

# Economic Profile of Hackney

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Hackney has high levels of unemployment and economic inactivity. Although the gap has begun to narrow recently, there continues to be a considerable disparity between Hackney's employment rate and that of the rest of London. Even amongst the employed population, incomes tend to be lower than the average for London as a whole.

The state of a borough's economy is reflected both in the wealth of its residents and in the economic growth and development of the area. The largest and fastest growing employment sector in Hackney is real estate, renting and other business activities.

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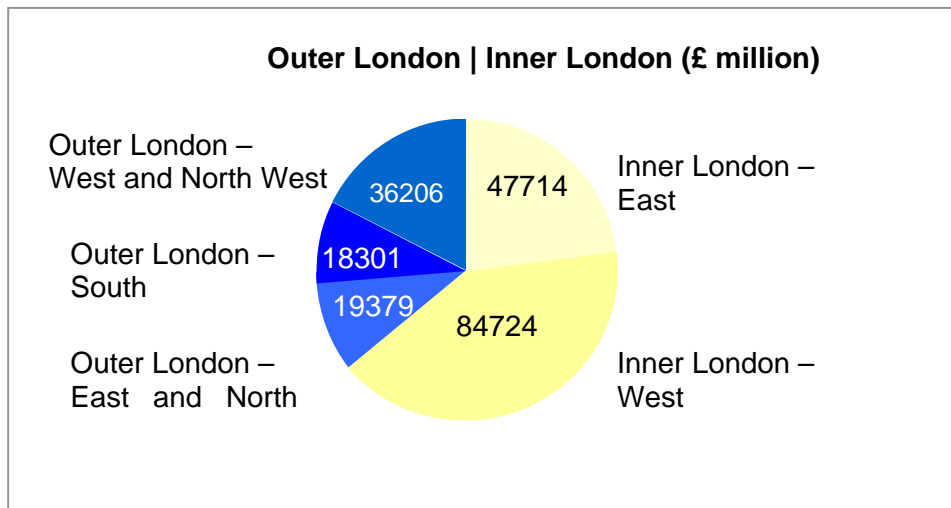
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## 1. The Economy

Gross Value Added (GVA) calculates the contribution of an area to the UK economy. This is done by estimating the value of outputs less the value of inputs used in their production. For London, the geographic areas used for comparison are Inner London and Inner East and West sub areas, and Outer London and sub areas (Figure 1).

**Figure 1: Distribution of London's GVA by sub-region, 2005**

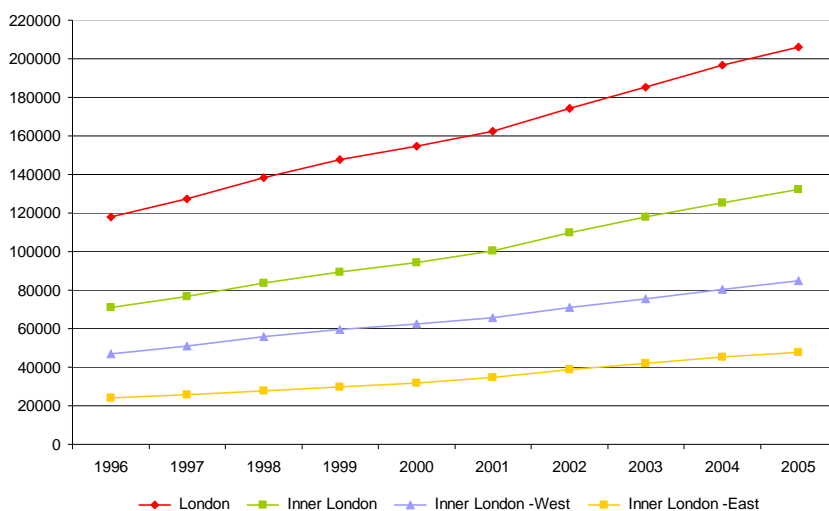


Source: Office of National Statistics (December 2007)

Note: 2005 figures are provisional

There continues to be an East / West economic divide across the capital with Inner West London having a far higher GVA than Inner East London. There has been little change in this balance since the mid-1990s. In 1996, West London accounted for 66% percent of Inner London's GVA, whilst East London accounted for only 34% percent. By 2005, East London's proportion of Inner London's GVA had grown by 2%, to 36% (Figure 2).

**Figure 2: Gross Value Added 1996- 2005 (£ millions)**



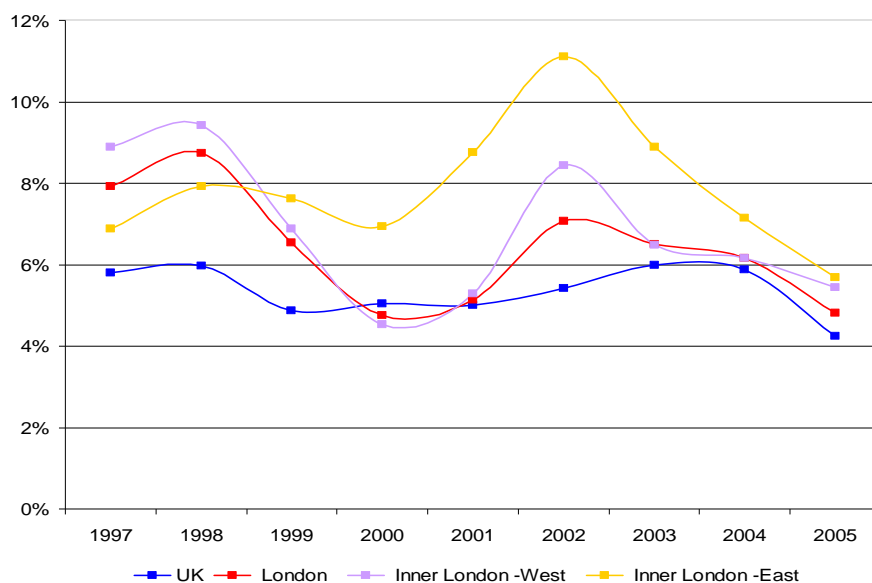
Source: Office of National Statistics (December 2007)



Figure 3 shows that the UK has experienced growth both regionally and nationally every year from 1996 to 2005. The UK's GVA growth rate has ranged from 4% to 6% over the period, averaging around 5.4%. The Inner London sub-regions have had a much wider variation of growth rates. The Inner London West GVA growth rate has ranged from 9% in 1997 to 5% in 2005. The GVA growth rate for Inner London East has fluctuated from 7% in 1997 to a peak of 11% in 2002 declining to 6% in 2005.

Hackney is within the Inner London East region, which has experienced a higher rate of growth than London as a whole, though following a broadly similar pattern (Figure 3), peaking in 1998 and again in 2002.

**Figure 3: Year on year percentage change in GVA**



Source: Office of National Statistics (December 2007)

## 2. Labour Supply

The estimated population of an area includes all those usually resident in the area, whatever their nationality. Working age includes males aged 16 to 64 and females aged 16 to 59. There are 142,000 people of working age in Hackney, 67.7% of the total resident population. This is a slightly higher proportion than the regional and national average (Table 1). A greater proportion of men than women are of working age.

**Table 1: Working age population (2007)**

	Total population	% Working age	% Males working age	% Females working age
Hackney	209,700	67.7	69.2	66.2
London	7,556,900	66.9	70.0	64.0
Britain	59,216,200	62.2	66.2	58.3

Source: ONS mid-year population estimates (2007)



Hackney's potential labour force (or labour supply) includes all those of working age who are employed, as well as those who are unemployed or economically inactive. Economically inactive refers to people who are neither in employment nor unemployed. This group includes, for example, students and people who are looking after a home or retired. Unemployed refers to people who are without a job but who are available or waiting to start work.

Hackney's labour force profile fares poorly when compared to London and Britain as a whole. As Table 2 shows, the borough has a higher percentage of unemployed and economically inactive people in conjunction with a lower percentage of employed residents than the regional and national average.

