

Household Wealth Analysis 1980-2010

Introduction

A series of poverty and wealth data has been produced and published by the Social Atlas for London Project (SALP). This is a project funded by the Trust for London and developed in partnership with researchers at the University of Oxford. The recently published datasets looks specifically at the number of homes designated as either poor, middle and wealthy households across London boroughs, decennially over a 30 year period between 1980 and 2010. The project aims to present information on inequality, poverty and social trends across London. Further information is available at www.londonmapper.org.uk

Methodology

In the early 1980's, poverty researched defined households as 'poor' if they lacked basic necessities because residents were unable to afford them. Although what is deemed a necessity changes over time, the measures remains the same; a household is poor if it cannot afford necessities. Such items could include telephones, washing machines or replacing or repairing broken electrical goods. Poverty surveys conducted over time since the 1980's have reported a growing number and proportion of households unable to afford basic items considered by most people to be necessities. Wealthy households, on the other hand, are defined as where residents have equity in the housing they owned or were buying that exceeded current inheritance tax thresholds.

Poverty and Wealth Data

In collaboration with different universities, SALP combined data from poverty surveys with Census data to estimate the proportion of households in each small area of the country who were poor. The results of that study were published by the Joseph Rowntree Foundation in 2007, which also includes a method for estimating how many households in each area were wealthy. Since 2007, the latest data involves using the 2011 Census to present a contemporary picture and a long-term indication of changes over the generations.

Establishing Rates and Proportions

In order to measure proportionate change of household wealth over time, a key step in the calculation process was to determine the rates at which poor, middle or wealthy households comprised the total housing quantum; as the available data provides only estimated households within each category for the years preceding each census since 1981 i.e. 1980, 1990, 2000 and 2010.

To develop an indicative proportion calculation, the total number of households for each London borough was extracted from the 1981, 1991, 2001 and 2011 Census. As expected, the household wealth data did not align exactly with the Census data; though accuracy did improve with the more recent Censuses. By adding up the poor, middle and wealthy households it was possible to attain a proportionate figure. These rates were then reapportioned and extrapolated to the following year's Census household figure to maintain a consistent approach of measuring change over a longitudinal period.

Although this, the most robust approach was taken, a small margin of error was still apparent. This is outlined in Appendix Table 1.

Poor Households

Looking at the change in the rate of poor households between 1980 and 2010, the Royal Borough has seen an 18.6% increase; from 21.6% in 1980 to 40.1% in 2010 - ranking it 9th out of the 33 London boroughs which have seen the greatest levels of change. The rate of change seen across the Royal Borough over the 30 year period is greater than the rate seen across Inner London (15.6%), Outer London (15.2%) and London (15.7%).

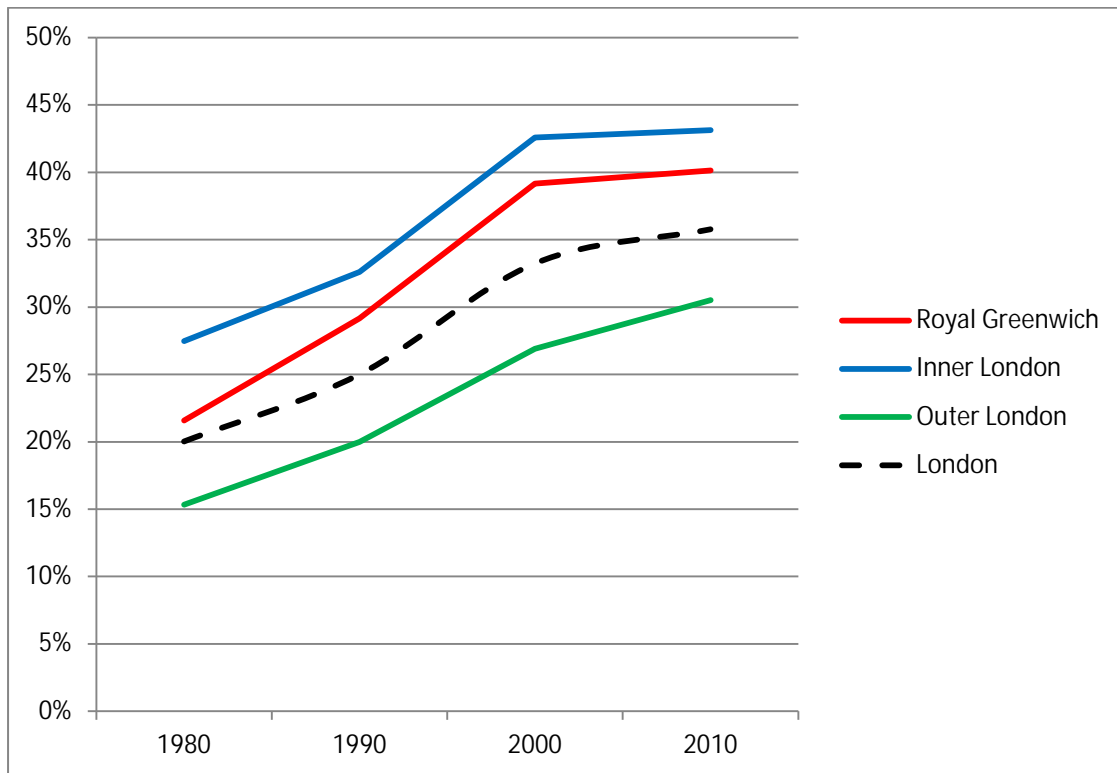
The London Boroughs of Newham (23%), Barking and Dagenham (22.1%) saw the rate of poor households in their area increase by over one-fifth. Conversely, the boroughs of Wandsworth (6%), Richmond-Upon-Thames (6.1%) and the City of London (7%) saw the lowest increases.

