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Poverty in Luton

Executive Summary

- Unemployment has been falling in Luton and more people are in work.
- However poverty from several measures has been increasing.
- In work poverty is an increasing issue with the number of short term low paid unstable contracts increasing.
- Property costs have been escalating, putting extra pressures on budgets.
- Wage growth has struggled to keep pace with inflation.
- People living in poverty can often pay more for goods and services through being unable to afford cars, not having mobile contracts and being unable to pay up front for services thus putting greater pressures on household budgets.

Introduction

Poverty impacts upon life chances and the health of the population. There have been numerous areas of research looking at definitions of poverty including relative and absolute poverty. The government's measure was those earning less than 60 per cent of the median wage, however the government has been attempting to redefine poverty to encompass to measure workless homes and educational attainment. Other measures look at what is needed to avoid social exclusion looking at deprivation in diet, clothing, fuel, home environment, work, family support, recreation, education, health and social relations.

The Joseph Rowntree Foundation listed several measures of poverty.

- Minimum Income Standard (MIS) – MIS itself is not a measure of poverty, but is what the public has told us is sufficient income to afford a minimum acceptable standard of living.
- Relative income poverty, where households have less than 60% of contemporary median income.
- Absolute income poverty, where households have less than 60% of the median income in 2010/11, uprated by inflation.
- Material deprivation, where you can't afford certain essential items and activities.
- Destitution, where you can't afford basics such as shelter, heating and clothing.

Relative and absolute poverty can be presented before and after housing costs (these include rent or mortgage interest, buildings insurance and water rates) and are presented after direct taxes and National Insurance, including Council Tax.

The Policy and Social Exclusion study found that a third of all households are deprived of three or more items that are necessary for an adequate standard of living¹. The Joseph Rowntree Foundation have shown both workless and in work poverty to be increasing. This report will look at the factors affecting poverty in Luton, including which parts of the population are most at risk by looking at measures to help provide an evidence base for policy interventions.

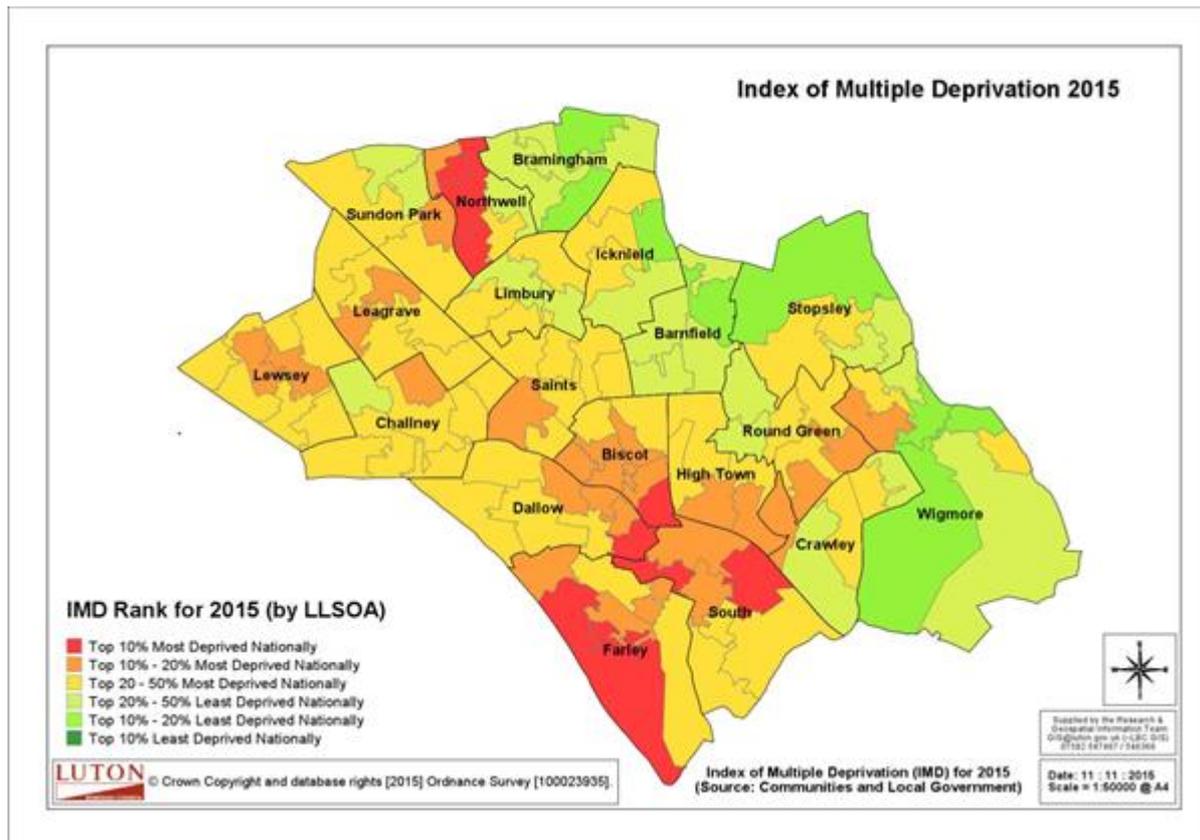
¹ Poverty and social exclusion in the UK, ESRC 2017

Indices of Multiple Deprivation

The Indices of Multiple Deprivation are published every 4-5 years by Communities & Local Government and combine a number of indicators, chosen to cover a range of economic, social and housing issues, into a single deprivation score for each small area in England. This allows each area to be ranked relative to one another according to their level of deprivation. As with the 2010, 2007 and 2004 Indices, the Indices of Deprivation 2015 have been produced at Lower Super Output Area (LSOA) level, of which there are 32,844 in the country.

Luton is currently ranked 59th most deprived area from 326 local authorities; this is an increase in ranking from 69th in 2010. Therefore Luton is becoming relatively more deprived.

