

**RETHINKING PROSPERITY  
FOR LONDON:  
WHEN CITIZENS LEAD  
TRANSFORMATION**

22 May 2019





# TABLE OF CONTENTS

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<b>Acknowledgements</b>	<b>4</b>
<b>Preface</b>	<b>5</b>
<b>Chapter One: Re-thinking prosperity: an agenda for transformative change</b>	<b>6</b>
1.1 Shared prosperity: a local and global goal	7
1.2 Re-thinking prosperity: an agenda for transformative local change	8
<b>Chapter Two: Why does it matter how we measure prosperity?</b>	<b>9</b>
<b>Chapter Three: Understanding prosperity from a community perspective</b>	<b>11</b>
3.1 Why focus on east London?	11
3.2 Neighbourhood research sites	12
3.3 Citizen 'social' science – an innovative new research method	13
3.4 Data collection	14
3.5 Data analysis	14
<b>Chapter Four: What does prosperity mean to people in east London?</b>	<b>15</b>
4.1 Prosperity is about 'living a good life'	16
4.2 Foundations of prosperity	17
4.3 What strong foundations enable	18
4.4 Prosperity 'trade-offs'	19
<b>Chapter Five: Re-thinking prosperity: what are the implications for policy?</b>	<b>21</b>
5.1 Place matters	21
5.2 Prosperity is more than wealth + wellbeing	22
5.3 Choice and control	22
<b>Chapter Six: Measuring what matters: a new citizen-led Prosperity Index</b>	<b>23</b>
6.1 A community-led prosperity model	23
6.2 Designing new prosperity metrics	25
6.3 Prosperity Index: research methods and sites	29
6.4 Constructing the Prosperity Index	29
<b>Chapter Seven: Prosperity Index: headline findings</b>	<b>32</b>
7.1 Insecure livelihoods are undermining prosperity	32
Household Security & Housing Affordability	32
Good Quality & Secure Jobs	34
Financial Stress	34
7.2 Community networks are carrying the burden of insecurity	35
Feeling secure and in control	35
<b>Conclusion</b>	<b>36</b>
<b>References</b>	<b>37</b>

## ABOUT THE INSTITUTE FOR GLOBAL PROSPERITY

The Institute for Global Prosperity aims to rethink what prosperity means for people around the globe. Our vision is to help build a prosperous, sustainable, global future, underpinned by the principles of fairness and justice, and allied to a realistic, long-term vision of humanity's place in the world. The IGP undertakes pioneering research that seeks to dramatically improve the quality of life for current and future generations. Its strength lies in the way it allies intellectual creativity to effective collaboration and policy development. Of particular importance to the IGP's approach is the way in which it integrates non-academic expertise into its knowledge generation by engaging with decision-makers, business, civil society, and local communities.

## ABOUT THE LONDON PROSPERITY BOARD

The London Prosperity Board is an innovative cross-sector partnership established by the [Institute for Global Prosperity \(IGP\)](#) to rethink what prosperity means for London. The goal of the London Prosperity Board is to change the way decision-makers think and act for prosperity by developing new forms of evidence and new ways of working that make shared and inclusive prosperity a reality.

[www.londonprosperityboard.org](http://www.londonprosperityboard.org)



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## PREFACE

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***“Prosperity isn’t just about improving GDP. You also need to fight inequality, promote social cohesion, safeguard the environment, and provide education, health and decent employment, giving people hope for the future.”***

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What it means to prosper and live a good life has occupied thinkers for centuries. Questions about what societies value, whether prosperity is more or less than health, wealth and wellbeing, and how resources and opportunities can be equitably distributed are fundamental human concerns.

What prosperity means is once again at the forefront of political debates globally, nationally and locally. The Sustainable Development Goals challenge governments, businesses, universities, and citizens to consider how people everywhere can prosper while protecting planetary resources.

While in Britain, debates about Brexit, the state of the NHS, and the industries government should support in the decades ahead, all speak in different ways to reconceptualising our future, they do not go far enough. Their underlying weakness is that they focus on fixing the past – correcting political investments and pathways - when we need to turn to transforming the future. The scale of the challenges societies face is unprecedented – from climate change to levels of inequality that threaten to undermine trust and democracy. We need new institutions, partnerships, evidence and solutions to deliver shared prosperity in these uncertain times.

The IGP believes fundamentally that citizens and communities should be at the centre of efforts to reimagine prosperity, which is why I am pleased to share this report – the first of several in the coming months that draw on four-years collaborative work with communities and London Prosperity Board partners in east London.

As this report argues, re-thinking prosperity is a new agenda for transformative change, based on new ways of working that foreground local knowledge and the capacities communities have for action. Such an agenda can bring citizens, communities, government, businesses, voluntary organisations into new collaborations that focus on dialogue, deliberation, and co-production of new concepts, models, ways of working and living.

**PROFESSOR HENRIETTA L. MOORE**

*Founder and Director*

*The Institute for Global Prosperity*

## CHAPTER ONE:

# RE-THINKING PROSPERITY: AN AGENDA FOR TRANSFORMATIVE CHANGE

London has the fifth largest economy of any city in the world.<sup>1</sup> Since 2008, London's economy has grown faster than any other region of the UK, increasing by 34 per cent compared to 23 per cent for the UK as a whole.<sup>2</sup> The employment rate is at a record high of 75 per cent,<sup>3</sup> and total household wealth (including financial, property and pension assets) is £1.8 trillion.<sup>4</sup>

Yet for many Londoners, the decade since the financial crisis of 2008 has been a period of sustained insecurity, characterised by cuts in public services, rising costs for people living in private and social housing, and growing levels of in-work poverty. In total, 27 percent of Londoners currently live in poverty after housing costs, the majority of whom are in a working family. The rate of in-work poverty has increased by 50 percent over the last decade, driven to a large extent by rising housing costs, expansion of low work and changes to the benefits system.<sup>5</sup>

It is evident that London's dynamic economy is failing to translate financial growth and rising wealth – the conventional measures of prosperity – into better living standards and opportunities for a significant proportion of its citizens.

This problem is not unique to London; there is growing recognition that prosperous cities do not automatically create prosperous citizens. Levels of urban inequality in the UK, and around the globe, have focused attention on the mechanisms by which cities generate and distribute prosperity. In this context, shared prosperity is becoming an increasingly important policy agenda for London, other cities in the UK, and on a global scale.

<sup>1</sup> Cities as a means to the SDGs: London Case Study. March 2018. London Sustainable Development Commission.

<sup>2</sup> Ibid.

<sup>3</sup> London's Economic Outlook: Spring 2018. May 2018. GLA Economics.

<sup>4</sup> Wealth distribution data. London Poverty Profile 2017. Trust for London.

<sup>5</sup> London Poverty Profile 2017. October 2017. Trust for London.

## 1.1 SHARED PROSPERITY: A LOCAL AND GLOBAL GOAL

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***“If we continue to ignore the problems with our economy, we risk further embedding inequality, damaging the cohesiveness of our city and, ultimately, our future success. So we must act now and I am as determined as ever to build an economy that delivers for everyone and leaves none of London’s communities behind.”<sup>6</sup>***

Sadiq Khan  
Mayor of London  
13th December 2017

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Shared prosperity is the goal of a number of major policy programmes in London that aim to increase social and economic inclusion, reduce inequalities, and transform opportunities for some of the capital’s most deprived neighbourhoods.

The Olympic Legacy regeneration is one such programme, which aims to close the gap in prosperity and prospects between the poorest parts of east London and wealthiest areas of the city within 20 years of the 2012 Games.<sup>7</sup> Regeneration and urban development in and around the Olympic Park will drive this transformation with the intention of attracting major new employers and investors to east London. By 2030, 10,000 new homes in five new neighbourhoods, a new Cultural and

Educational Quarter, commercial office space, public realm improvements, schools, shops, community centres and infrastructure will have been provided in the Olympic Park. Ambitious targets have been set to improve housing standards, educational attainment, public health and community safety.<sup>8</sup>

More recent initiatives include the Mayor’s Economic Development Strategy, launched in 2017, which aims to create an economy that works for all Londoners. This Strategy is based on the assumption that inequality is not an inevitable feature of London’s economy, and fairness, inclusion, and a pro-business environment are not mutually exclusive.

Similarly, increasing shared prosperity is one goal of the Mayor’s Good Growth Fund, a new regeneration programme that will provide £66 million of capital investment between 2017-2021 to encourage inclusive changes to the economy and in the built environment. The Good Growth Fund will support community-led regeneration, civic infrastructure and public realm projects, and innovation and development for small business.

These initiatives take place in the context of the UN’s Sustainable Development Goals (SDGs), a global agenda for action based on five pillars - people, prosperity, planet, peace and partnership. The UN describes the SDGs as a roadmap towards a vision of shared prosperity for people everywhere - goals that are to be weighed alongside ending poverty, tackling inequalities, and safeguarding the environment.

This is a radically different vision of prosperity to the orthodox understanding of prosperity as material wealth that dominated global policymaking throughout the 20th century. However, in the context of widening inequalities, increasing economic insecurity, political uncertainty,

<sup>6</sup> ‘Sadiq sets out vision for a growing and inclusive economy’. 13 December 2017 - <https://www.london.gov.uk/press-releases/mayoral/sadiq-sets-out-vision-for-inclusive-economy>

<sup>7</sup> Mayors Office. 2011. ‘Convergence Framework and Action Plan 2011-2015’. Six Host Boroughs, Mayors Office.

<sup>8</sup> Ibid



and climate change, we cannot assume to know what this vision of shared prosperity means in concrete terms for specific communities and places, or how to identify the pathways to work towards it.

The assumptions underpinning theories of economic transformation and prosperity generation in the 20th century have been reliant on industrialization, job markets that seek full employment, energy from fossil fuels, and mass consumption. However, a 'new normal' appears to include deindustrialization, high levels of informal employment, stagnating productivity and wages, and insecure forms of work.

One of the challenges facing societies therefore is to develop a coherent vision of what shared prosperity means that can form the basis for future action. This work must confront questions about why 20th century models are no longer delivering improvements in living standards, alongside new challenges about how shared prosperity is understood in relation to questions about fairness, inequalities, what societies value, and new approaches to safeguarding planetary resources.

In this context, the question of what shared prosperity means becomes an issue for public debate and deliberation, which will shape action on prosperity for the decades to come.

## 1.2 RE-THINKING PROSPERITY: AN AGENDA FOR TRANSFORMATIVE LOCAL CHANGE

Framed in these terms, re-thinking prosperity becomes an agenda for transformative change that can bring citizens, communities, public authorities and business into dialogue, and generate visions of prosperity that reflect local experiences, and aspirations.