**Table 2: Economic activity, inactivity, unemployment and employment rates, January – December 2007**

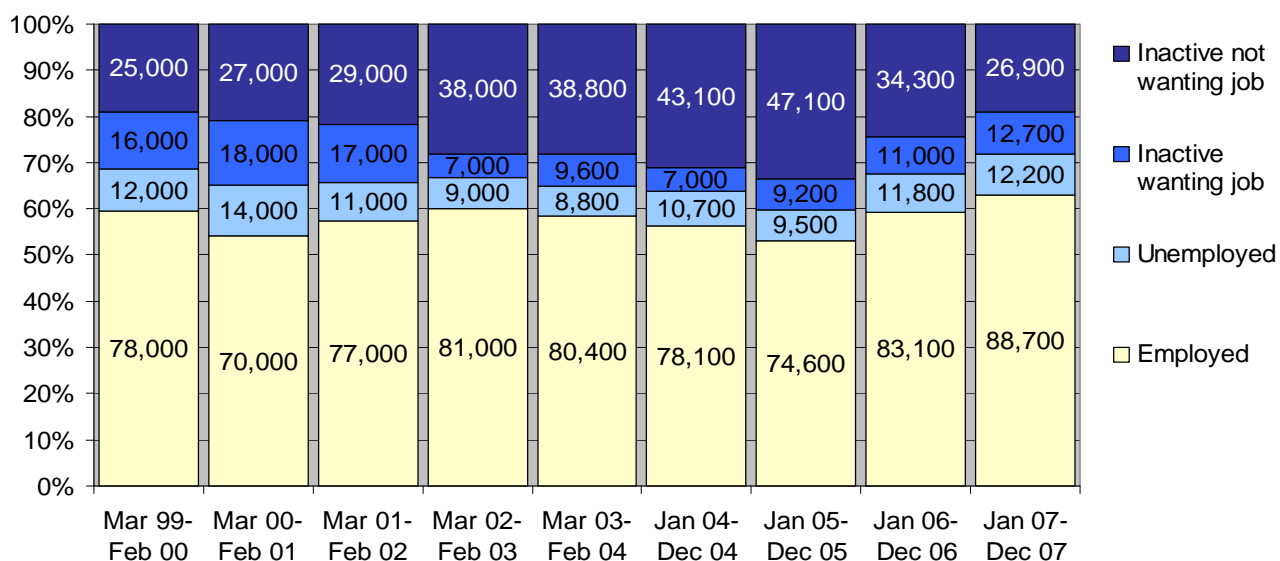
	Economic Activity rate	Economic Inactivity rate	Unemployment rate	Employment rate
Hackney	71.8	28.2	11.4	63.1
London	75.0	25.0	6.8	69.8
Britain	78.6	21.4	5.2	74.4

Source: ONS Annual Population Survey (July 2008)

These figures nonetheless reflect a significant improvement in economic activity and employment rates in 2006 and 2007 (see Figure 4).

The economically active population includes both people in employment and the unemployed. Figure 4 shows the numbers of Hackney's working age residents who were employed, unemployed and economically inactive between 2000 and 2007. The darker the blue, the further away this group is from active labour market participation.

**Figure 4: Economic inactivity, unemployment and employment (Hackney)**



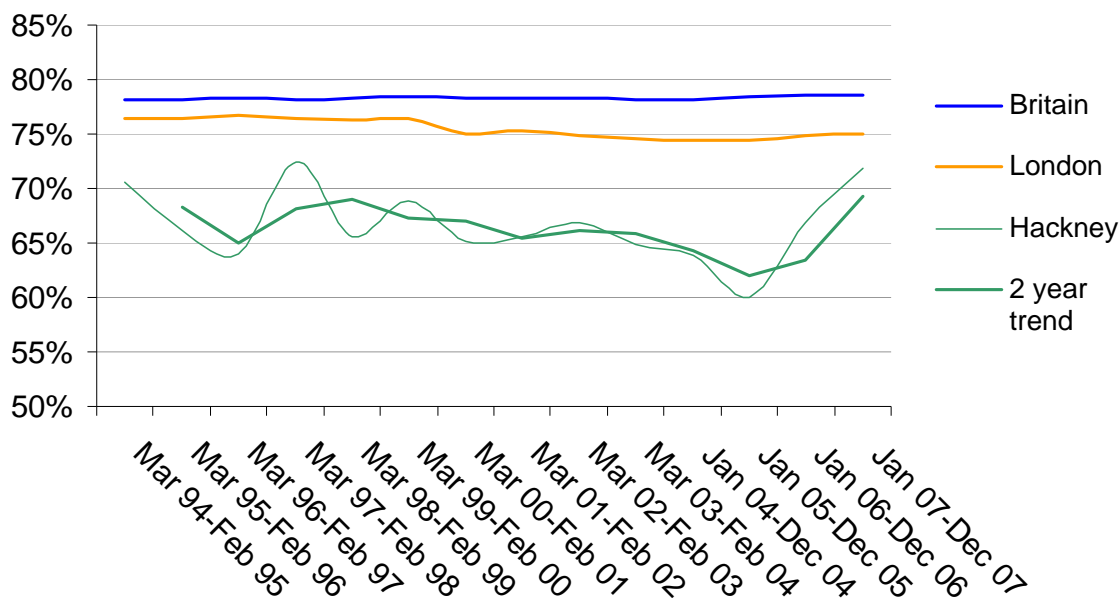
Source: ONS Annual Population Survey (July 2008)



### 3. Economic activity

The economically active population includes both people who are in employment and the unemployed.

**Figure 5: Economic activity rate as a percentage of working age population**



Source: ONS Annual Population Survey (July 2008)

Whilst there has been little change in Britain's economic activity rate since 1994, the rate in London showed a slow decline of 2% between 1999 and 2004, followed by a gradual increase of 0.5% from 2005 to 2007 (Figure 5). The large fluctuations in Hackney's economic activity reflect the smaller sample size of the survey at the local authority level. For this reason, the chart includes a trend line showing the two year moving average for Hackney. Like London, Hackney also experienced a decline in economic activity in the first half of the decade, but this decline was of a much greater magnitude, falling from 69% in 1999/00 to 60% in 2005. However, in 2006 the economic activity rate began to rise rapidly, following slight growth in London as a whole, to 72% at the end of 2007. This represented a 12% rise in only two years (Figure 5).

### 4. Economic inactivity

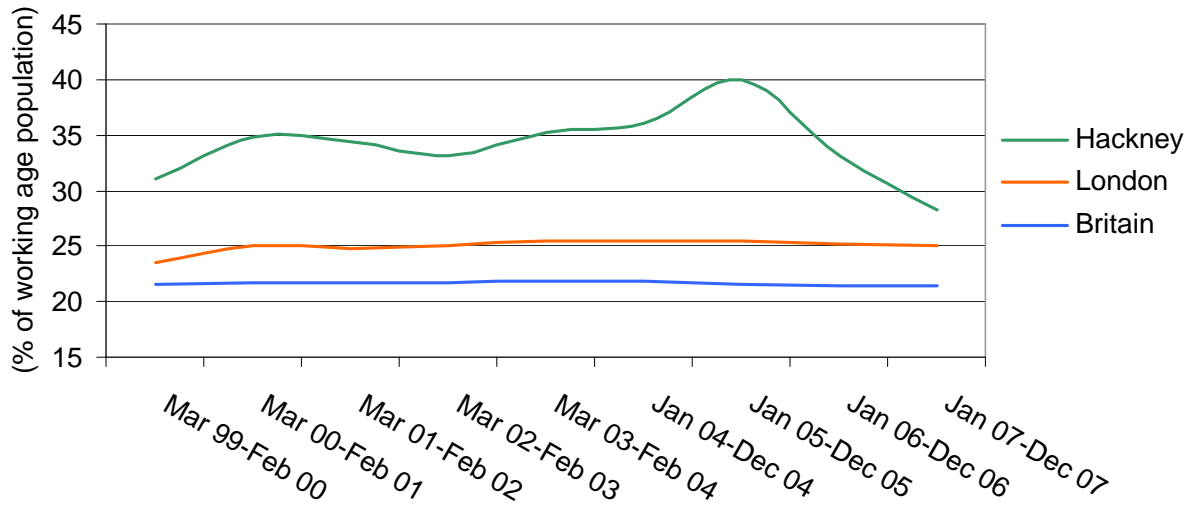
The economic inactivity rate is the proportion of the working age population who are neither unemployed nor in employment. It includes a large number of people claiming incapacity and severe disability benefits, as well as students, people who are looking after a home or family members, or retired.