Map 1: Indices of Multiple Deprivation in Luton 2015

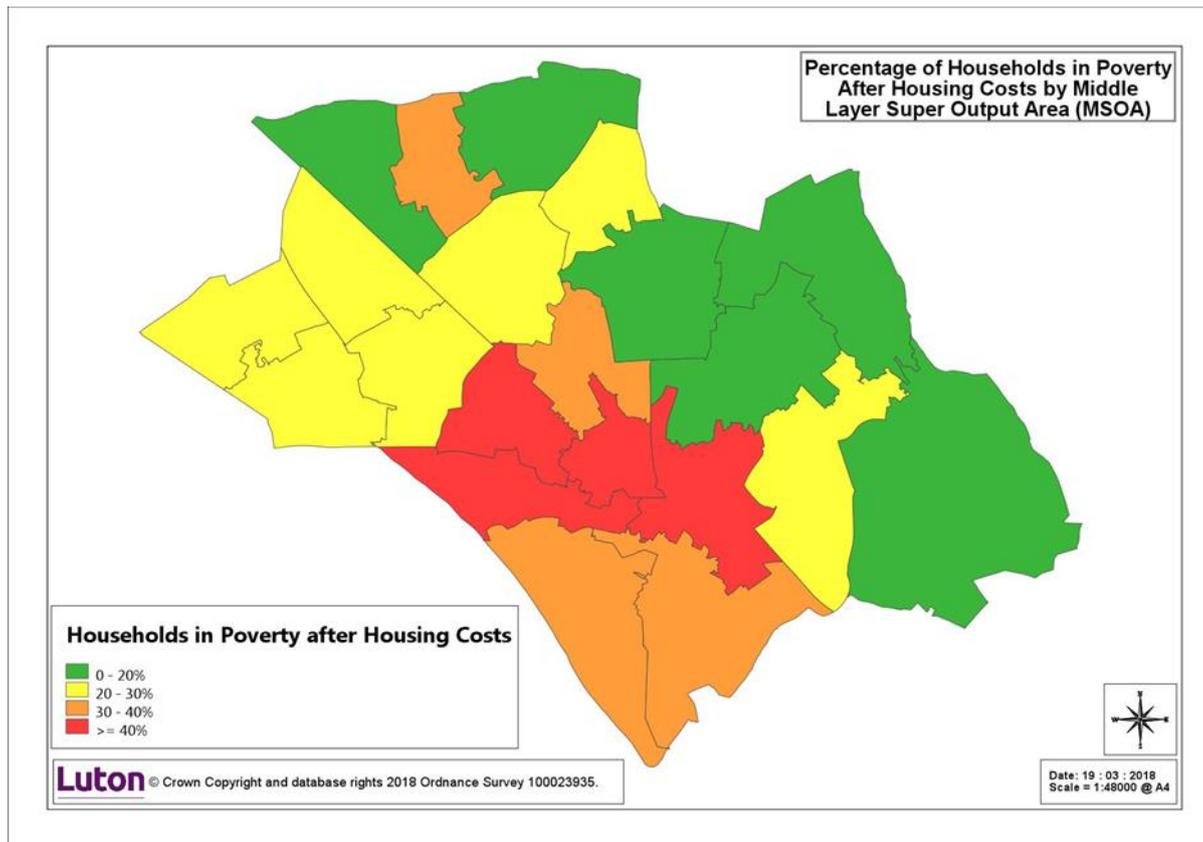


Luton has nine output areas in the top ten per cent most deprived areas in the country. Three of these are in Northwell, two in Farley and South wards and one in Biscot and Dallow wards. Luton highest deprivation rankings are in the crime (24th) and Barriers to Housing and Services (15th) indicators.

These data show that relative deprivation has been rising in Luton up to the most recent release in 2015.

Map 2 shows the proportion of households earning below 60% of the median income. The areas of Luton where a high proportion of people are living in poverty are in Biscot, Dallow, Farley, High Town, South and Northwell wards.

Map 2: Percentage of Households below 60% of the Median Income After Housing Costs

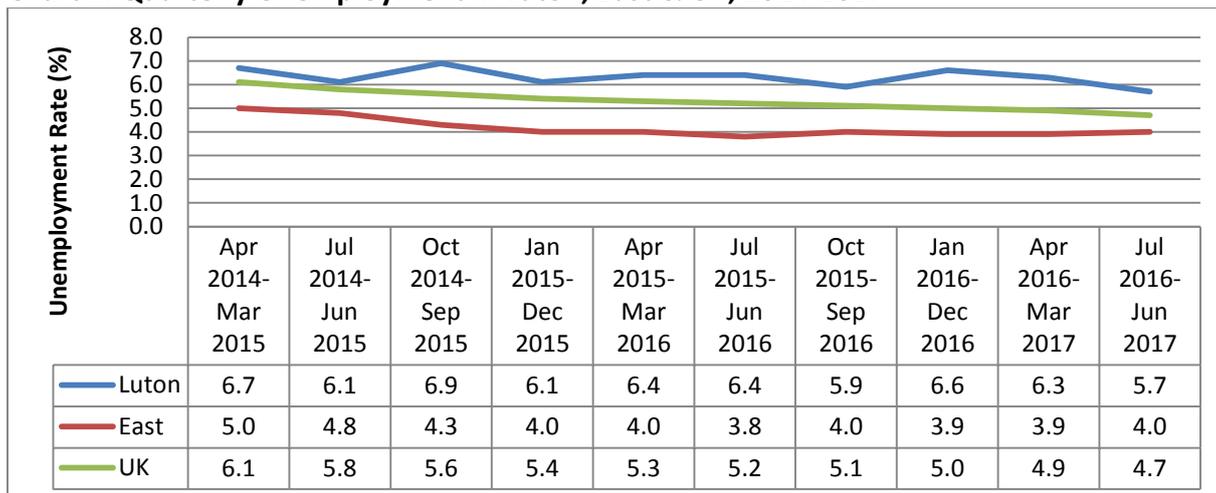


Source: Department Work & Pensions, 2014 data

Unemployment

Unemployment has been falling both nationally and locally. Both the claimant count and unemployment figures have been falling.