UN-Habitat identifies cities as having a critical role in delivering on the vision of shared prosperity embedded in the SDGs.<sup>9</sup> Cities are understood to have greater flexibility and scope to develop creative collaborations and implement locally-specific ideas for positive action than national governments. It is at the city and community level that policymakers, businesses and citizens can develop coherent and context-specific visions of prosperity, and act to improve conditions and monitor progress. New forms of partnership will be required, as well as new understandings of what shared prosperity means that take account of how people, places and ideas about prosperity differ, and the capacities and capabilities of local communities to lead that transformative action.

This report describes four years of work by the IGP and London Prosperity Board to materialise this possibility of new citizen-led visions of prosperity; exploring how new forms of partnership with communities, public authorities, business and academic researchers can co-produce new forms of knowledge and evidence to transform the way decision-makers think and act to create pathways to shared prosperity.

<sup>9</sup> UN-HABITAT. 2012. 'State of the World's Cities 2012/2013: Prosperity of Cities'. State of the World's Cities. Nairobi, Kenya: United Nations Human Settlements Programme (UN-HABITAT).

## CHAPTER TWO:

# WHY DOES IT MATTER HOW WE MEASURE PROSPERITY?

How societies and governments imagine opportunities and problems, and conceptualise possible futures and the different ways to arrive at them, are in large part shaped by the measures used to represent those possibilities. Metrics - like GDP, carbon footprints, inequality measures and wellbeing statistics - are powerful forms of knowledge that shape political and public understanding about what is happening in society, the issues that matter, and the possibilities for action. However, if the metrics that are guiding decision-making and action do not adequately represent the challenges that societies face the interventions they inform will fail, or worsen already difficult situations.

Prosperity has been narrowly defined as material wealth since the early 20th century. Increasing economic growth has been the policy priority for governments seeking to increase prosperity, based on the assumption that growth would automatically 'trickle-down' in the form of job opportunities, wage rises and improved public services resulting in improved living standards for all. In this context, GDP, as the dominant measure of economic activity, has become the default global measure of prosperity.

Since the global financial crisis of 2008, the relationship between economic growth and quality of life has come under increasing scrutiny. Much has been written about the shortcomings of GDP as a measure of social prosperity. Influential economists - including the International Monetary Fund's Jonathan Ostry - have questioned the continuing relevance of policies that pursue economic growth as an 'end' rather than a 'means' to create societies where people can flourish and live within environmental limits.<sup>10</sup>

In this context, a global 'beyond-GDP' movement has rapidly taken hold in research, policy and practice.<sup>11</sup> Among the high profile commentators calling for new prosperity measures is Joseph Stiglitz, the Nobel prize-winning economist, who advocates for measures that can bridge the gap between economic activity and lived experience, taking policymaking in new directions.<sup>12</sup> As a consequence, new measurement frameworks reporting on wellbeing, quality of life, social progress and prosperity have proliferated in the last decade. High profile examples include the OECD's Better Life Index, Social Progress Index, Legatum Prosperity Index and UN-Habitat's City Prosperity Index. In July 2011, the UN General

<sup>10</sup> Ostry, Jonathan. 2016. 'Neoliberalism: Oversold? -- Finance & Development, June 2016'. Finance & Development, June. <http://www.imf.org/external/pubs/ft/fandd/2016/06/pdf/ostry.pdf>.

<sup>11</sup> For a comprehensive discussion see: Seaford, Charles, and Christine Berry. 2014. 'Beyond GDP: From Measurement to Politics and Policy Briefing Paper for Workshops and Final Conference'. new economics foundation/BRAINPOOL. <http://www.brainpoolproject.eu/wp-content/uploads/2014/03/BRAINPOOL-Final-Conference-Background-Paper-FINAL.pdf>.

<sup>12</sup> Stiglitz, J. E., A. Sen, and J. P. Fitoussi. 2010. *Mismeasuring Our Lives: Why GDP Doesn't Add Up*. The New Press.

Assembly unanimously adopted resolution 65/309 inviting member states to measure their citizens' happiness and wellbeing in addition to GDP. In the UK, many local authorities and public agencies now routinely work with measures of wellbeing, social capital and community cohesion.

These are significant developments in advancing thinking and practice about what the economy should return to societies. However, frameworks such as these tend to work with expert-led conceptual models that are assumed to be applicable everywhere. Comparison at the regional, national or global level is prioritised over deep insights into local conditions, which means indices are commonly compiled from aggregate secondary data rather than using primary data that reflects the concrete experiences, circumstances and priorities of particular places.

While national metrics can show the direction of travel in key areas of policy, transformative action on prosperity requires interventions at a different and more localised scale, one that enables action by citizens and communities, as well as policymakers, to shape future action.

In this context, new ways of understanding, conceptualising and measuring prosperity are needed; both to inform local decision-making and to equip communities with the tools and evidence they will need to monitor progress and hold decision makers to account.

This report discusses how a local, place-based approach to examining prosperity reveals gaps between conventional definitions of prosperity and local experiences and aspirations. These gaps highlight where standard prosperity indicators, such as GDP, household income, job growth and employment, can obscure the reality of local experience and potentially lead to misguided conclusions and interventions.

## CHAPTER THREE:

# UNDERSTANDING PROSPERITY FROM A COMMUNITY PERSPECTIVE

In 2015-2016, IGP researchers and a team of citizen scientists carried out a qualitative research project (*The Prosperity in east London Pilot Study*) to explore what prosperity, and the idea of a prosperous community, means to people living and working in east London.

Focusing on three neighbourhoods surrounding the Queen Elizabeth Olympic Park, the research aimed to identify whether local aspirations and lived experiences of prosperity aligned with, or differed from, ideas developed in policies and strategies, and if they did, in which ways. The research with local residents and community organisations explored two questions: What does prosperity mean to people living and working in east London? What enables and what inhibits prosperity in east London?

This section explains the project's focus on east London, describes where the research took place, and the methods used to collect and analyse research data.

### 3.1 WHY FOCUS ON EAST LONDON?

East London has a long history of poverty, deprivation, and disadvantage in relation to the rest of the city, which has motivated interventions by policymakers and philanthropists for over 200 years.

In the past two decades, east London has experienced several waves of rapid social, economic and physical transformation, driven first by the development of Canary Wharf and the Thames Gateway, followed by intensive regeneration in Stratford, and more recently, changes linked to the 2012 Olympic Games and Legacy regeneration investments.

London's successful bid to host the 2012 Games was based on the promise of a new wave of social and economic transformation for east London, catalysed by investments in new housing, infrastructure, commercial space and public realm. By 2030, up to 10,000 new homes in five new neighbourhoods, a new Cultural and Educational Quarter for major cultural institutions and new employers, schools, shops, and community centres, will have been provided in the Olympic Park.

However, as mentioned earlier, patterns of urban development in London and other global cities demonstrate a highly uneven distribution of gains from major investments in the built environment. Low-income neighbourhoods, such as those around the Olympic Park, are often disproportionately affected by rising land and property prices, which displace and dislocate local services and support networks. Understanding how the socio-economic benefits of urban regeneration are distributed across different places, populations, and cohorts of people is challenging.

Disentangling the impacts of place-specific regeneration investments from the effects of wider patterns of change in London is extremely complex and complicates how policymakers understand and act on poverty, disadvantage and prosperity. For example, at the borough level, deprivation rankings are falling<sup>13</sup> and median household incomes are rising in Hackney and Tower Hamlets (GLA Household Income Estimates, 2015).<sup>14</sup> Yet policymakers recognise that borough-level data obscures high rates of deprivation and disadvantage that are concentrated in particular neighbourhoods, such as those included in the three research sites included in the *Prosperity in east London Pilot Study*. It is this strong connection between place and deprivation in east London that provided the rationale for a place-based examination of prosperity.

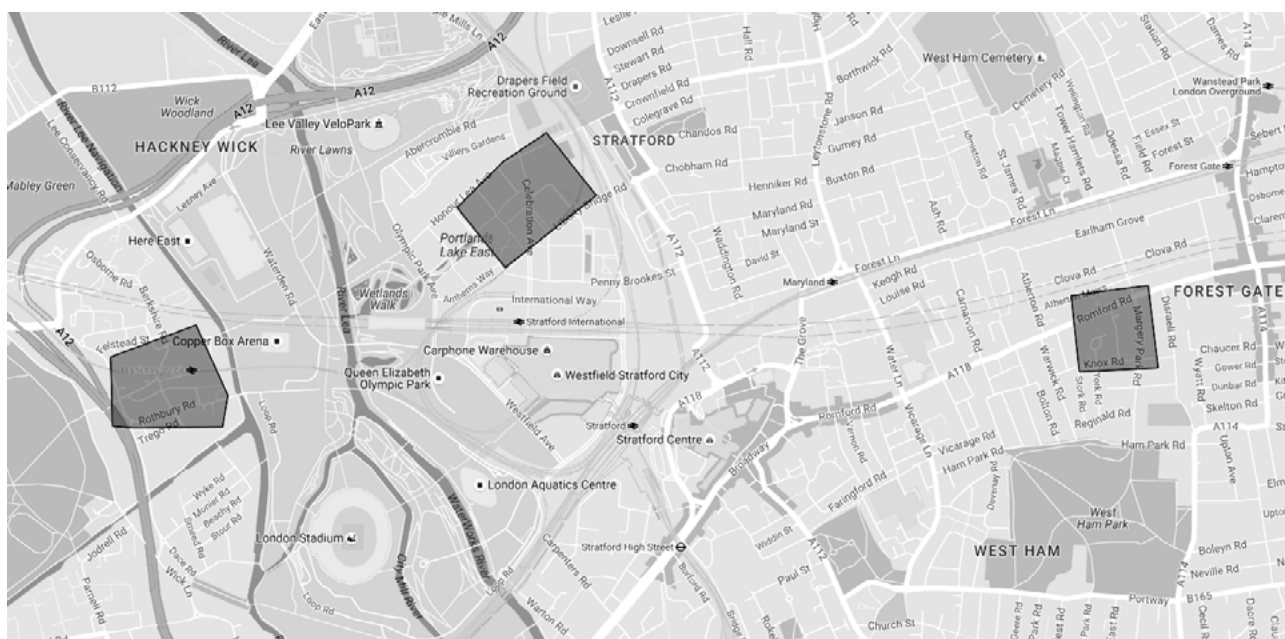
### 3.2 NEIGHBOURHOOD RESEARCH SITES

Research was undertaken in small-area research sites in three neighbourhoods that border the Olympic Park: East Village and an area of Stratford in the London Borough of Newham, and Hackney Wick in the London Borough of Hackney (see figure 1).