Table 1: Rank of London Boroughs with the Greatest Rate of Change in Poor Households 1980-2010

Rank	London Borough	Change 1980-2010
1	Newham	23.0%
2	Barking and Dagenham	22.1%
3	Brent	20.1%
4	Westminster	19.9%
5	Enfield	19.4%
6	Waltham Forest	18.8%
7	Southwark	18.8%
8	Hackney	18.8%
9	Royal Greenwich	18.6%
10	Lewisham	17.7%
	Inner London	15.6%
	Outer London	15.2%
	London	15.7%

Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Figure 1: Change in the Rates of Poor Households 1980 to 2010



Sources: *Social Atlas for London Project Households 1980, 1990, 2000 and 2010* and *ONS Census 1981, 1991, 2001 and 2011*

Middle Households

The Royal Borough saw a -28.2% reduction in the rate of middle households (i.e. neither poor nor wealthy) between 1980 and 2010; from 68.5% in 1980 to 40.2% in 2010 - ranking it 17th out of the 33 London boroughs which have seen the greatest levels of change. The rate of change seen across the Royal Borough over the 30 year period is very similar compared to Inner London (-28.8%), Outer London (-27.4%) and London (-27.9%).

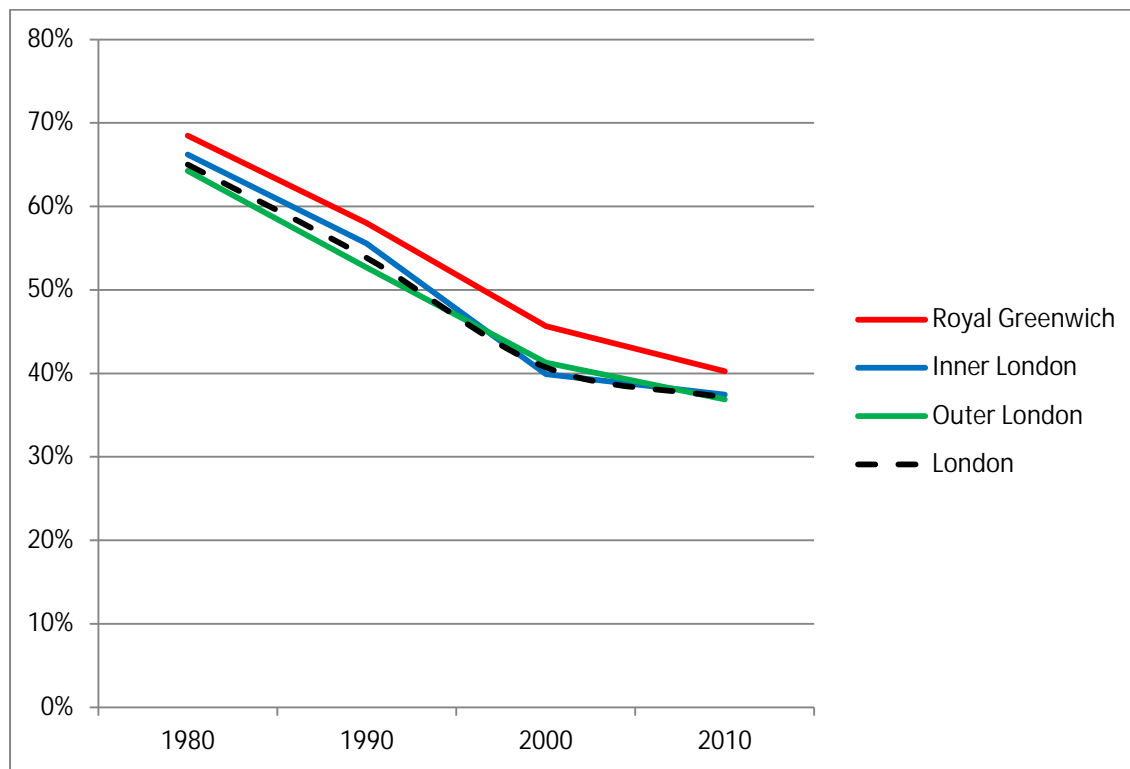
All of the London Boroughs within this time period saw a reduction of middle households; though to varying degrees. Westminster (-40.2%), Richmond-Upon-Thames (-38.5%) and Brent (-34%) saw the largest rates of reductions of middle households in their area. On the other hand, the boroughs of Waltham Forest (-18.2%), Havering (-20%) and Kingston-Upon-Thames (20.4%) saw the lowest rates of reductions.