Chart 1: Quarterly Unemployment in Luton, East & UK, 2014-2017



% rate of working age population

Source: ONS Annual Population Survey

Luton's unemployment rate has generally been falling with the national and regional trend. The above graph shows the total unemployment rate in Luton compared to the Eastern Region and the UK. The

unemployment rate is higher than the regional and national rates, 5.7 per cent in comparison to 4.0 and 4.7 per cent respectively. The number of people unemployed in Luton is 6,000.

Luton has a higher than average rate of people who are economically inactive, with 36,000 people according to the annual population survey. This is a rate of 26 per cent compared with 22 per cent nationally. People who are economically inactive are those of working age who are not actively looking for work. The reason why 35 per cent of the Luton population are economically inactive is because they are looking after the home and 17 per cent are registered as being long term sick. Luton has a higher proportion of people not working who are looking after the home than the national figure.

Child Poverty

The Centre for Research in Social Policy published data in January 2018 measuring the proportion of children living in poverty. These data were an update of data published in 2016. The figures presented in this report are based on tax credit data, used to estimate the percentage of children on low incomes in local authorities, parliamentary constituencies and wards across the UK. They also use national trends in worklessness to estimate recent changes in the number of children who are in poverty because their parents have lost their jobs, to update the local tax credit data which is more than two years old.

Table 1: Percentage of Children Living in Poverty in Luton

| Local Authority | % of children in poverty 2015 (after housing costs) | % of children in poverty 2017 (after housing costs) |
|-----------------|--|--|
| Luton | 32.69 | 36.91 |
| Luton North | 30.65 | 35.34 |
| Luton South | 34.19 | 37.85 |
| Barnfield | 17.03 | 19.90 |
| Biscot | 38.69 | 48.03 |
| Bramingham | 15.85 | 14.70 |
| Challney | 35.89 | 39.13 |
| Crawley | 30.79 | 31.55 |
| Dallow | 38.21 | 46.20 |
| Farley | 38.89 | 38.16 |
| High Town | 31.97 | 32.40 |
| Icknield | 22.68 | 31.85 |
| Leagrave | 32.69 | 39.24 |
| Lewsey | 34.19 | 34.80 |
| Limbury | 28.23 | 34.54 |
| Northwell | 36.51 | 38.67 |
| Round Green | 32.92 | 33.76 |
| Saints | 31.59 | 43.16 |
| South | 40.28 | 37.07 |
| Stopsley | 12.37 | 21.21 |
| Sundon Park | 29.28 | 26.22 |
| Wigmore | 21.40 | 20.01 |

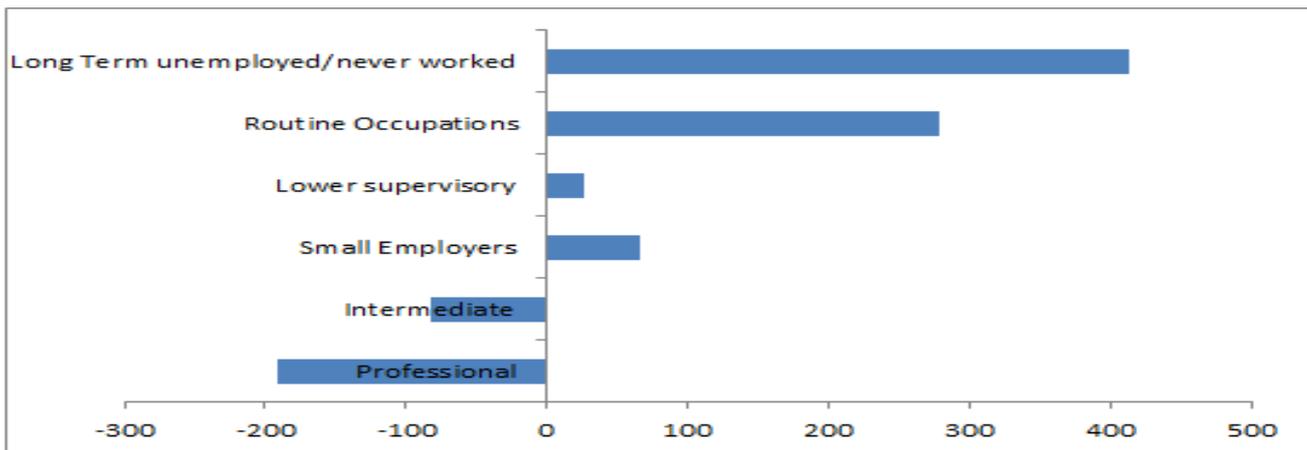
Source: Centre for Research in Social Policy

Child poverty increased in Luton, with 37 per cent of children living in poverty in comparison to 33 per cent in 2015. Biscot ward has the highest proportion of children living in poverty at 48 per cent. Dallow (46 per cent), Saints (43 per cent) also have rates above 40 per cent. Saints ward had a substantial increase in child poverty, with a rise from 32 to 43 per cent. Child poverty rose in the majority of wards from 2015-2017.

In Work Poverty

Whilst the number of people in employment has been rising in Luton, there are problems with in work poverty. The Joseph Rowntree Foundation (JRF) has warned that working families are continuing to struggle on low incomes, with two thirds of children and working age adults in poverty belonging to working households. Around 300,000 more people are now in poverty compared to last year, according to the Households Below Average Income figures for 2016/17 published by the Department of Work and Pensions. Rents, food and housing costs have continued to rise at a faster rate of than wages. Skill levels in Luton are below the national average and commuters in Luton are more likely to earn higher wages than Luton's residents².

Chart 2: Net Internal Migration by Occupation one year prior to 2011 Census



Source 2011 Census, Office for National Statistics. All usual residents aged 16 and over in the area and those who have moved from the area in the past year within the UK

Chart 2 shows migration into and out of Luton in the UK in the year prior to the 2011 Census (the latest data that are available). These data show an influx of people in routine occupations and a net outflow of people in skilled professional occupations. These data are evidence of increasing numbers of people in lower paid jobs with higher skilled people more likely to leave the town.

