



Distant Neighbours

Poverty and inequality in Islington

nef is an independent think-and-do tank that inspires and demonstrates real economic well-being.

We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. We work in partnership and put people and the planet first.

Cripplegate Foundation is an independent charity working in Islington and parts of the City of London.

Our vision is of a society free from poverty and the effects of inequality, where the potential and aspirations of all people can be fully realised. We give grants, provide advice and support to local organisations, develop partnerships, undertake research, and influence policy. By working in partnership we support people to transform their lives and help create the conditions for all residents to flourish, now and in the long-run.

nef (the new economics foundation) is a registered charity founded in 1986 by the leaders of The Other Economic Summit (TOES), which forced issues such as international debt onto the agenda of the G8 summit meetings. It has taken a lead in helping establish new coalitions and organisations such as the Jubilee 2000 debt campaign; the Ethical Trading Initiative; the UK Social Investment Forum; and new ways to measure social and economic well-being.



Contents

Executive Summary	4
Introduction	6
Methodology	8
The changing nature of poverty in Islington	11
Inequality in Islington	30
Islington in 2020	45
Responding to poverty and inequality in Islington	51
Appendix	54
Endnotes	57

Executive summary

Poverty is deepening and inequality is widening in Islington. After five years of economic uncertainty, public sector cuts, and now welfare reform, lower-income residents are under more pressure than ever. The gap between the wealthiest and the rest is growing as house prices and wage polarisation squeeze middle-income families. By 2020, Islington will be a starkly polarised and unequal borough. Despite these challenges this report shows that local actors can make a difference in the face of change. It identifies key areas in which action can make a positive difference to the lives of Islington residents, now and in the long run.

This report is about poverty and inequality in Islington. Through interviews with low and high earners in the borough, as well as statistical analysis of key trends, *Distant Neighbours* explores:

- how life has changed for Islington's lower-income residents during a period of economic uncertainty, public sector cuts, and welfare reform.
- what inequality looks like in Islington, how people experience it, and what the consequences are for all of us.
- how current trends will continue into the future and what Islington might look like in 2020.
- what can be done locally to address poverty and inequality.

In contrast to its image of boutique shops, top-end restaurants, and a thriving night life, Islington has long been a borough of entrenched poverty and wide inequalities. In 2008, Cripplegate Foundation's report *Invisible Islington* painted a rich picture of the lives of the borough's lower-income residents. It showed how people were struggling with worklessness, debt, social isolation, and poor physical and mental health. Our research suggests that over the last five years poverty has deepened and inequality has widened.

- **Poverty is intensifying in Islington.** There have always been lower-income residents living in Islington, struggling with poverty. Today, life is much harder due to five years of economic uncertainty, public sector cuts, and now welfare reform. People on low incomes feel insecure. They feel they have no control over their lives. They fear destitution. Social isolation and mental ill health are worsening. Child poverty is particularly high, and likely to grow. Finding work is not always the answer to poverty in Islington. Our research shows that the London Living Wage (LLW) is not enough for the majority of household types in Islington.
- **Middle-income families have been squeezed out of Islington.** Islington is fast becoming a place where middle-income families can no longer afford to live. The middle market in homes is disappearing as house prices soar. Wages are also stagnating, especially for middle- and lower-income earners. This means that middle-income families have been squeezed out of the borough and only certain groups on middle incomes – single people and couples without children living in flat shares – will be able to stay.

- **By 2020, only the wealthiest will be able to afford to live in Islington.**

We predict that by 2020 a family will need to earn more than £90,000 a year to afford market rents in Islington. House buying will be out of reach for almost all but the very top earners. This will leave Islington polarised, with very wealthy families at the top, a youthful, transient and childless sector in the middle, and those on low incomes at the bottom, living in social housing. The social consequences of living in an economically polarised borough which are revealed by the research – residents leading separate lives, lack of understanding between groups, and social alienation – are likely to grow.

The issues raised in this report are both wide ranging and complex. However, action to address poverty and inequality in Islington is possible. Cripplegate Foundation, keen to learn about residents' experiences of poverty and inequality and thus inform its future work, commissioned this report. Based on our findings we identify three broad areas for action. These range from opportunities for immediate local action, to longer-term preventative measures, to advocating for wider change beyond the borough.

- **Make a difference today.** The most direct and immediate way in which organisations such as Cripplegate Foundation can address the issues raised in this report is through local action. Building on the success of the initiatives developed after *Invisible Islington*, Cripplegate Foundation could make a difference today by investing in mental health and well-being initiatives, supporting initiatives to reduce social isolation the borough, enabling lower-income families to access alternative forms of credit, and supporting young people to develop their capabilities.
- **Invest upstream to prevent poverty and inequality.** Cripplegate Foundation could play a role in ensuring that valuable preventative work continues in Islington. This could best be achieved by partnering more closely with universal service providers, such as General Practitioners (GPs) and Registered Social Landlords (RSLs), and by working more collaboratively with local residents.
- **Advocate for change beyond Islington.** Cripplegate Foundation can use its position as a respected local foundation to advocate for change within and beyond the borough. This could be approached on an issue-by-issue basis, including: affordable and decent quality housing; secure and well-paid jobs and apprenticeships; and access to credit, building on the successful work of the Islington Debt Coalition.

Introduction: poverty and inequality

Islington is a borough of marked contrasts, a place where some of the wealthiest and most powerful Britons live on the same streets as some of the poorest and most disadvantaged. The headline statistics paint a picture of two Islington diverging. Islington is the fourteenth most deprived borough in England¹ with the second highest levels of child poverty in London. Yet this hides disparities within the borough; while 17 per cent of households have incomes of less than £15,000 a year, a similar proportion have incomes above £60,000.² Distant neighbours indeed.

In 2008, on the eve of the financial crisis, Cripplegate Foundation published an in-depth qualitative study into poverty in Islington. In the report *Invisible Islington: living in poverty in Inner London*, it highlighted what living in poverty meant for lower-income residents. It found that people were struggling with inter-dependent and mutually reinforcing challenges: financial problems, such as debt and low savings; unemployment; lack of affordable childcare; and poor physical and mental ill health. Combined, these challenges constrained people's opportunities and led to entrenched experiences of poverty.

Five years on from the publication of *Invisible Islington*, much has changed. In the autumn of 2008 the most profound financial crash in generations rocked the global economy. Today the aftermath of this crash continues to be felt. Economic growth has proved elusive, and available jobs are mostly precarious, poorly paid, and part-time. Meanwhile wages have continued to stagnate and have failed to keep pace with rising food, utility, and transport bills.³ The impacts of the economic crash have been felt most acutely by those on lower incomes: by people who are less able to weather financial uncertainty. Predictably, since 2008, poverty and inequality have risen sharply. In fact, in the three years following the crash, inequality increased more than it had over the previous twelve years. Research by the OECD⁴ stresses that things would have been much worse had it not been for the 'cushioning' effect of public spending and welfare.

In 2010, the Coalition Government announced a policy of swift and severe austerity, with deep cuts to public spending and welfare lasting until at least 2015. The London Borough of Islington has had to make over £100 million of savings in just four years,⁵ and more is to come. As of April of 2013, people in Islington have begun to feel the full impact of welfare reform, including changes to housing benefits, council tax benefit, and support for disabled people. In total, by 2015, welfare payments to people in Islington will have been cut by £86 million, equivalent to £556 per person per year.⁶

In a period of rapid change and uncertainty, Cripplegate Foundation wanted to understand how poverty and inequality have been changing in Islington since 2008, and to use this insight to shape its future activity. This report presents the findings of this work. Our aim has been to go beyond the statistics to uncover people's everyday experiences of poverty and inequality, asking what the changes really mean for people who live in Islington. How have their lives changed over the past five years? How are they faring in the current climate? How do people feel about living in an unequal borough? And what are the consequences of doing so?

The report goes on to explore how trends in poverty and inequality might change in the near future and what this will mean for Islington from a demographic, economic, and social perspective by 2020.

Finally, it considers what action can be taken in response to the findings. An action-focused report, *Distant Neighbours: How We Will Respond* has been published alongside this research report identifying the steps Cripplegate Foundation will take to address the issues identified.

Methodology

This report is the culmination of eight months of qualitative and quantitative research from November 2012 to June 2013. We spoke with a diverse range of people who work and live in Islington, including lower-income residents, higher-income residents, and professionals from the local authority and voluntary and community sector.

As part of the qualitative research we spoke with ten residents on low incomes and five residents on high incomes. We interviewed each participant twice over the duration of the project, asking people about their life histories, their family and friends, the places they go, the people they see, the challenges they face, and their hopes for the future. We also asked them what they think of Islington, and how they find it as a place to live. We used a mixture of qualitative methods including semi-structured interviews, social mapping, 'walkabouts', and photography to capture people's experiences of poverty and inequality. We spoke to a range of people from different backgrounds: young people and elderly people; women and men; parents and single people; people in good health and people with mental and/or physical health problems; disabled and non-disabled people; employed and unemployed people.

We also consulted a range of professionals from the local authority and voluntary and community sector. We hosted a workshop with 23 people at the start of the project and then conducted 13 in-depth interviews (see appendix for more details).

For the quantitative element of the research, we analysed a variety of secondary data sets in order to paint a picture of how poverty and inequality have changed over time and how they may change in the future. In particular, we made use of the latest national census data, the Office of National Statistics, Nomis, and the LSE's Cold Climate data commissioned by Trust for London.

Introducing the residents

The aim of this research throughout has been to privilege the experiences of ordinary people living in Islington over statistics and numbers or institutions and organisations. To do this we interviewed fifteen people who live in Islington. Ten of them live on low incomes and five of them live on high incomes.⁷ Although we have taken care to interview as diverse a group of people as possible, the aim of this research could never be to give a definitive or completely representative picture of people in Islington. No doubt some perspectives will, unfortunately, be missing. What we have aimed to do is to tell those stories that capture some of the key social issues in Islington and to put those stories into a local and national context.

Lower-income residents

Anna, a single mother of three young children, is in her forties. She has suffered from anxiety and depression in the past which prevented her from working for a number of years. Since we first spoke to her she got a job in a local shop. She was very proud of getting a job, but she worries about the insecurity of the position and of how being employed will affect her finances now that she is moving off benefits.

Mahmet is in his fifties. He is currently unemployed and suffers from depression. Mehmet was born in Islington and has lived in the area his whole life. He has always lived in social housing and currently resides in a one-bedroom flat on his own. He has recently divorced but keeps in touch with his four children, two of whom are still in full-time education. His youngest child has severe autism. Mehmet suffers from extreme mood swings and anxiety; he tends to keep himself to himself. He has not been in paid employment for over a decade.

Gerry is retired and in his sixties. He has lived and worked in Islington all his life and takes great pleasure in speaking about the history of the borough. He lives with his partner whom he is soon to marry and has a number of grown-up children also living in Islington. He regularly gets involved at his local community centre and used to run his own social club.

Ian is in his fifties. He is a local tradesman who has been living and working in Islington almost all his life, apart from eight years working in the construction industry in Germany. He enjoys his job, but finds the seasonality of work difficult to manage sometimes, although as he says he always 'muddles through somehow'. He has three grown up children, two of whom live at home with him and his wife, and one of whom is looking for, and struggling to find, a flat in Islington to rent with his wife and child.

Joyce is in her forties and has a teenage daughter. A single mother, she moved to Islington from a neighbouring borough three years ago. She has a long and varied work history, predominantly in catering, hospitality, and administration. Although her daughter is in her teens, Joyce has recently had to reduce her hours substantially because she began to refuse to go to school. Homeschooling whilst holding down two part-time jobs has been an exhausting experience.

Mary, who is in her forties, has been in and out of work since she separated from her husband, after which she became depressed and started to suffer from agoraphobia. Mary is very keen to get a job. She would like to work as a teaching assistant. Her previous attempts to get back into work have not been positive experiences. While volunteering at the Olympics she got into rent arrears. Mary has been in debt for a number of years and is finding it hard to keep up repayments each week. She has two sons, both of whom live with her. Her eldest son was sanctioned by the Job Centre Plus for two weeks for not looking for work while he cared for her.

Michelle, who is in her forties, was born in Islington. She has two grown-up children whom she brought up on her own. Michelle has suffered from severe depression for the last few years, which has kept her from working. With support from a local charity, she began developing her experience, confidence, and skills through training and work placements. Michelle hopes to work in education in the future. Currently, she is facing great insecurity in the face of impending benefit changes.

Paul, in his early sixties, used to be a carpet fitter and loved his job. He enjoyed meeting new people and travelling across the country fitting carpets in a range of places, including some of the West End's top theatres. He was forced to retire early because of injury and illness and this has greatly affected his finances. He has struggled with multiple debts since retirement and lives on very little now. He has two grown-up daughters, both of whom live in Islington. One lives with her mother and the other is a mother of three and a teaching assistant.

Toby, a young man in his mid-twenties, was brought up in Islington, went to school there, and got his first job in the area. Four and a half years ago, when his first son was born, he moved into a council house on a local estate with his partner. They now have two children under five. The last three years have been particularly difficult for their family because Toby was made redundant and then had a series of jobs with temporary contracts, from which he was repeatedly laid off. More recently he has been working night shifts as a forklift operator in a supermarket depot about 15 miles away.

Sinéad, in her fifties, was born in Ireland, but moved to London when she was 16 to work for a prominent mail order company. She moved to Islington in the 1990s and has lived there since. Sinéad suffers from depression, which began when she separated from her husband and soon after she had to leave her job in catering. She is anxious about the Work Capability Assessment (WCA) and fears she will lose her incapacity benefit. She is very keen to get another job, yet worries that she will not be able to find a suitable position with an employer who understands her illness. Sinéad's daughter has a job that is poorly paid and insecure, and her son, who lives in Kent, is currently unemployed.

Higher-income residents

Jenny, in her early thirties, works as a consultant and rents a flat in Islington with two other professionals of a similar age. Her job is highly paid but stressful and she is considering taking time off to explore other options. Jenny is enthusiastic about living in Islington, with the variety of cultures and places to eat out, but finds 'rougher' parts of the borough more intimidating.

Alicia, in her sixties, is a writer, editor, and teacher living in the Barnsbury area. Her mother bought the house in the 1960s for about £4,000, and Alicia then purchased it from her in the 1970s for £22,000. Divorced, with grown-up children, Alicia regards the house as her main asset and security.

Tania, in her fifties, is originally from Central Europe but has lived in England for nearly forty years. She works in education and the arts and her husband is an architect. They have two children and as a family have always lived in North London. They moved from Haringey to Islington seven years ago, into a newly built flat. Tania has found it significantly harder to make friends in Islington, partly because her children have now grown up so she does not have connections through school – but also because she feels people are more insular in their block of flats than they were in Haringey.

Charles, who is in his seventies, has lived in Islington since the 1950s when he and his wife bought a house in Barnsbury. He recognises that he was a part of the first wave of gentrification and remembers how difficult it was to get a mortgage in Islington back then. He now lives near Highbury Fields and runs a local community organisation. He sees himself as being asset rich – the house he lives in has greatly risen in value – and comfortable in income terms.

June is a young professional in her twenties who has lived in Islington all of her life. Although we interviewed her as part of the higher-income group, in many ways she could be described as a middle-income earner. She and her brother and sister, both of whom are also professionals working in the creative industries, are all looking to move out of Islington because they cannot afford the rising rent levels.

The changing nature of poverty in Islington

People's needs have really changed, yes. People have far less money now.

Local Organisation

Poverty has long been a cause for concern in Islington. In this section we show how poverty is intensifying as economic uncertainty, public sector cuts, and welfare reform make life increasingly insecure for a growing number of people.

In summary:

- **Poverty** in Islington is concentrated among people who are unemployed and on out-of-work benefits. Child poverty is particularly high: Of the 40,000 children and young people who live in Islington, 34% live in poverty. This is the 4th highest rate in England and the second highest in London.⁸
- **In-work poverty** has been rising nationally and affects some in the borough. However, because renting and home ownership are both so expensive in Islington, many of those who find work may move out of the borough meaning in-work poverty is less prevalent than elsewhere.
- **Precarious, part-time, and poorly paid work is a problem in Islington.** It is often assumed that employment is the best way out of poverty. The people we spoke to, however, challenged this assumption. Increasingly people are finding themselves in poor-quality jobs where wages are low, hours are too few, and job security is non-existent. These types of jobs do not lift people out of poverty; they push people into 'in-work' poverty.
- Poverty is experienced in three main ways in Islington: As a pervasive and undermining sense of **insecurity**, affecting people financially, relationally and emotionally; as a **lack of control**, with people feeling less in control of their current situation and their future prospects; and as a **fear of destitution**.
- **Unemployment** is a prominent issue among the lower-income residents we interviewed and is cited as a major cause of poverty and financial insecurity. At some point in their lives everyone we spoke to had worked; however, for a variety of reasons – usually associated with their health or caring responsibilities – they had been forced to stop. Finding work is a priority for these people and they spend a lot of time and energy actively looking for paid employment.
- **Debt** is a major issue for many of the people we spoke to. With the cost of living rising, wages stagnating, and benefits and tax credits being cut, people are unable to save and are at real risk from financial setbacks or shocks. Significantly, indebtedness is rarely a case of irresponsible spending but rather the inevitable consequence of trying to make ends meet.
- We found that people on lower incomes often have very small and **weak social networks**. A lot of the people we spoke to rarely go out and have few friends. What's more, the friends they do have are not often in a good position to provide support as their lives are equally challenging. This compounds the insecurity people feel and makes them more reliant on public support, which is now dwindling.
- **Mental ill health** is a major issue for a number of people we spoke to and many people feel that it is getting worse in Islington as the recession, cuts to public services, and changes to social security are felt.

To a great extent, poverty in Islington today looks much like it did in 2008 when *Invisible Islington* was published. Like then, poverty is concentrated amongst those who are unemployed, have few qualifications, and live in social housing. Unlike in other parts of the UK, where poverty is fast becoming an in-work issue, in Islington out-of-work poverty is still the most significant form of poverty. This concentration of out-of-work poverty is explained by Islington's housing market. Put simply, the cost of renting and owning a home privately in Islington is so high that people in

low-income jobs can only realistically afford to live in Islington if they are in social housing or receive very high levels of housing benefit.

There are also similarities in the ways in which people experienced poverty in 2008 and today. *Invisible Islington* pointed to a number of inter-locking issues facing people on low incomes, from financial problems, such as debt and low savings, to unemployment, a lack of affordable childcare, and poor physical and mental health. Today, people continue to struggle with these issues.

But things have changed since 2008. The rising cost of living, economic and employment uncertainty, and on-going austerity have all made life harder for people on low incomes in Islington. Changes to social security payments are of particular concern.

For some, these changes have made, or will make, a significant difference to their lives: many may no longer be able to stay in Islington. For the majority of Islington's lower-income residents, however, the changes represent less of a marked break in their fortunes and more of a deepening of their poverty.

In what follows, we show how people's lives are becoming more insecure and why those on low incomes have less control over their present situation and future destiny. We also highlight how the prospect of becoming destitute is threatening an increasing number of people. Significantly, there is evidence that this is having a knock-on effect on levels of social isolation and social activity, and on people's mental health and well-being.

Everyday insecurity, lack of control, and fear of destitution

What is poverty? It's how many things need to go wrong in your life before you are in dire straits and at a food bank. Workshop participant

The experiences of those we spoke to during this study varied considerably. We talked with people from all walks of life who are facing many different challenges in many different ways. Some people were in work; others were not. Some lived alone; others lived with partners or their children. Some enjoyed good mental and physical health; many others did not. Despite this diversity, however, three themes consistently describe the feelings of every lower-income resident we interviewed: insecurity, a lack of control, and the fear of destitution.