Table 2: Rank of London Boroughs with the Greatest Rate of Change in Middle Households 1980-2010

Rank	London Borough	Change 1980-2010
1	Westminster	-40.2%
2	Richmond upon Thames	-38.5%
3	Brent	-34.0%
4	Ealing	-33.8%
5	Hounslow	-33.5%
6	Harrow	-33.3%
7	Camden	-31.7%
8	Merton	-30.8%
9	Haringey	-30.7%
10	Islington	-30.7%
	Inner London	-28.8%
	Outer London	-27.4%
	London	-27.9%

Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Figure 2: Change in the Rates of Middle Households 1980 to 2010



Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Wealthy Households

The Royal Borough saw a 9.6% increase in the rate of wealthy households between 1980 and 2010; from 10% in 1980 to 19.6% in 2010 - ranking it 23rd out of the 33 London boroughs which have seen the greatest levels of change – despite almost doubling. The rate of change seen across the Royal Borough over the 30 year period is less when compared to Inner London (13.1%), Outer London (12.2%) and London (12.2%).

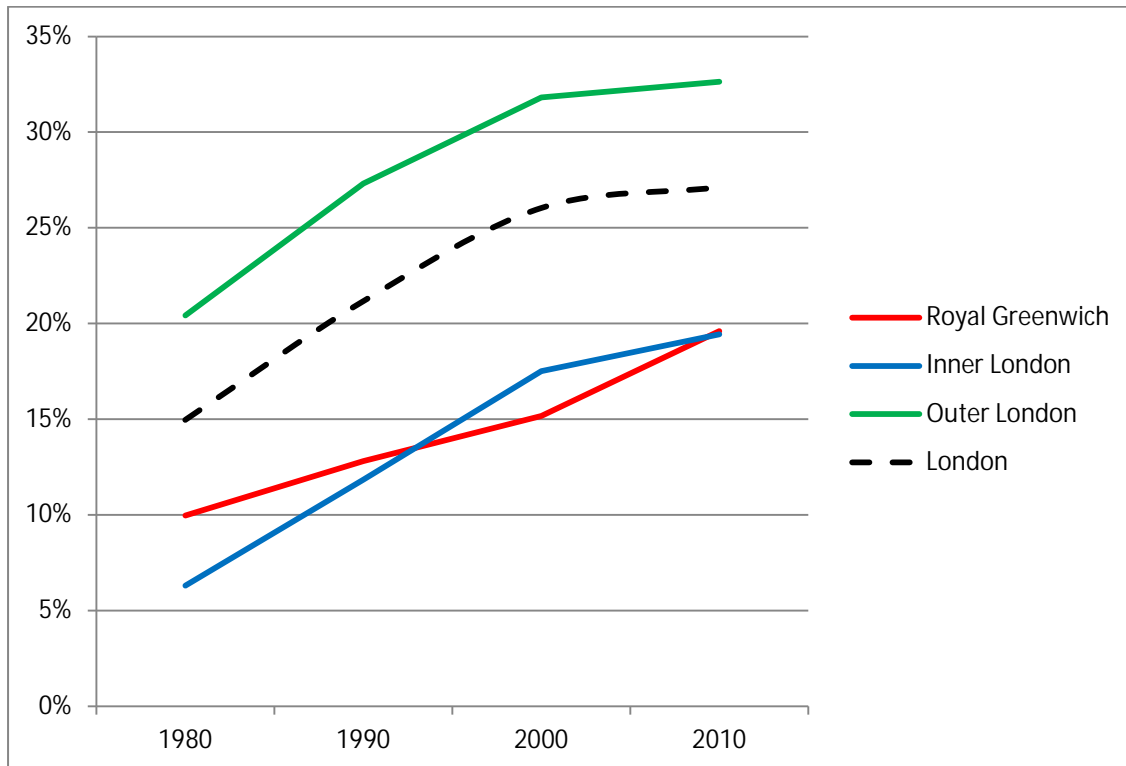
Only two London Boroughs saw a reduction in the rate of wealthy households over this time-period; Barking and Dagenham (-1.1%) and Waltham Forest (-0.6%). However, boroughs in the west and south west of London saw the greatest increases in wealthy households; including Richmond-Upon-Thames (32.4%), Wandsworth (22.8%), Westminster (20.3%), Kensington & Chelsea (19.9%) and Hammersmith & Fulham (19.7%).