In December 2006, Hackney had the 3rd highest rate of economic inactivity in the country, after Tower Hamlets and Newham. Over the following 12 months, Hackney's economic



inactivity rate fell so steeply that in December 2007, it was 25<sup>th</sup> highest nationally and 8<sup>th</sup> highest in London.

**Figure 6: Economic inactivity rate (1999/00 to 2007)**



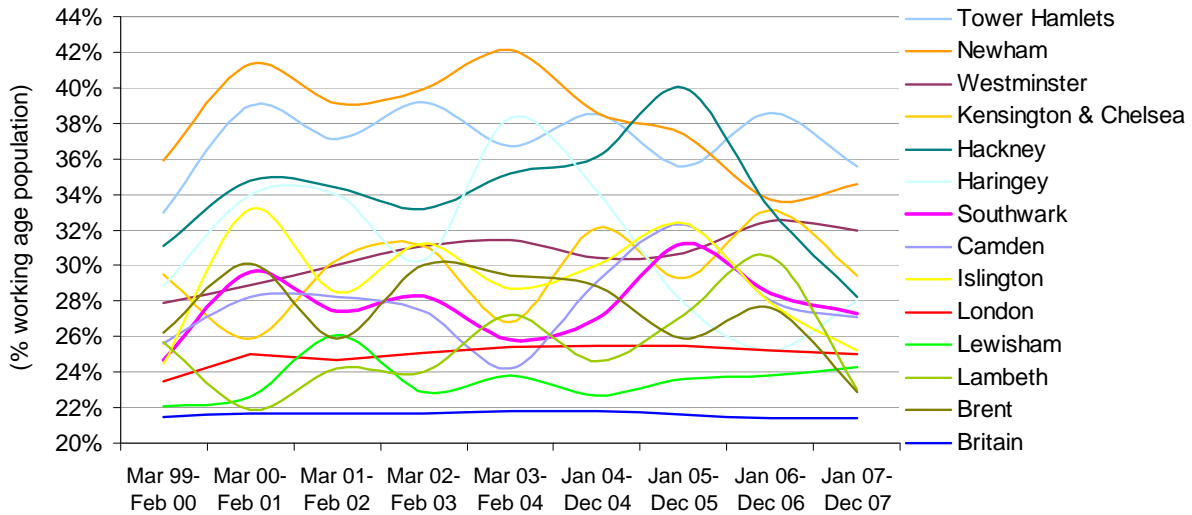
Source: ONS Annual Population Survey (July 2008)

Between 1999/00 and 2007, Hackney's economic inactivity rate shows no statistically significant trend (Figure 6). Large fluctuations in economic activity rates are common across all local authority areas, reflecting the relatively small sample size of the Annual Population Survey at the local authority level (see Figure 7). Nonetheless, Hackney's economic inactivity rate has recently shown a sharp decrease, from 40% in December 2005 to 28% in December 2007. This is the lowest rate of economic inactivity in Hackney for a decade (Figure 6).



The recent improvement is far steeper than anything experienced by any of Hackney's statistical neighbours (see Figure 7). In terms of scale, only Haringey has shown anything like a similar trend, beginning earlier (in 2004) and ending in 2005. However, this was not accompanied by a comparable increase in Haringey's employment rate.

**Figure 7: Economic inactivity rates of London Boroughs (1999/00 to 2007)**

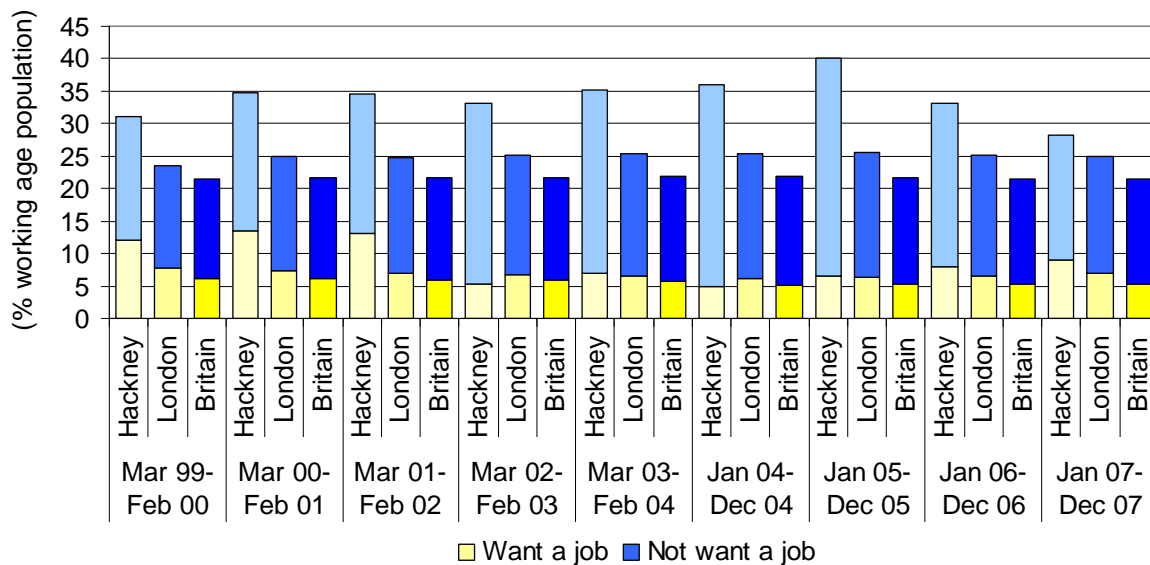


Source: ONS Annual Population Survey (July 2008)

Since 2005, the proportion of people stating that they want a job has increased from 16% of Hackney's economically inactive to 32%, whilst the proportion stating that they do not want a job has declined correspondingly, from 84% in 2005 to 68% in 2007.

Figure 8 shows economic inactivity rates from 1999/00 to 2007, broken down into those stating that they want or do not want a job.

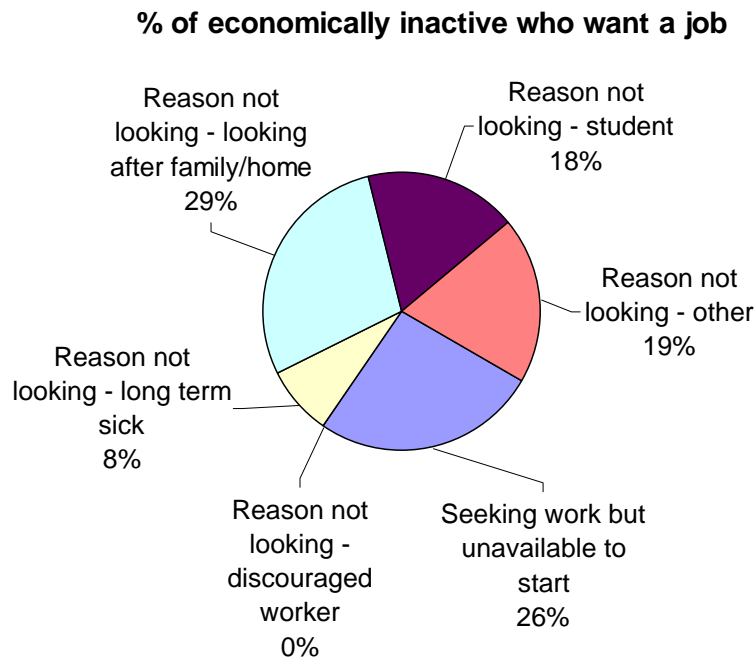
**Figure 8: Economically inactive who want / do not want a job**



Source: ONS Annual Population Survey (July 2008)

Amongst those who are economically inactive but want a job, the most common reason given for not looking for one is that they are looking after a family or home (29%). 26% are seeking work but not available to start, 18% are students and 8% are long-term sick. The number of 'discouraged workers' is nil or negligible (Figure 9).