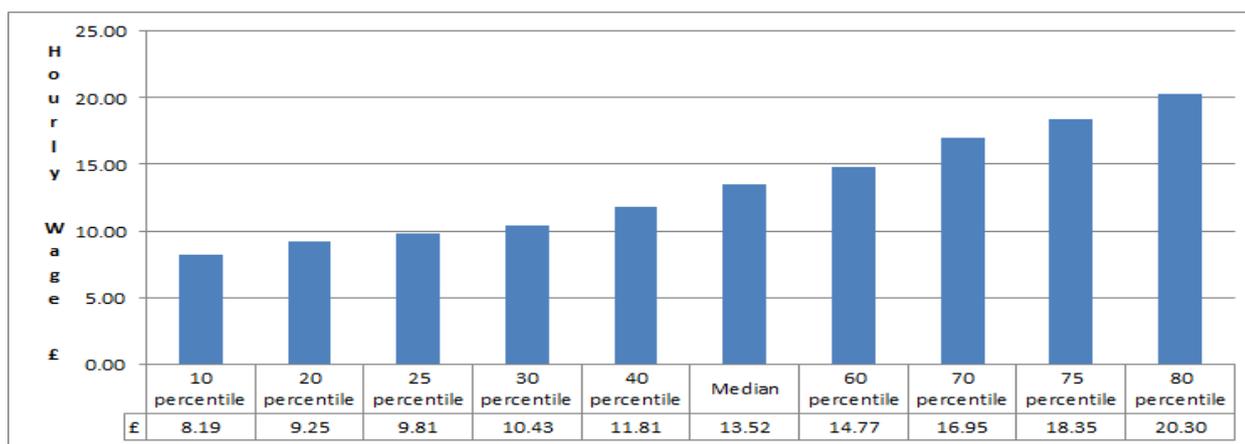
Luton's Living Wage

The Living Wage Foundation working with The Centre for Research in Social Policy produced a living wage for London and the rest of England. The calculation is built on a basket of goods that represents a decent standard of living, determined through research with the public. The hourly Living Wage rates are then calculated by taking a weighted average of the earnings required (accounting for tax and benefits) for a range of family types (with and without children) working full-time to reach a level of income that provides that decent standard of living. These rates provide a benchmark for employers that voluntarily commit to go further than paying government-set minimum wages, ensuring their staff earns a wage that they can live on. This methodology has been adapted by Business Intelligence to produce a living wage for Luton.

The Resolution Foundation calculated a living wage of £9.75 per hour for London and £8.45 per hour for the rest of England for 2016-17. **Using this methodology, a living wage of £8.74 per hour has been calculated for Luton.** In comparison the minimum wage is £7.50 per hour, rising to £7.83 per hour in April 2018. Rising rents and housing costs are the reason why Luton has a living wage higher the Resolution Foundation's figure outside of London.

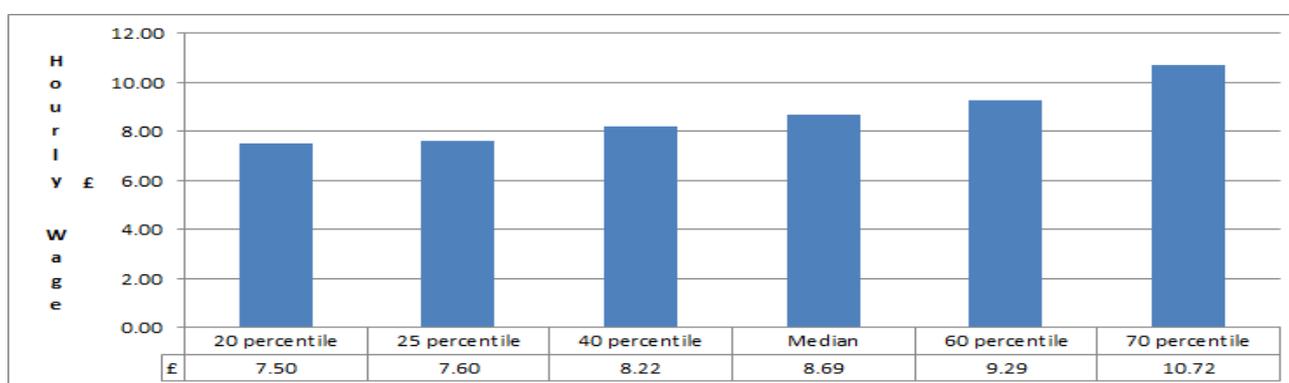
² Annual Population Survey & Annual Survey of Hours & Earnings, Office for National Statistics

Chart 3: The Distribution of Hourly Full Time Pay in Luton, 2017



Source: Annual Survey of Hours & Earnings, Office for National Statistics

Chart 4: The Distribution of Hourly Part Time Pay in Luton, 2017



Source: Annual Survey of Hours & Earnings, Office for National Statistics

Chart 3 shows the distribution of hourly pay in Luton. The median hourly pay is £13.52 per hour, with the average pay of the lowest ten per cent of earners being £8.19 per hour. The Luton living wage is estimated to be £8.74 so this is approximately on the 15th percentile. The median part time hourly pay rate is £8.22 per hour. The Business Register & Employment Survey records 98,000 with 65,000 full time and 33,000 part time employees³. Approximately 15 per cent (9,750 people) of full time workers and 45 per cent of part time workers (14,850 people) are living below the Luton living wage. **In total 24,600 people in employment are living below the local working wage. If the UK figure from the Resolution Foundation is used, that is still approximately 22,000 people living below the living wage.**

Unstable Employment

Whilst employment has been rising, a section of the labour market is in low skilled unstable employment with periods in and out of employment. A zero hours contract is generally understood to be a contract between an employer and a worker where: the employer is not obliged to provide any minimum working hours; and the worker is not obliged to accept any work offered. Unstable employment makes stable family life difficult, with uncertainty over tenancy and regular moves in both employment and household. Luton has a high population turnover, with an estimated 50 per cent of the population either not born or not living in Luton since the 2011 Census. Zero hours contracts contribute to this. The number of zero hour contracts in Luton can be estimated using the proportions of zero hour contracts by profession against the jobs per occupation in Luton.

