stoke Newington	44.5%	21.0%	23.5%
Greenwich and Woolwich	44.4%	21.0%	23.4%
Hammersmith	39.9%	17.0%	22.9%
Camberwell and Peckham	44.4%	22.0%	22.4%
Leyton and Wanstead	44.3%	22.0%	22.3%
Mitcham and Morden	46.2%	24.0%	22.2%
East Ham	50.0%	28.0%	22.0%

While the analysis in this paper has shown that looking at incomes before housing masks high AHC poverty rates in London, it is also important to note that high AHC poverty does not only occur in areas with the highest housing costs. Figure 4 shows, in fact, that the highest rates occur *both* in areas with high housing costs *and* in areas with the lowest housing costs (see explanatory note). The latter comprise areas where both incomes and rents are very low – in particular the poorest areas of Midlands and Northern conurbations. In fact, five of the local authorities with the highest BHC poverty rates are also among the 20 local authorities with the smallest difference between BHC and AHC rates – i.e., low-rent areas. These five councils are all in the north of England: Oldham, Pendle, Middlesbrough, Blackburn with Darwen and Bradford. Here, around four in ten children live in households in poverty after housing costs – not as high as in the worst-hit boroughs of London, but still well above the national average.

Figure 4 Poverty before and after housing costs in local authorities ranked by rent levels



Explanatory note:

This graph divides local authorities into ten groups, with those with the lowest rent on the left, and with the highest rent on the right. The trend line shows the correlation between rent levels on the one hand and the AHC/BHC ratio on the other. Note that in Decile 1, even though low rent levels mean that AHC poverty is not as far above BHC poverty as in other deciles, the fact that BHC poverty is high (because incomes tend to be low-rent areas) means that AHC poverty is also higher than in any other decile except decile 10 where housing costs are the highest.