- **Insecurity:** The most commonly shared feeling among the people we spoke to was one of insecurity. People feel insecure for a number of reasons. The main reason is, perhaps unsurprisingly, financial. Instability in the jobs market and changes to welfare have left many wondering how they will be able to meet their basic needs, particularly as food, utility, and transport bills are all rising. At the same time, financial insecurity interacts with, and is often compounded by, other forms of insecurity, such as the emotional and mental states of people and their relationships with family and friends. As such, social isolation and mental ill health are causes and effects of insecurity.
- **Lack of control:** It is widely recognised that the extent to which we feel in control of our lives greatly affects our well-being. So, too, does our sense of competence and the quality of our relationships. For the people we spoke to in this study, a lack of financial security has left them feeling anxious and stressed. Many people feel concerned on a daily basis; worrying about how they will afford the next food shop or meet this week's bills on time. Overwhelmingly people are worried about their futures and feel frustrated that they are at the mercy of forces beyond their control. These feelings often damage relationships, as people turn in on themselves, exacerbating already high levels of social isolation.

- **The fear of destitution:** Many people assume that destitution – a situation of extreme want, where people are unable to meet their basic needs and have to make trade-offs, for example, eating or heating their homes – is no longer an issue in the UK. They believe it belongs to a by-gone Victorian era and to paintings by Hogarth. However, lower-income residents fear destitution as a very real prospect, and some are already unable to heat their homes or feed themselves sufficiently.

Four main drivers appear to be behind this sense of everyday insecurity, lack of control, and fear of destitution: (1) the rising cost of living, such as rising fuel and food prices; (2) uncertain employment, experienced either through unemployment, underemployment, or precarious working conditions; (3) changes to social security, including to tax credits and benefits; and (4) debt and access to credit. We explore these in turn.

1. The cost of living

Living on a low income was not new for most of the people we spoke to. Many have been making do with very little for a long time and have become adept at stretching what they have to cover their basic needs. It is telling to hear how aware they are of exactly how much they have coming in and exactly how much is going out and on what it is spent. In the last three years, however, things have been getting much harder:

I do try and keep positive, but times are going to be tough. Not just for me, for a lot of people. I feel really sorry for the young guys out there who are trying to get jobs you know. Everything is on a downturn; it is all a bit doom and gloom. Ian

We have always worked with low-income clients, but we have people saying I can't come and see you because I cannot afford the bus to get there. I have been here 11 years and it has never been this bad... people falling through the net. The amount of benefits that people get are smaller and I would say that it is the worst I have ever known it... Destitution is going to be the big new thing. Local organisation

What's more, in the last two years financial hardship has become one of the top five most common issues identified by the local charity, Help on Your Doorstep (HOYD).⁹

The main reason why people feel life is getting harder is the rising cost of living, driven particularly by food and fuel costs. Aside from rent, food and utility bills are people's main area of expenditure and their budgets are very sensitive to even relatively small changes in these outgoings.

... household bills have gone up haven't they. I remember putting a fiver in my electric, when my kids were at secondary school. Now I'm putting £15 a week on the electricity and £20 for the gas. And the gas comes on for one hour in the morning and two hours in the evening. So it's not as though I'm sitting there in a vest and a pair of shorts. I'm sitting in pyjamas, dressing gown, socks. Michelle

I have been thinking about how I could cut back, but it's all just the basics you know. And food is going up, everything is costing more you know. I have been trying to save a fiver a week but it is really tough. Sinéad

You just have to cut back don't you. Not so much socialising, you cut down food and heating and all of that. What can you do? You can't do much. Paul

Across the country, people are being affected by the unusually high rises in food and energy prices in the UK. The OECD reports that Britain is experiencing the highest food and energy price inflation rates of any western European country. In April 2013, food prices were 4.6 per cent higher than at the same point in 2012. Energy prices rose by 2.2 per cent in the same period.¹⁰

In order to cope with the rising cost of living, people are making calculated choices between heating their homes and eating.¹¹ Most of those we spoke to were

becoming more and more careful about only heating one or two rooms in the house and for very short periods of time. Some people have taken to selling their possessions in car-boot sales and swapping items with others to save money.

Small things make a big difference when you have no breathing space, when you're not financially resilient. People cannot stabilise their finances. Inflation is rising and it's rising for basic necessities, things people really need: food, bills and transport. **Local organisation**

While destitution may currently affect only the most vulnerable in Islington, things seem likely to get worse, exacerbated by the stricter approach to benefit sanctions that have recently come into effect (see Appendix). Outreach workers at HOYD have now started to refer people to the local food bank because people's benefits have been stopped for up to two weeks at a time for failing to comply with strict rules of attendance at the Job Centre.

I have case workers telling me that they have clients who aren't eating because they have been sanctioned. We never used to have case workers telling me that they are buying people sandwiches because they have not had anything to eat or drink. You know you can't take proper instructions from them. They are so out of energy... We do have clients coming here just because it is warm. **Local organisation**

We have certainly seen the more financially fragile clients tipping into destitution. I think what we are now going to see is the clients who were more able to weather unexpected disasters, you know more on top of things, had some savings or family and friends with money, now not be able to weather disasters. That sense of them being made more fragile is prevalent. **Local organisation**

2. Uncertain employment

Uncertain employment, experienced either as unemployment, under-employment, or precarious working conditions, is common for Islington residents. It is one of the main reasons why people feel insecure and why they feel they have little control over their lives. While work is frequently talked of as the most certain route out of poverty, the experiences of people we have spoken to, like Anna and Toby, challenge this assumption. We show that for many families in Islington low-paid jobs, even at the LLW, are not enough to live well in the area.

Unemployed and looking for work

Unemployment is a particularly prominent issue among the lower-income residents we interviewed and is cited as a major cause of poverty and financial insecurity. At some point in their lives everyone we spoke to had worked; however, for a variety of reasons – usually associated with their health or caring responsibilities – they had been forced to stop. Finding work is a priority for these people and they spend a lot of time and energy actively looking for work and attending training courses to improve their chances of finding meaningful paid work.

Over the past 18 months I have been doing a lot of courses... I have been doing a maths course at Arsenal Football club once a week for two years. I am doing level 1 there and I need a level 2 to work with children in school because I do want to be a teaching assistant. I have also done some English courses at the City and Islington, and I have worked my way up to level 2 which is what I need. Each week I do courses probably every day... I am looking for a job; I am developing myself. **Michelle**

For the people we spoke to, finding work would mean regaining some control over their lives. This is in part because employment would allow them to be independent from benefits such as incapacity benefit and job seeker's allowance (JSA), and the increasing insecurity and stigma associated with those forms of support.

Unfortunately, despite their best efforts, finding work has been a real struggle for the participants in this research. The same is true for many others in Islington. Since they began door knocking in 2009, HOYD has found unemployment to be consistently the biggest issue raised by local people. This is unsurprising given

the sharp rise in unemployment experienced in Islington since the recession. In 2008, before the credit crunch, there were fewer than 5,000 people claiming JSA in Islington. In the following five years, this peaked at over 8,000 in late 2009 and has stayed around 7,000 ever since¹².

Local agencies working to support people into employment report that some residents need additional help to become 'job ready' and that competition for work is high. The numbers of people claiming JSA and actively seeking employment exceeds the total number of vacancies on offer. Although the ratio changes from month to month, in 2012 there were 7 to 8 people chasing each vacancy in Islington.¹³ Similar, and sometimes worse, ratios exist elsewhere in London and in Islington's neighbouring boroughs.

On the face of it, London's employment market escaped the recession relatively unscathed, losing comparatively fewer jobs than other regions in the UK and actually posting a modest increase in jobs recently. However, this good news masks less positive trends. There have been significant job losses in many of the 'middle' jobs, such as manufacturing, skilled manual work, and secretarial and administrative positions.¹⁴ Indeed, since 2010 the TUC estimate that 80 per cent of new jobs nationally have been created in low-paying industries (i.e. less than £7.95 an hour), such as retail, hospitality and care.¹⁵ What's more, worklessness has risen since the economic downturn across London and this is most marked amongst young people aged between 16 and 24.¹⁶

Youth unemployment is high in Islington and young people have been affected disproportionately by the recession following the 2008 crash – as young people often are during economic crises. More than 8 per cent of young people aged 16–18 in Islington were not in employment, education, or training in 2011. This is much higher than the average percentages for London as a whole (4.5 per cent) and nationally (6.2 per cent).¹⁷

Finding employment is also difficult for people who have been out of work for long periods of time, including those with mental health issues.

*My main challenge is getting well. Then getting a job. I would like something different than catering, maybe reception work. I would be quite good at that. At a busy place, I need a busy place. I would love a job, but there is no point in kidding myself. I have to get well first. So I am taking a computer course now, to get used to it. But you know I am 58, I am not going to learn like a 20-year-old anymore. **Sinéad***

In-work poverty

The issue of in-work poverty is less statistically significant in Islington than in many other parts of the UK. Islington has relatively few (around 9 per cent) in-work residents who are paid below the LLW.¹⁸ Similarly, Islington has a low percentage of jobs that pay below the LLW – just 8 per cent. This is likely to be because of the very high levels of rent in the area that mean people in work require higher wages in order to afford to live there.

This differs to a growing national trend of in-work poverty, affecting people from a variety of backgrounds, including the well-educated. In fact, at the end of 2012, in-work poverty outstripped workless poverty. Research by the Joseph Rowntree Foundation shows that:

People in Britain are in a constant cycle, in and out of work, and millions have been in and out of poverty since the economic downturn. Five million people have claimed Jobseeker's Allowance (JSA) at least once in the last two years... There are more people in work now, but the jobs that they have gone into are more likely to be low quality (poorly paid, insecure) and/or part time, which makes it more likely that they will still be in poverty. Those lucky enough to be in work are facing a cycle of insecure, short-term and poorly paid jobs, 4.4 million of which pay less than £7 an hour.¹⁹

However, this masks individual experiences of in-work poverty. As Anna (a single mother of three) demonstrates, it is possible to be poor out of work and poor in work in Islington.

Anna's story: Poor out of work; poor in work

I don't feel optimistic about my future, but I would like to feel optimistic about my children's future. I feel like everything that I do now is for them to an extent. My outlook is now for them, not me.

Anna is a single-mother of three young girls, all of whom are at school. She moved to Islington in the late 1990s when she was 21 and had just given birth to her first daughter. Anna stopped working to look after her children. After her relationship with her second partner broke down, Anna became depressed and found it hard to leave the house and maintain contact with family and friends, let alone find a new job.

When we met Anna she was feeling much better. Although life was hard and money always short, she had regained much of her confidence. Anna had found support through a small local charity that works with single parents in Islington. It helped her onto training courses and even found her volunteering work at a charity shop. Anna clearly loved working at the charity shop:

I really enjoy it. I enjoy seeing all of the different people that come in. the woman that works here makes you feel good about yourself you know, she is always saying 'you are the best volunteer we have ever had'. They boost your confidence here... it's something that I feel comfortable with. I would like to be a manager one day!

Changes to welfare rules meant that as soon as her youngest reached five years of age Anna was compelled to find paid work. Feeling stressed and pressured, Anna took the first job that she could find – a part-time, minimum wage position at a friend's shop. She does not enjoy the work, but feels she has little choice but to take what she can get: 'I don't want to be there at all, I would rather be at the charity shop... I don't like working with food.'

Moving into paid employment has not made life any easier for Anna. She is hardly better off than when she was on JSA and continues to struggle to make ends meet:

I am in a better situation, because I feel better about myself in work. But it is really not easy and I worry about how I will afford things. I have only been offered 16 hours a week because that is all the woman can afford. This helps me to drop the kids off at school and pick them up, but it is not a lot of money. I only get £100 a week. That is more than JSA, but it doesn't go very far. I had to buy my kids new shoes this week and that cost almost all of the week's wages. The shop isn't doing very well, so the job isn't really all that secure and that worries me. I would do more hours, but they are just not there.

She knows that taking on more hours at work is impossible. Childcare is so expensive in Islington that she would lose money by getting a child minder: 'I would not be able to afford it for my two (youngest) girls – it would be more than I would earn... and I don't want to miss them growing up.'

Anna has considered retraining as a midwife but this seems unrealistic given the pressures of time:

I did want to be a midwife, but ... I don't think I would cope with it, I couldn't and then I would waste all of the money, and disappoint people. I don't have the time. I am so tired all of the time.

When we last spoke to Anna her situation had become even more complicated. Because of her new job and because her current unemployed boyfriend has moved into her flat, her housing benefit has been stopped. This has caused her a lot of stress and anxiety. She is unsure how she will be able to afford the rent on such a low and insecure income. She finds the benefits system complicated and intimidating. Above all she is worried about making mistakes when filling in forms and being punished: 'I am freaked out by it all... I am going into depression about it... what is right and what is wrong? I am scared of getting it wrong and going to prison.'

Anna's situation as a struggling single mother is far from uncommon. There are 8,600 single-parent households in Islington.²⁰ Single-parent households are twice as likely to live in poverty than other households and are some of the worst affected by welfare reform; the Institute of Fiscal Studies estimates that by 2015, lone mothers will lose as much as 8.5 per cent of their incomes.²¹ Single parents with low qualifications and few available hours to work often find themselves trapped

in low-pay/no-pay cycles. Paid work is rarely a sure pathway out of poverty for them. The jobs they do find are too precarious and poorly paid. The 'relative pay of unskilled, part time jobs has fallen over the last 30 years, making it difficult for many single parents to find work that will lift them out of poverty'.^{22,23}

When work is precarious

One thing we see more and more, especially for men, is this situation of work where they will get employed in construction, or other manual work, like stacking shelves. They are put on minimum wage and they are promised that after three months they will get more money, holiday pay and different things. But after three months they get laid off. That's so classic. I know one lad, he is only 23 and he has been made unemployed six or seven times in just two years you know. A lot of people can only get contract work at the moment – but that is very short term and nothing is guaranteed. **Local organisation**

Toby's story illustrates these challenges clearly. Despite his youth he has already had more jobs than many people would have in a lifetime. This is not down to choice, or because he is doing anything wrong when in work. It is simply because employers are hiring and firing more often:

I was literally jumping in and out of employment because they were only offering me temporary contracts... They said all the jobs were gone. So again, made redundant. It's sort of my luck. Three months here, six months here.

Periods of prolonged job insecurity can have lasting psychologically scarring effects.²⁴ Job insecurity reduces life and work satisfaction and it can heighten levels of anxiety and depression. Insecure work makes it harder for people to plan ahead and manage their finances and credit. It greatly affects the extent to which people feel that they have control over their lives, in the present and the future. Significantly, the difference in well-being between people in secure and insecure work is the same as the difference in well-being between employed and unemployed people.

How much is enough to live in Islington?

The idea that the best way out of poverty is through work is strong and has much truth to it. However, as Anna and Toby's experiences show, work alone is not enough if it is precarious and poorly paid. People's attempts to find and stay in work in Islington are complicated by the low wages offered by many jobs and the very high cost of living in the borough. This prompts us to ask, how much is enough to live in Islington?

Given the high housing costs in Islington and relatively few good employment opportunities for residents, we calculated the average hourly rate that would allow residents to pay a full rent for a home subsidised by the council or Registered Social Landlords while having enough for general expenditure. Table 1 summarises the results of the analysis.

Taking the social rent caps used in Islington we found that most lower-income families, excluding those with two working adults without children, would need to earn more than the LLW (£8.55) to realistically afford to live in Islington. Given the much higher costs in the private rental sector these families would clearly be unable to live in Islington without housing assistance. Single adults could opt to live in a house share, a point to which we will return in the final section of this report.²⁵

Now let's consider the likelihood of adults in Islington earning the incomes calculated in Table 1. In 2011, **nef** (the new economics foundation) conducted research on the types and quality of jobs available for non-graduates. We found that many of the key growing sectors such as social care, hospitality, and retail were the sectors that offered the lowest wages. Figure 1 breaks down the average pay for people with different qualification levels within these sectors and considers these in relation to the income different household types would need to earn. There is a significant proportion of those living in social housing in Islington with very low or no qualifications. We can therefore assume that many would enter the sector at the lower end of the scale.

Toby's story: The in-work, out-of-work carousel

Toby was brought up in Islington, went to school there, and is now in his mid-twenties. He's always lived in the same part of the borough and moved into a council house on an estate with his partner four and a half years ago when their first son was born. They now have two children under five; one is in poor health.

Toby started working at the age of 16 in a job he loved. He was an apprentice at Arsenal Football Club and took a contract as a football coach for young people at risk of offending. In 2009, after five years, Toby lost his job when funding for the programme was cut. In the last three years he has had five different jobs interspersed with short but difficult periods of unemployment. Like numerous others, Toby is caught on a low-pay-no-pay carousel; he is only ever offered casual forms of employment, on temporary contracts with little job security. Toby now works as a forklift operator in a supermarket depot.

Toby enjoys working and has had various jobs in retail, door-to-door sales, courier services, and as a driver. But he has also found the constant possibility of losing his job to be a psychological and emotional strain. He described the depression he felt when he lost the job at Arsenal and the sense of feeling that he was 'not worthy' when he was laid off again and again.

When it first happens you feel just like, how can I explain it? Not worthy. Like the company doesn't want you, so who else will? You feel drained and you got no get up and go in you.

Companies making cutbacks drop their temporary workers first, as Toby found in both retail and driving work. Despite meeting and even exceeding sales targets, and getting promoted to store manager on occasion, Toby was quickly dropped.

I don't understand what I've done, where I've gone wrong. Now I'm sitting here wracking my brains on what I've done wrong to get in that position. Half the time I'd ring my manager and say what did I do? 'Nothing – it's just the way the company's gone'. Couldn't you move me? 'No, it doesn't work like that.'

Toby has since experienced a loss of control over his work life. He fears being out of work again, and he has less control over the quality of his work and his work-family balance. A few months ago his employer changed his contract without notice, moving him from day shifts to nights and lengthening his shift time.

They've put into my contract I've got to do 12-hour shifts on nights. I wasn't really happy but you can't really moan. It's working, it's money. And if I do [complain] I'm worried I'll get back into that same circle of moving in and out of jobs because it's so hard.

Toby gets back from work at 6 a.m., sleeps and gets up to help with the children, picking them up from school as many days as possible.

[The job is] affecting my family life because it's taking a strain on both of us, me with sleep, her with dealing with the kids.

Comparing his current job to his jobs at Arsenal and in sales, Toby stresses his desire for rewarding work in which he can use a full range of his skills. He misses the emotional rewards of working with people.

Me working in a warehouse on a forklift I'm not using my potential. Say I've gotta pick 2,000 pallets. But on a forklift you literally go in, pick it up, go out, it's done within 25-30 seconds... They give you an average time and how long you done it, that's it... There's no way of showing your strengths and weaknesses in a job like that. You can't. I want to get back out there, meeting people again. I feel like when I help people out I get something out of it, like I've done something good so I try do it as often as I can.

Toby earns £8.50 an hour with an extra £5 for every 50 pallets he shifts over his target.

Toby's ideal job would be as an event organiser or running his own football coaching business. But now his aims are set on keeping his family afloat and finding more stable, sustainable work.

That's what people do now; take jobs just for the money. It's not the field I want to be in, it's the money side. I've got bills and stuff to pay so I have to do it. Now I'm looking to find a job I feel comfortable with, that I'm used to.