³ Business Register & Employment Survey, Office for National Statistics, 2017

Table 2: Estimated Zero Hour Contracts in Luton

| Occupation | Zero Hour Contracts |
|---|----------------------------|
| Managers, directors and senior officials | 200 |
| Professional occupations | 1,200 |
| Associate prof & tech occupations | 1,000 |
| Administrative & secretarial occupations | 800 |
| Skilled trades occupations | 700 |
| Caring, leisure & other service occupations | 2,100 |
| Sales & customer service occupations | 600 |
| Process, plant & machine operatives | 1,000 |
| Elementary occupations | 7,600 |
| Total | 15,200 |

Source: Annual Population Survey, Office for National Statistics

Using Annual Population Survey data, there are an estimated 15,200 people on zero hour contracts in Luton. The jobs with low pay are in the low skilled occupations with 1,000 people estimated to be in process, plant and machine operatives and 7,600 in elementary occupations. These figures indicate that there are a substantial amount of people in Luton on low pay uncertain contracts.

Agency Workers

Table 3: Agency Employees in Luton & UK

| | Agency Employees | |
|------------------------|-------------------------|-----------|
| Year | Luton | UK |
| 2015 | 5,700 | 930,500 |
| 2016 | 7,100 | 966,100 |
| 2017 | 7,800 | No data |
| 2016-17 growth | 700 | N/A |
| 2016-17% growth | 10% | N/A |
| 2015-16 growth | 1,400 | 35,600 |
| 2015-16% growth | 25% | 4% |

Source: Office for National Statistics

Table 3 shows the growth in temporary agency employment in Luton and the UK. Between 2015 and 2016 agency employment in Luton increased by 1,400 and by another 700 in 2017. The growth rate is higher than nationally, with growth of 10 per cent between 2015 and 2016 in Luton compared with 4 per cent nationally. The number of people in temporary agency employment in Luton has increased by 2,100 in the past 2 years.

Agency workers are more likely to be in short term and unstable contracts. They are likely to be younger and even in higher paying large businesses are more likely to be the first people to be laid off if a company cuts jobs. The increase in this nature of work means that more people in Luton are unable to have a stable income and employment. Whilst agency work suits some workers, the large numbers in poorly paid work makes stability difficult. Moving in and out of work increases the risk of rent arrears, debt and difficulty paying for essentials in times of unemployment. Irregular and unsocial hours increase pressures on childcare.

Whilst employment has been increasing, productivity has not; with anecdotal information pointing to more workers being hired for lower wages and employers finding ways both legal and illegal of flouting minimum wage laws. Delivery couriers are an example where someone is paid per delivery and the work hours required to make a living wage are well in excess of what would be paid under an hourly minimum wage rate. Networks of subcontracting and cuts to public services means that the employment laws have been more difficult to enforce. The increasing casualization of the labour market has led to a two tier economy in which a growing number of people are employed in poorly paid work with no stability and minimal employment protections. These factors are making it more difficult for family stability and settled communities. This is reflected in high population churn in Luton. Agency work is growing in Luton at a faster rate than the national figure.

Housing Costs

Housing costs have been rising in recent years and taking up a greater proportion of incomes, as wages have not risen in line with the increase in rental costs. Luton has experienced a boom in house prices and also an increase in average rents across the town. Luton has good transport links with London and ONS figures show that there has been an increase of people moving from London to Luton⁴. This has driven house price rises and also had a knock on effect to rents meaning that accommodation is taking a greater share of earnings. This is increasing the risk of people falling into poverty and making tenure less stable for those on lower incomes.

Table 4: Average House Prices in Luton, 2015-2018

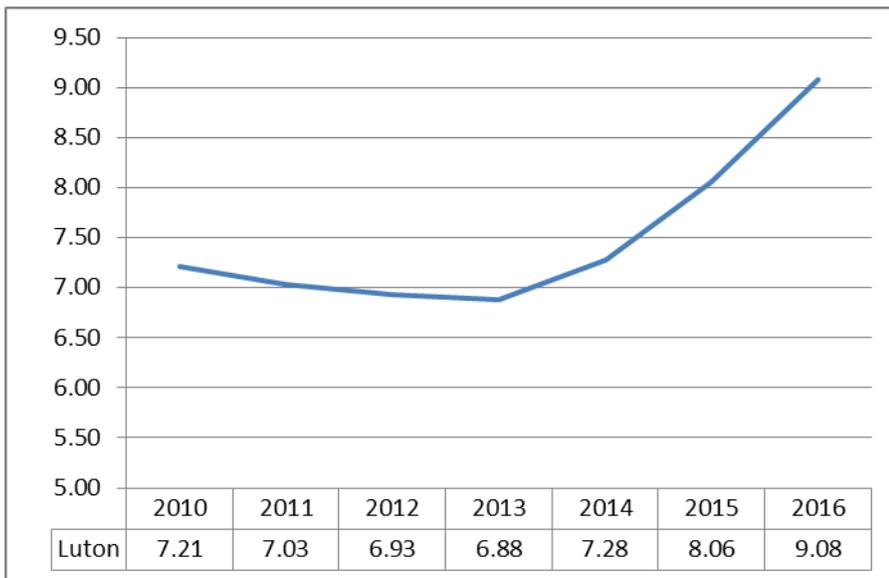
| Date | Average House Price £ | % Annual Increase |
|-------------------------------|-----------------------|-------------------|
| Jan-15 | 169,111 | 10.3 |
| Jan-16 | 205,215 | 21.35 |
| Jan-17 | 226,153 | 10.2 |
| Jan-18 | 242,134 | 7.07 |
| 2015-18 Price Increase | | 43.2% |

Source: Land Registry

Average house prices have substantially risen in Luton. The current average house price is £242,134 which has increased by more the 40 per cent in the last 3 years.

⁴ Internal Migration, Office for National Statistics

Chart 5: Ratio of Lower Quartile House Prices to Lower Quartile Earnings, 2010-2016



Source: Office for National Statistics

Chart 5 shows the ratio between lower quartile earnings and house prices. This has risen sharply since 2012 from 6.93 to 9.08 in 2016. This is showing that housing is becoming increasingly unaffordable. Housing unaffordability puts pressure on private rental costs with higher demand for privately rented accommodation.