**Figure 9: Economically inactive people who want a job – reasons for not looking (Hackney)**



Source: ONS Annual Population Survey (July 2008)

## 5. Unemployment

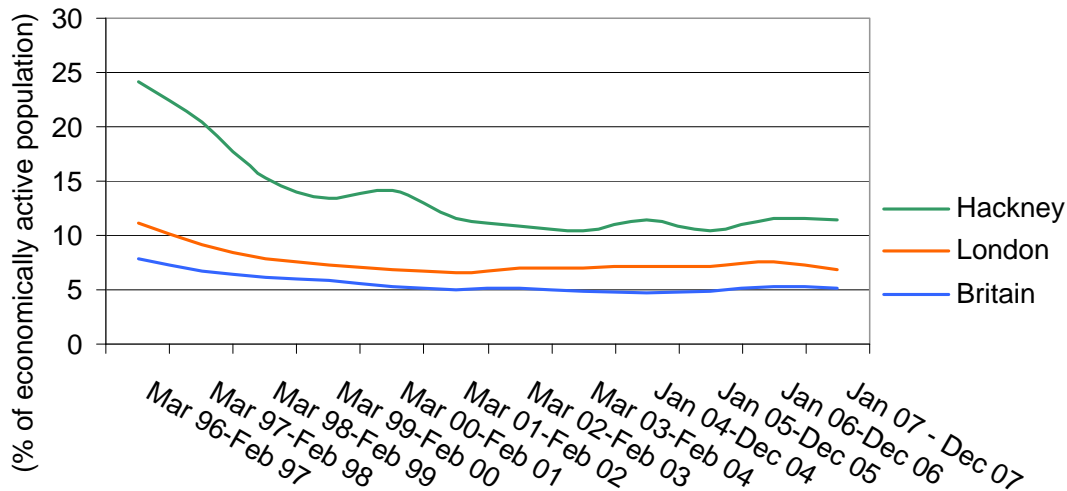
The unemployment rate is the proportion of the economically active population who are not employed but are actively seeking work. It includes people who are not claiming unemployment related benefits as well as those who are.

There are an estimated 11,700 unemployed people in the borough. Hackney has a higher unemployment rate at 11.4% than either London (6.8%) or Britain (5.2%).

However, the gap between Hackney and London has decreased significantly since the mid-1990s. Hackney's unemployment rate dropped from 24.2% in 1996 to 10.5% in 2005. There have been small fluctuations in this downward trend, including a 1% increase between 2005 and 2006 (Figure 10).



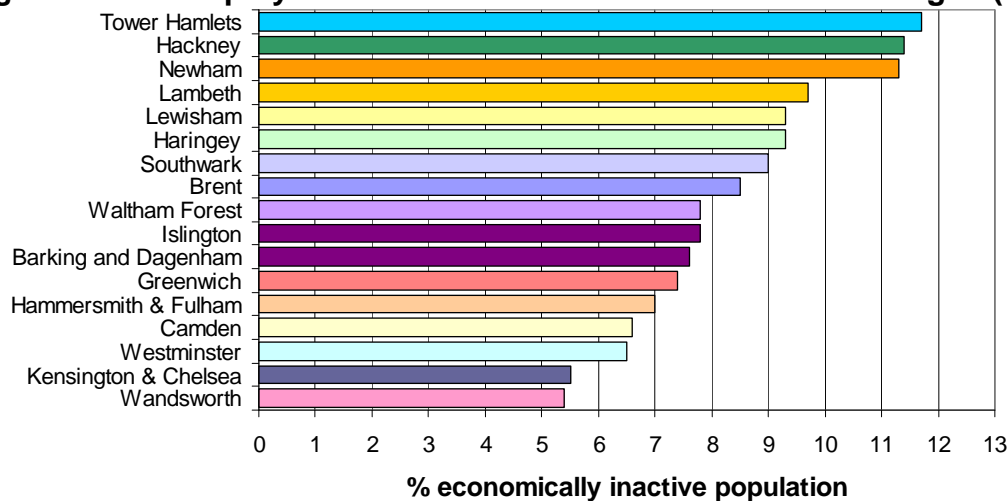
**Figure 10: Unemployment rates in Hackney, London and Britain**



Source: ONS Model-based unemployment estimates

At 11.4%, Hackney’s unemployment rate is the second highest in London, after Tower Hamlets (11.7%). This compares to much lower unemployment rates amongst many of Hackney’s statistical neighbours, from only 5.4% in Wandsworth, to 6.5% in Westminster, 7.8% in Islington, and 9.7% in Lambeth (Figure 11).

**Figure 11: Unemployment rates across selected London boroughs (December 2007)**



Source: ONS Annual Population Survey Jan 2007-Dec 2007, Model-based unemployment (July 2008)

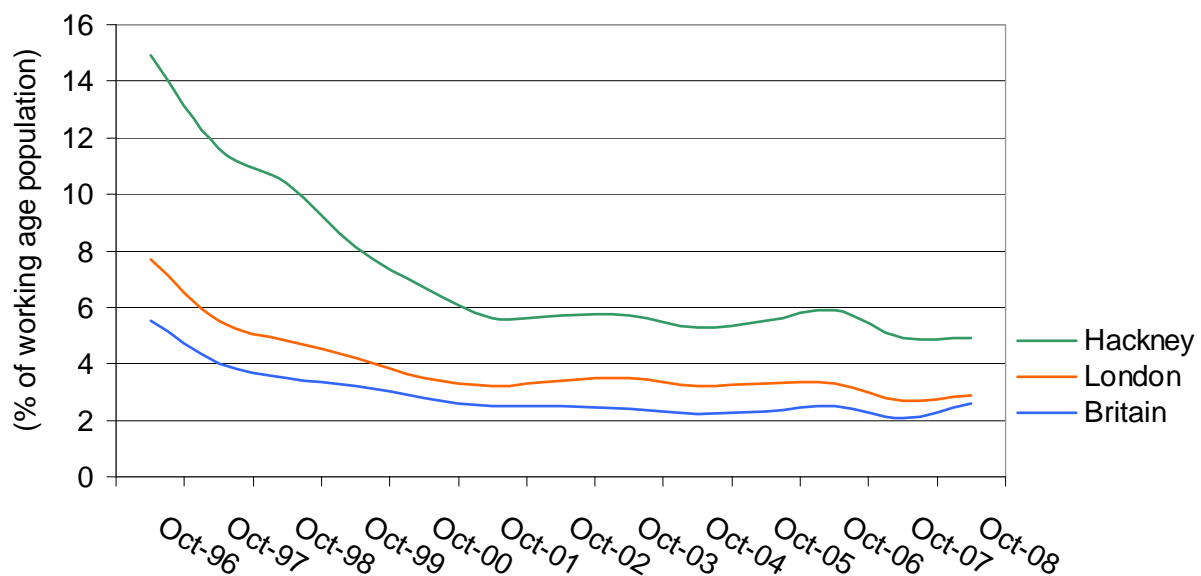


## 6. Claimant unemployment

The claimant count rate is the proportion of working age residents who are claiming unemployment related benefits.

There was a significant decline in claimant unemployment in the mid to late 1990s across the whole of Britain, but in Hackney this decline was even more dramatic. Claimant unemployment fell by 10% between 1996 and 2002, from 15.7% to 5.7%, and continued to decline gradually until April 2008, when it reached its lowest level of 4.5%. Across Britain (including Hackney), unemployment has begun to rise again with the economic downturn, and Hackney's unemployment rate in October 2008 was 4.9% (Figure 12).

**Figure 12: Unemployment claimant count rates (Jobseekers Allowance)**



Source: ONS Unemployment Claimant Count (October 2008)

Whilst the gap between the Hackney and London rates has remained at around 2% since 2001, compared to over 7% in 1996 (Figure 12), Hackney continues to have a high proportion of residents claiming unemployment benefits compared to other London boroughs.



Hackney's unemployment rate of 4.9% is the second highest rate in London after Tower Hamlets (5.3%). In October 2008, there were 6,982 people claiming Jobseekers Allowance in Hackney. In terms of the number of claimants, Hackney has the fourth highest claimant count in London, after Tower Hamlets, Newham and Lambeth (see Table 3).

**Table 3: Unemployment claimant count rate, October 2008**

Borough	Number	%	Borough	Number	%
Camden	4,065	2.4	Lambeth	7,511	3.8
City of London	67	1.1	Lewisham	6,178	3.5
Hackney	6,982	4.9	Newham	7,543	4.5
Hammersmith and Fulham	3,538	2.9	Southwark	6,688	3.4
Haringey	6,753	4.3	Tower Hamlets	7,999	5.3
Islington	5,080	3.7	Wandsworth	4,045	2.0
Kensington and Chelsea	2,234	1.8	Westminster	3,283	1.9

Source: ONS, *Unemployment Claimant Counts with rates and proportions (October 2008)*

Note: % is a proportion of resident working age population

Table 4 shows the proportion of the working age population claiming JSA for more than 6 months and the proportion claiming for more than 12 months.