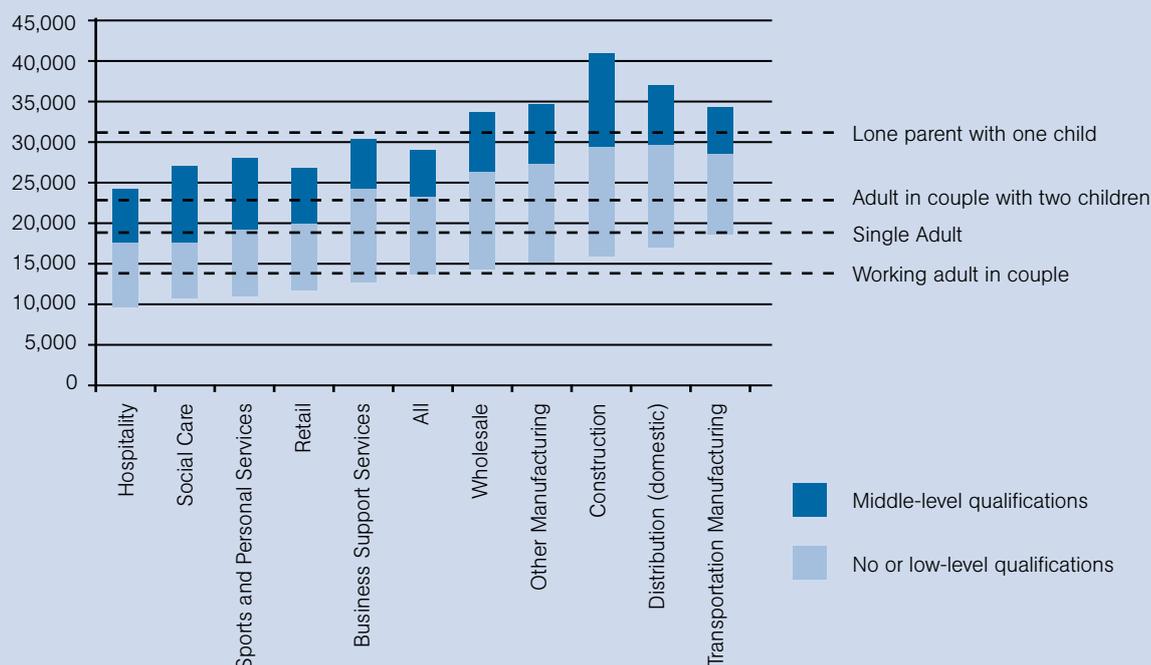
Table 1. Minimum earnings required by a variety of household types in the bottom quintile.^{26,27}

	One bed (for an adult)	One bed (for two adults)	Two bed (for a lone parent with one child)	Three bed (for a couple with two children)
Full social rent for a year* (£)	6,634	6,634	7,023	7,412
Average household spending for the poorest 20 per cent (including council tax and energy) (£)**	9,208	19,018	21,767	34,878
Total rent + costs (£)	15,842	25,652	28,790	42,292
Gross income needed per working adult	18,093	14,112	31,614	23,341
Amount per hour with tax per working adult (£)	9.94	7.75	17.37	12.83

* Islington council, Affordable Housing Topic Paper²⁸

** Living Costs and Food Survey 2008-2010, ONS. nef's calculations to account for higher expenditure in London.

Figure 1. Wages in non-graduate sectors²⁹



According to Figure 1 lone parents without any support from a second earner are priced out of most of the jobs available for non-graduates. **Simply put, they cannot afford to take these jobs.** The remaining jobs that would provide decent incomes are in the construction, manufacturing, and distribution sectors – these tend to be male-dominated sectors and the incomes at the top end tend to be available to those with considerable experience in the sector. A working adult couple with two children would have more options, but again they would need to already have relevant experience and most likely need mid-level qualifications. Single adults and working couples without children have more scope and would be able to work in most sectors.

There are several implications of these findings. First, these figures cast doubt on the assumption that getting residents into work will solve their income problems.

The second implication relates to education and social mobility. To increase their chances of finding a well-paid job, Islington residents would need to be significantly more educated. For many sectors, such as hospitality and retail, a qualification at Level 3 (A Levels and equivalent) would not provide a decent income once there are children in the household. **For those growing up and wanting to stay in Islington, there is a need for significant inter-generational mobility. Social mobility of this kind is currently rare in the UK.**^{30,31}

Finally we have considered costs when council and RSL tenants pay the full social rent but of course tenants could pay less. Current thresholds may need to be revised down so that those with children have to pay a very small amount even when the household income looks relatively healthy. We also made an extra provision for childcare costs. This made a considerable difference to the final costs and therefore the wages needed. If childcare costs fell it stands to reason that parents could earn less while still covering costs.

3. Changes to social security

With the rising cost of living and uncertain and precarious employment, changes to social security are making it harder for people to stay above the breadline. Current levels of benefits for the unemployed, disabled, and working parents, fall well below the JRF's minimum income standard³² – a level of income deemed adequate to live on in the UK today. Recent and forthcoming changes are making this worse.

The scale of changes to benefits and tax credits is significant and far-reaching. From 2015, when all of the known changes have come into effect, people in Islington will be hit by combined cuts of £86 million a year (Table 2).

However, not everyone in the borough will be equally affected. Welfare changes, almost by their very nature, affect the poorest in society most. In Islington those who are out of work, lower-income families, children, young people, and disabled people will be disproportionately affected by welfare reform. These groups are being affected by a range of changes to benefits and tax credits detailed fully in the Appendix. Changes to housing benefits, such as the Local Housing Allowance (LHA) rates, the bedroom tax, shared living rate, and council benefit, in particular, are making it harder for people on low incomes to afford their rents. For some this will mean cutting into their already meager incomes with knock-on effects for their food and utility budgets; for others it will mean having to move to cheaper accommodation within or, more likely, outside the borough, or face rising rent arrears and eviction.

Welfare reform has already had an adverse effect on many Islington residents. The most significant change to benefits, however, is yet to come. At some point in late 2013, with the introduction of Universal Credit, a cap will be placed on the total amount of benefits that people out of work can claim. The cap is set at £26,000 a year for families and will affect 56,000 households nationally by 2013/2014, with average weekly losses expected to be about £93. Large families will be disproportionately affected. The benefit cap will have a significant effect on people in Islington. Between 600 and 700 families, with around 1,850 children in total, are expected to have their benefits reduced by the cap in Islington. Over 600 families will have their weekly income reduced by more than £30.³³

For smaller families the benefit cap will mean hardship, which national evidence suggests will be borne by women in the household first.³⁴ For larger families, and certainly those with three or more children in the private rented sector, the benefit cap will make paying rents in Islington unaffordable. As a result, rent arrears and evictions are expected to rise and families will be forced into temporary accommodation or out of Islington altogether:

...in somewhere like Islington they're going to have a huge effect in creating a gap between the rent people are expected to pay and the cap... It means a lot of families will have to move; a lot of them outside Islington and even outside of London. **James Murray, Islington Council Executive Member for Housing and Development**³⁵

Table 2. How the £86 million of welfare cuts breaks down in Islington.³⁶

Benefit change	Total lost	No of households affected
Local housing allowance	£12 million	3,100
The benefit cap	£4 million	770 ³⁷
The bedroom tax	£4 million	3,900
Council tax benefit	£2 million	20,900
Incapacity benefit	£21 million	6,500 ³⁸
Disability living allowance	£6 million	2,000 ³⁹
Child benefit	£11 million	22,100
Tax credits	£12 million	14,500
1% uprating	£13 million	£85 (annual impact per working age adult) ⁴⁰
Non-dependent reductions	£2 million	1,500

The main rationale for the current changes to social security payments and support is that they will encourage people into employment. It is believed that current welfare provision acts as a disincentive and even acts as a barrier for some. For those affected whom we spoke to, however, it seems unlikely that the changes will have the intended effects. Alongside a pervading sense of insecurity, it was clear among the people we spoke to that changes to social security are increasing anxiety and making people feel that they are losing control over their lives. This was notable in the way people spoke of their current experience and their fears about the future.

Michelle's story: Fearing the changes ahead

Michelle is in her late forties with two grown-up children whom she brought up on her own. She has suffered from severe depression since she was abused by her former partner. She is struggling with a great sense of insecurity in the face of impending benefit changes.

Michelle's weekly budget is £80 and only just covers gas, electric, and water bills, and food and transport costs. The tightness of her budget is compounded by the cost premium associated with using key metres for electricity but this is the only way she can avoid going over budget. Michelle has few reserves so would quickly find herself in debt. When we first met her in December 2012, she spoke about her fear of benefit changes ahead:

I have it all down to a fine art and I just think, please don't let anything rock the boat. Please don't cut my benefits you know. Cause I don't want to get into debt.

Over Christmas, Michelle received a letter explaining that she is required to undergo the Work Capability Assessment (see Appendix).

You think I'm doing alright then, but then someone's pulled a rug from under my feet. I know when I go through this medical assessment I'm just a number... I've got used to living on this budget, but that's going to be cut by a third.

Michelle knows that her income could be taken away from her by decisions made by people far removed from her life. This makes her feel insecure, and gives her an acute sense of being controlled by someone else:

I feel like on benefits someone always has control over me, they can stop them whenever they like and so I feel really powerless.

4. Debt and access to credit

It is easy to dismiss household debt as the result of poor budgeting and profligate spending. Yet, although consumerism plays a part, debt is increasingly a question of people not being able to satisfy their basic needs – such as paying their rent or utility bills. Welfare reform is exacerbating this underlying issue:

The situation of debt in Islington is clearly getting worse because of welfare reform, rent arrears are up and loan sharks are still a big problem.

Islington councillor

Growing levels of personal debt are an issue for more and more people across the UK and in Islington. Nationally, the average household debt is £5,988.⁴¹ In Islington 13,000 people have unsecured debts of over £15,000.⁴² With the cost of living outpacing people's incomes and without savings, or the capacity to save, debt is common among the people we spoke to and a problem recognised by local agencies:

Fuel is a big issue; all of our clients who are in multiple debt are in fuel debt. So people will get a big bill, they will want to pay it off, but in doing so then don't have money for food and so then have to take out further loans. The pressures of debt to a great extent are just a reflection of poverty, rather than bad household management. People simply have to manage on not quite enough. Then any one thing happening pushes you into multiple debt; a partner falling ill, or losing some hours at work. **Local organisation**

We are definitely seeing more people who are in work and in debt, and getting deeper in debt because their wages are just not keeping up with the cost of living... they have borrowed a bit to get something for their kids, so not massive amounts, but the interest rates are compounded, and their incomes have fallen in real terms or because their hourly rates have been cut or their actual hours have been cut. A lot of employers have cut pay. So people have borrowed for school clothes, a school trip, or Christmas. And when they get a little debt it all gets compounded because they have so little to spare. **Local organisation**

For some people we spoke to, high levels of debt were the result of an unexpected set back, such as a death in the family or a debilitating injury (Paul's Story). In one case a woman we spoke to had sunk further into debt by working at the Olympic Games during the summer of 2012:

I also did some voluntary work at the Olympics, doing catering... I met a lot of people and that helped my confidence, I suppose I met a lot of friends. Financially though, I just ended up in so much debt because of the way the benefits work. It affected my housing benefit, which stopped. So I had to pay £400–£500 a month on my housing rent alone. I wasn't earning enough to cover it. They just made it so difficult to get housing benefit. **Mary**

This experience is not uncommon. Insecure employment is often related to indebtedness and to developing housing rent arrears. The following case of a woman who came to the Islington Law Centre (ILC) demonstrates this clearly:

When Julia came to the ILC she had recently been made unemployed. During the last 18 months of her employment her salary payments had been erratic and sometimes she was paid several weeks late; sometimes she was only paid a percentage of her salary. The company she was employed by ceased trading, but she did not receive any notice or redundancy payments. A possession order on her home had been made some years previously, as a result of which she had to pay current rent plus £5 a month. In order to survive financially Julia had been taking out various loans and had debts of over £6,000. She had tried to meet her rent payments but they in turn were irregular and were often not for the full amount due which meant her rent arrears had increased. Julia had applied for JSA and was waiting for her claim to be processed. In the meantime, in order to reduce the arrears for fear of being evicted, she borrowed in excess of £450 in order to pay this into the rent account. **Source: Islington Law Centre Case Report**

Paul's story: Retirement, debt, and social isolation

My income is a survival income. There is nothing there for a luxury. You can get by on the money, but that is really about it.

Paul used to be a carpet fitter. For over forty years, after seeing an apprenticeship advertised in the Oxford Street branch of John Lewis, he worked across London and up and down the UK fitting and repairing carpets. It was a job that he clearly enjoyed and talks about with enthusiasm:

I loved my job; I would have kept going. It was one of those jobs where you are out and about a lot. Over the years I have been almost everywhere. Worked in the Bank of England, US embassy, Israeli embassy... the places I have been. All the theatres in London. I have photos of me on all of the stages.

A few years ago, however, Paul was forced into early retirement. His years of hard labour had worn away the cartilage in his knees and he was no longer able to work. Paul also developed carpal tunnel – a painful and progressive compression of a nerve – that has left him unable to use his right hand. Retirement had an immediate and significant impact on Paul's standard of living. From earning £400–£500 a week, he was left with £140 a week in pension credits (the state pension). The transition has been tough:

You just have to cut back don't you. Not so much socialising, you cut down food and heating and all of that. What can you do? You can't do much... The price of food is a real challenge. Over the last month I have seen a real difference. When you're on a fixed income it becomes very hard. I used to get chicken and chips for £2.60 and it is now £3.90 and that's over a few weeks that is. You do notice all that; it is going to be drastic in the end. I have been going down to Iceland to get frozen things for cheap. I do that a lot more now.

To make matters worse Paul became heavily indebted when he retired. The sudden and unexpected drop in his income meant that he could no longer repay the money that he had borrowed to make home improvements:

I was in debt to the bank, NatWest, and then catalogues like British Home Stores and Littlewoods to get household things. I was paying them all ok before I retired, but then I had to retire and I didn't have the money and they were asking for more and more money... My debts were about £5,000.

When we spoke to Paul he was being harassed by creditors on a weekly basis. The debt-relief order that he had taken out two years ago has not made them stop. He is exhausted and frustrated by the constant pestering, yet seems to accept that it will continue.

Paul's retirement has left him in a financially precarious position. He struggles to get by as it is and because of his debt, he has fewer options to get money advances. It has also left him more socially isolated than ever, and this too makes him vulnerable. Paul rarely leaves his small flat in Finsbury Park. When he does it is usually to do the shopping twice a week. When he can afford it he sometimes stops off at a pub on the way home where he can get a pint for £1.99. Although Paul has family that live in Islington, he finds that he sees fewer and fewer people now and doesn't have many people he can turn to when things get tough:

... You know life is difficult for my brother as well. My brother has been calling me more recently, so we talk. We support one another when we can, but there is only so much we can do. My sister she has two kids too so it isn't easy. I don't really have any other friends living near to be honest with you. I know the neighbours upstairs and we are quite friendly I suppose. This estate isn't great. It used to be very rough. Then it started to calm itself down a bit and now it seems to be getting worse once again. I don't really socialise all that much to be honest with you.

As well as the quantity and composition of debt being an issue, the sources of debt are also worrying.

The use of high-interest loans is really significant. When you talk to our debt team they will tell you that the reason people go to high interest rate lenders is that it is the only form of legal lending that they can access. Before the recession loads of our clients had been mis-sold loans by high street banks. They were on benefits but never lied about their income and they were sold loans that they would never be able to pay back. You know, they were on long term disability benefits and they were sold a loan for £10,000. But what has happened since the credit crunch is that these forms of lending have

dried up – not that they were great of course, but the interest rates were lower and more flexible in terms of repayment scheduling.

Local organisation

This point highlights the need for affordable ways of accessing credit. Regulating the behaviour of banks and other financial groups is important, but if alternatives are not provided, people will have little choice but to seek credit from high interest lenders or, worse, from loan sharks.⁴³ Access to affordable sources of credit is an issue for many people in Islington. Although Islington has a credit union, it is not currently operating at the scale necessary to address the high levels of financial exclusion in the borough. Some residents also find it difficult to meet the requirement to save money with the credit union whilst they are in debt.

So far we have discussed how four challenges – the cost of living, uncertain employment, changes to social security, and debt and access to credit – are making people feel less secure, less in control, and more fearful of becoming destitute. Much of this has centred on a particular form of insecurity which is affecting more and more people today: financial insecurity. However, financial insecurity is not the only form of insecurity that the people we spoke to face. We found that people's lives are also made insecure because of their social isolation and their mental ill-health. We found that these two issues exacerbate, and are exacerbated by, the challenges people face. As such, they are simultaneously causes and effects of poverty.

Social isolation

*People are living as solos. We see people come in to talk to the front desk to just pass the time of day. We're part of a circuit for some people; they might go to the post office as well – touching base with the rest of humanity. It's desperately sad that they're not touching base with relatives, friends, loved ones. I see that as very much part of our role here – to have a frontline situation where we're welcoming and warm...because the safety nets and structures in their lives are so skinny. **An Islington GP***

Invisible Islington emphasised the importance of friends and family connections to provide practical and emotional support.⁴⁴ It also highlighted the issue that many people in Islington are socially isolated. Five years later we have found that social isolation continues to be both a cause and an effect of poverty in Islington. The lower-income residents we spoke with have very small social networks and lacked informal support from friends or relatives, many of whom are also struggling financially. They also rarely travel far from their homes or access opportunities in the borough.

Small social networks and a lack of informal support

We found that residents on lower incomes generally have limited social networks and lack informal support from friends or relatives. They rarely keep in regular contact with people beyond their immediate family and one or two friends. Their 'bonding' ties – relationships among peers – are few and their 'bridging' ties – relationships with people different from themselves – are almost non-existent for the most part. This leaves the people we spoke to with very little informal support when times get tough and formal support becomes less and less.

When asked about 'supportive relationships', lower-income residents often emphasised that friends and family were struggling too and were therefore unable to offer them support. This applied to practical support – with childcare, for example – to emotional support, and particularly to financial help.

*My mum lives on Holloway Road but we very rarely see her, it's quite disheartening. I see my sister more often; we help out looking after each other's kids from time to time...My sister is an alcoholic and so can be very unreliable, but when she is not drinking she is good. **Anna***

*I have sisters that live in the area, but they all work full time and they are all single parents. They are not on the doorstep you know. I have never really explained my difficulties. Because I am the older sister they have always just thought that I would be getting on with things and coping you know. Our parents died, my mum died when I was 17 and my younger sister was only 13 at the time. **Mary***

*It's always difficult with money...it's a struggle to get by. I just have to get on with it because I don't really have any family, except my kids but they are struggling. There is no one to borrow from really. **Michelle***

If relatives did provide financial support, it was when they were on the edge of destitution:

*If I get really desperate then I can phone my sisters and say, look I am really sorry but I am stuck, the gas has run out; I can't cook and I have no heating, could you lend me ten pounds. I have had to do that, and it is really embarrassing and really difficult you know. I mean, it's not like they are living in luxury; they are struggling themselves. **Mary***

The lack of support options from friends and families increased peoples' sense of insecurity and made other problems, such as ill health, harder to bear. One woman we spoke to suffers from arthritis and depression, but her grown-up children had little capacity to help her when she came across problems with the benefits system:

*I am alone, I have not really got anyone and I am actually vulnerable. I have to fight my own corner, my house could go if I lose benefits and I could be left on the streets... [My son] is out of work at the moment... My daughter is struggling a lot too. **Sinéad***

Small geographies and limited networks

Most lower-income residents we spoke with spent their time in a geographically limited area: restricted by their finances, time, health, and confidence. Few take trips out of London – and when they do, they have to ask others to help them pay for transport. Many spend the majority of their time in Islington, around a small number of locations. This limited their opportunities for getting to know new people and means that some residents' only point of contact with others is through local services provided by charities or the local authority. It also prevents them from knowing much about, or making the most of, opportunities in the local area.