The rationale for working in small-area research sites was to gather highly-localised data to test the hypothesis that different neighbourhoods would have different ‘prosperity narratives’: context-specific experiences and challenges that would require different forms of action.

The sites were chosen because they are broadly illustrative of different ‘types’ of east London neighbourhood: East Village is a new, planned neighbourhood in the Olympic Park, broadly representative of development-led regeneration programmes that are attracting new residents to east London; Stratford and Hackney Wick are established neighbourhood centres with a mix of housing, commercial and public spaces, but with very different characters. Hackney Wick has developed a strong identity as the artistic and creative centre of east London. At the time of research, the neighbourhood has more than 600 studios and the highest concentration of businesses in the Olympic Park legacy regeneration area. Consequently, the area has distinct population groups, including resident artists, employees in creative industries, remaining light industries, boat dwellers who live on the canals, and people living on the Trowbridge Estate, one of the largest established areas of residential housing in the neighbourhood.

**Figure 1: Map of research sites for the *Prosperity in east London Pilot Study*. Source: IGP, 2015**



<sup>13</sup> Index of Multiple Deprivation 2015 (<https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>)

<sup>14</sup> GLA Household Income Estimates, 2015. ([https://data.london.gov.uk/apps\\_and\\_analysis/gla-household-income-estimates/](https://data.london.gov.uk/apps_and_analysis/gla-household-income-estimates/))

Each research site has a different spatial and temporal relationship to the Olympic legacy regeneration programme: East Village is the first new Olympic neighbourhood; Hackney Wick is experiencing considerable new residential and commercial development that is attracting new residents and businesses to the area; the Stratford site is yet to experience any significant investment in housing and regeneration.

Each neighbourhood research site has a long, but particular, history of deprivation linked to processes of de-industrialisation, and each is experiencing rapid social, economic and material changes associated with the Olympic Legacy and wider processes of urban development. Hackney Wick is in the top two percent most deprived wards in London and the top five percent most deprived wards in England.<sup>15</sup> At a borough level Hackney has the second highest proportion of working-age people claiming workless benefits and the second highest rate of childhood poverty in London; it is one of the least affordable London boroughs for housing (ibid). Newham has some of the highest rates of unemployment, low pay and child poverty in the capital.<sup>16</sup>

The three research sites are 'typical' of east London in as much as they are 'super-diverse' – a term developed by the social scientist Steven Vertovec (2007)<sup>17</sup> to describe the multiple forms of diversity that characterise areas like east London such as

ethnicity, country of origin, languages spoken, legal and socio-economic status, and both long-established communities and high-rates of population change. 2011 Census data shows that 55 percent of Newham's population were born outside of the UK,<sup>18</sup> while population data published by Hackney Council shows 89 different languages are spoken in the borough.<sup>19</sup>

### 3.3 CITIZEN 'SOCIAL' SCIENCE – AN INNOVATIVE NEW RESEARCH METHOD

'Citizen science' describes research that involves the public in collecting scientific data to address real-world challenges. Citizen science has become increasingly popular over the past decade as a way of creating opportunities for scientists to collaborate with volunteers on large-scale survey and monitoring projects. Citizen scientists are now involved in a wide range of projects often using apps and digital tools to map air pollution, record changing environmental conditions, participate in annual wildlife surveys, and collect public health data.

IGP has taken the idea of public involvement in research one step further to develop citizen 'social' science. Local people are recruited, trained and paid by IGP to work as social scientists in their own communities. The key difference between the two approaches is that large-scale, crowd-sourced



Jonathan, citizen scientist from Olympic Park, and Natalie, citizen scientist from Hackney Wick, 2015. Photo: IGP 2015.

<sup>15</sup> LBH Policy and Partnerships, 2015. Hackney Wick Ward Profile.

<sup>16</sup> London's Poverty Profile 2015. October 2015. Trust for London

<sup>17</sup> Steven Vertovec (2007) Super-diversity and its implications, *Ethnic and Racial Studies*, 30:6, 1024-1054, DOI: 10.1080/01419870701599465

<sup>18</sup> Newham Census 2011

<sup>19</sup> Hackney Council April 2016 Facts & Figures Leaflet

research projects are designed by academic researchers and involve citizens in voluntary data collection. IGP works with small groups of people who live and work in the neighbourhoods being researched. No prior research or work experience is needed – only an interest in the life of the area. The citizen scientists are trained in research ethics, qualitative and quantitative methods, data collection and analysis. Citizen ‘social’ science changes the role of non-academic researchers, from data collectors to active partners in the research process by involving them in designing research projects, working on research questions, identifying potential participants, collecting and analysing data and interpreting findings, and sharing with communities and policymakers.

Over the past four years, IGP has worked with two teams of citizen scientists – 19 individuals in total - to explore what prosperity means to local communities. The citizen scientists have brought a diverse range of experiences to the research: including perspectives on the effects and implications of social and economic change based on experiences of growing up or living locally, knowledge of how local spaces and services are used, views on ‘hidden voices’ in the community, and insights into local decision-making. These forms of knowledge add depth and nuance to ‘official’ accounts of life in the neighbourhood based on public statistics and government reports and have added enormous value and insight to this research.

### **ABOUT OUR CITIZEN SCIENTISTS**

In 2015, 10 citizen scientists worked with IGP’s research team to explore what prosperity meant to people living in neighbourhoods in Hackney Wick, East Village and Stratford. The citizen science team comprised five women and five men aged between 18 and 60 from different cultural, ethnic, social and professional backgrounds. The team included a community worker, a learning and inclusion expert, a youth leader, an artist, a self-employed music publicist, a stay-at-home parent, a tailor, and two people who worked in cultural industries. Seven of the citizen scientists had lived and/or worked in the neighbourhoods for most or all of their lives, the other three had lived or worked locally for between one and three-years.

### **3.4 DATA COLLECTION**

Qualitative interviews and group discussions were the research methods used by citizen scientists and IGP researchers to examine what prosperity means to people and how they described the opportunities and obstacles to prosperity that affect them, their families, friends and communities. Citizen scientists played a key role in designing outreach activities to recruit research participants through activities with community-based organisations (such as community groups, housing associations, residents groups, civil society organisations, public agencies), promoting the research through local networks, social media and in public spaces (such as community centres, sports centres, cafés, and bus stations). Interviews were also conducted with public officials, civil society organisations, and businesses working in each of the neighbourhoods.

### **3.5 DATA ANALYSIS**

256 qualitative accounts were collected and analysed. A grounded approach to data analysis was adopted by the research team, meaning the data was coded based on the themes that emerged from interviews rather than using a pre-determined framework. Coded data was clustered thematically and frequency analysis was undertaken to identify the issues felt to be of greatest significance to research participants. Sentiment analysis was then applied to the thematic data to establish whether the same issue was discussed in positive, negative or neutral terms in different neighbourhoods



Ivy, citizen scientist 2017. Photo: IGP 2017.

## CHAPTER FOUR:

# WHAT DOES PROSPERITY MEAN TO PEOPLE IN EAST LONDON?

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*“Now I have a family prosperity is about having a healthy, happy child and being healthy myself so I can look after my family. Before it was about me! My car, my phone... now it’s about good community.”*

David,  
late 20s, lives in Stratford, 2015

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*“Prosperity is feeling safe, knowing your neighbours, having opportunities - London offers better opportunities than other places - and having time for family.”*

Maria,  
early 30s, lives with her partner and daughter in Hackney Wick, 2015

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*“Prosperity is different for everyone but for me it means we can feel at home, the kids can grow and learn, we feel safe and everyone in the community sort of feeds off each other.”*

Ben,  
early 40s, lives with his wife and two children in Hackney, 2015

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Four key findings emerge from this research that challenge orthodox approaches to defining and measuring prosperity. This section summarises the main findings and discusses the implications of this research for the way prosperity is understood by city leaders and policymakers.



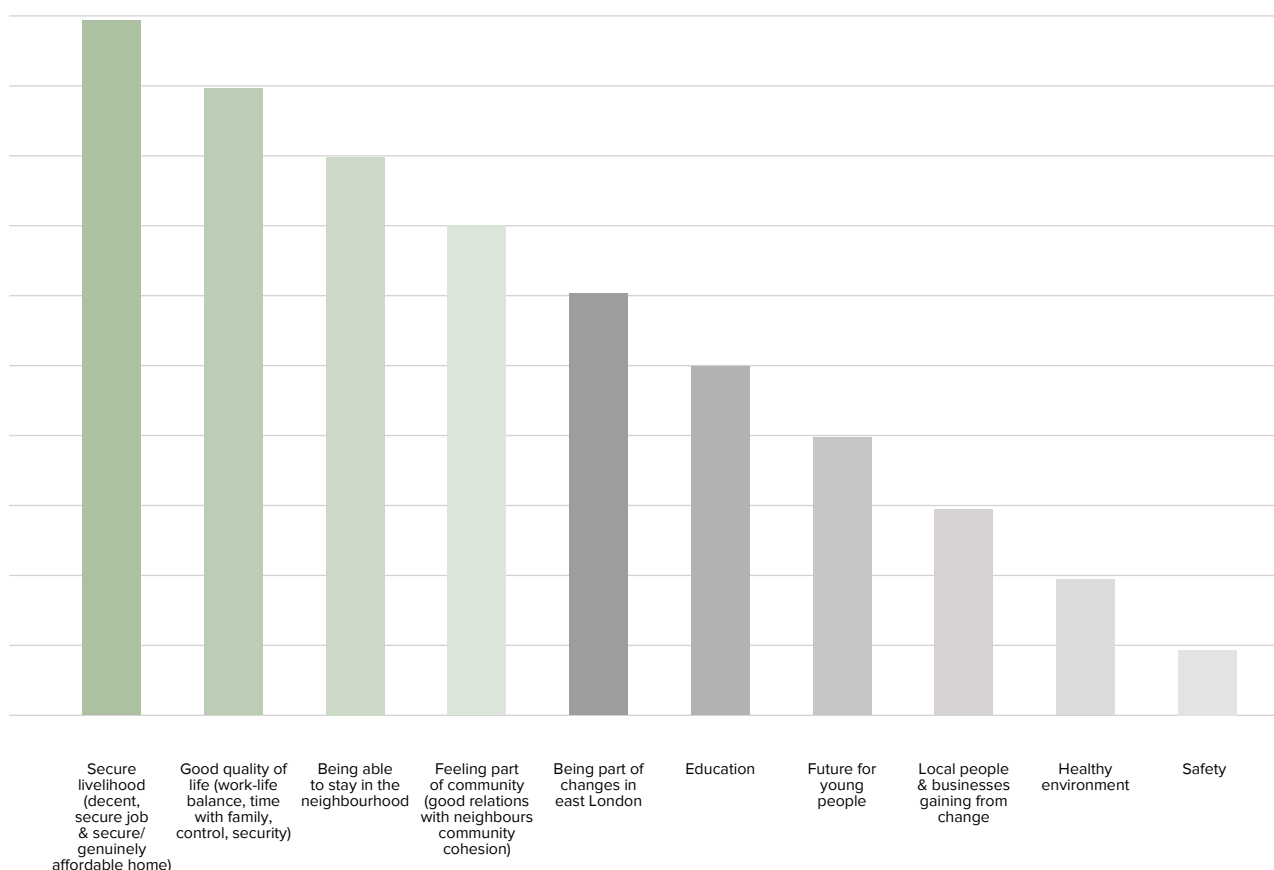
## 4.1 PROSPERITY IS ABOUT 'LIVING A GOOD LIFE'

Individuals involved in the research understood prosperity to be about 'living a good life', which, as the discussion below unpacks, is a broader and more nuanced idea than the conventional definition of prosperity as material wealth.