Since 1996, the proportion of residents claiming unemployment benefit for more than 6 months has decreased in all Inner London boroughs, and across Britain as a whole. Hackney has achieved a higher rate of reduction than the London or British average. Hackney has also achieved an above average decrease in the proportion claiming for over a year.

**Table 4: Claimants by duration as a proportion of working age population**

	October 1996		October 2008	
	Number	Rate	Number	Rate
<b>Hackney</b>				
Total claimants	18,288	14.9	6,982	4.9
Over 6 months	12,395	10.1	2,055	1.4
Over 12 months	9,415	7.7	830	0.6
<b>London</b>				
Total claimants	343,670	7.7	144,015	2.8
Over 6 months	210,855	4.7	42,075	0.8
Over 12 months	149,560	3.4	18,700	0.4
<b>Britain</b>				
Total claimants	1,895,671	5.5	939,900	2.6
Over 6 months	1,050,320	3.0	234,385	0.6
Over 12 months	696,905	2.0	96,160	0.3

Source: ONS, *Unemployment Claimant Count (October 2008)*



Hackney has a larger proportion of claimants in the 25-49 age bracket than the average for London or Britain, and a smaller proportion of claimants aged between 18 and 24, and over 50 (Table 5).

**Table 5: Claimants by age group**

Age of Claimant	Hackney (numbers)	Hackney (%)	London (%)	Britain (%)
Aged 18-24	1,775	25.5	26.8	31.1
Aged 25-49	4,180	60.1	57.9	53.2
Aged 50 and over	990	14.2	15	15.1

Source: ONS, *Unemployment Claimant Count (October 2008)*

In Hackney, those claiming unemployment benefits are most likely to be people whose usual occupation is in sales, followed by administration and service occupations, elementary trades, plant and storage related occupations, and culture, media and sport. Those in skilled construction and building trades, transport and machine drivers or operatives, and customer service occupations are also at greater risk of claiming unemployment benefits.

Table 6 shows the usual occupations most commonly cited by claimants of unemployment benefits in Hackney, London and Britain.

**Table 6: Usual occupations of benefit claimants (by frequency)**

Hackney	London	Britain
Sales & retail assistants	Sales & retail assistants	Sales & retail assistants
General office assistants/clerks	General office assistants/clerks	Goods handling & storage
Goods handling & storage	Goods handling & storage	General office assistants/clerks
Customer care	Van drivers	Labourers in process & plant operations
Cleaners, domestics	Customer care	Labourers in building & woodworking
Van drivers	Cleaners, domestics	Van drivers
Painters & decorators	Labourers (building & woodworking)	Labourers in other construction trades
Labourers (building & woodworking)	Kitchen & catering assistants	Packers, bottlers, canners, fillers
Kitchen & catering assistants	Painters & decorators	Cleaners, domestics
Receptionists	Packers, bottlers, canners, fillers	Kitchen & catering assistants
Care assistants & home carers	Retail cashiers & check-out operators	Care assistants & home carers
Postal workers, mail sorters, couriers	Labourers in other construction trades	Bar staff
Security guards & related occupations	Security guards & related occupations	Customer care occupations
Packers, bottlers, canners, fillers	Receptionists	Fork-lift truck drivers
Retail cashiers & check-out operators	Shelf fillers	Gardeners & groundsmen
Labourers in other construction trades	Care assistants & home carers	Painters & decorators
Labourers in process & plant operations	Labourers in process & plant operations	Assemblers & routine operatives
Graphic designers	Postal workers, mail sorters, couriers	Security guards & related
Bar staff	Chefs, cooks	Retail cashiers & check-out operators
Shelf fillers	Bar staff	Shelf fillers

Source: ONS Claimant Count - Occupation (June 2008)

The occupations most frequently sought (Table 7) by Hackney residents who are claiming unemployment benefits are very similar to the occupations most commonly held (Table 6). The differences are that chefs, cooks and youth and community workers are in the top 20 most sought-after occupations amongst claimants, but not in the top 20 usual occupations, and that shelf fillers and labourers in process and plant operations are in the top 20 occupations held by claimants, but not in the top 20 most commonly sought.



There are also significant differences between the occupations most commonly sought by male and female claimants (Table 7). Female claimants are more likely to seek work as care assistants, home carers, receptionists, waitresses, nursery nurses, childminders, hairdressers, artists, product and clothing designers, educational assistants, PAs and secretaries and administrative roles in the civil service. By contrast, male claimants are more likely to seek occupations such as goods handling and storage, painting and decorating, van driving, various forms of labouring, as well as work as security guards, bar staff, chefs, cooks, graphic designers, photographers, gardeners and groundsmen.

Youth and community workers appear in the top 20 most commonly sought occupations for both male and female claimants, despite the fact that this is not in the top 20 usual occupations most commonly held.

**Table 7: Sought occupations of benefit claimants (by frequency), Hackney**

Male	Female	Total
Sales and retail assistants	Sales and retail assistants	Sales and retail assistants
General office assistants/clerks	General office assistants/clerks	General office assistants/clerks
Goods handling & storage	Cleaners, domestics	Goods handling & storage
Painters & decorators	Care assistants & home carers	Customer care
Van drivers	Receptionists	Van drivers
Labourers in building & woodworking trades	Customer care occupations	Painters and decorators
Customer care occupations	Kitchen & catering assistants	Cleaners, domestics
Security guards & related occupations	Retail cashiers & check-out operators	Kitchen & catering assistants
Cleaners, domestics	Waitresses	Labourers (building & woodworking)
Kitchen & catering assistants	Nursery nurses	Care assistants & home carers
Postal workers, mail sorters, messengers, couriers	Packers, bottlers, canners, fillers	Security guards (& related)
Labourers in other construction trades	Bar staff	Receptionists
Chefs, cooks	Childminders & related occupations	Postal workers, mail sorters, couriers
Packers, bottlers, canners, fillers	Hairdressers	Chefs, cooks
Bar staff	Artists	Labourers in other construction trades
Labourers in process & plant operations	Product, clothing & related designers	Packers, bottlers, canners, fillers
Graphic designers	Educational assistants	Bar staff
Photographers & audio-visual equipment operators	Personal assistants & secretaries	Retail cashiers & check-out operators
Gardeners & groundsmen	Youth & community workers	Youth & community workers
Youth & community workers	Civil service administrative officers & assistants	Graphic designers

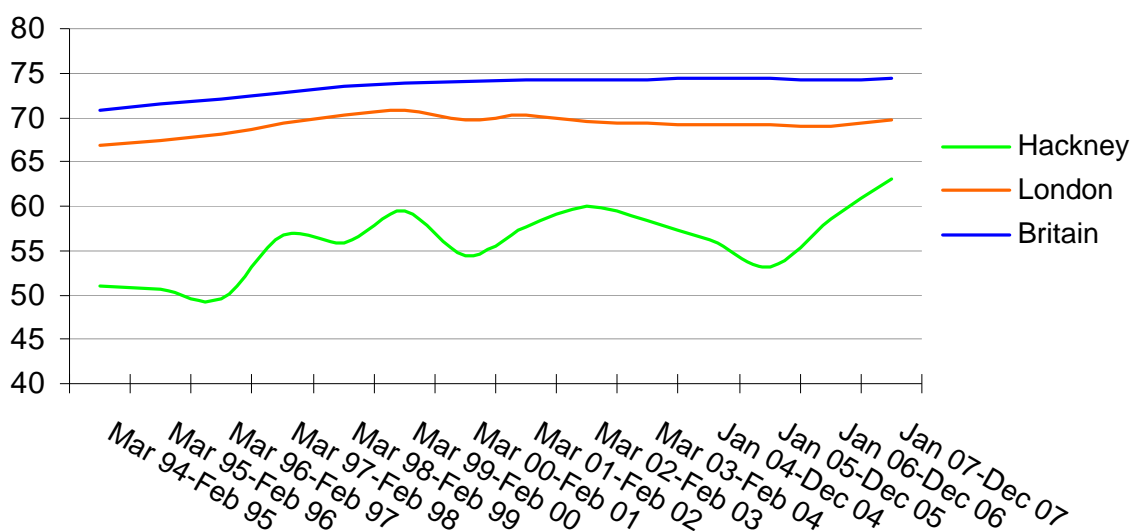
Source: ONS Claimant Count - Occupation (June 2008)



## 7. Employment rate

Since 1999, Britain's employment rate has remained fairly constant, at around 74% (Figure 13), and London's has fluctuated between 69% and 70%. Again, the picture for Hackney has been far more varied, but between 1999 and 2006, Hackney's employment rate averaged just over 57%, well below the regional and national averages.