When we asked residents to draw maps of their lives, describing the places they visit on a regular basis, we found that many lack the money to do leisure activities they enjoy and several spend most of their time in a small part of Islington, often only visiting nearby community centres. This is the case for elderly, but also for younger residents in their thirties and forties, as maps such as those in Figures 2 and 3 show.

*I do see a couple of friends, but I don't have much time to be honest with you. When I get home from courses I cook a dinner. I don't know ... I have become quite a loner since starting college...I don't drink or go out because I don't have the money to do that, I don't do anything really. The last thing I did was go to the cinema with my son three weeks ago. **Michelle***

For many, lack of money is a major reason for not going out. Residents also lack time for leisure, particularly when caring for children or looking for work. Such restrictions are further compounded by health problems and low confidence.

*Um, I don't go out much; I don't go to the cinema or anything like that. I don't really do anything that I enjoy. I mean...nothing much in a social sense. Right now I am focused just on the everyday life. Getting my health back, getting my confidence back, and getting paid employment so I can pay bills...There are financial restrictions and benefit restrictions. **Mary***

Figure 2. Resident's drawings of places they go regularly - Sinéad

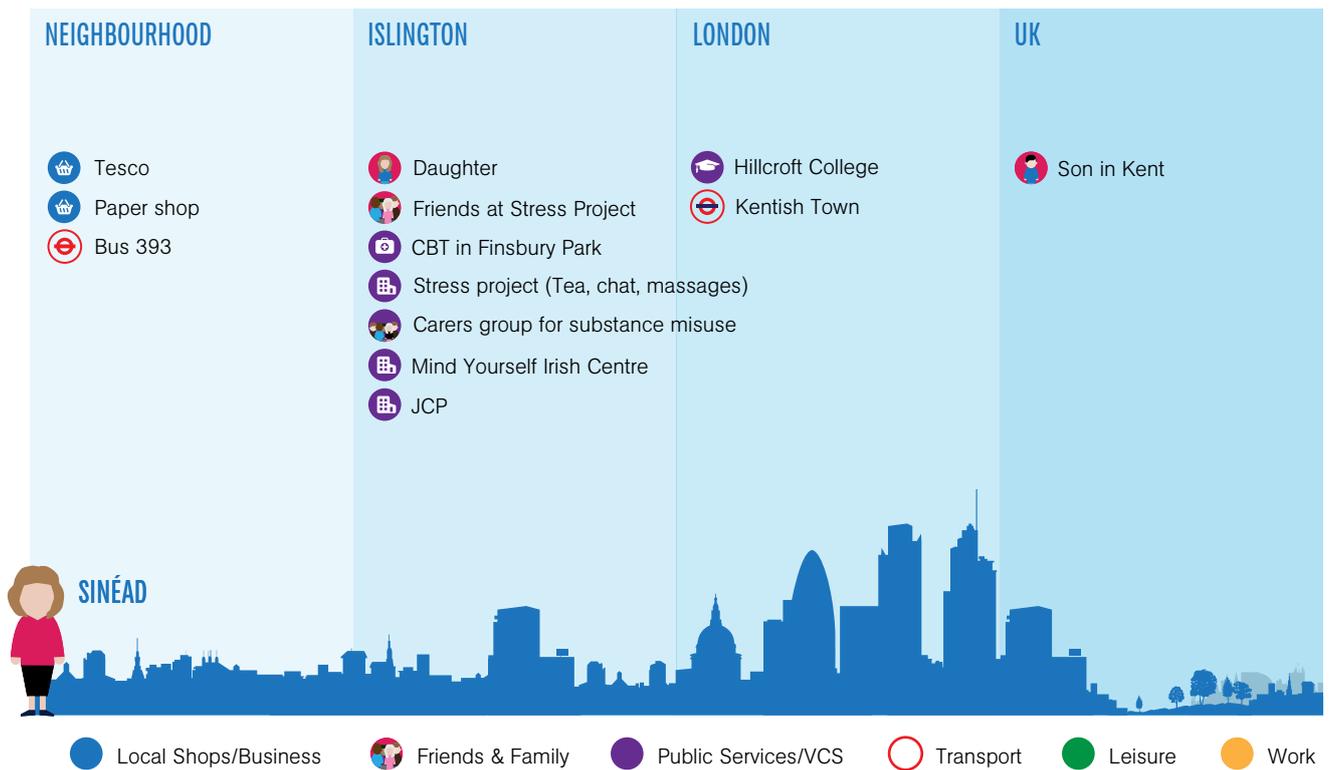
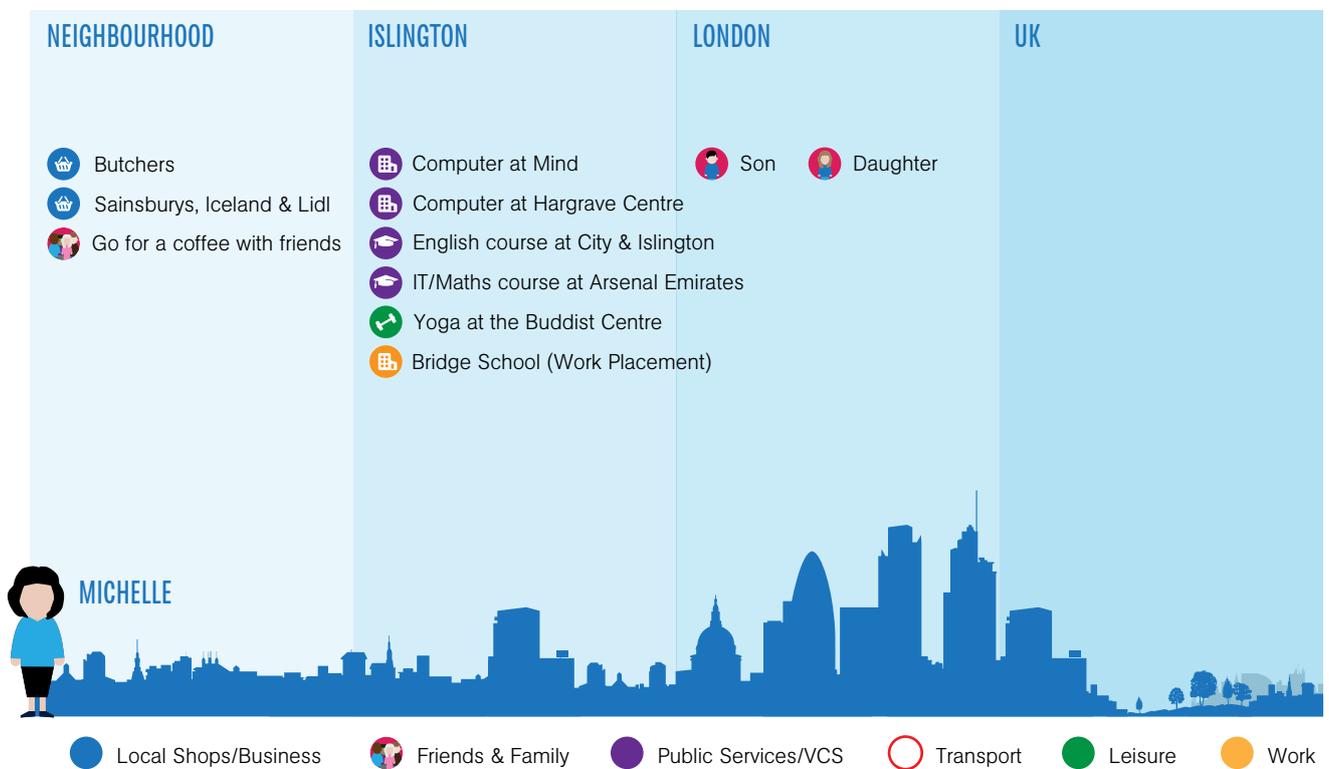


Figure 3. Resident's drawings of places they go regularly - Michelle



Social isolation is worsened by financial insecurity and reinforced by the stresses and shame associated with receiving benefits. This has caused some residents to withdraw from friends and relatives. One resident we spoke with said this of her changing circumstances:

I find the benefit changes very confusing and stressful, especially as my situation has changed [since moving into employment]. I need to send so much information to all these different people. I have gone into myself more – seeing fewer people.

Isolation also increased residents' sense of vulnerability and anxiety, which has made them more susceptible to depression and ill health. In particular we found that the most socially isolated are those with poor mental health. In the next section we discuss the challenges that these residents face.

Poverty, insecurity, and mental health

The links between poverty, insecurity, and mental health are strong. Mental ill health is closely associated with low and uncertain incomes, unemployment and precarious working conditions, unmanageable debts, housing issues, social isolation, and poor physical health. At the same time financial insecurity can adversely affect people's well-being and resilience; it can increase stress, anxiety, and depression; and it can exacerbate relationship breakdown, social isolation, and physical ill health. For example, 45 per cent of people in debt have a mental health problem, compared with 14 per cent of people who are not in debt. Similarly, suicide rates and the numbers of people considering suicide both increase during periods of recession and rising unemployment.⁴⁵

Islington has high rates of mental ill health. Around 13 per cent of people in Islington have depression⁴⁶. This is much higher than the London average (8 per cent) and higher than the national average (12 per cent). Islington also has a high number of people who are admitted to hospital because of their mental health; between 2009 and 2012, admission levels in Islington were almost twice as high as the national average⁴⁷. Furthermore, mental health issues lead to suicide more often in Islington than in London and the UK.⁴⁸

*I think mental health is worsening. We are seeing more and more families with these issues, through all of the family you know. Depression is absolutely huge... We have seen people losing access to support workers. Care services and professionals are really being over stretched now... It is harder for families now and for support workers who are trying to help them. A lot of people get to a stage when they do stop seeking help; they lose confidence and turn to alcohol and drugs. **Local organisation***

*In Islington there's high levels of mental health problems. There's 57 on my severe mental health disorder register. This is disproportionately high, even for Islington itself. **Islington GP***

Over half the people we spoke to have mental health issues. For many this means a long-term and often continuing struggle with depression and anxiety. For some it is a daily struggle to cope.

*... I don't want to be in the doldrums. But you know, with the depression it is very hard... It's really like you are wearing a mask, like you are going around with a mask on. People could ask how you are, and all sorts could be going on and you would just say I am ok. When actually you're not ok, you are far from ok. Out of the whole year, you might have it for six months. **Sinéad***

When asked by a friend where she saw herself in six months' time, one resident responded:

'Probably under a train.' I said it mucking about. I sent all those smiley faces [via text message]; happy, sad, laughing, saying with love from your bi-polar friend. And she was like 'Oh don't say that!' I was like, honestly, I'm doing

it in good humour, if you can't laugh at being depressed... But this is how I feel every day, one minute I'm sort of laughing, the next minute I'm throwing myself in front of a bus. Michelle

The people we talked to with mental health issues all struggle with a range of associated challenges, including low incomes, multiple debts, social isolation, and poor physical health. Depression was also commonly cited as the reason why people had stopped working mid-career, often following a difficult relationship breakdown. Re-entering work has been a real struggle.

Mary's story: Living with agoraphobia

It's a fear of going out and doing things, and of meeting people and talking to people... It's just anxiety and stuff. It manifests itself physically. I'll get really restricted breathing and chest pains, palpitations, and I'll have a panic attack.

Mary has lived in Islington most of her life. She developed agoraphobia around ten years ago, when her children started going to school and she became more isolated as a single parent.

I think before ten years ago there were always people around me, and I had my children who were young and they were there to hold my hand. When my children started going to school it really started to affect me more, I was on my own and I didn't go out.

Mary's networks were small and she did not have much support. Some services, such as visits from a psychiatric nurse, dropped off once her children left home. Her agoraphobia became severe and meant she rarely left the house. Combined with depression, Mary became even more isolated:

Because I had really severe depression I would cry all of the time, in shops. My sons got embarrassed by it all, and didn't want to go out with me. It makes you feel like you just want to shut yourself away. You go into a vicious circle of just staying indoors... I wouldn't leave the house unless I really had to and then I would have a panic attack and be ill – either before going out because I was anxious, or after because I was stressed at actually going out.

Not going out began to have a negative effect on Mary's physical health as well, eventually leading to chronic injuries to her spine and pelvis.

The back injury came about because I wasn't getting enough vitamin D, and that made my bones really fragile. I wasn't getting enough sunlight. I didn't really take it seriously, but it made my bones so weak and they just couldn't cope. Then it was all scans, MRIs and pain killers. I didn't go out at all, I also wasn't eating very well because I was depressed and stressed. I was really skinny, and at home a bit hyperactive. My body just couldn't really take it anymore.

Mary continues to struggle with back pain and pain killers that make her feel as though she has 'a head full of marshmallows' but she has learnt coping strategies for her agoraphobia and is able to visit a number of places with confidence. She joined a clubhouse for people struggling with mental ill health and social exclusion, and this has helped her explore options for voluntary work.

You know, a lot of it is about confidence. You feel labelled when you have mental or physical illness. It makes you feel like you can't do things. You need support and also you need some role models.

Financially Mary's position is very precarious. Despite having a debilitating mental health illness she is not on disability benefits – she believes that she is not eligible and seems resigned to being on JSA. This leaves her with just £71 a week. She is also in multiple debt and housing arrears, which means the amount that she has to live on is even less. Things became very difficult over the summer when her son had his JSA allowance stopped for two weeks after missing an appointment at the Job Centre – even though he explained that he was looking after his mother. This meant she had to support her son financially during that period.

Mary is hopeful about finding work. The last job she had was for the local library, working on the reception desk. Ideally she would like to work with people with learning disabilities and feels that she would be very good at this. More than anything, Mary needs a supportive employer who understands her condition.

Changes in the economy seem to be having an impact as unemployment and precarious working conditions worsen:

In this current time period... there are a lot of very anxious individuals who are just about managing to cobble things together and are now agitated, distressed and less well. **Islington GP**

We see people getting to their 50s and being made redundant. They are from a generation when you didn't really need qualifications you know. Now they can't get work without training again and they know that even then they are still unlikely to get work. **Local organisation**

Current and prospective changes to people's circumstances – caused in particular by welfare reform – also seem to be making the mental health of the people we spoke to worse. The WCA (see Appendix) has been a real cause of concern for those on employment and support allowance (ESA), severe disablement allowance (SDA) and income support (IS) paid on the grounds of illness:

It was particularly bad last year. They sent me the IB50 form and you have X amount of time to fill that in, and then you have to go to a medical. So I got the form in March and had the medical in August and in between that time I was really ill. I was in the mental hospital taking sleeping tablets, all sorts of things. I was calling Hillside [a mental health support service] almost every day, just due to the stress of it all and the fact that I live alone. My children have grown up so I live on my own. The benefits are really important to me and it stresses me out – I think it'll only get worse. **Sinéad**

People are quite desperate. Lots of people come in because their benefits are being challenged. Particularly people with mental health issues who are the least able to respond to this so will come to us and ask for assistance in letter form. Their health is deteriorating because of the pressure. Lots of people have their backs up against the wall and are desperate. **Islington GP**

These stories are not isolated or extreme cases. They are symptomatic reflections of how the recession and austerity are affecting mental health across Islington and the UK more broadly. In a recent survey of over 300 GPs in England and Wales, 76 per cent believed that the economic downturn had affected their patients' health in the last four years. Seventy-seven per cent said that there had been an increase in new cases of mental health conditions in the last four years, with 54 per cent reporting an increase in anxiety and 46 per cent claiming that depression had worsened.⁴⁹

According to this survey men are more likely than women to be affected by changes in the economy and by poorer mental health. Yet men are much less likely to present their issues to GPs. When they do, their conditions are usually quite advanced. This was noted by a worker in a local organisation in Islington. It seems likely that mental illness among men is a worsening, but invisible, issue in Islington.

We are seeing a lot more men coming in to look for help. Men have always been harder to reach because I think of pride. But for many of them their marriages are breaking down and they are turning to drink more.

Local organisation

Despite the strong correlation between mental health and poverty, mental ill health is not only experienced by those on low incomes. Indeed, two of the five higher-income residents that we spoke to had suffered from a mental health issue in the past. A growing body of research is now pointing to a range of other social factors influencing mental health; chief among them is inequality. Inequality has been closely linked to a range of emotional, cognitive, and psychological effects. Wide inequalities and perceived differences in social status heighten status anxiety, competition, and stress among people and also erode people's self-esteem, their feelings of self-worth, their confidence, and their sense of agency – all of which are important for flourishing well-being.⁵⁰ In the next section we turn our attention to issues of inequality in Islington, showing the consequences of wide inequalities in the borough on residents from different backgrounds.

Inequality in Islington

It is almost becoming a cliché to say that Islington is a borough of contrasts. However, while it is well known that inequality in Islington is stark, the nature of this inequality is less well known. Alongside understanding how poverty has changed in the borough, this research asked: What does inequality look like? What does it feel like? What is causing it? Will it get worse? And, perhaps most importantly of all, why should we care?

In summary:

- **Social polarisation:** Islington is becoming more socially polarised. The gap between those at the top and those at the bottom is widening. This is clear in income levels, occupations, housing type, and educational achievement levels. It is becoming harder for those in the middle to settle in Islington. The middle ground in the borough is characterised by a young, single, transient population.
- **House prices and rents:** Islington is unaffordable for ordinary working people and families on low and middle incomes. High house prices and rents mean that many people are unable to live in Islington unless they secure access to oversubscribed social housing. There is a marked jump between the cost of social housing and private housing, with no real middle market. This is pushing people of modest and even comfortable means out of the borough as the market dictates who may or may not live in Islington.
- **Changes to housing benefit:** For decades poorer people have been gradually pushed out of Islington to London's suburbs. To some extent social housing softened this trend, helping people who are unemployed or who are paid very low wages to live in the borough. However, changes to Local Housing Allowance rates and – in the future – the benefit cap, will mean that only those who are poor and already in social housing will be able to remain in Islington beyond 2016.
- **Different and separate lives:** Although people of very different means live on the same streets in Islington, they live very different lives. Higher- and lower-income groups rarely mix in Islington: they shop in different places, socialise in different ways, and send their children to different schools. Although this doesn't always lead to bad will or manifest tensions, it diminishes opportunities for social understanding and makes it harder to foster a shared sense of community.
- **Anxiety, alienation, and sense of belonging:** Inequality in Islington matters because it affects how people feel, how they relate to one another and their sense of belonging and place. The conversations we have had with lower- and higher-income residents picked up a number of social issues which are consistent with the broader literature on inequality, including: lack of understanding between people; a fear of 'other' groups; status anxiety, leading to trickle-down consumption; social alienation; feelings of powerlessness; resentment and low-level tensions.

Before the 2008 financial crisis, inequality was largely ignored across the mainstream political spectrum. As long as living standards were rising for most people, the fortunes of the wealthiest were seen as either insignificant or broadly beneficial to society. If inequality was mentioned by politicians or policymakers it was, more often than not, as an adjunct to what they considered the more serious issues of poverty and social exclusion. When the term poverty was mentioned in the same breath as 'inequality', there was little critical reflection on what inequality really meant or why it mattered. Unsurprisingly very little was actually done to address inequality.

This is now changing. The 2008 financial crash and the political and economic responses that ensued have awakened a movement challenging conventional wisdom about the effects of a widening gap between the top and bottom, and pointing to its negative social and economic consequences. Inequality has been

causally linked to a range of social ills that affect all of us – no matter how wealthy or poor we are.⁵¹ What's more, a growing number of economists are now linking widening inequality to economic instability.⁵²

Inequality is no longer being seen as the inconsequential add-on to poverty. It's receiving more attention now than ever, both at a policy level and at a practical level. The 'fairness commission' initiated in Islington,⁵³ and now in other cities across the country, is a good example of this.