Less than five of the 256 people involved in the research defined prosperity solely in terms of material wealth or the pursuit of wealth. Instead, the majority of people talked about a *secure livelihood*, meaning regular and good quality work that provides a reliable and adequate income, and *affordable, secure, and good quality housing* in a safe neighbourhood, as vital conditions for living a good life.

It is important to note that whilst *material security and stability* are seen as critical aspects of prosperity, people described them as tightly interwoven with *strong social networks* and a broad sense of *social and economic inclusion* in the life of the city. After a secure livelihood and affordable and secure housing, the most common responses people gave when asked to describe what prosperity meant to them were associated with social inclusion. People discussed the importance of being able to remain resident in neighbourhoods experiencing rapid social and economic transformation, feeling part of the local community, and having a say in the changes underway in east London (see figure 2).

**Figure 2: What does prosperity mean to you? 10 most common responses from all research participants.**  
**Source: IGP, 2015**



This graphic shows how social inclusion and being part of east London's new future were among the most prominent concerns for people in the 2015 research. More people discussed these issues in relation to their prosperity than education, local environmental quality, and safety. This is not to suggest that factors like education and health are not considered to be important in determining life chance, opportunities, and future prosperity; these issues were extensively discussed by research participants, in particular in relation to future opportunities for young people in Hackney Wick and Stratford. However, this finding does highlight how the pace of social and economic changes in east London permeates aspects of everyday life and, in low income neighbourhoods in particular, generates anxieties and questions about who change is for, and what place established residents and communities will have in the future.

#### 4.2 FOUNDATIONS OF PROSPERITY

An important issue to emerge from the research is the distinction people make between the *foundations of prosperity*, the essential building blocks on which to build a good life described above, and the idea of *living well*, what these building blocks then enable people to be, do, have, or plan for.

A significant proportion of people involved in the research discussed their experiences and ideas in these terms, with prosperity understood as both material and social conditions that provide the *foundations for prosperity*, and the *opportunities, choices and freedoms* these then enable.

Trevor, a long-term Stratford resident in his 50s, described how a secure livelihood and affordable home, in a neighbourhood where he had grown up and hoped his children would stay, provided the basic building blocks for his family to prosper and have a good life. Like many other people, Trevor made a distinction between having strong foundations and the opportunities to “do well”:

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***“Without the foundations in place, well you can’t have a good life can you. ‘Doing well’ you know it’s about living the good life... about being able to choose the job you take – a decent job. Having time to do something in the community, spend time with family and friends, take a break, have a hobby, feel like you’re part of what’s going on. It’s not just about money.”***

Trevor,  
Stratford, September 2015

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However, a high proportion of research participants felt they were living with multiple forms of insecurity and instability that undermined their opportunities, and those of neighbours and family, to prosper. This quote from Frances, a long-term resident in Hackney Wick, captures the feelings of insecurity that many people shared.

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***“How can we have a prosperous life for everyone, people of all classes? The situation is precarious for people around here. The combination of unaffordable housing, zero hours contracts, portfolio careers... people have no security. Jobs are not good quality... this is a toxic mix.”***

Frances,  
a professional in her 50s working in the voluntary sector, who has lived in Hackney for 20 years, 2015

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Frances's reference to the "toxic mix" of casualised labour and rapidly rising housing costs was discussed by research participants in Stratford, where young people were felt to be disproportionately affected by the lack of good quality and secure work, and by people living in East Village - many of who are relatively new residents to east London - who discussed high rates of population turnover in rented accommodation linked to very high housing costs.

When describing these conditions people spoke of what they saw as the localised effects of national and global factors that shape prosperity in ways that people have little direct control over. For example, the capacities and opportunities for local communities to flourish and 'live well' are understood to be shaped by planning and policy decisions taken by central government that drive international investments in the UK property market; a globalized trend towards the casualization of labour is affecting local job markets; and, in Hackney Wick, the presence of Europe's largest creative community attracts regeneration investment and a new and more affluent population to east London.

Recognising the distinction people make between the foundational conditions for prosperity, and the capacities to live well that these conditions then enable, has important implications for policy and decision making. These accounts show that, from the perspective of individual residents and local communities, prosperity in east London is dependent on a secure livelihood, secure and affordable housing, social support networks, and wider processes and structures of social and economic inclusion. These 'foundations' are consistently described as tightly interwoven conditions; changes and disruptions in one area have profound effects on another.

#### 4.3 WHAT STRONG FOUNDATIONS ENABLE

When discussing what living a prosperous life means to them and the opportunities and practices they choose to pursue, people involved in the research identified a diverse range of experiences and conditions that mattered to them. These include: access to good quality education and opportunities for continuing self-development and learning; future opportunities for young people in the area including housing that would allow them to stay close to family networks as well as good work; an economy that enables local people and businesses to benefit from development and change; living in a healthy and safe environment; access to green space; having time to spend with family and friends or on personal pursuits; participating in local voluntary activities; and having a voice in decisions that affect their lives and local areas.

What is notable about this list is that while people from different backgrounds, ages and neighbourhoods identified similar conditions and factors as important to their prosperity, they had different perspectives on why these factors mattered and their local effects. For example, people in Stratford, Hackney Wick and East Village agreed that a clean, safe, and good quality environment with green space and decent air quality was important for local prosperity. However, in Stratford people discussed the degraded public realm, poor quality housing, air pollution, and lack of green and open spaces, as issues that undermined community prosperity but also amplified a local feeling of exclusion from processes of transformation. People used phrases like "we are left behind" or "regeneration is passing us by" to describe how the contrast between the local built environment and newly regenerated areas of the Olympic Park, with high quality housing and green spaces, compounded a sense of alienation. In East

Village, residents discussed the benefits of living in a neighbourhood with green space, good quality housing, clean streets and good connections to other part of London. However, they also recognised that being part of a new neighbourhood contributes in other less obvious ways to their feelings of prosperity. An interview with Roshni, who lives with her family in a privately rented apartment, explores how the high-quality living conditions in East Village make a difference to how she feels about everyday life and about her family's prospects. Her sense of prosperity and living a good life is enhanced by feeling part of "somewhere and something new", which she argues, gives community spirit a greater significance.

Other East Village residents expressed a similar sentiment, describing how the new housing, abundant green space, and being part of a new community are more significant than their financial status in shaping how prosperous they feel:

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*"I was inspired by the blank canvas... being pioneers we know everyone in the building and keep meeting people. It's quite difficult to explain... the interaction is different somehow here... something about being in a new place makes people behave differently."*

Phil,  
early 40s, privately rents an apartment with his partner

---

What people in East Village appear to be describing is a positive 'feedback loop' between people and

place, in which the built environment and symbolism of being part of a new community are aspects of everyday life that animate and intensify a collective sense of prosperity.

#### 4.4 PROSPERITY 'TRADE-OFFS'

While East Village residents recognize the neighbourhood's high quality environment contributes to their sense of prosperity, they also acknowledge the 'trade-off' between choosing to pay high living costs and experiencing a good quality of life that in the long-term may not be financially sustainable.

Mark lives with his wife and children in a townhouse. He describes himself as a serial entrepreneur who runs his own businesses and has established several community projects in East Village. Mark's home is classified as affordable housing although he explains the rent and management charges are high compared to other places he has lived. He describes the choice to live in East Village as a "prosperity trade-off":

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*"I feel like I'm living a prosperous life but it's not sustainable. Personally, it's hard to make it sustainable because I pay such a premium to live here... If prosperity means saving for holidays and saving for a pension then it is not a prosperous place... but if prosperity means a first-class education for the kids, healthy food, access to good places for health and wellbeing, somewhere safe... then you can get on if you can afford to live here."*

---

Mark's perspective is echoed by other people living in East Village who describe themselves as business owners, entrepreneurs, or employed in well paid professional jobs, yet find it challenging to afford to live in the neighbourhood. Lucy, in her late 20s and an enthusiast for life in East Village, lists other residents she has come to know who have recently moved to more affordable neighbourhoods. She questions the likelihood that says:

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*“We are buying into a prosperous lifestyle that can't be sustained. It's great but no-one still expects to be here in two years time.”*

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Victory Park, East Village, 2015.

## CHAPTER FIVE:

# RE-THINKING PROSPERITY: WHAT ARE THE IMPLICATIONS FOR POLICY?

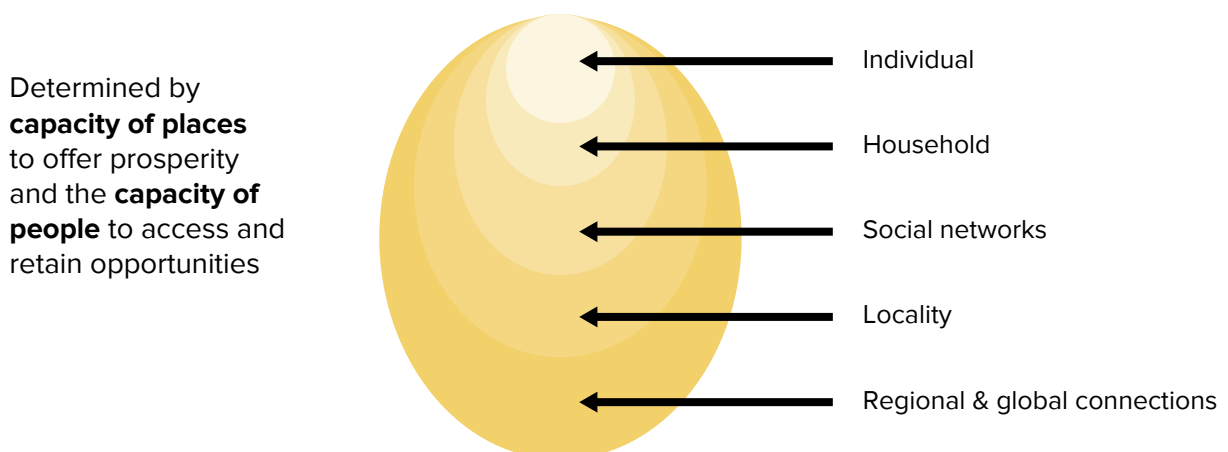
The research presented here shows that a qualitative, community-based approach to investigating prosperity reveals perspectives and experiences that challenge the orthodox definition of prosperity as material wealth. These accounts show how prosperity is understood in broad terms to be about opportunities for a good life. This section highlights the implications of this research for policymaking, measurement, and action to create prosperity.