Table 5: Average Lower Quartile Rents and Local Housing Assessments 2014-2018

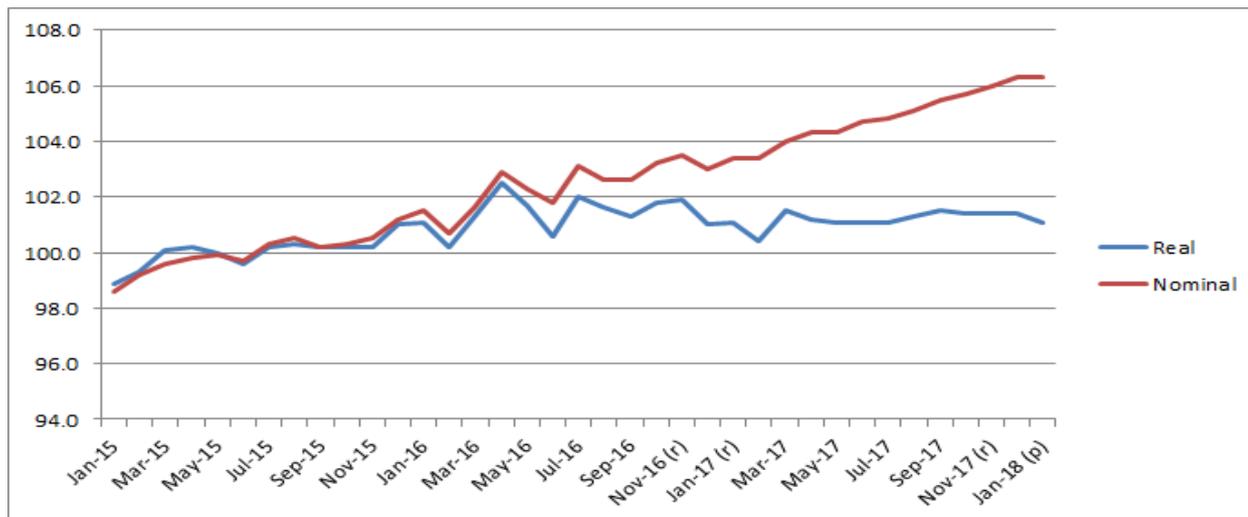
| 30 th Percentile Rents | | | | | | LHA Rates | | | | | |
|------------------------------------|---------|---------|---------|---------|-----------|----------------|---------|---------|---------|---------|---------|
| | Room | 1 Bed | 2 Bed | 3 Bed | 4 Bed | | Room | 1 Bed | 2 Bed | 3 Bed | 4 Bed |
| 2014 | £324.98 | £500.01 | £625.02 | £749.99 | £899.99 | 2014 | £260.88 | £481.09 | £612.83 | £730.01 | £879.80 |
| 2015 | £319.98 | £550.02 | £674.99 | £850.02 | £1,060.02 | 2015 | £271.32 | £485.93 | £618.94 | £737.30 | £888.56 |
| 2016 | £319.98 | £596.17 | £725.00 | £899.99 | £1,100.00 | 2016 | £271.32 | £485.93 | £618.94 | £737.30 | £888.56 |
| 2017 | £350.01 | £599.99 | £759.98 | £950.00 | £1,100.00 | 2017 | £271.32 | £500.48 | £637.49 | £759.42 | £915.19 |
| | | | | | | 2018 | £279.44 | £515.52 | £656.61 | £782.19 | £942.66 |
| 30 th Percentile Growth | | | | | | LHA Growth | | | | | |
| 2014-15 | -1.5% | 10.0% | 8.0% | 13.3% | 17.8% | 2014-15 | 4.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| 2015-16 | 0.0% | 8.4% | 7.4% | 5.9% | 3.8% | 2015-16 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 2016-17 | 9.4% | 0.6% | 4.8% | 5.6% | 0.0% | 2016-17 | 0.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| 2014-17 | 7.7% | 20.0% | 21.6% | 26.7% | 22.2% | 2017-18 | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| | | | | | | 2014-17 | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| | | | | | | 2014-18 | 7.1% | 7.2% | 7.1% | 7.1% | 7.1% |
| LHA to 30 Percentile Ratio | | | | | | | | | | | |
| 2014 | 80.3% | 96.2% | 98.0% | 97.3% | 97.8% | | | | | | |
| 2015 | 84.8% | 88.3% | 91.7% | 86.7% | 83.8% | | | | | | |
| 2016 | 84.8% | 81.5% | 85.4% | 81.9% | 80.8% | | | | | | |
| 2017 | 77.5% | 83.4% | 83.9% | 79.9% | 83.2% | | | | | | |

Source: Valuation Office

Table 5 shows that average rents of the 30 percentile rose between 8 per cent for a single room and 27 per cent for a 3 bed property. Local Housing Allowance rates rose by 4 per cent in the same time period is not keeping pace with increasing rents. Rental costs are taking up an increasing proportion of earnings and increasing pressures on household budgets.

Chart 6: Average Real and Nominal Incomes, UK 2015-2018

2015=100



Source: Office for National Statistics

Chart 6 compares an index of nominal income with real i.e. inflation adjusted incomes with 2015 the base of 100 for the index. The real earnings figure shows that there has been little earnings growth when adjusting for inflation. These are national figures because local data are not published. They illustrate that when inflation is taken into account earnings growth has been minimal. The combination of low earnings growth and a substantial rise in property costs show that pressures on household budgets has intensified in recent years exacerbating poverty.