Inequality matters because it shapes the communities that we live in and how everyone experiences their lives. In this section of the report we discuss what inequality means in Islington. We show that Islington is now a **socially polarised** place where there are very significant differences between the lives of people at the top and those at the bottom. This matters because growing polarisation is changing the social composition of the borough; it is squeezing middle- and lower-income groups out as house prices and rents become unaffordable to all but the very wealthy. We find that people are living very different and **separate lives**. The places that people go and the people they meet are largely shaped by how affluent people are. This in turn leads to a range of social issues, or **consequences of inequality**, including: a lack of understanding between people; a fear of 'other' groups; social alienation; feelings of powerlessness; and status anxiety.

Social polarisation

Social polarisation describes the process by which there are growing numbers of people at the 'top' and the 'bottom' ends of the social spectrum, while the middle sections of society shrink.

In terms of income, occupation, qualifications and housing tenure, Islington shows signs of being a socially polarised borough. Overall the picture there is one of rich families with highly qualified and high-earning adults at one extreme and poor families often without work and living in social housing at the other. This picture of polarisation is nuanced however by a transient middle group of highly mobile young professionals who are earning middle-high incomes but who are not asset wealthy and are struggling to lay down roots in the area.

The role of the housing market is central in producing and reproducing the unequal and polarised social make-up of Islington. The last ten years in particular have seen a great rise in house prices. In the future we predict this will continue, shaping who can and cannot afford to live in Islington.

Income

Islington has a polarised income distribution, with a significant percentage of people living on benefits and a sizeable percentage of people earning very high incomes. For example, 28.7 per cent of families in Islington have incomes of less than £20,000; while 11.4 per cent of families have incomes of over £75,000.⁵⁴ A person in the middle of the Islington income spectrum (the median) earns £32,000 a year.⁵⁵ However, the mean income in Islington is much higher at around £57,000.⁵⁶ This difference indicates that there are some very highly paid people in Islington. Both median and mean incomes are higher than average London figures suggesting that residents in Islington earn more than most other London residents.

Occupations and qualifications

A polarised picture is reflected in occupational positions in Islington. In total, 70,800 people (70 per cent of employed residents) are in top occupational positions – such as senior civil servants or corporate managers. There are also a lot of people in Islington with low or no occupational status, such as the unemployed (11,000) and economically inactive (40,900). There are fewer people in the middle – around 30,000.⁵⁷

A similar pattern emerges when we look at people's qualifications in Islington. In general, Islington is a very highly skilled borough: 58 per cent of people aged 16–24 have Level 4 or above qualifications, which is the equivalent of a university

degree. However, at the same time over 17 per cent of people are low skilled (below level 2 qualifications, i.e. do not have five GCSEs at A–C grade). However, the numbers of people with no qualifications have been falling steadily since 2005 from 18 per cent to 8 per cent.⁵⁸

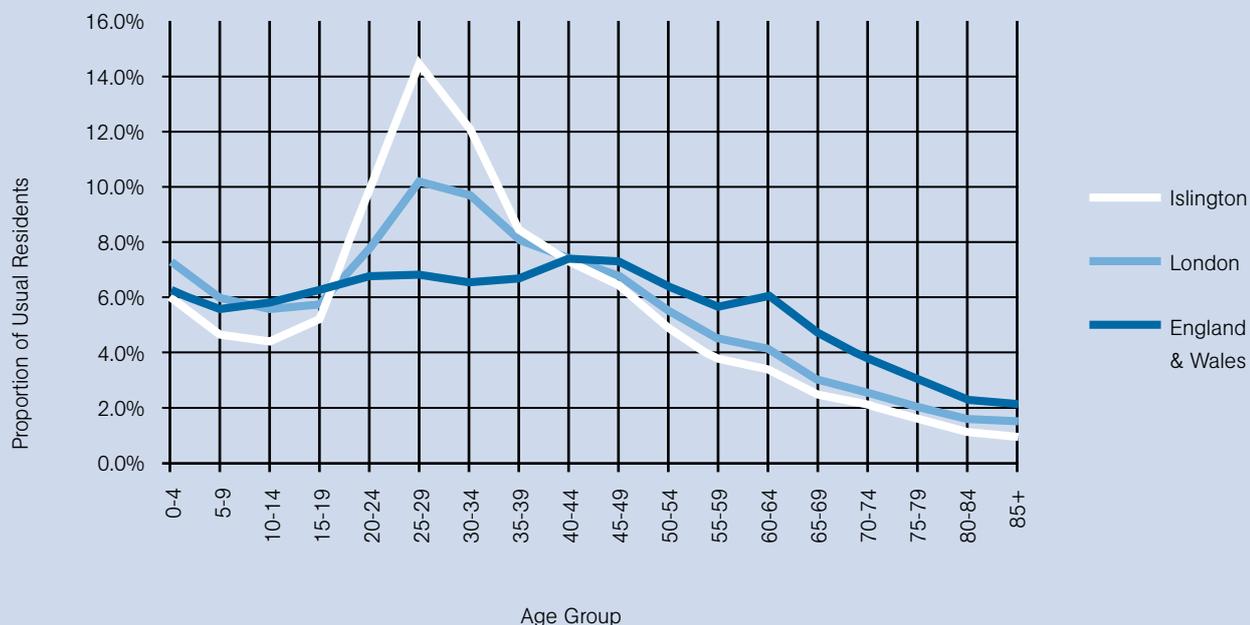
Housing tenure

By and large, economically inactive, unemployed, and lower-income groups live in social housing whilst more affluent residents usually own their homes or rent privately. This polarisation is reflected in income level across tenures. The average household income of owner occupiers in 2008 was around £94,000, or £78,000 for those buying on a mortgage. For those in the private rental sector, it was about £61,000. But for those renting from the council or an RSL, it was around £15,500.⁵⁹ This is significant given that 49 per cent of Islington residents live in social housing and 51 per cent live in the private rental sector or are owner occupiers.⁶⁰

Significantly, because of very high house price rises, there is now no real middle market in housing for families. This trend is reflected in the changing tenure in the area. Private renting increased by 85 per cent in Islington between 2001 and 2011, while outright ownership increased by 19 per cent. In contrast, social renting has fallen by 17 per cent and mortgage-owned housing has decreased by 9 per cent.⁶¹ One of the implications of this is if people want to enter the private market from the social sector, they will generally have to leave the borough.

There are demographic implications associated with this changing tenure profile. Figure 4 shows that Islington's population is quite different from the rest of London and from England and Wales. While there are lower proportions of children and pensioners, there is a considerable spike in the number of 25–29 year olds. This fits with other data that show a high number of young professionals and single people living in the area.

Figure 4. Age profile for all residents in Islington, London and England and Wales



Source: Census 2011

The role of the housing market

The housing market plays a significant role in the social polarisation of Islington. This is not a new trend. Islington has, since the 1950s, been the centre of several successive waves of gentrification as progressively wealthier groups have gradually returned to the area, displacing working-class communities, renovating homes, and helping to spark rapidly rising house prices.

From the mid-1990s a phase that some have termed 'super-gentrification' started to take place. 'Super gentrifiers' tend to hold high level managerial and professional service jobs and are, for the most part, wealthier than the middle-class groups that began the gentrification process in the 1950s. Helped by the internationalisation of banking, law, and accountancy salaries and the bonus culture adopted from Wall Street, these newer gentrifiers have formed a sort of super-elite in the borough, as Tim Butler, a geographer at King's College London explains:

There has been a process of change with gentrification... The original middle class, who displaced the working class, have now been replaced by this group ... who are very high income earners ... these are hardworking highly paid folks, particularly in the legal industry.

Tim Butler, geographer at King's College London

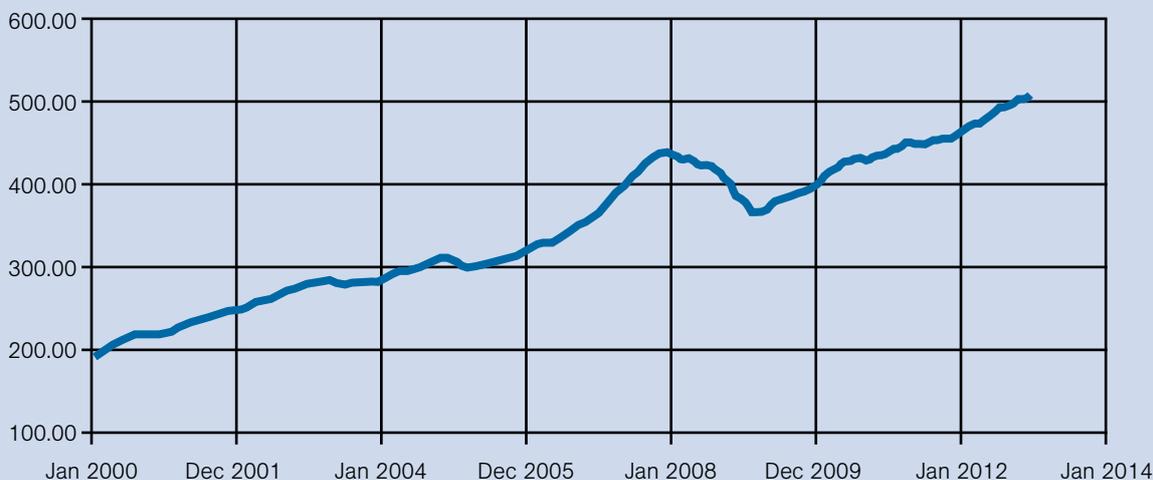
Many of the residents we spoke with also commented on this change to the area, as Ian summarises:

I would say that the biggest change around here is that people with money have moved into Islington. Over the last 30 years that has happened. In the 1960s this place was poor. Now there are a lot of professional and city people living in the borough. There are a few millionaires that live here now. In fact, there is a house just around the corner from me, it is huge and the owners are building a swimming pool in the garden. They paid £3.5 million for that place. Ian

At the same time as wealthier people have moved into the area, poorer people have been moving out. This has been happening to a certain extent throughout the period from the 1950s. In some cases this will have been because of social mobility and aspirations for a suburban life. However, it has also been driven by displacement, as landlords moved poorer residents out of their rented homes to sell the property, and more recently because of house price rises. Research by the LSE's Centre for Analysis for Social Exclusion (CASE) shows that London experienced a 'suburbanisation' of poverty during the 2000s. Between 2001 and 2010, income poverty fell in neighbourhoods throughout the inner-city and began to rise in outer-London. One of the main reasons for this diffusion of poverty has been the decline of social housing and an increased reliance on subsidised private sector renting. Over ten years this led to fewer on low incomes living in inner-city council estates, and relatively more living in the private rented sector further out.⁶²

In the last decade, property prices have been rising in Islington, month on month, and are now becoming unaffordable for all but the wealthiest. The House Price Index⁶³ for Islington demonstrates this point clearly (Figure 5).

Figure 5. House Price Index for Islington between January 2000 and January 2013



Source: The Land Registry⁶⁴

Over the past ten years there has been a steady increase in house prices in the area, with a brief exception following the 2008 financial crash. In the space of just ten years house prices have more than doubled – far outstripping wage inflation. Simply put, what a median income earner may have been able to afford ten years ago, now only the higher earners can attain.

Rising house prices in the borough have shrunk the supply of middle-income homes – what is often referred to as the ‘middle-market’. In previous years, a person or family moving out of social housing as their circumstances improved would expect to move into a middle-market home. This would free up space in the social housing supply, which would be filled by another lower-income resident. This ensured that there was a middle ground in Islington, and a fairly even mixture of people.

House price rises in the private rental sector have stopped this. Table 3 highlights the gap between private and social rent in the area. Market rents are almost always at least double social rents in the area, if not far more. Therefore, when the circumstances of people improve, if they want to move out of social housing, they will no longer be able to stay in the borough. The middle market for families no longer exists. This means that people have to move out if they want to move up.

High house prices also affect some higher-income earners. A growing number of young affluent renters in the area cannot afford to rent or buy their own property in Islington. They live in flat shares instead. This group is attracted to Islington because of its central location and wide variety of amenities but tend to move out of the Islington area once they are ready to buy a property.

*For a two-bed flat round here on this street that's reasonable ... it's a grand each a month! That's silly money isn't it... Even for us (her and her flatmate), we're getting priced out now. We're both on reasonable wages so you just think it's just crazy... And if you're still saving up for a house or a flat you can't afford that sort of rent really. So that's it. I don't think I'll ever live in Islington again... That's it. That's a bit sad really. I'm really happy here. **Jenny***

*Even my customers, as rich as many of them are, they are saying that their kids who are at University cannot afford to live in Islington now. They know their kids will have to move out to the sticks somewhere. To get a place here now you have to have pots of money. Small places will go for £500,000 easily. **Ian***

The impacts of changes to housing benefits

Changes to housing benefits are exacerbating this trend, making the private rental sector even more unaffordable for people on low incomes. This is certainly true of the changes to LHA (see Appendix). Setting LHA at the 30 percentile of housing in an area, as opposed to 50 as it was before 2011, has meant that people on housing benefits can only afford to live in the cheapest 30 per cent of houses in Islington. There is a limited supply of such homes and as a result people on housing benefits, by definition people on low incomes, are being forced either to the north of the borough, or out of Islington completely.

Data from the Department of Work and Pensions show that the number of private tenants claiming housing benefit in Islington in the last year has fallen by 8 per cent; from 4,030 people in February 2012 to 3,702 people in February 2013. This is happening in all inner-London boroughs, while outer-London boroughs are all seeing an increase in such claimants.⁶⁵ This situation is likely to worsen in years to come, as fewer and fewer areas in Islington are affordable to those renting privately through housing benefit (see the final section for more on this).

This process has not gone unnoticed by local residents, as these comments from a lower- and a higher-income resident powerfully show:

I feel the poor are getting pushed out and the wealth is coming in. I can see it and I hear about it, too. All the houses above me, that look down on me, they are all private... It looks like this is what the government wants and they will get it. There is nothing we can do about it. It is a process that we will

have to deal with, maybe we would be better out of London because they want a certain kind of person living in London now who can pay rent. **Anna**

You can't just have an area where only rich people can live and sweep out anyone who can't afford to live here and that's what they're doing with benefit cuts now aren't they. Like housing benefit. People who can't really afford to live where they're from, which is a shame for people who really deserve it or people who are having a really hard time. That they're not going to be able to afford to live in their area, they're going to have to move somewhere. You know move to another part of the country so I think housing is a big big deal. **Jenny**

Table 3. Rents comparison

Property size	Post Code	Market Rents Range (£/week) 2011*	Social Rent Levels (£/week) 2012/13**
1 Bedroom	N19	240 – 260	127.57
	N7	260 – 300	
	N1/N5	300 – 335	
	N1	335 – 360	
	EC1	360 – 425	
2 Bedroom	N19	310 – 350	135.06
	N7	350 – 380	
	N1/N5	380 – 450	
	N1	450 – 520	
	EC1	520 – 585	
3 Bedroom	N19/N7	415 – 465	142.57
	N5	465 – 500	
	N5	500 – 590	
	N1	590 – 680	
	N1/EC1	680 – 1300	

* Rents as of August 2011 taken from Effects of Affordable Rent Products in Islington

** Published by TSA – the social housing Regulator, November 2011

Source: Islington council, Affordable Housing Topic Paper

Michelle saw her neighbour being evicted the day before we interviewed her:

*Yesterday I saw one of my neighbours getting evicted... All of a sudden I saw these two great big guys coming up, bailiffs, and I said to my friend, they look like bailiffs... I walked up the stairs and I saw someone from Islington council changing the locks. And I thought she looks like she's been evicted. I still don't know because I haven't talked to her, it looked like she'd moved in with her niece. I just thought, she works full time; she works as a teaching assistant. You think if that can happen to her... You just think, if she can go to work, it's like there's no in between. **Michelle***

Separate lives

Islington has a very specific geography of inequality. Unlike other places and boroughs in London, such as Haringey, there are no clear geographic divides between social groups in Islington. If you look at the ward level, Islington doesn't seem to be all that unequal a place. In terms of income levels, Islington doesn't have any wards in the bottom 10 per cent and it has no wards in the top 10 per cent.⁶⁶ Why is this? The pattern of inequality in the borough is diffuse. Rather than having distinct 'very wealthy' and 'very poor' local areas, wealth and poverty exist side by side in Islington – on the same street. In principle, this is positive. However it does not mean that people from different social groups mix.

In Islington, we found people are not only living very different lives, they are also leading separate lives.

The places people go

People on low incomes are constrained geographically. They tend to go to a small number of the same places, most of which are close to their homes. Almost none of the people that we spoke to venture out of Islington regularly, and when they do it is very likely to be for a special occasion and they usually have to borrow money from the people whom they are visiting to pay for the travel costs.

For some people anxiety and depression prevent them from going out as much as they would like. One interviewee suffers from agoraphobia and finds leaving her home especially challenging. For others it is simply the cost of travelling. This sometimes limits their access to local services and their ability to keep appointments.

Higher-income residents on the other hand are under no such constraints. Their movement in and beyond Islington is much more extensive. They have a fuller experience of Islington and London more generally. The places where wealthier people go are also quite different from those visited by some of their less wealthy neighbours.

Figures 6 and 7 for example contrast the places that one higher-income resident visits on a regular basis with the places that a lower-income resident visits. Figure 6 includes a range of places within Islington, including the gym, a variety of local restaurants and shops, the cinema, and local services such as the library. Jenny travels outside the borough for work (in Canary Wharf) and for leisure, including places such as parks in the city, friends' houses, the theatre, and Birmingham, where her boyfriend lives. Toby's map, on the other hand, shows how the places he visits are all within Islington – this was fairly consistent across all of the lower-income interviewees. Other residents' maps showed how important public or voluntary services are to lower income people in Islington.

One consequence of gentrification in Islington has been the remarkable transformation of a number of high streets – no more so than Upper Street. Local pubs, bric-à-brac shops, hardware stores and the like have all but been replaced by the upmarket cafés, bakeries, and restaurants that have come to define such places and have turned them into trendy destinations for people from all around the city.

Many of the people we spoke to are pleased to see their area 'move up in the world'. However, while they approve of the aesthetic improvements these new shops and restaurants have brought to the area, there is also a recognition that they serve to reinforce divisions between groups. The following quotes are from a lower-income and a higher-income resident, respectively, and illustrate the separate lives Islington residents lead:

They [higher-income earners] have select places that they can go; you know the wine bars and that. You are separated in that way. You have wine bars and the coffee places; they are all out of reach. They are making it selective. So I go to other places, the cheap pubs that are left. I suppose that stops people from mixing really. I am not going to pay £2.50 for a cup of coffee.