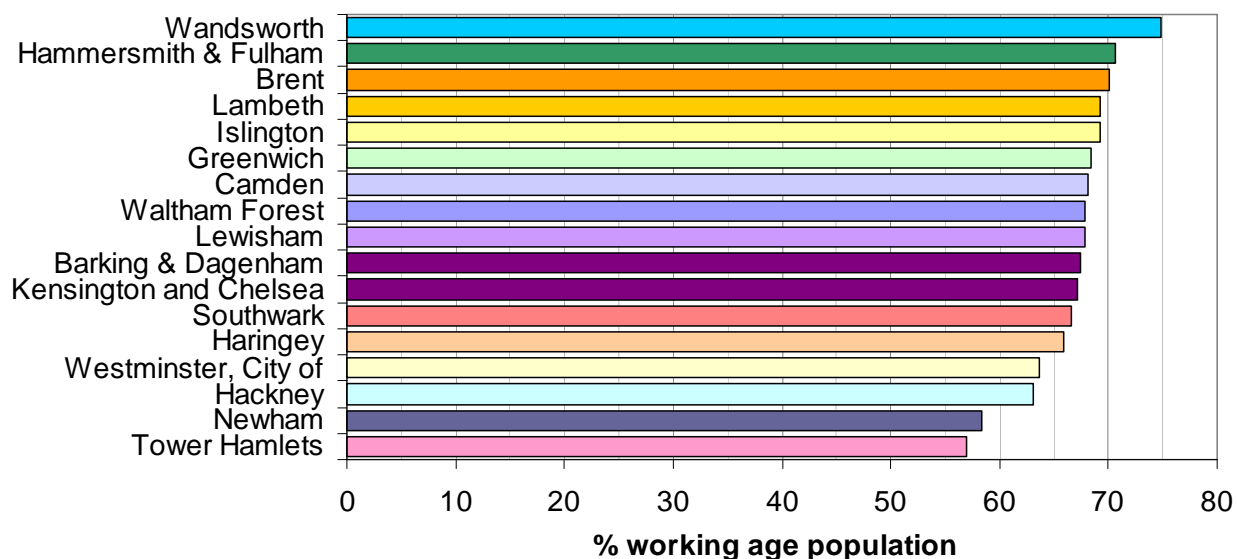
**Figure 13: Employment as a percentage of working age population**



Source: ONS Labour Force Survey and Annual Population Survey (August 2008)

Between 2005 and 2007, Hackney's employment rate experienced a dramatic increase, reaching 60% in June 2007. By September 2007, it had risen to the highest rate on record (64.3%), significantly closing the gap between Hackney and London. However, after falling back to 63.1% in December 2007, Hackney's employment rate was the third lowest in London, after Tower Hamlets (56.9%) and Newham (58.4%). (See Figure 14)

**Figure 14: Employment rates across selected London boroughs (December 2007)**

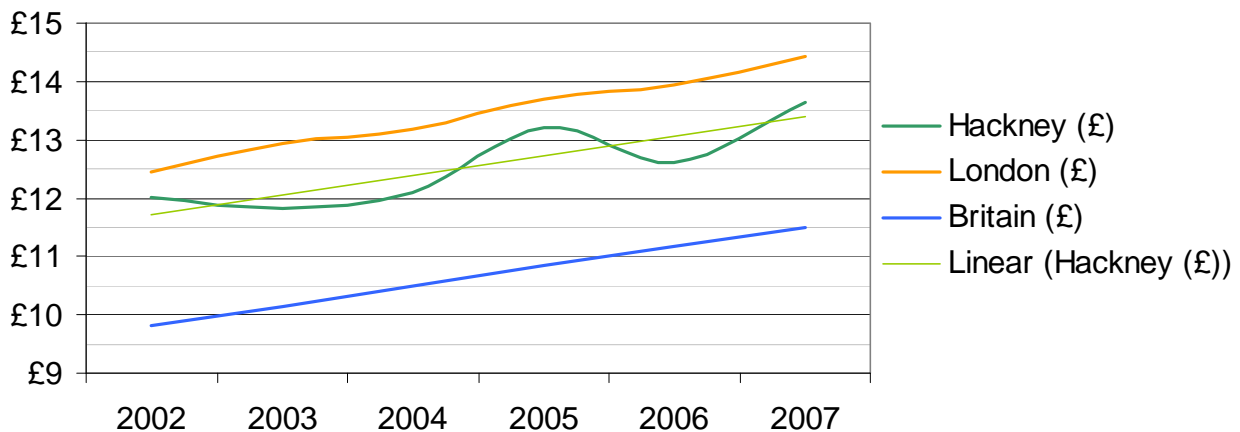


Source: ONS Annual Population Survey Jan 2007-Dec 2007 (July 2008)

## 8. Earnings

For those in employment, the trend for London and Britain has been a gradual steady increase in average earnings over the past five years. Hackney has broadly kept pace with this increase, with the result that residents continue to earn significantly more than the national average, but less than the London average (Figure 15).

**Figure 15: Average hourly pay of full-time working residents (2002-2007)**

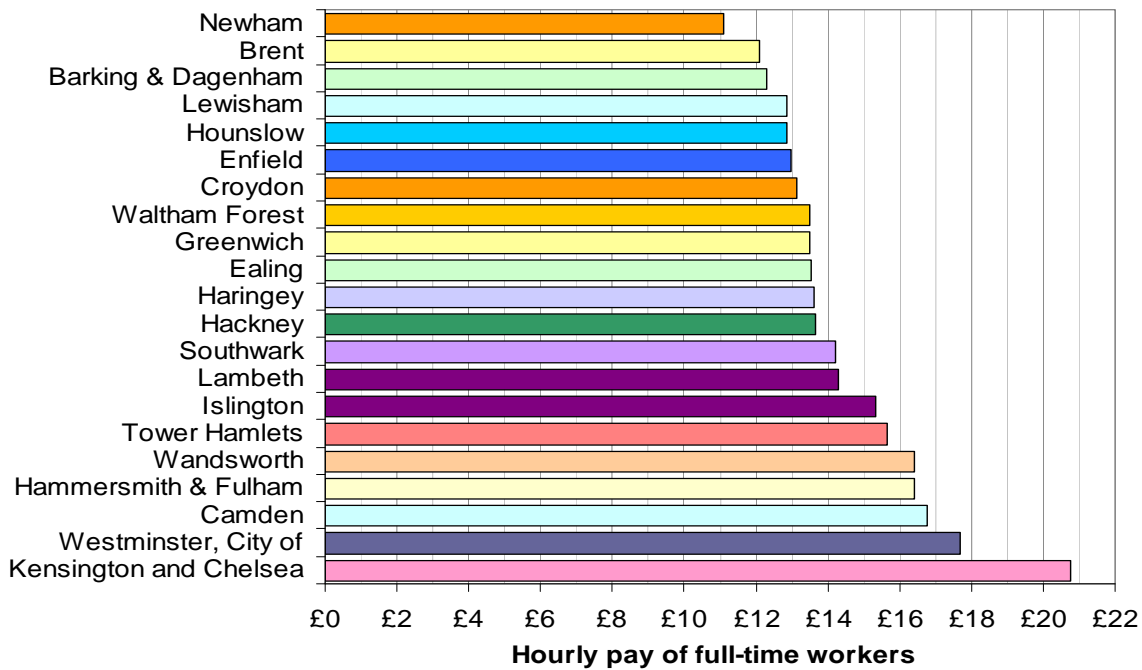


Source: ONS Annual Survey of Hours and Earnings – Residents Analysis (2007)

Within London, there are wide disparities between average earnings depending on where people live. The average hourly pay of London's full-time workers ranges from £20.76 for the residents of Kensington and Chelsea to £11.09 for residents of Newham. Hackney's residents have the 12<sup>th</sup> lowest average hourly earnings of the 32 London boroughs, at £13.65 per hour (Figure 16).