Poverty by Ethnicity

Table 6: Employment by Ethnicity

| Ethnic Group | Economically active | Economically active: In employment | Economically active: In employment: Self-employed | Economically active: Unemployed | Economically inactive |
|--|---------------------|------------------------------------|---|---------------------------------|-----------------------|
| All Categories: | 64.4% | 89.0% | 12.2% | 11.0% | 35.6% |
| White | 65.2% | 92.3% | 11.5% | 7.7% | 34.8% |
| Mixed/Multiple Ethnic Group | 68.8% | 80.7% | 7.7% | 19.3% | 31.2% |
| Asian/Asian British | 59.1% | 84.7% | 15.5% | 15.3% | 40.9% |
| Black/African/Caribbean/Black British | 73.3% | 83.3% | 9.5% | 16.7% | 26.7% |
| Other Ethnic Group | 58.2% | 82.0% | 13.1% | 18.0% | 41.8% |

Source: 2011 Census, Office for National Statistics

Table 7: Occupation by Ethnicity, 2017

| | White | Mixed/multi ple ethnic group | Asian/Asi an British | Black/African/Carib bean/Black British | Other ethnic group |
|--|--------------|---|-------------------------------------|---|-----------------------------------|
| 1. Managers, directors & senior officials | 8% | 7% | 9% | 6% | 7% |
| 2. Professional occupations | 12% | 13% | 17% | 18% | 15% |
| 3. Associate professional & technical occupations | 10% | 13% | 8% | 11% | 10% |
| 4. Administrative & secretarial occupations | 12% | 12% | 9% | 11% | 9% |
| 5. Skilled trades occupations | 13% | 10% | 7% | 7% | 13% |
| 6. Caring, leisure & other service occupations | 10% | 12% | 8% | 18% | 10% |
| 7. Sales & customer service occupations | 8% | 12% | 11% | 8% | 12% |
| 8. Process, plant & machine operatives | 10% | 6% | 15% | 7% | 9% |
| 9. Elementary occupations | 17% | 16% | 17% | 14% | 17% |

Source: 2011 Census, Office for National Statistics

Table 6 shows that BME groups are more likely to be unemployed or economically inactive and increases their chances of being in poverty. The white ethnic group has the lowest proportion of people in professional occupations. All ethnic groups have similar proportions employed in elementary occupations. Poverty is influenced by a complex group of factors such as socio-economic group, education, housing and it is difficult to isolate as ethnicity increasing a risk of poverty.

Luton Population by age

Table 8: Luton Projected Population 2015-2025

| Age | 2015 | | | 2025 | | | 2015-2025 Growth |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| | Male | Female | Total | Male | Female | Total | |
| 0-4 | 9,300 | 8,700 | 18,000 | 9,200 | 8,800 | 18,000 | 0.0% |
| 5-9 | 8,500 | 7,800 | 16,300 | 9,000 | 8,600 | 17,600 | 8.0% |
| 10-14 | 7,100 | 6,700 | 13,800 | 8,900 | 8,500 | 17,300 | 25.4% |
| 15-19 | 6,700 | 6,600 | 13,300 | 8,300 | 7,800 | 16,100 | 21.1% |
| 20-24 | 7,900 | 7,500 | 15,300 | 9,100 | 8,300 | 17,400 | 13.7% |
| 25-29 | 9,800 | 9,000 | 18,700 | 10,800 | 9,000 | 19,800 | 5.9% |
| 30-34 | 9,700 | 9,200 | 18,900 | 10,600 | 8,900 | 19,600 | 3.7% |
| 35-39 | 8,000 | 7,500 | 15,500 | 9,800 | 8,700 | 18,500 | 19.4% |
| 40-44 | 7,000 | 6,600 | 13,600 | 8,800 | 8,200 | 17,000 | 25.0% |
| 45-49 | 6,600 | 6,800 | 13,400 | 7,300 | 6,900 | 14,200 | 6.0% |
| 50-54 | 6,500 | 6,500 | 13,000 | 6,500 | 6,300 | 12,800 | -1.5% |
| 55-59 | 5,300 | 5,200 | 10,500 | 6,200 | 6,300 | 12,400 | 18.1% |
| 60-64 | 4,200 | 4,300 | 8,500 | 5,800 | 5,800 | 11,500 | 35.3% |
| 65-69 | 3,700 | 3,800 | 7,500 | 4,400 | 4,400 | 8,900 | 18.7% |
| 70-74 | 2,700 | 3,000 | 5,700 | 3,300 | 3,600 | 7,000 | 22.8% |
| 75-79 | 2,500 | 2,900 | 5,400 | 2,800 | 3,200 | 6,000 | 11.1% |
| 80-84 | 1,700 | 2,100 | 3,900 | 2,000 | 2,400 | 4,300 | 10.3% |
| 85-89 | 900 | 1,300 | 2,100 | 1,400 | 1,800 | 3,200 | 52.4% |
| 90+ | 400 | 800 | 1,200 | 900 | 1,400 | 2,300 | 91.7% |
| Total | 108,400 | 106,300 | 214,700 | 125,200 | 118,900 | 244,000 | 13.6% |

Source: Office for National Statistics 2015 mid-year population estimate & Luton Borough Council Population Projections

Although Luton has a younger than average population, the older population is growing faster than any other population group. The total population of Luton is projected to grow from 214,700 in 2015 to 244,000 in 2025, a growth of 14 per cent⁵. The older population are projected to have the fastest population growth with 1,100 (52 per cent increase) more people in the 85-89 age band and nearly double the number of people aged 90 and above (an increase of 1,100). Those reaching retirement age will also increase sharply.

⁵ Population projections run using POPGROUP software and consistent with the methodology used in the Luton Local Plan

Lack of regular income, the death of a spouse, mounting medical bills, and poor planning for retirement are just a few of the reasons why the older population are at risk of poverty. The growth of the elderly population creates a risk of part of the population falling into poverty.

Fuel Poverty

The Department for Business Energy & Industry Strategy (DBEIS) measure fuel poverty in England using the Low Income High Costs indicator, which considers a household to be fuel poor if:

- they have required fuel costs that are above average (the national median level);
- were they to spend that amount, they would be left with a residual income below the official poverty line.