Gerry

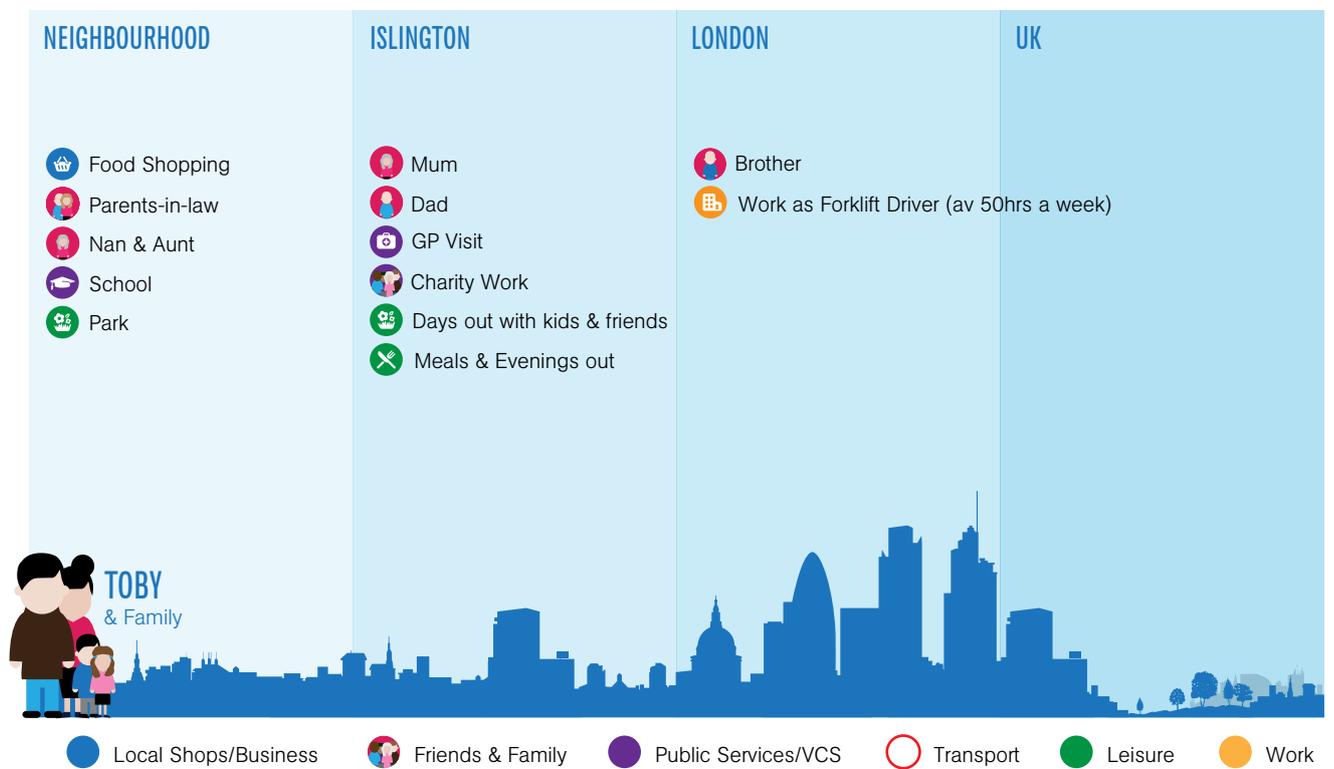
...the different groups of people, the different places they go; like the pub closest to me it's this little tiny pub and it looks really rough. I would never go in there. On the other side you've got really expensive like gastro pubs that you can't even get a table at to eat lunch because they're so over booked – it's just all completely separate. **Jenny**

Commercial polarisation has matched the process of social polarisation in Islington. Reasonably priced shops and pubs are being replaced increasingly by cafés and bars on the one hand – catering for the wealthy – and betting shops, money lenders, and pawn shops on the other – making a profit from people's poverty.

Figure 6. Resident's drawings of places they go regularly - Jenny



Figure 7. Resident's drawings of places they go regularly - Toby



*Islington has been an up and coming area for years and now you have very rich people in Canonbury and Barnsbury. I think it is good. You have more shops now; better shops. More and more money there... it must be better for the area in the long run. [However...] On the Holloway it's gone for the worse. There are a lot of betting shops and pawn shops now. People have no money. People on less use those shops I suppose, but they lose more in the end. **Gerry***

*[Betting shops] target the poor. I suppose the rich too a bit, but richer people can afford to lose, poor people just can't. People are easily drawn into these situations. It is a disease, it's horrible. **Anna***

Commercial changes in Islington have left many feeling alienated from their local area. It was not uncommon for lower-income residents in particular to describe feeling as though many of the entertainments and shops in Islington are 'not for people like me' or that they felt like outsiders looking in:

*I fear that Islington is becoming less and less a place for the working class. It really is going that way. **Gerry***

*All the pubs – the local pubs – have shut down and there are these gastro-pubs where it's like £5 for a pint. I don't know who it's going to get better for in this borough, whether it's better for... I don't think for working class people or people on benefits... This little theatre here used to be a pub. I suppose that's where you can see the people who moved here. When I was a kid there'd be no need. We all went to the cinema, no need for a theatre. It's £30 for a ticket, I couldn't afford that. I'm probably not even qualified to work in the café. **Michelle***

This feeling of being locked out of their local area is not limited to commercial places. A number of the service providers we spoke to talked of their concern that lower-income residents were often put off using 'posh' looking public services, including the two recently built youth hubs and new public tennis courts.

Social mixing

It is commonly believed that mixed-income communities are a good thing. The assumption is that they will lead to greater social mixing between groups and that this will in turn help make communities more socially cohesive, benefitting the wealthy and less wealthy alike. It is believed that poorer groups benefit in particular from living in socially mixed neighbourhoods.

In Islington, however, it seems that different groups, although they live side by side, do not mix. Just about everyone we spoke to, regardless of income, said that there is very little social mixing amongst wealthy and less wealthy residents in Islington.

*There is no mixing in Islington whatsoever. There is literally none. People would never talk to each other. They really wouldn't. It's like a different race. You live in your little bubble. Like Boris Johnson used to live down the road! Those houses are lovely – they live in a little bubble – some really nice houses in Barnsbury and stuff and they wouldn't even look at some of the Housing Associations up there. Even though they're so close together they never ever mix. Never ever. **Jenny***

*People do sort of stay with their own kind you know. There is not a whole lot of integration between different ethnic groups really. It is the same with groups on different incomes too. People stick to their own groups, because they feel comfortable I would imagine. They don't want to come out of their comfort zones. I think there should be more integration yeah. **Joyce***

The sense that higher-income earners separate themselves and live in their own bubbles, isolated from those around them, was strong and shared by the wealthy and less wealthy residents alike:

*They've got their own friends, everything happens out of a 4X4 so, you know, community stops being the focus and the house becomes a castle with walls, alarm systems, gates. **Tania***

*They don't want to mix; they don't want to socialise with you. They want to stay in their own world you know. It is up to them. I don't know anyone I would call rich to be honest. I cannot think of anyone who has money really. I prefer to stay in the... I shouldn't say class... let's say the background that I have been brought up in. **Gerry***

The lack of mixing was felt to start early in life, at school. It was a prominent theme at the workshop we held with the local voluntary and community sector and in the interviews we held with parents who have, or had, children at local schools:

*I know a lot of parents who are moving house to get their kids into better school. One friend of mine started to rent a place in Camden so that her daughter could go to Camden School for Girls. Some move to Baker Street to get into Marylebone. They just move to where they need to move to so they can get their kids into the best schools, but it shouldn't be like that. It is not really fair. Just because you have money you know, I don't think it's fair; people using their money to get what they want. **Anna***

*Young people from different backgrounds don't mix. They don't go to school together. The working class and upper class kids, if you want to call them that, stick to themselves. That's just because they go to different schools and their parents don't really mix. So it is just the way it works out. There is a geographic closeness; they live on the same streets, but a social distance. It's just the way their lives are structured; it keeps people separate. **Ian***

Even within primary schools, where it would seem that there is still a mixture of children from different backgrounds, there is still separation. One mother on a lower income that we spoke to commented:

*There is a big divide between the rich people and poorer people at the [primary school my children go to]. You can see it clearly amongst the parents. They don't often speak to one another if they are from different backgrounds. Certain people speak to certain others. It is all about money, all about social divide. It wasn't like that when my elder daughter went there, but it is so clear now. **Anna***

The tendency among higher earners in Islington to send their children to private secondary schools, often outside the borough, is a key way in which inequality is reproduced. However, inequalities in educational attainment are reinforced before children reach school going age. Research now shows that differences in educational attainment are explained by the pre-school environment.⁶⁷ Wealthier families invest more in their children's cognitive development through a range of intellectually stimulating activities. These findings show the limits of focusing solely on schools as places where inequalities between children and young people are either reinforced or reduced. In recent years, secondary schools have made significant improvements, yet these findings suggest that more will need to be done and 'early years' development is of great importance.

The ways that people interact with one another – or don't – do not just reflect inequalities in Islington; they may actually be reproducing and deepening inequalities too.

Social consequences of inequality

You have this coincidence of wealth and poverty; someone living in a council house next to a banker, and not always getting along well. I am aware of few examples of poor relations, but it does happen. Charles

Social polarisation has consequences for the sort of place Islington is becoming and for how its residents feel and behave. The people we interviewed told us that inequalities – reflected and reproduced in education, income and housing – creates misunderstandings and misgivings between people on higher incomes and people on lower incomes.

As Charles suggests, relationships are not fraught but they are undermined by uncertainty and suspicion. Social distance and lack of understanding can lead to fear, anxiety about status, lack of belonging, social alienation, feelings of powerlessness, and low-level tension. All this erodes social trust between and within different income groups. Many of the residents we interviewed felt the influence of local inequality.

A lack of understanding fosters anxiety

A common feeling expressed by residents, higher- and lower-income earners alike, was that they know little about the lives and experiences of people different from themselves. According to Jenny, for example, her perception of people receiving benefits is entirely based on what she gathers from the media, combined with what she notices in the streets. Without any personal reference points, she struggles to interpret what life is like for people on lower incomes:

You've got what you see in the media but I don't have any direct experience of people who are on long term unemployment or long-term disability. I don't actually have any context for that. All I see is what's on the TV. You see a few people outside but I don't know anyone who's on benefits, I don't know anyone who's on disability, I don't know anyone who is long-term off work. Jenny

She felt that residents on low incomes live as if in 'another world', experiencing hardships from which she is 'completely insulated'. However, she shares the view of other high earners that there is not a straightforward solution to the problem. In fact, she feels afraid of possible interactions across the income gap:

I am afraid of people who are a bit rough and ready, especially groups of teenage girls - more than boys because the girls they would commit violence on another girl. The boys, they might push you over and nick your phone – that's fine, I can handle that – but girls would not hesitate in being violent to another girl. Jenny

Tim Butler describes 'fear of the unknown' as a common experience for people living in areas of high income inequality:

There is a corrosive nature [to inequality]. There is the development of being frightened of living in your own city, which I've noticed in other places around the world, and a fear of the 'other'. If you don't know and you don't understand, you fear. I think there is a fear of the unknown, and that has become accentuated in gentrified London.

Tim Butler, King's College London

For Jenny, not knowing the young people in her area, or their parents, made them appear more intimidating and made her feel vulnerable. Specifically, she felt unable to predict the behaviour of young people and felt that the social norms that regulate individual conduct and interaction have broken down:

A lot of it is about security, feeling safe and not getting involved in situations. So yeah it's about keeping more separate – whereas if you knew that was so and so's 15-year-old daughter you'd probably feel less intimidated. It's just certain areas have completely different social norms and you know violence,

*anti-social behaviour, especially with groups of young kids. They don't have the same values or attitudes. It's not 'oh people are poor so they're going to rob you', it's just people exist in a completely different sub culture and people who are middle class are terrified of that. **Jenny***

By contrast some higher-income residents who had got to know people locally felt more secure and less fearful:

*I've got to know my local stall holders in Chapel Market – I mean personally, so I know who they are and I know what's going on in their lives. And they know who I am so you know that makes for a nice relationship and that does make for trust and belonging because you know as I go past somebody says 'Hi', you know from the stall – and that's nice. And ditto for the corner shop. Those sorts of things anchor you in a society. **Alice***

People on high incomes also felt that unfair assumptions were made about them by other residents, accentuating social divisions. Some felt judged, and as though their attitudes and behaviour were incorrectly interpreted:

*We [the members of a community association] are perceived to be snobbish. People in social housing feel that we are snobbish. Very few people from the estates come to the association meetings or socials. **Charles***

Lower-income residents also spoke of their distance from wealthier residents and the consequences this has for the way they feel about Islington. Two of the lower-income residents spoke of how they feel uneasy because 'rich people's' flats overlooked their homes. It made them feel as though they were always 'being looked down on'. Others felt the same way when encountering wealthier people at school or in nursery.

What the people we spoke with show is how polarising perceptions of other groups can be. This does not mean of course that these perceptions are accurate reflections of different people in Islington, but the perceptions are nonetheless strong and the way people internalise them is significant. The social gap between people in Islington, and the gulf in understanding that this leads to, weakens common bonds between people and their chance of developing a shared sense of the collective good. When people feel unable to trust 'others' in their neighbourhoods, building a sense of community becomes harder; isolation and social alienation become more likely.⁶⁸

The erosion of 'community' and increased alienation

Most people we talked to spoke of a waning sense of community in Islington. This is particularly true of those who have lived in Islington for a long time. They are likely to speak of how fast paced the change in Islington has been in recent years as people move in and out of the borough and some neighbourhoods become more ethnically diverse and some wealthier:

*We always used to say that one of the lovely things about living here was that everyone knew each other and that it was a bit like a village. I do sort of feel that is changing a little bit. Beyond the immediate neighbours, there is very little mixing now. There is a very high churn of people moving in and out in areas where there are flats. **Charles***

*As a kid I remember a good community feel. All the neighbours looked out for one another; they made sure the kids were all right you know. A lot of the elderly people I knew are now dead. A new generation has come through, and with each generation that comes through the community spirit gets diluted; it gets less and less and less. **Ian***

Few people feel that there was a larger community in Islington of which they could be part. An Islington GP told us that there is an 'unmet need' for this kind of belonging, which could be met under certain circumstances:

I gave a talk at a public meeting at the Jean Stokes Hall. One thing I said was 'here we all are, we're a community, community and health are one

thing combined, no man's an island. Can everybody from Barnsbury put their right hand up, everyone from Bemerton put their left hand up. Can everyone find someone, shake your neighbour's hand and have a conversation. And everybody did. I hadn't quite figured they'd do that, I thought they'd shake hands and I'd carry on talking. So I started shushing them!

*But people came up to me after the meeting and said they'd met someone really nice! Human communication is all about shaking hands and asking who are you, this is my name, what's the weather like, why are you here. Very simple things, people enjoy it. I was quite shocked, everyone was shocked. We want to talk to each other, we don't get the opportunity to do it but now we're doing it. It's heartbreaking that it takes a public meeting. **Islington GP***

The conversations with higher- and lower-income residents alike point to shared experiences of social alienation. This is usually described as a condition in social relationships where common values are lacking, people don't feel well integrated, and there is a high degree of distance between individuals and groups, and between people and their environment:

*I really don't feel close to people by and large. But this is a real problem in London. I think people behave with greater alienation when they're close together. **Tania***

The pressure of keeping up with the Joneses

As described earlier, some residents felt as though wealthier people where they live look down on them, sometimes quite literally from apartments built overlooking council properties. This is a form of status anxiety – or stress based on our perceptions of our place in the social or status hierarchy – and it can have a number of harmful consequences. One is the pressure to consume in order to keep up appearances – or to 'keep up with the Joneses'.

*Keeping up with the Joneses doesn't appeal to me, but I know someone who is killing themselves trying to afford a cruise you know. I know a lot of people doing that sort of thing. Lots of it is with cars; they always want the latest cars. **Gerry***

In academic literature, this phenomenon is often called 'trickle-down consumption' or 'consumption cascades'. It is said to have become a growing issue as inequalities between the top, middle, and bottom have widened. The idea is simple: as wealthier groups get richer, they spend more and conspicuously. This in turn creates pressures on people further down the income scale to spend more, too.⁶⁹ This is in part because processes such as gentrification mean it becomes more expensive to live in certain areas. This is seen clearly in housing, but also in local shops, bars, and restaurants too. Trickle-down consumption also occurs because higher spending by wealthy groups creates pressures for people to 'keep up'. Cornell University economist, Robert H. Frank, explains it like this:

What you think you need depends on the context you find yourself in... And standards tend to be local. When most of the income gains are going to the very top, the people around them feel relatively poorer and spend more because of that.⁷⁰

One Islington resident echoed the point:

*There is a pressure to consume. For a lot of people, who were once better off, they are trying to keep up the standards that they were used to, you know. And to give their children that sort of lifestyle. People feel under a lot of pressure and spend as a result of that. We live in a society where people take a lot of pride in their homes. They want to be living in nice homes, even if they can't afford it. **Local organisation***

Empirical research in the United States shows that pressures to consume more, driven by growing inequality, have led people to save less and spend beyond their means. In fact, trickle-down consumption is often cited as a key driver behind personal debt. We spoke to one mother who, over the past five years, has amassed

significant levels of personal debt. When she reflected on why she had become so indebted, she initially explained it away by blaming her lack of self-control. But after further thought, she reflected that part of her overspending was a result of feeling financially insecure. Not having a steady income, she often worried if she would have enough money to buy food in the future. To assuage her fears, she bought large quantities of food to keep the cupboards stocked: 'I used to have bottles and bottles of water saved under my bed!' In addition, she also spoke of the pressures she feels to keep her two daughters looking presentable. In a school that has some very wealthy children in it, this has not always been easy:

It feels like there is a lot of angst. That is why kids ask for more, because they see Joe Bloggs has got such and such and so they want that too. I have never wanted to look poor, and I have never wanted my kids to look poor either. I think that is why I overspent so much. I never wanted them to look poor, but of course you don't always have to spend a lot to make them look nice but I thought you did. People always say that my kids look nice.

Anna

Trickle-down consumption and consumption cascades do not only affect the poor in society. Research suggests that they affect everyone, except perhaps the wealthiest. Research from the USA shows how, between 1980 and 2008, changes in the consumption patterns of the top 20 per cent affected the spending behaviour of the other 80 per cent. Indeed, it is suggested that if the incomes of the top 20 per cent had grown at an equivalent pace to the other 80 per cent, this 80 per cent of people might have saved up to \$500 per household per year over the 28-year period.⁷¹

Feelings of powerlessness

People with lower incomes commonly describe feeling less able to influence the pace and character of changes taking place in Islington, or to have an equal right to involvement in decision-making regarding, for example, local schools.

When describing the changes that have taken place, Michelle, who is a life-long resident of Islington, frequently returns to her frustration that she does not 'understand the politics of it'. As a result, she feels powerless to resist or influence changes, even when she is aware that they impact negatively on residents like her with low incomes:

I've seen so many council places sold off, even where I live. I don't understand the politics behind it all, it doesn't make sense to me that they can sell off council flats and then say they've got a housing crisis. I know there must've been a reason for it, that the council needed money...I'm not politically able to see the bigger picture to see how the economy changed.

Some lower-income residents even felt that working-class pubs had been closed down because of complaints made by wealthier residents. Whether or not this is true, it is indicative of the sense that wealthier residents have more power and control over the future of Islington.

*There used to be a pub in Canonbury where there was a lovely garden that a lot of families used to go and socialise with friends and their kids. But that has been stopped by the richer people who complained to the council because of disturbance. **Local organisation***

Similarly, Mahmet – who has lived in Islington for 50 years – felt that he would have less right than wealthy residents to ask the council for changes to his street.