### 5.1 PLACE MATTERS

It is evident from these accounts that prosperity is multi-dimensional. The diverse range of factors discussed by research participants incorporate social, subjective, spatial, political, and cultural concerns, as well as economic conditions. These

findings have implications for how policymakers think about, and act on, prosperity. The research points to the need for policymakers to pay attention to lived experience and to the way context shapes opportunities and feelings of prosperity. In east London it is evident that a range of historical, social and economic factors interact to support or inhibit local prosperity, including historical interventions and investments, to the post-industrial landscape, and legacy of social housing provision. The implication for policy therefore is to recognise that prosperity is *relational and multi-scalar*, as well as multi-dimensional. Action to imagine, act and measure prosperity therefore needs models that can account for the multiple scales - individual, household, social networks, locality, regional and global - at which ideas about the good life, and opportunities to act, are shaped by context-specific conditions.

**Figure 3: Prosperity is multi-dimensional and multi-scalar**



Developing locally-situated visions, strategies and pathways to prosperity of this kind is a distinct shift in the way prosperity is conceptualised and acted on locally, nationally and globally. Practically, it is at the local level that policymakers and communities can map out pathways that can be concretely linked to strategies for change.

## 5.2 PROSPERITY IS MORE THAN WEALTH + WELLBEING

Acknowledging that prosperity is multi-dimensional, relational and shaped by individual subjective perspectives, social, and systemic factors, has important policy implications.

Framed in these terms, it becomes evident that prosperity is more than simply a combination of material wealth plus subjective wellbeing. This is not to suggest that wellbeing is not an important component of prosperity. Many research participants in east London use the term wellbeing to describe their own subjective and psychological states, or to refer to how the local community is faring. However, the wellbeing policy agenda in the UK focuses on measuring and improving subjective dimensions of wellbeing: life satisfaction, feeling happy, feeling anxious and feeling that life is worthwhile. These are important measures but they do not examine how subjective wellbeing is shaped by local conditions and opportunities, and how these conditions are influenced by forces outside the neighbourhood. In this sense, wellbeing policy over-emphasises - and arguably places too great a responsibility on - the individual and does not account for the quality and equity of the social, political and institutional contexts in which people live.

## 5.3 CHOICE AND CONTROL

Choice and control are significant aspects of living a good life. Prosperity, as the accounts in the previous section demonstrate, is about having the ability to plan and act on the opportunities that material security, social inclusion and stability provide, in ways that reflect personal values and interests. This matters because it acknowledges that prosperity is not simply about an individual's material circumstances at a given time, but also about the security and stability of material and social conditions.

Considered alongside the previous point, the implications for policymaking and action on shared prosperity are two-fold: first, to consider the new types of partnership between citizens, communities, government and business that can open up policy and decision-making processes that shape prosperity. Developing local understandings of prosperity with communities and local stakeholders opens up space for participation in the design and implementation of targeted policy, services and initiatives to address local needs and obstacles. And second, to expand both the concepts and measures that inform policymaking - bringing a new focus to understanding how people feel about the ability to shape their future.

## CHAPTER SIX:

# MEASURING WHAT MATTERS: A NEW CITIZEN-LED PROSPERITY INDEX

What changes when citizens and local communities shape how prosperity is defined and measured?

This is the question driving the development of the UK's first 'citizen-led' Prosperity Index - created by IGP and the London Prosperity Board to translate community-led research about prosperity in east London into a tool to measure prosperity and guide policy and action.

This section describes how the qualitative research described earlier has been translated into the UK's first set of prosperity metrics informed by citizens and citizen science, and summarizes the results of the first wave of Prosperity Index data.

### 6.1 A COMMUNITY-LED PROSPERITY MODEL

The first step in this process was to translate the rich qualitative data described in the previous section into a conceptual model representing local understandings, priorities and conditions for prosperity in east London.

Qualitative research was coded, analysed, and clustered to identify a set of 15 categories that were described by participants in all of the three research sites - to varying degrees - as essential or important to their prosperity and that of their families, neighbours, friends, and wider communities (see table 1).



Tony McKenzie, Lead Citizen Scientist, running a workshop in Hackney Wick, 2017.



**Table 1: What does prosperity mean? *Prosperity in East London Pilot Study 2015***

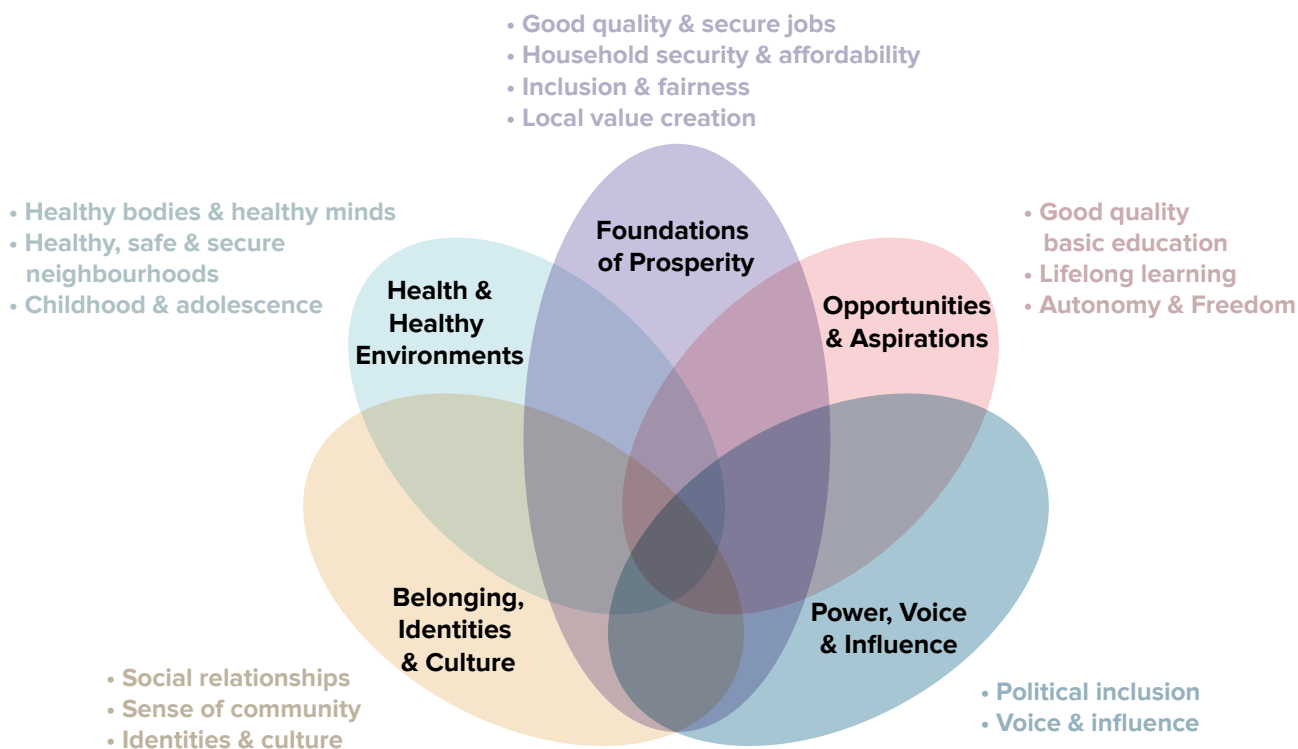
<b>WHAT DOES PROSPERITY MEAN?</b>	<b>EXPLANATIONS FROM PROSPERITY IN EAST LONDON PILOT STUDY DATA</b>
Good quality and secure jobs	A secure livelihood - secure and well-paid work; work satisfaction; equality at work; scope for career progression; work / life balance; feeling part of the economic life of the neighbourhood/city.
Household security and affordability	Secure, affordable and good quality housing; a mix of housing tenures; likelihood of being able to stay in the neighbourhood; living without financial stress.
Inclusion and fairness	Social, financial and digital inclusion; economic fairness; able to access services, work and education; feeling included and safe in the neighbourhood; access to local support networks and care; feeling part of the economic life of the neighbourhood/city.
Local value creation	Strong and inclusive local economies; opportunities for local organizations, businesses and neighbourhoods to share in value generated by wider processes of change; alternative economic models, sharing and circular economies.
Healthy bodies and healthy minds	Mental, physical and social health; access to health and care services; access to informal support and care; local support networks; access to open space; civic participation; life satisfaction; personal safety.
Healthy, safe and secure neighbourhoods	Decent and secure housing; clean air; safe streets and neighbourhoods; road safety; community safety; access to open and green space.
Childhood and adolescence	Early childhood development support; affordable childcare; good quality education; childhood and adolescent wellbeing and health; support for adolescent transitions; pathways to work, education and training for young people.
Good quality basic education	Access to good basic quality education for children and young people; informal and community learning; access to space, sports and culture.
Lifelong learning	Opportunities for formal and informal lifelong learning for children young people, adults and older people; volunteering and community participation.
Autonomy and freedom	Secure personal freedoms and equalities; access to opportunities; time and space to try new things; work / life balance; lifelong learning and personal development.
Social relationships	Feeling included in society and social life of the community; time to spend with family and friends; connections with neighbours; involvement in interest groups; access to local support networks.
Sense of community	Feeling a sense of belonging to local community; neighbours to talk to; access to support networks in the neighbourhood; feeling pride in the neighbourhood; community safety; feeling people will support each other in times of need.
Identities and culture	Feeling secure with cultural, ethnic, religious, personal identities in the neighbourhood; opportunities to participate in cultural life of the area and to pursue participation in cultural / religious activities; feeling part of the cultural life of the community.
Political inclusion	Right to political participation and political representation; feelings of inclusion in political decision-making.
Voice and influence	Opportunities to influence local decision-making; feeling like participation makes a difference; opportunities to make a productive contribution to future of local communities.