**Figure 16: Average hourly pay of full-time working residents – selected borough comparison (2007)**



Source: ONS Annual Survey of Hours and Earnings – Resident Analysis (2007)

The average (median) gross annual pay of Hackney residents was £24,149 in 2007, compared to a London median of £26,036 and a national median of £20,037. Counting only full-time workers, median earnings come out slightly higher, at £27,757 gross per annum in Hackney, £29,633 in London and £24,124 in Britain (Table 8).



**Table 8: Gross median earnings for residents (2007)**

	Hourly gross median pay	Weekly gross median pay	Annual gross median pay
<b>Hackney</b>			
<b>All workers</b>	<b>£12.25</b>	<b>£444.60</b>	<b>£24,149.00</b>
Full-time workers	£13.65	£520.00	£27,757.00
<b>Male workers</b>	<b>£11.89</b>	<b>£457.10</b>	<b>£24,839.00</b>
Male full-time workers	£12.85	£508.00	£27,771.00
Female workers	£12.59	£428.20	£23,390.00
Female full-time workers	£14.50	£537.20	£27,588.00
<b>London</b>			
<b>All workers</b>	<b>£13.15</b>	<b>£481.20</b>	<b>£26,036.00</b>
Full-time workers	£14.43	£553.30	£29,633.00
<b>Male workers</b>	<b>£14.35</b>	<b>£551.20</b>	<b>£29,984.00</b>
Male full-time workers	£15.08	£596.00	£32,026.00
Female workers	£12.28	£419.40	£22,210.00
Female full-time workers	£13.75	£506.00	£27,171.00
<b>Britain</b>			
<b>All workers</b>	<b>£10.26</b>	<b>£376.50</b>	<b>£20,037.00</b>
Full-time workers	£11.50	£459.00	£24,124.00
<b>Male workers</b>	<b>£11.68</b>	<b>£468.50</b>	<b>£25,064.00</b>
Male full-time workers	£12.17	£500.70	£26,471.00
Female workers	£9.00	£287.50	£15,029.00
Female full-time workers	£10.48	£394.80	£20,501.00

Source: Annual Survey of Hours and Earnings (2007)

Average hourly, weekly and annual earnings are lower in Hackney than across London, but are higher than the British average. However, this hides an interesting disparity between male and female workers.

Male workers in Hackney earn on average £2.46 per hour less than the London male average, and only 39 pence more per hour than the male average for Britain. In terms of annual earnings, this means male workers in Hackney earn £5145.00 less per year than the London average.

Unusually, Hackney's female residents earn 70 pence per hour more than male residents, and for full-time workers, this earnings gap increases to £1.65 per hour. Hackney's female full-time workers also earn higher weekly wages, averaging £29.20 more per week than full-time working men. This goes against the pattern found in London and Britain as a whole, where men earn more than women, with the result that Hackney women earn more than either the regional or national median.

However, this does not translate into women earning more than men on an annual basis. Hackney's female workers earn on average £1,449 per annum less than their male counterparts. Women are more likely to work part-time than men, and hourly rates of pay are lower for part-time workers than for full-time, both regionally and nationally. Nonetheless, this annual earnings gap persists even for full-time working women, though



to a much smaller extent: full-time female workers earn on average £183 less per year than male full-time workers living in Hackney.

**Table 9: Average (mean) hours worked per week (total)**

	Hackney		London		Britain	
	Male	Female	Male	Female	Male	Female
2007	35.5	31.9	37.1	31.7	38.1	29.5
2002	36.6	32.1	37.8	31.7	39.0	29.8

Source: *Annual Survey of Hours and Earnings – Resident Analysis (2007)*

Average weekly hours worked have decreased very slightly since 2002 (Table 9). Men continue to work a longer average week than women. In Hackney, men work an average of 3.6 hours more than women, compared to a much larger gender gap of 5.4 hours across London and 8.6 hours across Britain as a whole. Men in Hackney tend to work 1.6 hours less per week than the London male average and 2.6 hours less than Men in Britain. The reverse is true of Hackney women, who average a slightly longer working week than women across London or Britain as a whole.

## 9. Qualifications, Literacy and Numeracy

Table 10 gives an explanation of qualification levels, which take into account educational, vocational and professional qualifications.

**Table 10: Definition of Qualification Levels 1-5**

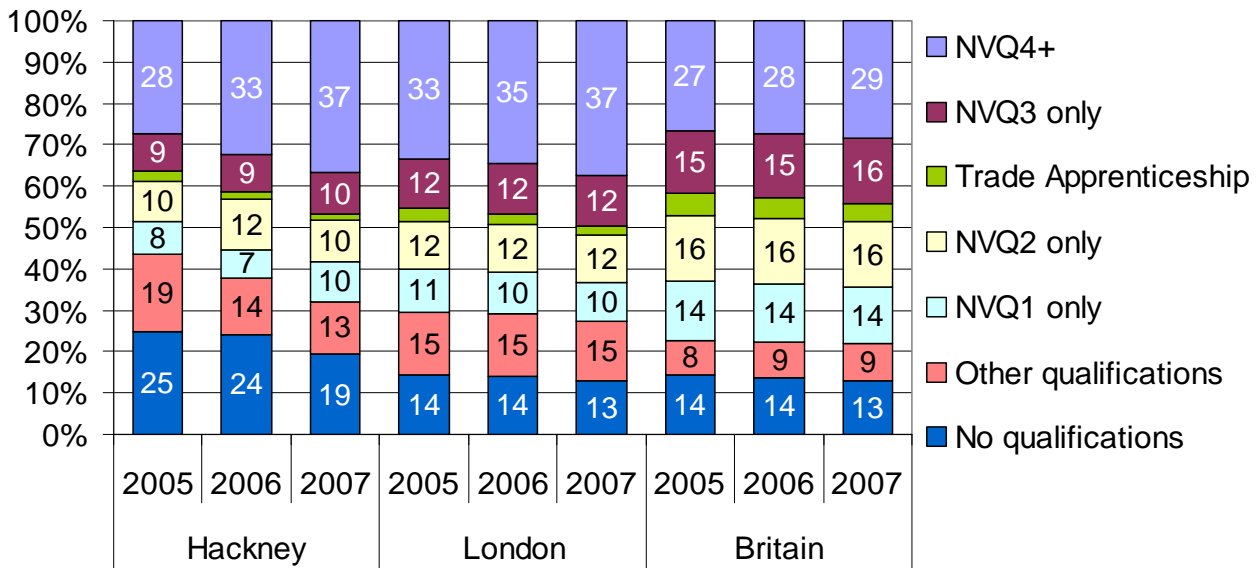
Level	Qualifications
No Qualifications	No formal qualifications held
Level 1	NVQ Level 1 or equivalent, e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ
Level 2	NVQ Level 2 or equivalent, e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ
Level 3	NVQ Level 3 or equivalent, e.g. 2 or more 'A' levels, 4 or more 'AS' levels, Higher School Certificate, Advanced GNVQ.
Level 4/5	NVQ Level 4 and above, e.g. First degree, Higher Degree, HND, Qualified Teacher, Medical Doctor, Dentist, Nurse, Midwife, Health Visitor or equivalent
Other/level unknown	Includes some professional qualifications (e.g. City and Guilds, RSA/OCR, BTEC) and foreign qualifications

Source: *ONS Labour Market Statistics (Nomis)*

Just under one in five (19%) of Hackney's working age population have no qualifications at all, a higher percentage than in London or Britain as a whole (Figure 17). However, Hackney also has a high proportion of working age residents qualified to Level 4 and above (37%). This is in line with the London population, and well above the British rate (29%).