DBEIS's Annual Fuel Poverty Report highlighted that nationally:

- Households with insulated cavity walls are least likely to be in fuel poverty (6.2 per cent of households with an average gap of £185), compared to households with uninsulated solid walls (18.1 per cent with an average fuel poverty gap of £482).
- Older dwellings have a higher proportion of households in fuel poverty (18.0 per cent) compared to newer dwellings (4.2 per cent). They also have a much larger fuel poverty gap. The oldest dwellings (pre-1850) have an average fuel poverty gap of £899 compared to £182 for the newest dwellings (post-1990).
- The level of fuel poverty is highest in the private rented sector (21.3 per cent of households) compared to those in owner occupied properties (7.4 per cent). Those in the private rented sector also tend to be deeper in fuel poverty, with an average fuel poverty gap of £410, compared to £175 for those in local authority housing.
- When considering household composition, those living in 'multi-person (adult) households' are deepest in fuel poverty with an average fuel poverty gap of £493 compared to a single person under 60 (£227). However, the highest prevalence of fuel poverty is seen for lone parents with dependent child(ren) (23.6 per cent).

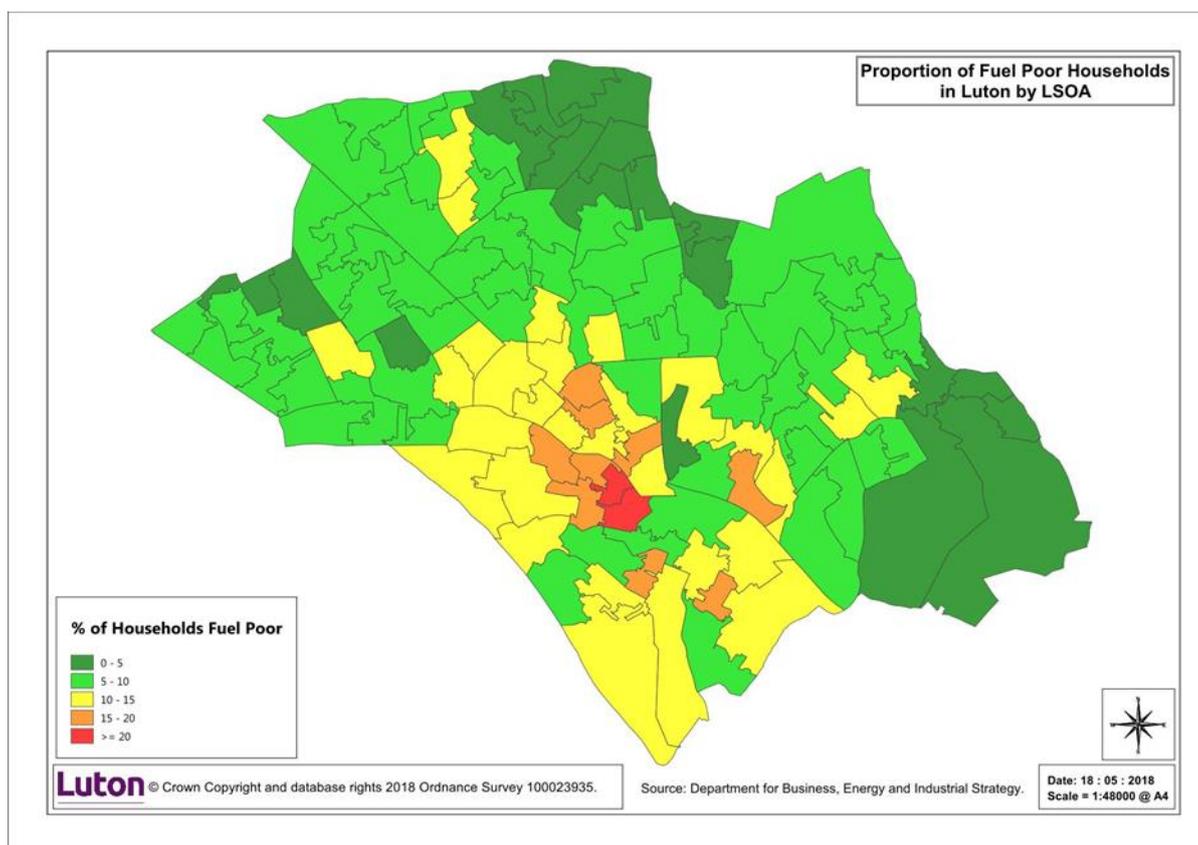
Table 9: Fuel Poverty in Luton 2012-2015

| | Estimated number of households | Estimated number of Fuel Poor Households | Proportion of households fuel poor (%) |
|-------------|--------------------------------|--|--|
| 2012 | 73,410 | 9,842 | 13.4 |
| 2013 | 76,281 | 10,217 | 13.4 |
| 2014 | 76,337 | 7,321 | 9.6 |
| 2015 | 76,762 | 6,827 | 8.9 |

Source: Department for Business, Energy & Industrial Strategy

The latest fuel poverty data were published in 2017 and go up to 2015 and show that the number of households in Luton in fuel poverty fell to 8.9 per cent, which amounts to 6,827 families in Luton. These are the latest data available.

Map 3: Percentage of People in Luton in Fuel Poverty by LSOA



Map 3 shows that the areas where the highest proportion of people are in fuel poverty are in South, High Town, Biscot, Dallow and Farley wards. These areas are also places with high proportions of people privately renting.

Cost of Living on Lower Incomes

Another added pressure on lower income families is that the purchase of goods can be more expensive as a result of being poorer. For example a lack of access to a car means that some low income households do not have access to cheaper, larger supermarkets often located out of town. Households on lower incomes can end up spending an excess on more expensive goods such as phones and televisions because of an inability to buy items up front and resort to expensive finance schemes. Whilst there are not any published data to measure these factors, anecdotal information is indicating this is a problem.

Poverty in Luton

A number of factors are contributed to increasing poverty in Luton. Luton has a higher than average rate of unemployment and, combined with benefit changes, has increased poverty and the demand for crisis services such as food banks. Although employment has been increasing, the growing casualization of the labour market, unstable poorly paid jobs has led to increases of in work poverty. Many of the people accessing crisis services are in work and unstable poorly paid work is making financial planning difficult for a growing section of the population of Luton. Rapidly increasing property costs and wages not increasing in line with the costs of living are putting extra pressures on household budgets.

Research by the Institute for Fiscal Studies shows that planned welfare reform will further exacerbate poverty and combined with a more precarious labour market increase the risks of falling in poverty in Luton.

For further information on this topic, contact the Business Intelligence Team at: Research.Intelligence@luton.gov.uk