A conceptual model of prosperity in east London with five high-level dimensions and 15 headline indicators was developed from this list of categories (see figure 4). The model represents the multi-dimensional accounts of what prosperity means, and the conditions that support and inhibit prosperity. More importantly, it reflects the way different conditions overlap and interact in everyday life. In this sense, it breaks down artificial distinctions between social, economic, and environmental domains that characterize conventional approaches to policy. Instead, it offers a holistic way of understanding how conditions like work, housing and social support, or choice, agency and influence intersect to support or inhibit people's opportunities to prosper.

## 6.2 DESIGNING NEW PROSPERITY METRICS

The purpose of the Prosperity Index is to measure what matters to the prosperity of local communities. The priority therefore, was to identify metrics to meaningfully represent local conditions and aspirations in a way that allows for robust measurement and comparison at a hyper-local geography. Furthermore, the goal was to construct an Index based mainly on primary data that could be used to to inform decision-making and enable communities to monitor change and evaluate impact.

**Figure 4: IGP's Prosperity Model developed from qualitative research with citizen scientists and communities collected in 2015/16**



IGP carried out a review of existing measures from public and academic datasets to identify a robust indicator set that offered the closest fit to the conceptual model. Indicators were selected to meet the following criteria:

- Comprehensive coverage and accurate representation of the developed framework.
- Outcomes focused
- Blend of subjective and objective measures
- Available or suitable pilot site data
- Availability of benchmark data

Where no suitable measures existed, IGP worked with London Prosperity Board partners to create new indicators and metrics. Two new indicators were developed: Good Jobs and Real Household Disposable Income. These were felt to be critical aspects of the Foundations of Prosperity domain because of the emphasis research participants placed on secure livelihoods in the 2015 Pilot Study.

## **GOOD JOBS**

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IGP's research in 2015/16 and 2017 identified the quality of people's working lives as a critical aspect of prosperity. Qualitative research shows that for many people in East London, poor quality and insecure work are undermining their ability to make a living. In-work poverty, household debt and anxiety are some of the consequences of poor quality and insecure work.

Good jobs however, are defined by research participants as providing decent pay, security (e.g. permanent contracts), opportunities for progression and work-life balance. A number of new measures were tested in the household survey that underpins the Prosperity Index.

However, comparable data is currently limited and further work is needed to expand this aspect of the Prosperity Index.

The current good jobs indicator contains 3 components, which together explore whether pay and income levels are sufficient for living in London, levels of job insecurity and the availability of jobs:

- Percentage of households below the Minimum Income Standards (see below)
- Percentage of workers on temporary contracts (or self-employed), not out of choice.
- Unemployment rate

## REAL HOUSEHOLD DISPOSABLE INCOME

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High costs of living are identified as a significant challenge for households in east London, and more broadly across the capital, where apparent higher levels of income can often mask deprivation once essential costs such as housing are considered. Consequently, IGP and the LPB have developed a new measure of Real Household Disposable Income (RHDI) that considers housing and other 'unavoidable costs' as well as the tax and NI payments.

Following consultation with LPB partners about what should be included as unavoidable costs in a new measure the following question was included in the household survey:

*How much of your monthly income would you say you (if applicable: and your partner) has left after paying tax, national insurance, housing costs (eg rent, mortgage repayments, council tax), loan repayments (eg personal loans, credit cards) and bills (e.g. electricity)?*

As a new test measure, created for the Index, comparison data across London using the same methodology is not currently available. In order to create a benchmark to Index the measure,

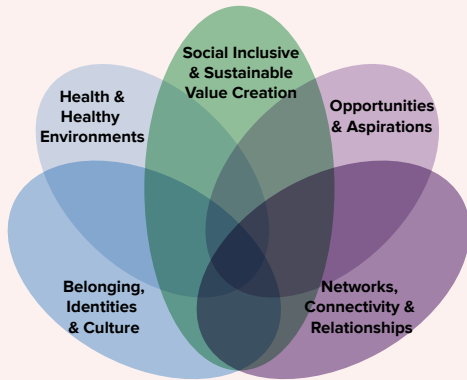
equivalent figures for households were derived from the Family Resources Survey (FRS), which contains variables for income, housing costs and bills and utilities. The Wealth and Assets Survey (WAS) was used to calculate average monthly debt repayments by income decile. This derived variable included debt from credit cards, store cards, formal loans, mail order accounts and hire purchase agreements using a methodology adapted from previous work by the Institute for Fiscal Studies.<sup>20</sup> A monthly repayment value was then assigned per case in the FRS according to income decile.

There was significant discussion during consultation with partners on whether childcare and commuter transport costs should be included in the measure. While it was agreed that an ideal measure would include these dimensions, currently suitable comparison data could not be incorporated in the measure. This is something that may be included in future updates to the Prosperity Index.

<sup>20</sup> Hood, Andrew, Robert Joyce and David Sturrock. 2018. 'Problem Debt and low-income households'. Institute for Fiscal Studies. <https://www.ifs.org.uk/uploads/publications/comms/R138%20-%20Problem%20debt.pdf>

# WHAT IS DIFFERENT ABOUT THE APPROACH?

## PROSPERITY INDEX FOR LONDON



**Integrated Index - reports on local concept of prosperity**

## GLOBAL INDICES



**Silo different domains based on expert literature**



**Comparative data at neighbourhood scale**



**Comparative data at country / region scale**



**Primary data mixed research methods**



**Secondary survey data**

### 6.3 PROSPERITY INDEX: RESEARCH METHODS AND SITES

The Prosperity Index reports on 5 top level domains, 15 sub-domains and 32 headline indicators that are constructed from 67 metrics, which compare levels of prosperity in five east London neighbourhoods to the average for London. Of these 67 metrics, 38 are constructed from new household survey data, and the remaining 29 are constructed from secondary data sources.

The five neighbourhoods are Hackney Wick (Hackney), Coventry Cross (Tower Hamlets), Heath (Barking and Dagenham), Canning Town (Newham) and the Olympic Park (Newham). The Olympic Park research site includes two small areas that do not adjoin each other: East Village, a new neighbourhood of affordable and private housing to rent, and an area described in the report as ‘Chandos’ - an established neighbourhood that borders the Olympic Park. The Hackney Wick and East Village research sites were included in the 2015 *Prosperity in east London Pilot Study*.

The household survey data was collected through 15 minute face-to-face interviews in five small-area research sites in June, July and August 2017. Research sites were selected and defined in collaboration with London Prosperity Board partners

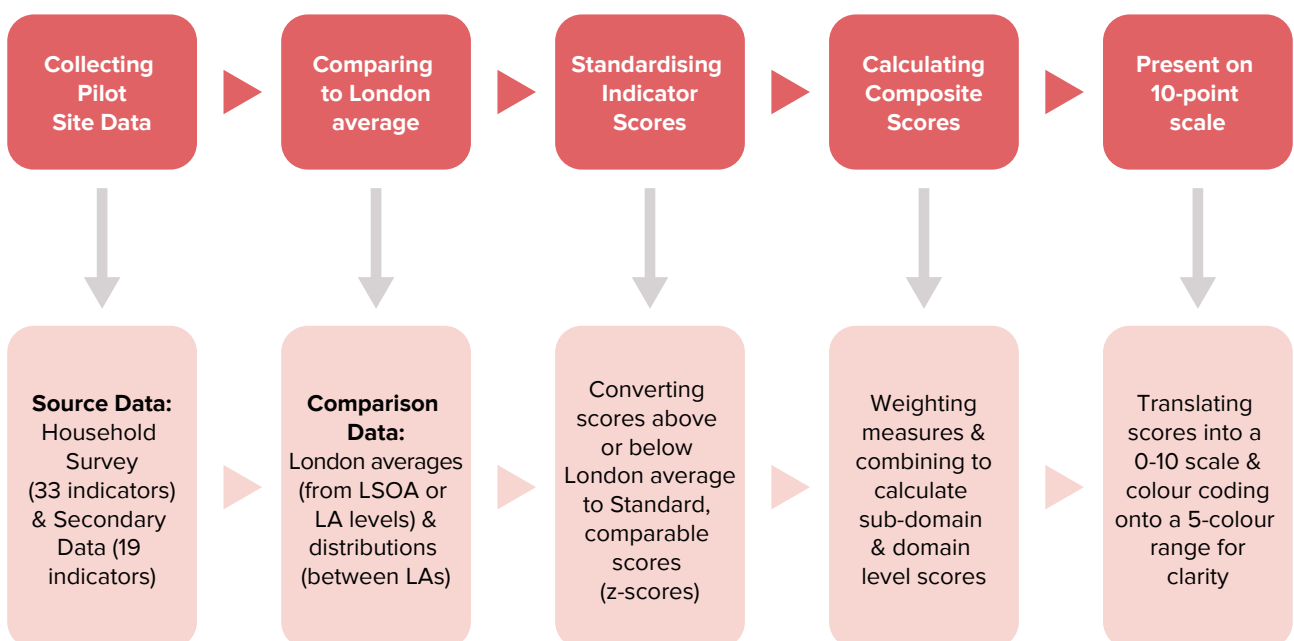
- the London Boroughs of Newham, Hackney, Tower Hamlets, and Barking and Dagenham, and the London Legacy Development Corporation. Each research site contains between one and three Census Output Areas - the smallest statistical and administrative geography in England and Wales. A random sampling method was used to collect interviews from a third of households in each site.

In addition to household survey data, IGP worked with nine citizen scientists to collect qualitative interview and focus group data in April, May and June 2017. Qualitative data was open-coded and analysed to identify the themes and priorities in each site. Qualitative data was not incorporated in the Prosperity Index but presented alongside to provide context and depth to aid with the interpretation of results.

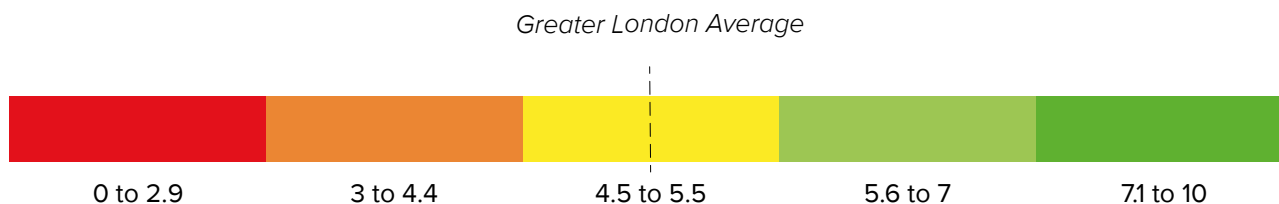
### 6.4 CONSTRUCTING THE PROSPERITY INDEX

This diagram summarises the process of constructing the Prosperity Index. IGP followed a five-step process to analyse new household survey data and comparative secondary data, standardize indicator scores, calculating scores for composite indicators and Prosperity Index domains, and translating Index scores onto a 0 to 10 scale with 5-colour red-amber-green colour coding.