*That road there used to be a two-way road but because the rich people didn't like they had it blocked off. If we complained about it they wouldn't listen to us. There's law for them and a law for us. We live in the Estate so we're scum; they have posh houses so they get listened to. **Mahmet***

This was also the case with schools in the area, where lower-income parents felt they had less involvement in decisions and sensed that their voices were not as readily heard by school staff because of having fewer financial resources. Anna,

who has three children, asked for a reduction in the costs of guitar lessons. It is not clear why the primary school failed to respond to her requests, but Anna felt it was a reaction to the social status of her family – ‘at the lower ends’ of the social hierarchy:

*I want my youngest to do guitar lessons at the school. And the school has never come back to me since I asked, just because I asked for a cut in the fees, which I am allowed to do. All the full-paying parents got the places. I have been asking the same teacher over and over again and people have left so there are spaces opening up. I think it's because we are at the lower ends. If you asked that teacher who plays guitar or a musical instrument in that school, it's always the children with money. **Anna***

Professor Anne Power also noted differentials in power between parents due to income and class-based divisions:

The primary schools pose a real problem. Educated middle-class parents – which means professional middle-class, because middle-class means ‘highly paid professional’ in Islington – tend to dominate in the schools. They have more control. Their kids read two years ahead, they play musical instruments. I know that there are tensions; that wealthier parents are pro-active and get annoyed that other less educated parents with less capacity don't participate like they do. Then at secondary school the children divide.

Anne Power, London School of Economics

This touches on a two-way sense of resentment that can develop between income groups in Islington on certain matters. Education is one matter; another is housing. Jenny spoke of resentment towards higher-income residents based on the grand appearance of their properties, and among higher-income residents who compare the price they pay to live in Islington with that paid by social tenants:

*I think it also can create a sense of resentment because people can see – ‘your houses are so big and amazing and so expensive and where we live isn't that great and we can't afford it’. And by the same token you see new apartments or people living in apartments that are funded by the council and you do honestly hand on heart feel a mild sense of resentment because you feel like you're being priced out. So there are tensions created by that. **Jenny***

Islington, as we have shown, is an unequal place. The housing market is the main structural driver of inequality; however income polarisation, public sector cuts, and welfare reform are now all exacerbating these trends. Inequality matters in Islington because it affects the social life of the borough. Different groups may well live very close to one another, on the same streets, but they are distant neighbours. They live parallel lives and this has social consequences affecting everyone who lives in the borough, be they lower income or higher income earners. In the next section of this report we look at how trends in poverty and inequality in Islington may shape the borough by 2020. We argue that the current trajectory points to deepening poverty and widening inequalities.

Islington in 2020: what the future might hold

'I think that Islington will basically turn into somewhere like Kensington and Chelsea where only the super-rich can afford to go. If rental prices keep going up no one will be able to afford to live here except for extremely wealthy people. So it will look completely different in ten or fifteen years' time, if things keep going the way they are. It will be much, much, much worse. There will only be a smaller number of people who can afford to live here who aren't extremely wealthy.' **Jenny**

In summary:

- **Poverty and inequality** will remain prominent issues for Islington. Although there may be fewer poor people in Islington over the next ten years – as poverty is pushed out of the borough – we predict a deepening of poverty for those who remain. The gap in incomes and wealth between the poor that remain and the growing number of high income earners will widen.
- **Child poverty** is likely to get worse and prospects for young people are bleak. On-going economic uncertainty, public sector cuts and welfare reform have all disproportionately affected children and young people. We expect to see growing numbers of children living in poor households and, as they grow up, young people will face uncertain futures with few opportunities for fulfilling and meaningful employment.
- **Social isolation will increase** as people's lives become harder and the support available to them is reduced, leaving them with fewer places to go. We are already seeing signs of this today. We predict that the situation will only worsen as welfare reform is consolidated and public sector cuts continue.
- **Mental health will worsen.** Financial insecurity – caused by the current economic uncertainty and by austerity – is exacerbating mental ill health in communities. Inequality also plays an important role, for those struggling to get by and for those who are better off. At the same time, services for those with mental health illnesses are changing. The thresholds that determine who can access support are becoming higher. This leaves many people who have lower-level needs without support and the risk of mental ill health becomes more acute.
- **Public sector austerity is set to continue** into the foreseeable future, with local authority cuts planned until the end of the current Government in 2015 and expected to continue beyond that. The extent to which these cuts can be absorbed through efficiency drives or restructuring will lessen and frontline services will be affected. At the same time demand for services will grow as welfare reform makes life for vulnerable groups harder. This will result in fewer services, a move towards more targeted and conditional services, and an increase in service charges.
- **Islington is becoming a place for some, not all.** Due to continued and sharp house price rises, Islington will become unaffordable for those on low incomes unless they can secure social housing – although housing benefit reform means that workless families will be priced out regardless. Families will struggle to live in Islington unless at least one of the earners receives a wage well above the average. This will mean fewer middle- and lower-income families. Lower- and middle-income individuals will be forced into smaller and lower-quality accommodation, or out of the borough altogether.

In this section we look at how current trends will affect the lives of people in Islington over the coming years. Drawing on our research with local residents and modelling work based on projected incomes, house prices, and expenditure we show how poverty will deepen and inequality will widen in Islington in the years leading up to 2020. As house prices continue to rise and living standards polarise we expect that the types of people who are able to live in Islington will continue to change: there will be fewer poorer groups, fewer lower- and middle-income families, and more high-earning single people and families.

Deepening poverty

In the immediate aftermath of the recession, according to research by the OECD,⁷² poorer groups were relatively cushioned by benefits and tax credits. However, welfare reform is now in full swing and the poorest groups in society – the unemployed, lower-income earners, the young and very elderly, and disabled people⁷³ – are being hardest hit. As a result of welfare reform, we expect that poverty will deepen for those who remain in Islington. Changes such as the one per cent benefit uprating, the bedroom tax, and the overall benefit cap, will force more people into having to make difficult trade-offs in their basic needs. It could also push more people into taking out high-interest-rate loans just to get by.

We will also see a continued suburbanisation of poverty as the borough becomes increasingly unaffordable to those on lower and even middle incomes. Changes to LHA rules have already begun pushing poorer private renters, supported by housing benefit, out of the borough. In the next few years this will worsen as fewer parts of Islington will be affordable for this group. The map series (Figure 8) shows the reduction in housing affordable to LHA claimants. It predicts that almost all of inner London, including Islington, will be unaffordable to LHA claimants by 2016.

Changes such as the benefit cap will start to impact workless families who are renting in the social sector, too. Like those who rent privately through housing benefit, many are expected to have to leave the borough in search of cheaper accommodation, especially if they have three or more children. Likely impacts of these changes include: a rise in child poverty, worsening mental health and increasing social isolation.

Increasing child poverty

Islington already has high levels of child poverty, with 15,745 children living below the poverty line.⁷⁵ We expect that future trends in living costs, house prices, and, above all, welfare reform will exacerbate child poverty in Islington, particularly amongst the 13,545 children that live in workless families.⁷⁶ National research by the Institute for Fiscal Studies (IFS) suggests that 500,000 more children will be pushed into poverty from 2011 to 2015.⁷⁷ Children in middle- and lower-income families will all be affected in coming years as household incomes fall. Households with young children, families with more than two children, and lone workless parents will be most affected.⁷⁸ Of real consequence to families is the overall benefit cap, which affects out-of-work parents and lone parents in particular. In Islington, between 600 and 700 households are predicted to be affected by the £500 a week cap: most of these households will lose more than £30 a week. The majority of these households have children, and in total 1853 children will be affected by the benefit cap.⁷⁹ Families in Islington are particularly susceptible to the benefit cap because rents are so high – even in the social rented sector.

A generalised case study proves this point clearly. Before the benefit cap a lone out-of-work parent with three young children would receive £623 in support.⁸⁰ After the £500 cap, this family is left with £123 less per week than before. This is 20 per cent less per week than before. This leaves the family with a stark choice. Either they pay their rent and go hungry, or they eat and are unable to pay their rent (let alone utility bills) and risk eviction and homelessness.

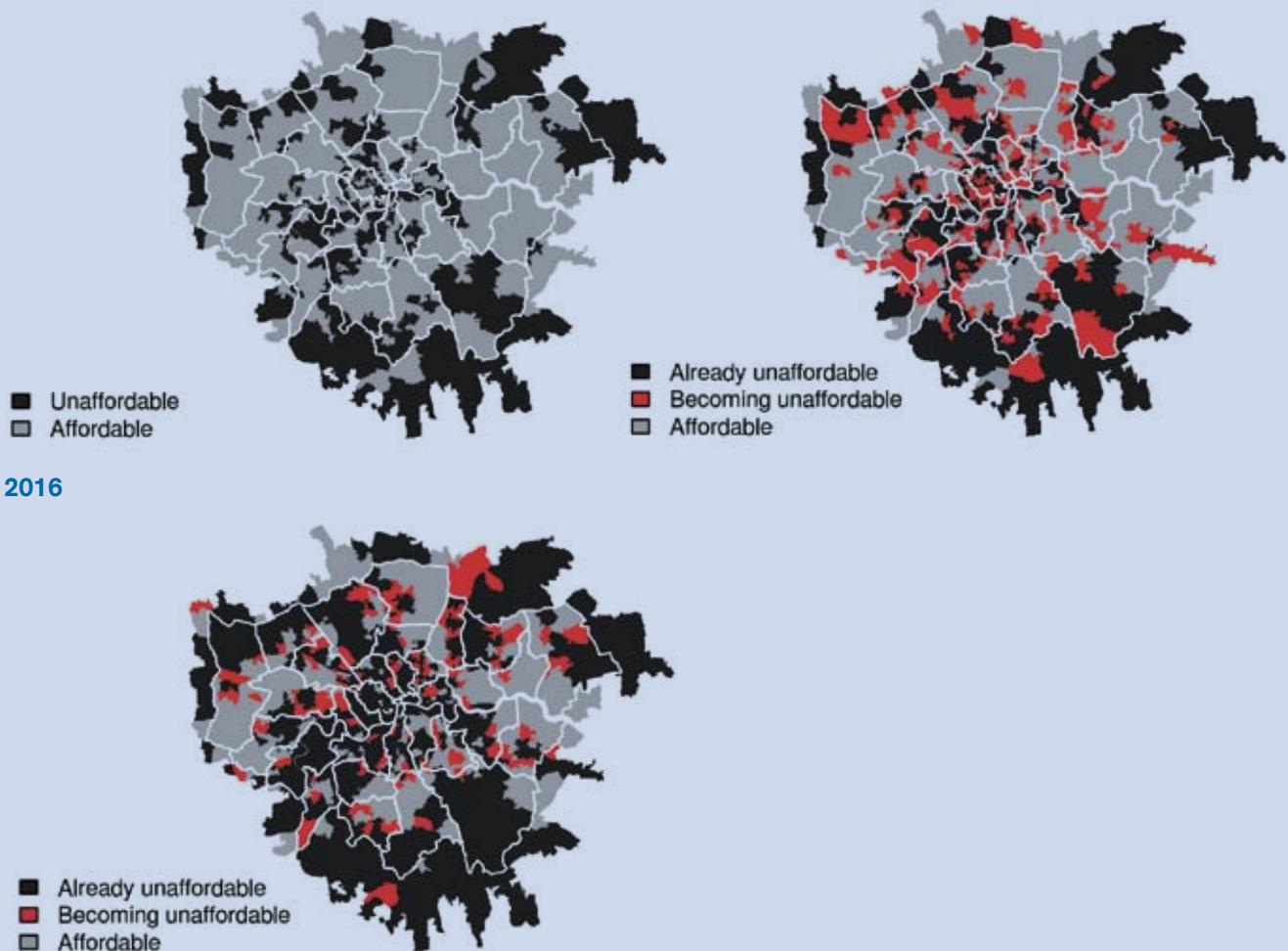
Worsening mental health

If poverty deepens and inequality widens, as this research suggests is likely, we can expect mental health outcomes to worsen in Islington. Mental health is closely linked to social and economic factors. Financial insecurity in particular is exacerbating mental ill health. Inequality also plays an important role, for those struggling to get by and for those who are better off. At the same time as the conditions for good mental health deteriorate, services for those with mental health illnesses are changing, offering support to fewer people with lower-level concerns. This leaves many people who have lower-level needs without support and at risk of mental ill-health becoming more acute, placing a growing strain on the services that are still in place.

Figure 8. Map of neighbourhoods that will be largely unaffordable to LHA claimants 2010 to 2016

2010

2011



Source: Fenton (2011)⁷⁴

Growing social isolation

Our research suggests that for many people on very low incomes, including those with physical disabilities, mental ill health and the elderly, social isolation is a real challenge. The people we spoke with have small and fragile social networks and rarely visit places far beyond their immediate surroundings. Welfare reform and cuts to public services are likely to exacerbate social isolation in Islington. There are two main reasons for this:

- **Financial insecurity:** There are early signs from this research that growing financial insecurity is causing people to close in on themselves – it is making them less likely to go out and see people as they cannot afford to. As financial insecurity affects more people, we can expect the extent of social isolation to grow and to become more acute amongst those already affected.
- **Public sector cuts:** The social mapping we did with residents showed that for many people on low incomes, community centres and day centres are among the only places that they visit on a regular basis. They are places where people can go, not only to receive formal and professional support, but also to meet with people and make new friends. The reduction in funding for public services and voluntary sector organisations is therefore problematic. If these services are cut, some people are likely to become even more isolated.

If people do become more socially isolated, they will be at a greater risk of other social issues associated with poverty – most notably worsening mental health.

The reduction in local services

At the same time as people's standards of living fall and the poorest in Islington become poorer, the capacity to support people locally will be undermined by continued cuts to the local authority's budget. Public sector austerity is set to continue into the foreseeable future, with local authority cuts planned until the end of the current Government in 2015 and expected beyond that. As cuts to local authority budgets continue, the extent to which they can be absorbed through efficiency drives or restructuring will lessen and frontline services will be affected. At the same time demand for services is only likely to grow as welfare reform makes life for vulnerable groups much harder. It is difficult to predict with absolute certainty what this will mean for which services; however, experience from other local authority areas suggests the following is likely:

- Services will have to change or close altogether. Changes may include reducing opening hours and charging people to access services. They may also include tightening eligibility criteria for those receiving support.
- Services are likely to be targeted more to those with the greatest needs. This will mean changing the eligibility thresholds for certain services – such as those in adult social care – such that only those with the most acute needs are adequately supported. This will prove problematic over the long term as preventative support is reduced. Today's economic savings will generate tomorrow's social and economic costs as people's low-level needs escalate avoidably.
- Voluntary sector organisations are also likely to see further reductions in funding. Many of these organisations are already operating at the edge of financial sustainability and more will have to make use of their reserves. We can expect that more voluntary sector organisations will be forced to close if further funding cuts materialise and this will reduce the extent and diversity of support for local people in Islington, further exacerbating issues such as mental ill health and social isolation.

Widening economic inequality

The gap between lower and higher incomes and levels of wealth will increase over the coming years. We have noted already that changes to benefits and tax credits (almost all of which support lower- rather than higher-income groups) are eroding poorer people's incomes. At the same time inequality is also set to increase because of growing wage polarisation and above-average increases in local housing prices.

- **Wage polarisation:** Research shows that real wages for those on low and middle incomes are likely to decline in real terms (taking into account costs of living) at least up to 2020.⁸¹ At the same time wages for highly qualified professionals are predicted to rise.⁸² Given the concentration of professionals in the borough, it is likely that income inequality and polarisation will increase in Islington.
- **Above-average increases in local housing prices:** People in Islington face particular challenges due to house prices. Islington is fast becoming a place where most people rent and do not buy, as is clear from the relatively few houses for sale in the area.⁸³ It is increasingly only the super-rich who are able to buy homes in Islington. Low- and middle-income groups are unable to get a foothold on the property ladder and must therefore rent, either in social housing or in the private sector.

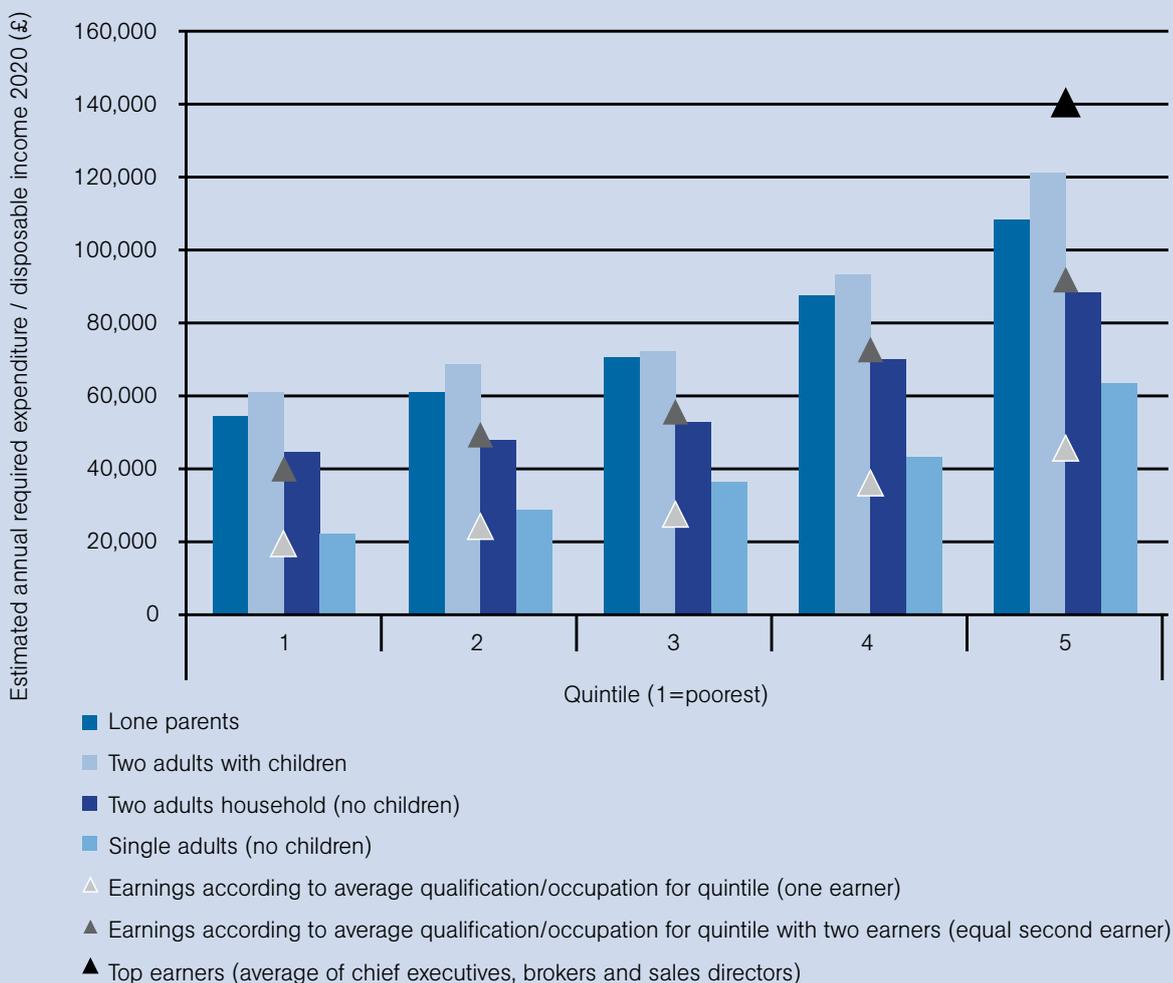
Taken together, trends in people's living standards, wage polarisation, and local house prices are likely to converge to hasten processes that are already well underway in the borough, shaping who can afford to live in Islington and what sort of place it will become in the near future.