Table 3: Rank of London Boroughs with the Greatest Rate of Change in Wealthy Households 1980-2010

Rank	London Borough	Change 1980-2010
1	Richmond upon Thames	32.4%
2	Wandsworth	22.8%
3	Westminster	20.3%
4	Kensington and Chelsea	19.9%
5	Hammersmith and Fulham	19.7%
6	Camden	18.9%
7	Merton	18.6%
8	Bromley	18.3%
9	Ealing	18.3%
10	Harrow	18.0%
	Inner London	13.1%
	Outer London	12.2%
	London	12.2%

Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Figure 3: Change in the Rates of Wealthy Households 1980 to 2010



Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

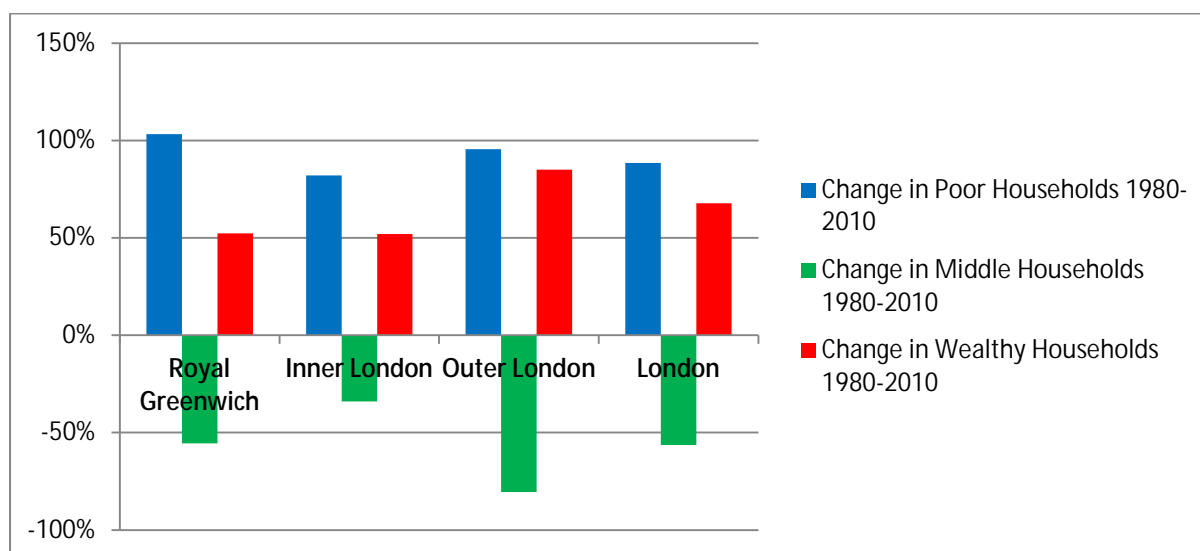
Conclusions

Data shows that London is becoming increasingly disparate; with large shifts in reductions of middle households and much larger increases in both poorer and wealthier households. This indicates that the poverty gap is widening across all London boroughs. There are number of factors that could have contributed to this; including Escalator and/or Gentrifier churn. Escalator Churn, by definition, is where residents whose circumstances improve move out, thus creating concentrated areas of lower socio-economic profiles. On the other hand, Gentrifier Churn is where better off households move into the area, displacing existing residents as the socio-economic profile (i.e. house prices) of the area increases.