**Figure 5: Constructing the Prosperity Index**



On the 10-point scale 0 is the worst possible score, 10 is the best possible score, and 5 is the average for London. Colour-coding was applied to the scores as follows:



A detailed discussion about the method for selecting indicators and constructing the Prosperity Index can be found in the *Prosperity Index Pilot Wave 2017: Summary of methodology and description of Indicators* published by IGP and available to download on the London Prosperity Board website ([www.londonprosperityboard.org](http://www.londonprosperityboard.org)).

A full dashboard of Prosperity Index scores, along with maps and other data, is available at [www.londonprosperityboard.org](http://www.londonprosperityboard.org).

**Table 2: Prosperity Index Dashboard – Foundations of Prosperity Domain**

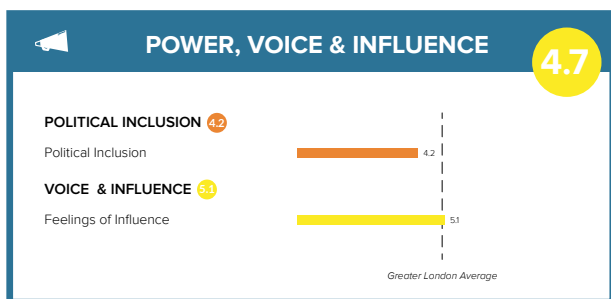
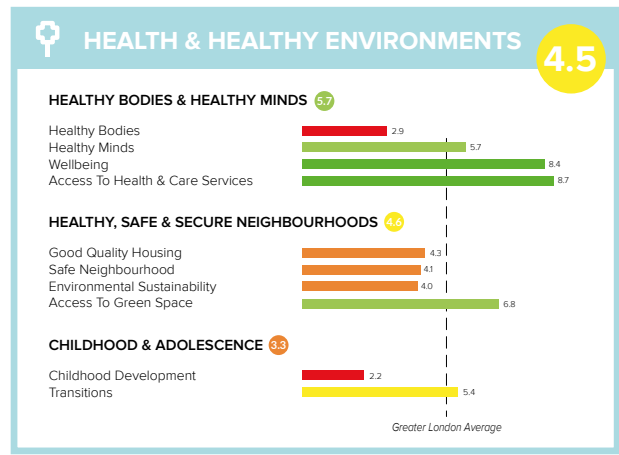
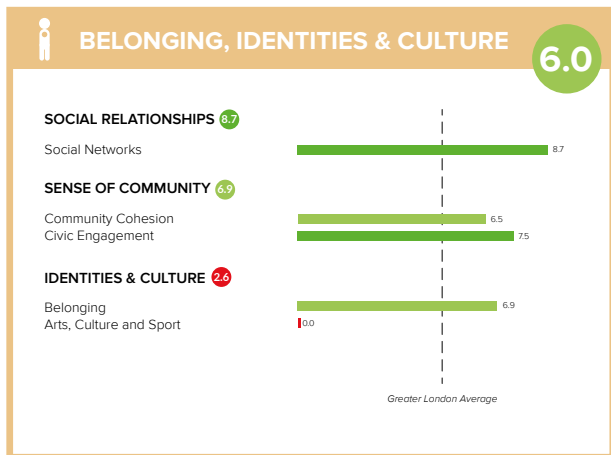
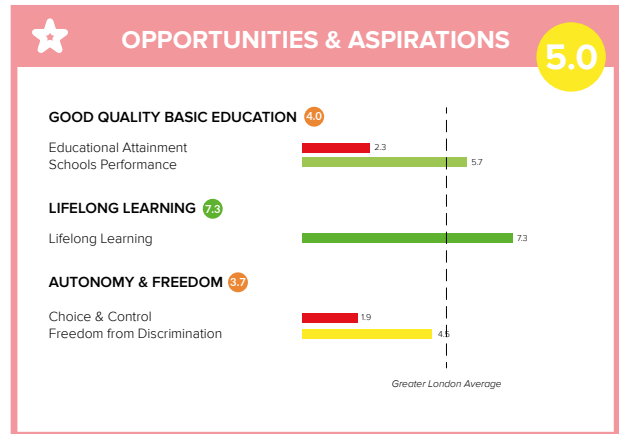
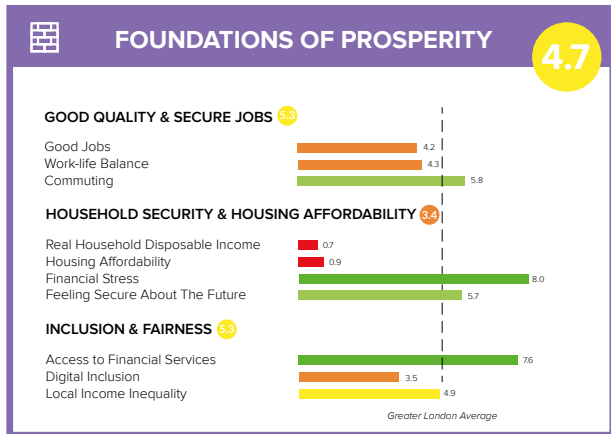
DOMAIN 1: FOUNDATIONS OF PROSPERITY	OLYMPIC PARK	HACKNEY WICK	HEATH	CANNING TOWN	COVENTRY CROSS
SUB-DOMAIN 1: GOOD QUALITY & SECURE JOBS					
Good Jobs	5.22	4.43	4.32	4.48	3.96
Work-Life Balance	7.01	5.35	4.01	6.60	4.34
Commuting	5.03	4.39	5.20	5.15	5.75
SUB-DOMAIN 2: HOUSEHOLD SECURITY & HOUSING AFFORDABILITY					
Real Disposable Household Income	2.05	2.80	2.24	1.68	2.05
Housing Affordability	4.31	3.84	3.26	1.99	0.88
Financial Stress	6.53	5.07	8.63	7.99	8.00
Feeling Secure about the Future	0.00	3.47	6.44	5.36	5.69
SUB-DOMAIN 3: INCLUSION & FAIRNESS					
Access to Financial Services	6.58	6.71	7.64	6.71	7.64
Digital Inclusion	5.21	4.01	3.04	2.70	3.47
Local Income Inequality	6.35	6.77	6.91	6.35	4.87

Figure 6: Example scorecard

# Prosperity Index

## Coventry Cross

Headline Indicator Scorecard





## CHAPTER SEVEN:

# PROSPERITY INDEX: HEADLINE FINDINGS

Insecure livelihoods are undermining the foundations of prosperity in east London: this is the headline finding from the Prosperity Index.

This section unpacks that headline and examines the implications for policy, decision making and action on prosperity in east London, and other neighbourhoods in the capital.

This report concentrates on the *Foundations of Prosperity* domain and how issues of household security, work and social inclusion intersect with other aspects of prosperity - social relationships, confidence about the future, and wellbeing. However, the Prosperity Index has generated a large volume of data that provides a rich picture about each neighbourhood with insights about the relationship between prosperity and place that will be published in a series of bulletins and working papers in the coming months.

### 7.1 INSECURE LIVELIHOODS ARE UNDERMINING PROSPERITY

Given the importance that people attach to security, stability and social support as the 'foundations of prosperity', the most striking finding from the Prosperity Index is the number of households in all five research sites that report forms of insecurity.

Here we examine three indicators from the Foundations of Prosperity domain of the Prosperity Index, alongside qualitative research collected by citizen scientists.

### HOUSEHOLD SECURITY & HOUSING AFFORDABILITY

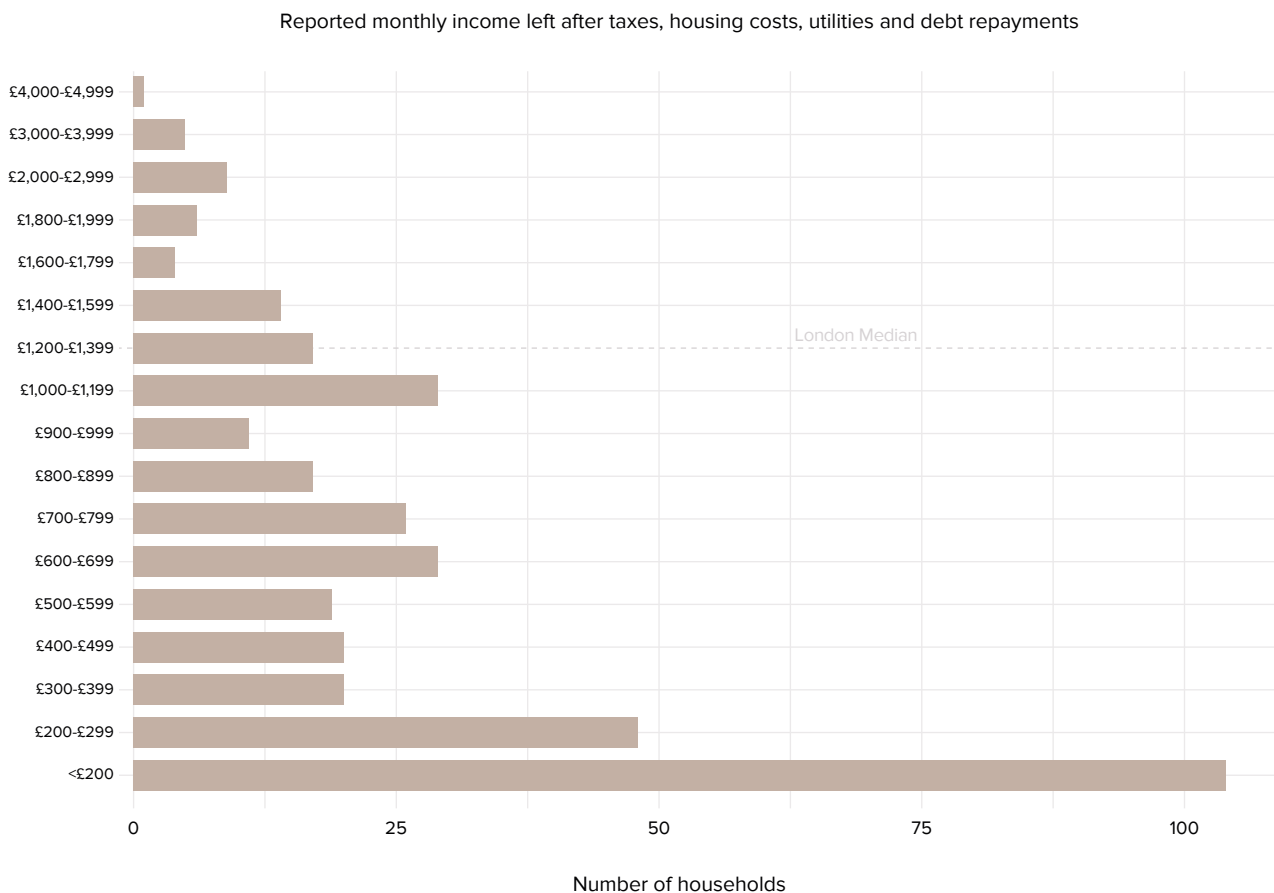
This compound indicator measures Real Household Disposable Income (RHDI), housing affordability, financial stress, and feelings of security about the future. Two of these metrics - RHDI and housing affordability - are ranked in the Prosperity Index as well below the Greater London average for all five sites.