We have simulated the changes both in income and in household types in Islington up to 2020 for those living in the private rented sector. Figure 9 illustrates the key findings from our 2020 forecasts. The bars show average estimated amount people in different quintiles will be spending in 2020, with those in the richest quintile (five) spending more on housing and amenities. These figures are purposely used to account for differences in lifestyles across the income spectrum. The lightest grey

triangle shows the predicted average wage for an adult in each quintile by 2020 – it is relevant in relation to how much single adults and lone parents in each quintile will spend. The mid grey triangle shows the joint average incomes for two earners so should be considered alongside the amount households with two adults and two adults with children are expected to spend by 2020. Finally, the black triangle designates the individual earnings of some of the highest-earning professionals – CEOs, brokers, lawyers, and sales directors. This has been included because of the very wealthy individuals who reside in Islington.

As expected all those in the bottom fifth of earners are unlikely to find Islington affordable in 2020 as is already the case in 2013. Lone parents are at risk of being completely excluded if they do not live in social housing and do not have support from a second working adult. In fact, all households with children will struggle to live in Islington, unless there is a parent on a higher than average wage in the fifth quintile. For example, those on CEO level wages have above the average for this quintile.

Figure 9. Forecasted expenditure* (BARS) and disposable incomes (TRIANGLES) for different household types by quintile in 2020**



* Forecasts based on current expenditure⁸⁴ and household costs with a 5 per cent annual increase in housing costs and 2 per cent for all other expenditure. This is thus a conservative estimate of expenditure.

** Earnings for the poorest quintile (Q1) are forecasts for earnings for those without qualifications; (Q2) those with NQF 1 and 2 qualifications; (Q3) NQF 3 qualifications; (Q4) NQF 4+ qualifications; (Q5) those working in banking and insurance.⁸⁵ Adjusted for tax using authors own calculations. Earnings are adjusted for tax and National Insurance Contribution rates.

Already the numbers of families on middle incomes are falling. If housing costs continue to rise with wages failing to keep up, Islington will see growing polarisation in the lives of families. At one extreme the borough will have families living on benefits and in social housing, and at the other there will be children growing up

in households with earnings at the very top end of the income spectrum. Very few families without disposable incomes above £90,000 will be able to buy or pay market rents in the area.

It is assumed here that single adults will rent a room in a house share, even if they are in the top quintile of earners. This is why there are currently many single young professionals living in the area. However, single adults may find themselves increasingly squeezed out by 2020, perhaps having to move into smaller or lower quality accommodation to stay in the neighbourhood. According to this model it is only households with two working adults without children who are likely to live comfortably in Islington.

Who will be able to afford to live in Islington in 2020?

Lower-income individuals and families: All of those in the bottom fifth of earners will be unable to afford to live in Islington in 2020 unless they secure access to social housing.

Middle-income families will also struggle to afford rents or mortgage payments in Islington. If house prices continue to rise few families with disposable incomes of less than £90k will be able to pay market rents in Islington.

Single adults: Many single adults will still be able to afford to live in Islington, unless they are on low incomes. This is because single adults can rent rooms in shared accommodation to keep costs manageable. By 2020, this group will still need to be earning professional salaries to pay for market rents.

Childless couples will for the most part, be able to afford to live in Islington. However, unless at least one of them earns a very high salary, it is unlikely that they will be able to start a family in the area. This group, like single adults in the area, is likely to remain transient.

Wealthy families: Along with poorer families living in social housing, the only other families who will realistically be able to afford to live in Islington are those with at least one high-earning parent. This will make Islington's social mix very polarised by 2020.

If these predictions hold true, Islington will become even more socially polarised by 2020. Living standards, wage polarisation, and house prices will all work together to reduce the size of Islington's middle class, which increasingly will be made up of only young and highly mobile professionals, unable to put down roots in the borough. The gap between the two stable social groups in the area – poor individuals and families in social housing and very wealthy individuals and families – will be substantial.

Responding to poverty and inequality in Islington

The issues raised in this report are both wide ranging and complex. However, action to address poverty and inequality in Islington is possible. Cripplegate Foundation, keen to inform its future work, commissioned this research. Based on its findings we identify three broad areas for action. These range from opportunities for immediate local action, to longer-term preventative measures, to advocating for wider change beyond the borough.

1. Making a difference today. The most direct and immediate way in which organisations such as Cripplegate Foundation can address the issues raised in this report is through local action, including new projects, initiatives, and services.

Cripplegate Foundation has a track record of this. Following the 2008 publication of *Invisible Islington*, it initiated several projects in response to specific issues raised by residents. For example, to address levels of debt Cripplegate Foundation helped to set up the Islington Debt Coalition. To reduce social isolation and improve local service coordination, it supported the expansion of Help on Your Doorstep (HOYD), an innovative estate-based door-knocking scheme. Cripplegate Foundation also set up new projects to provide micro-grants to vulnerable residents and people recovering from mental illness and language courses for those who struggle with English.

Five years on, Cripplegate Foundation is now ready to take further action in response to changing needs in the borough. To help inform this we identify four areas in which we believe local action is possible and which will make a difference to the lives of local people. There may be others.

- **Mental health and well-being:** Much as in 2008, mental ill health remains a pressing issue in Islington. What's more, there are signs that it will worsen in years to come as economic uncertainty, welfare reform, and cuts to public services combine to increase the demand and reduce the supply of support in the borough. There is scope for Cripplegate Foundation to continue to support local services in this area but also to invest in initiatives which promote positive mental health and well-being. A challenge fund prize could be explored to encourage local organisations to innovate in this area.
- **Social isolation:** This report has made two points about social isolation in Islington. First, social isolation is an important cause and effect of poverty – people on low incomes are constrained in where they can go and are made vulnerable by their lack of social networks. Secondly, although Islington has a diverse mix of residents, they do not mix socially – opportunities for convivial encounters are few and far between. These issues could be addressed by promoting a range of initiatives, such as social and community prescriptions through General Practitioners (GPs) or good neighbour schemes, such as those currently run by HOYD. There may also be opportunities to address isolation by investing in Islington Fairness Commission's commitment to reclaim, protect, and maintain communal spaces in Islington, especially on estates.
- **Supporting young people:** This report has shown that unemployed people are working hard to find jobs, but that their efforts are frustrated by a lack of opportunities. This issue is particularly acute for young people in the borough. While Cripplegate Foundation cannot create jobs, it can offer new opportunities for people to develop their skills and to start to take control over their lives. One possibility is to build on the Catalyst Fund developed after *Invisible Islington*, where micro-grants are given to people to 'catalyse' positive change in their

lives. This could be targeted towards young people to provide support where it can make the biggest difference to their lives, for example, helping individuals to buy a suit for an interview or get a driving licence.

- **Access to affordable credit:** Debt and an inability to save money are still issues in Islington today. Cripplegate Foundation could work with others to enable better access to affordable credit, providing an alternative to predatory forms of credit. This could help to reduce financial insecurity, which will have a range of beneficial effects for the individuals and families involved.

Of course, these initiatives alone will not address all the challenges people face in Islington. Nor will they change all the underlying forces that are deepening poverty and widening inequality. Nevertheless, action in these areas has the potential to make a meaningful difference to people's everyday lives: reducing financial and emotional insecurity, helping people to take greater control over their present and future lives, and making Islington a more socially inclusive place to live.

2. Preventing poverty and inequality in Islington. As public sector cuts continue, the provision of preventative services – which are open to all and support people 'upstream' – is under threat from pressure to target resources towards those deemed 'most in need'. As understandable as these pressures are, focusing only on targeted services means moving support away from services that help to reduce minor problems from escalating into major crises, or that stop them occurring in the first place. If, as is likely, local services become increasingly targeted towards those already vulnerable, Cripplegate Foundation could play a role alongside other partners in ensuring that valuable preventative work continues in Islington. There are two ways in which this could be achieved:

- **Partnering with universal providers:** Cripplegate Foundation could support and invest in prevention by partnering with groups that provide 'upstream' and universal support. RSLs and GPs for example are well placed to identify social issues – such as isolation, mental health and destitution – before they reach an acute stage. Part of this means helping to provide access to advice, guidance, and support for problems as early as possible. Another option, often overlooked, is to invest in places where people can come together and develop friendships, informal networks, and peer support groups. Supporting groups to revive open community spaces, and gardens, for example, could help bring people together, reduce social isolation and reduce mental ill health.
- **Collaborating closely with local residents:** Another way in which Cripplegate Foundation can invest in prevention is by working more closely with residents to design and deliver services or projects collaboratively. This way of working can bring many benefits, which **nef** has documented extensively. Most notably, working collaboratively develops people's capacity to effect change for themselves. It builds their autonomy, their sense of self, and a collective efficacy, and develops mutual and reciprocal relationships between people. All of this contributes to the well-being of everyone involved.

3. Advocating for change beyond Islington. Although organisations such as Cripplegate Foundation cannot directly change the structural conditions that are driving poverty and inequality in Islington, they can use their position as respected local foundations to advocate for change within and beyond the borough. In many ways reports such as this one, which highlight the ways in which local people are being affected by, for example, welfare reform and house prices, go some way to making the case for change. However, there are other, more direct, avenues that could be explored. Cripplegate Foundation could play a similar role in Islington, using the findings from this research and working with existing partners – such as those involved in Islington Giving, a coalition of funders and local organisations – to raise awareness of inequality in Islington. Our research suggests that the extent and causes of inequalities in Islington are poorly understood. Better recognition of the issues could help mobilise a broad constituency of local people, groups, and businesses to take action. Cripplegate Foundation could also explore opportunities to form partnerships with larger national charities to provide local material that helps build the case for changes at national level. This could be approached on an

issue-by-issue basis, including affordable and decent quality housing, secure and well-paid jobs and apprenticeships, and access to credit, building on the successful work of the Islington Debt Coalition.

Many of the causes of poverty and inequality in Islington are structural and are driven by forces beyond the local area. Decisions about public spending cuts and welfare reform, for example, are being taken at a national level, and often in the face of local opposition, evidence, and counsel. House prices, which as we have shown play a central role in driving inequality in Islington, are also influenced by factors beyond the borough.

Despite these challenges, people's lives and opportunities can be influenced locally. Cripplegate Foundation has the track record required to achieve this. This report shows how people's experiences of poverty and inequality are changing. There is now a need to build on what is already working and to encourage everyone – organisations, businesses, and residents – to come together to play their part in local action.

Appendix

1. Stakeholder interviews

To complement the interviews we conducted with Islington residents, we spoke with a range of local stakeholders who work in Islington's community and voluntary sector and in the local council. These conversations were invaluable to this research project and ensured that we were able to marry the depth of personal insight from the resident interviews with an overview of the broader context of the borough. We are indebted to:

Ken Kanu: Help on Your Doorstep

Val Henney: Good Neighbours Project, Help on Your Doorstep

Andrew Tyers: Peter Bedford Housing Association

Wilma Henderson: St. Mungos Community Housing Association

Linda Trew: The Parent House

Martin Baillie: London Borough of Islington Income Maximization Team

Doug Goldring: London Borough of Islington Housing Department

Ruth Hayes: Islington Law Centre

Tim Butler: Kings College London

Professor Anne Power: London School of Economics and Political Science

Linda Jackson: Office for Public Management

Councillor Richard Greening: London Borough of Islington and Islington Debt Coalition

Dr Hannah Flinders: General Practitioner in Islington

2. Workshop attendees

On 30 November 2012 we facilitated a workshop with participants from the local VCS and the London Borough of Islington. The purpose of the workshop was to explore the key issues concerning poverty and inequality in Islington. We used themes that emerged from this workshop to inform the research process, including the types of people that we spoke to and the questions that we asked them. We are very grateful to the following people for giving up their time to attend the workshop:

Ruth Hayes: Islington Law Centre

Kate Bell: Child Poverty Action Group

Martin Baillie: London Borough of Islington Income Maximisation Team

Linda Trew: The Parent House

Sirtaj Rahman: Finsbury Park Homeless Families Project

Jane Chambers: Age UK Islington

Susanna McKnight: The Stuart Low Trust

Val Henney: Good Neighbours Project, Help on Your Doorstep

Mushina Akhtar: Islington Bangladesh Association

Mo Hammoudan: Team Cally

Doug Goldring: London Borough of Islington Housing Department

Mike Sherriff: Voluntary Action Islington

Frances Carter: Cripplegate Foundation Governor

Joy Faulkner: Urban Hope

Earl Newman: Southern Housing Foundation

Jenny Lowthrop: Isledon Partnership

Christa Moeckli: Manor Gardens Welfare Centre

Anne Marie Ellis: Cripplegate Foundation Governor

Adam Thomas: The Elfrida Society

Mary Rimington: City and Islington College

Nicola Steuer: Cripplegate Foundation

Chris Hobbs: Cripplegate Foundation

Jacqui Broadhead: Cripplegate Foundation

3. Welfare reform: the main changes

JSA Sanctions. From 22 October 2012 a harsher set of sanctions has been in place for people who fail to comply with JSA conditions. These conditions include failing to attend an advisor meeting, not being available for work, or failure to accept a job offer. The sanctions vary depending on the order of 'failure', from having benefits stopped for one month for lesser infringements, to a maximum of three years for continued refusal to comply. A number of people we have spoken to have

had difficulties with their benefits being sanctioned and HOYD staff cite sanctions as a significant cause of hunger – with many of those being sanctioned having to turn to food banks.

Housing benefits. There have been a number of changes to housing benefits that reduce the number of people eligible for support and the amount of support people can claim. The most important changes include: introducing a cap on how much people can claim based on the size of their home; setting LHA rates at the 30th percentile in each area, down from the 50th percentile, effectively reducing the number of affordable homes for people on benefits; and raising the age at which people can claim the Shared Accommodation Rate from 25 to 35, making it very hard for people under 35 to live alone on benefits. This last change will affect 290 people in Islington, with the average loss being £115 per week.

LHA changes in Islington. There are 1,316 households that have been affected by the LHA cap. This is around 40 per cent of the 3,250 private tenants covered by LHA in Islington, 86 per cent of whom are single parents. These families have lost an average of £45.71 a week because of the LHA cap; the lowest range loss being £34.⁸⁶ This leaves many single-parent households with very low incomes to live off – forcing many out of their homes and into cheaper areas in the north of the borough, or out of Islington completely.

The bedroom tax. This will affect 2,100 households in council homes. This is a change to housing benefit entitlement that means recipients receive less benefit if they live in a property deemed to have one or more spare bedrooms. The total number in Islington will be higher as this does not take into account the number of people affected in other forms of social housing. Take, for example, a single parent with two children under 5 years living in a three-bedroom Newlon (housing association) flat. Their rent is about £194.00 a week and they have to pay 14 per cent (about £27) in bedroom tax for the third bedroom. As a result this family will find their £218 weekly income reduced to around £185 (when £6 service charges are added) because they will have to make up the shortfall in the rent. This will leave them with less than £9 per person per week. And, they will now also have to pay the £1.71 a week on council tax.⁸⁷

Council tax benefit. In April 2013 the council tax benefit was abolished and replaced by the council tax support scheme. This devolves council tax help to the local authority and reduces the total amount of support by £2.9 million in Islington. Pensioners are exempt from having to pay a contribution to their council tax, but all other groups will now have to start paying. These groups will see their support reduced by 8.5 per cent. For a family with a £1,000 a year council tax bill this will now mean paying £85 a year, whereas previously they would have been exempt altogether.⁸⁸

Work capability assessment (WCA). Recipients of ESA and those receiving IS for health reasons are required to undergo the new WCA. People who are assessed to be eligible for ESA will either be placed in the work activity group (WRAG), which has a one-year time limit for those on contributions-ESA (received by those who were working before becoming disabled), while they prepare for work or, in the cases of the 'most disabled and terminally ill', support will continue unconditionally. Those who are assessed as being fit for work will be moved on to JSA. Today around 12,500 Islington residents claim sickness benefits, or 8 per cent of the working age population. By 2014, 8,000 will have undergone the WCA. Around 2950 (37 per cent) are expected to be found fit for work, leaving them entitled to just JSA and cutting their benefits by an average of £35 a week.⁸⁹

Personal independence payments (PIPs). From April 2013 the disability living allowance (DLA) will be replaced by personal independence payments (PIPs) for claimants of working age. This will involve an assessment similar to the WCA and will focus on people's medical disabilities, rather than the social barriers that constrain their lives and make living more expensive for disabled people. Although the change has been framed as a reform rather than a cut, the Government plans to reduce spending by 20 per cent through PIPs and there are fears that it will not adequately meet the needs of disabled people, particularly those with lower

support needs. Around 8,000 working age adults receive DLA in Islington. It is expected that 1,600 to 2,300 will lose benefit when claiming for the new PIPs. Losses will range from £20.55 to £234.85 a week.⁹⁰

Universal Credit (UC). Over four years from 2013 to 2017, UC will replace most current means-tested benefits and tax credits for working age claimants with a single benefit. Between October 2013 and April 2014 new claims for income-based JSA and ESA, IS, housing benefit (HB) and tax credits (including Child Tax Credit and Working Tax Credit) will be treated as claims for UC. Existing claimants will be gradually moved over to UC as their circumstances change (such as getting a job or having a child). There are three main differences between UC and the current system:

- **Design:** UC is designed to have a single withdrawal rate for people as they return to work of 65 per cent. This is the rate at which the benefit payment is reduced when recipients earn income above the earnings disregard threshold. For all claimants, 65p of UC will be withdrawn for every additional £1 earned after tax. This is a lower withdrawal rate than that applying to the current set of out-of-work means-tested benefits, but higher than that currently applying to tax credits for those in work. There will also be a household benefit cap, capping total benefits to £350 a week for single people living alone and to £500 for couples or families.
- **Administration:** All aspects of UC will be paid to claimants by Jobcentre Plus which is now part of the Department for Work and Pensions (DWP). In the current system tax credits are paid by HMRC; JSA and ESA by Jobcentre Plus; and HB by local authorities. UC, including most housing elements (excepting rent arrears), will be paid directly to claimants in one monthly payment. There will not be the option for weekly or fortnightly payments and couples will receive a joint payment of UC paid into an online nominated account, rather than individual payments.
- **Conditionality and sanctions:** A new conditionality regime will mean that the majority of claimants will be expected to comply with more stringent work search and work availability requirements, including lone parents and lead carers in couples with children over the age of five. Individuals assessed as having limited capacity for work (through health or caring responsibilities) will nevertheless have to attend work-focused interviews and take steps to prepare for work such as attending a skills assessment. The sanctions for non-compliance will be greater and involve the freezing of UC payments for periods between one week and three months (for first time non-compliance) and for up to six months or three years (for second and third time non-compliance).

The DWP estimates that approximately 2.8 million households will have higher entitlements under UC, but also that two million households will have lower entitlements. Concerns have been raised regarding the impact of tougher sanctions on people facing personal emergencies; the use of monthly payments and the challenges of monthly budgeting with a low income; the lack of independence the single payments will give to individuals in couples, affecting predominantly women; and reduced incentives for second earners in couples to work.⁹¹

Endnotes

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- 6 Financial Times. (2013). Austerity Audit. Financial Times. Retrieved from <http://ig.ft.com/austerity-map/?gss=E08000025>
- 7 Determining who lives on a lower-income is not an exact science. There are many different ways this might be judged; we might choose a relative threshold or a needs based threshold for example. For the purposes of this study, we defined lower income along the lines of the needs-based London Living Wage: lower-income being those earning less than the LLW (£8.30ph). The majority of the lower-income residents we spoke with had no earned income at the time of the study. Their income came through benefits and tax credits. Three of the lower-income participants were in work; of these one earned marginally above £8.30 an hour - £8.50 an hour. His income however is still below the JRF's more complete minimum income standard – another needs based indicator of low-incomes.
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- 9 Help on Your Doorstep (HOYD) is an Islington-based 'door knocking' and 'connecting charity' set up in 2009. By proactively reaching out to residents across the borough, asking what their needs are, and then connecting them with local services, it helps to improve people's lives.
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