Between 1980 and 2010, Royal Greenwich has seen a net increase of approximately 23,000 households. Over this period of time, there has been a loss of 12,800 middle households, of which a number have changed status, contributing to a net increase of 23,700 poor households and 12,000 wealthy households. This indicates that Royal Borough households have generally become poorer over time. To support this, 2010 household profile data shows that 40% of the borough's households are poor, whilst 20% are wealthy.

Figure 4 shows the proportionate make-up of the net change in households between 1980 and 2010. It can be seen that the rate of the increase in poorer households is generally greater than the rate of increase of wealthier households, across the geographies. However, the extent to which this occurs is more significant across the Royal Borough and Inner London. Interestingly, it shows that Outer London boroughs have seen the greatest loss of middle households (-80.5%), with a more equal change in becoming either poor (95.6%) or wealthy (85%) households. This again is a strong indicator of a widening poverty gap.

Figure 4: Changes in Poor, Middle and Wealthy Households between 1980 and 2010



Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Appendix

Table 1: Margin of Error Comparison between SALP Housing and Census Datasets

Household Numbers	Royal Greenwich	Inner London	Outer London	London
1980 SALP Data	78,060	972,431	1,542,665	2,515,096
1981 Census	78,070	964,934	1,542,722	2,505,655
Difference	0.01%	-0.77%	0.00%	-0.38%
1990 SALP Data	84,734	1,099,630	1,667,021	2,766,650
1991 Census	85,193	1,109,535	1,674,148	2,783,683
Difference	0.54%	0.90%	0.43%	0.62%
2000 SALP Data	92,776	1,219,852	1,796,097	3,015,949
2001 Census	92,788	1,219,859	1,796,138	3,015,997
Difference	0.01%	0.00%	0.00%	0.00%
2010 SALP Data	101,045	1,363,818	1,902,355	3,266,173
2011 Census	101,045	1,363,817	1,902,356	3,266,173
Difference	0.00%	0.00%	0.00%	0.00%

Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Table 2: Rank of London Borough's with Poor Households between 1980 and 2010

Rank	Poor Households	
	1980	2010
1	Hackney	Hackney
2	Tower Hamlets	Newham
3	Islington	Tower Hamlets
4	Hammersmith and Fulham	Southwark
5	Camden	Islington
6	Southwark	Lambeth
7	Lambeth	Barking and Dagenham
8	Kensington and Chelsea	Haringey
9	Newham	Camden
10	Wandsworth	Brent

Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Table 3: Rank of London Borough's with Middle Households between 1980 and 2010

Rank	Middle Households	
	1980	2010
1	Westminster	Barking and Dagenham
2	Barking and Dagenham	Bexley
3	Hounslow	Tower Hamlets
4	Royal Greenwich	Lewisham
5	Lewisham	Waltham Forest
6	Southwark	Sutton
7	Tower Hamlets	Croydon
8	Wandsworth	Royal Greenwich
9	Croydon	Lambeth
10	Ealing	Havering

Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Table 4: Rank of London Borough's with Wealthy Households between 1980 and 2010

Rank	Wealthy Households	
	1980	2010
1	Kingston upon Thames	Richmond upon Thames
2	Barnet	Bromley
3	Havering	Harrow
4	Bromley	Barnet
5	Harrow	Kingston upon Thames
6	Sutton	Merton
7	Hillingdon	Havering
8	Enfield	Hillingdon
9	Bexley	Kensington and Chelsea
10	Redbridge	Sutton

Sources: Social Atlas for London Project Households 1980, 1990, 2000 and 2010 and ONS Census 1981, 1991, 2001 and 2011

Table 5: Changes in the Rank of Household Wealth across the Royal Borough between 1980 and 2010

Royal Greenwich Rank	Poor Households	Middle Households	Wealthy Households
1980	14	4	20
1990	12	6	25
2000	9	6	25
2011	14	8	24

Sources: *Social Atlas for London Project Households 1980, 1990, 2000 and 2010* and *ONS Census 1981, 1991, 2001 and 2011*