One of the most striking results is the high number of households reporting very low levels of disposable income. Across all research sites, 25-30 percent of respondents reported having less than £200 per month of income remaining after taxes, housing costs, utilities and debt repayments. Median RHDI across the five sites was in the £400-499 range, while our analysis, based on data from the Labour Force Survey, shows the London median to be approximately £1230.

The hyper-local approach to data collection provides new insights into the distribution of income, housing costs and financial stress. For example, East Village in the Olympic Park, which is a new neighbourhood of private and affordable housing to rent, has the highest proportion of survey respondents in any type of employment and the highest gross incomes of the five Prosperity Index research sites. Yet the new measure of Real Household Disposable Income shows households in East Village have some of the lowest disposable incomes. Qualitative research by the

citizen scientists shows that East Village residents attribute this to high housing costs and associated charges, such as estate management fees. In the Coventry Cross research site, 100 percent of the households surveyed reported incomes lower than the Minimum Income Standard for Inner London, the benchmark used to set the Living Wage and London Living Wage, based on what the public consider the minimum income needed to live a socially acceptable life. The median annual household income in the Coventry Cross site was reported as £7,500 - £9,499.

**Figure 7: Levels of Real Household Disposable Income across all five research sites**



Source: IGP Household Survey, 2017

## GOOD QUALITY & SECURE JOBS

Good quality and secure employment is an important component of a secure livelihood. The new Good Jobs indicator in the Prosperity Index reports on the *quality* and *security* of work, as well as whether people are in employment. Quality and security are examined by measuring whether pay and income levels are sufficient for living in London (using the Minimum Income Standard) and whether people who are self-employed or on temporary contracts have chosen these forms of employment. Four of the five research sites are ranked below the Greater London average for Good Jobs. In IGP's Prosperity Index household survey 2017, 10 percent of those in work were either on temporary contracts or listed as self-employed. Of these, two thirds (65 percent) reported not being in this type of employment by preference.

An issue emerging from the qualitative research carried out by citizen scientists was how to access good quality job opportunities, in particular for young people and for middle-aged men from working class backgrounds. Research participants felt that formal pathways to training and education in neighbourhoods like Hackney Wick lead to low-pay work with limited opportunities for development. People in Canning Town, Hackney Wick and Coventry Cross acknowledged that major new employers are coming to east London, including new types of employment in creative industries, technology and financial services. Yet people currently of working age are uncertain how to access new job markets, while young people from these neighbourhoods feel unprepared for both new types of job and how the nature of work is changing.

## FINANCIAL STRESS

The Prosperity Index reports on levels of financial stress by measuring the number of people in fuel poverty, struggling to pay bills, and the number of people using 'pay-day loans' high-interest, short-term borrowing. This compound indicator was incorporated in the Index to reflect issues about insecurity and financial stress arising from the 2015 qualitative research.

The Prosperity Index shows that overall, the majority of households are not in fuel poverty and are managing to stay on top of bill payments. Qualitative research by the citizen scientists explored the use of high-cost short-term loan providers to manage bills as one of a complex set of practices that people use to cope with insecurity. Reliance on high-cost short-term loan providers was greatest in the Chandos area of the Olympic Park research site (where 28 percent had used at least one such loan over the past 12 months) and Hackney Wick (14 percent). The high-level of reliance in Chandos is in stark contrast to the bordering East Village where only 3 percent reported using high cost, short term loans in the previous year. Such significant differences between neighbourhoods just a stones throw apart highlight the value and importance of understanding prosperity and lived experience in London neighbourhoods at a hyper-local level.

Qualitative research identified the crucial role that local social networks - family, friends, neighbours - play in helping people to cope with insecurity. Residents in Canning Town described how neighbours and friends provide informal childcare to enable people employed on zero hours contracts to take up shifts, and how informal and community-led savings networks operate in the neighbourhood to give people access to financial services. Similar perspectives on the importance of local social networks were discussed in Hackney Wick and Coventry Cross.

## 7.2 COMMUNITY NETWORKS ARE BEARING THE BURDEN OF INSECURITY

The Prosperity Index shows how people in all five sites feel there are strong social networks to draw on and that communities are cohesive, levels of trust are high and people from different backgrounds get along. However, qualitative research indicates that local social networks are bearing the burden of providing informal support as people live with insecurity. As previously mentioned, citizen scientists identified numerous instances where people are relying on social networks in the community to provide informal care and financial support. This is supported by Index and survey data, which shows that sites which reported higher social capital, also presented lower levels of financial stress and higher subjective wellbeing than those with lower social capital, despite having similar levels of disposable income. Community networks also provide important social and emotional ‘protections’ in neighbourhoods that are affected by changes in the economy and disruptions to local social and economic life related to urban development. In this sense, strong social networks are a critical protective factor for local prosperity but are under increasing strain after a decade of austerity and disinvestment in local public services and community resources such as youth clubs, community and voluntary organisations.

This finding has important consequences for how the dynamics of interaction between individuals, communities and public authorities are understood. Since the late 1990s, developing local social capital and enhancing the collective capacity of communities have been policy priorities under the guise of various urban renewal programmes and now Localism.<sup>21</sup> In this context, local social capital and civic action have become proxies for the ‘sustainability’ and ‘health’ of communities.<sup>22</sup> Measures of local social capital are widely used to inform decision making at the local and national level for a range of policy domains including community safety, planning and health.<sup>23</sup>

IGP has included these standard measures in the Prosperity Index and all five sites report levels of social capital and wellbeing that are above the London average. However, taking a citizen-led approach to measuring what supports and inhibits prosperity reveals the pressure that local communities in east London are experiencing, which conventional indicators disguise. This research demonstrates that taking a holistic, citizen-led approach to conceptualising and measuring prosperity reveals critical stress points that undermine the capacity of local communities. The next section examines how new indicators measuring how secure and confident about the future people feel provide an important counterpoint to measures of wellbeing and social capital.

## FEELING SECURE AND IN CONTROL

Choice and control over decisions that affect individual and community prosperity are important elements of living a good life. In spite of high levels of wellbeing, the Prosperity Index reports scores well below the London average on the Choice and Control indicator for all five sites. This indicator measures the extent to which individuals feel that they can exercise autonomy to improve their lives and circumstances based on agreement with the statement “There is no point trying to improve my life, there’s nothing that can be done”. Across all five sites, 42 percent of respondents either agreed or strongly agreed with the statement. Levels of pessimism were highest in Canning Town (54 percent) and lowest in the Olympic Park (29 percent). In contrast to the pessimism people report regarding their ability to improve their own lives, residents are relatively optimistic that their neighbourhoods are places that can support and enable people to live good lives. Interestingly, it is the research sites with the highest levels of gross income, Hackney Wick and the Olympic Park, where people are least likely to feel that their neighbourhoods allow people to thrive and do well, with 69 percent and 79 percent agreeing respectively with the statement “This is a neighbourhood where people can thrive and do well”. The areas that are more deprived by traditional measures, such as Coventry Cross or Heath are far more positive (91 percent and 97 percent respectively). This indicates an interesting relationship between perceptions of place, opportunity and prosperity that the IGP will continue to explore in coming research.

<sup>21</sup> See for example: Schneider, Anne Larason, and Helen Ingram. 1997. *Policy Design for Democracy*. Studies in Government and Public Policy. University Press of Kansas. <https://kansaspess.ku.edu/978-0-7006-0844-7.html>.

<sup>22</sup> Woodcraft, Saffron. 2019. “Void Potential: Absence, Imagination and the Making of Community in London’s Olympic Park (Unpublished Thesis).” London: University College London.

<sup>23</sup> Morrison, Katrina. 2017. “Social Capital in the UK -.” *Statistical Bulletin*. Office for National Statistics. <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/socialcapitalintheuk/may2017>.

## CONCLUDING REMARKS

This report describes a process of re-thinking prosperity with, and for, citizens in east London. It articulates what prosperity means to people in east London: the opportunity to live ‘a good life’ that has a secure livelihood, secure and affordable housing, and inclusion in the social and economic life of the city as its foundation. Prosperity encompasses healthy and safe neighbourhoods, opportunities for work, learning and participation in civic life, and confidence for the future. This multi-dimensional vision challenges the conventional notion of prosperity as material wealth. The report describes how this model has been translated into the UK’s first citizen-led Prosperity Index: a new framework that measures at the local level what communities say matters to their prosperity.

While much of the report concentrates on describing the research that underpins the Prosperity Index, the work of the IGP and London Prosperity Board is about transforming thinking

and action for shared prosperity. We do this by experimenting with a new way of working that brings communities, local authorities, businesses, public agencies, government researchers and academics together to collectively generate visions of prosperity that reflect local experiences, aspirations and conditions. Our goal is new ways of working that foreground local knowledge and capacities for local action.

In this sense, the remarks here are not a conclusion but the start of a new conversation about what shared prosperity means in the UK, and the kind of new partnerships, policies, institutions and ways of working that are needed. This work has been developed over four years with local partners in east London and places considerable emphasis on the importance of context for understanding prosperity. We must recognise therefore that what it means to live a good life in Hackney Wick and Stratford will be different to what it means to live a good life in other parts of London, rural towns and villages, and other UK cities and regions.

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## CONTACT

[www.londonprosperityboard.org](http://www.londonprosperityboard.org)

✉ [igp@ucl.ac.uk](mailto:igp@ucl.ac.uk)

🐦 [@glo\\_pro](https://twitter.com/glo_pro)

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