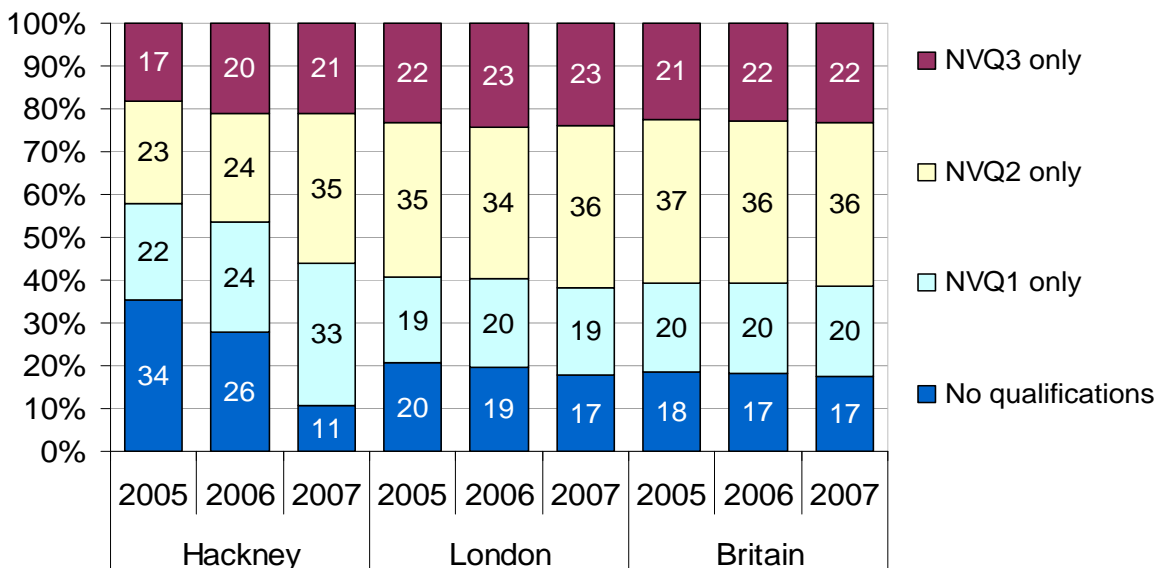
**Figure 17: Percentage of working age population by level of qualification**



Source: ONS Annual Population Survey (October 2008)

Figure 18 shows the percentage of the 16-19 year old population by level of qualification. The 16-19 year old population are more likely to have NVQ Level 3 qualifications than the population as a whole. In 2005 and 2006, 16-19 year olds in Hackney were more likely than the rest of the population to have no qualifications. This is also the case across London and Britain. However, in 2007, the proportion of Hackney's 16-19 year olds with no qualifications fell to 11%, well below the proportion in London and Britain.

**Figure 18: Percentage of population aged 16-19 by level of qualification**



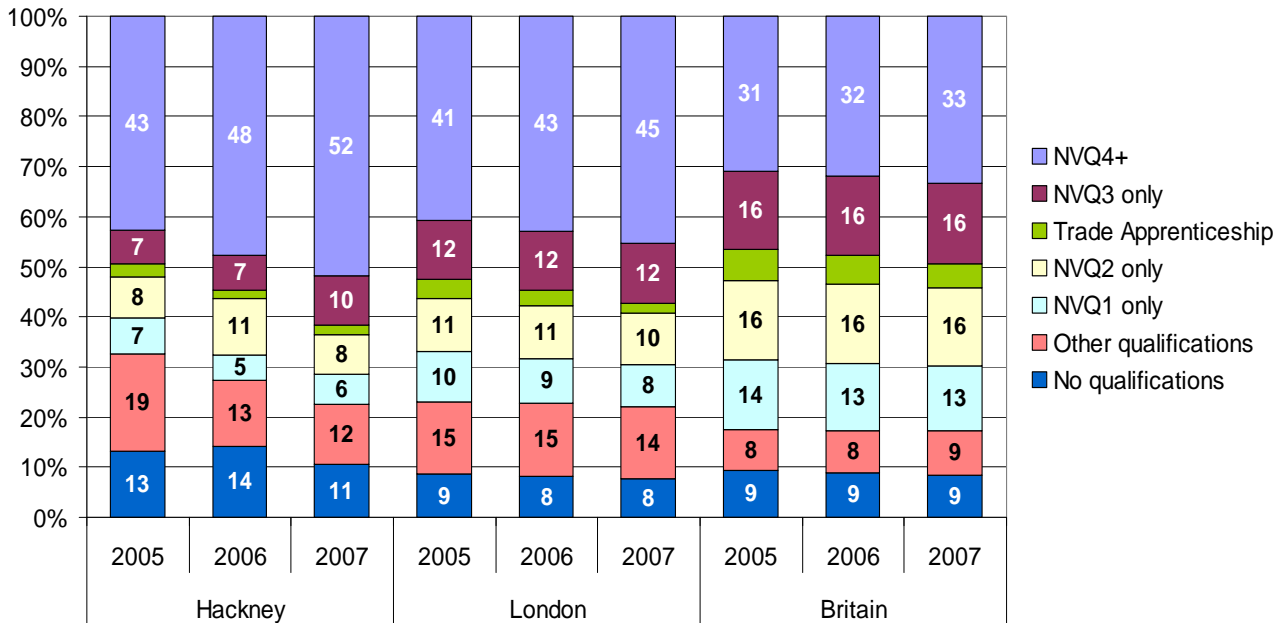
Source: ONS Annual Population Survey (July 2008)

Figure 19 shows over half of Hackney's employed population are qualified to Level 4 and above, and less than 11% of those who are in employment have no qualifications. Graduates and qualified professionals are over-represented amongst London's employed

population by 8%, and are even more over-represented amongst Hackney's working population, by 15%.

Those with the highest qualifications make up the largest proportion of the employed population, and their share is growing. By contrast, the proportions of Hackney's employed population with Trade Apprenticeships and NVQ Level 1 qualifications have shrunk since 2005.

**Figure 19: Percentage of the employed population by level of qualification**



Source: ONS Annual Population Survey (October 2008)

Those with no qualifications are under-represented in the employed population across Britain, including in Hackney and London. 11% of Hackney's employed population have no qualifications, which is slightly higher than the proportion across London and Britain, but Hackney also has a higher proportion of residents with no qualifications (19% compared to 13% in London and Britain), which means that the extent of their under-representation in the labour force is greater.

The Skills for Life Survey published in 2003 provides an estimate of literacy and numeracy levels within the population. Level 2 is comparable with high level GCSE (Grades A\*-C). Level 1 is broadly comparable with low level GCSE (grades D-G). Entry levels are below a low level GCSE. A more detailed explanation of the classification of skills levels is provided in Table 11.



**Table 11: Definition of classification levels**

Level	Literacy	Numeracy
Entry level 1	Understands short texts with repeated language patterns on familiar topics. Can obtain information from common signs and symbols	Understands information given by numbers and symbols in simple graphical and numerical written material
Entry level 2	Understands short straightforward texts on familiar topics. Can obtain information from short documents, familiar sources and signs and symbols	Understands information given by numbers, symbols, simple graphical and charts in graphical, numerical and written material
Entry level 3	Understands short straightforward texts on familiar topics accurately and independently. Can obtain information from everyday sources.	Understands information given by numbers, symbols, diagrams and charts used for different purposes and in different ways in graphical, numerical and written material.
Level 1	Understands short straightforward texts of varying length on a variety of topics accurately and independently. Can obtain information from different sources	Understands straightforward mathematical information used for different purposes and can independently select relevant information from given graphical, numerical and written material.
Level 2+	Understands a range of texts of varying complexity accurately and independently. Can obtain information of varying length and detail from different sources	Understands mathematical information used for different purposes and can independently select and compare relevant information from a variety of graphical, numerical and written material.

Source: *Department for Children, Schools and Families (2003)*

In London, East London and Hackney, a higher proportion of people have Entry level skills in numeracy than in literacy (Table 12). Adults in Hackney have slightly higher literacy skills than in London as a whole. 17% of adults in Hackney have Entry level literacy skills, compared with 19% across London, and 48% have literacy skills at Level 2 and above, compared to only 46% across London. However, Hackney has a far smaller proportion of adults with higher level numeracy skills, and at Level 2 and above is 14% below London as a whole.



**Table 12: Literacy and numeracy levels amongst adults in Hackney, Inner London East and London**

		Literacy		Numeracy	
		Number	Proportion	Number	Proportion
<b>Entry Level 1 Skills</b>	Hackney	3,715	3%	10,600	6%
	London East	21,535	2%	73,110	6%
	London	222,800	5%	302,785	6%
<b>Entry Level 2 Skills</b>	Hackney	3,060	2%	24,710	20%
	London East	18,400	1%	258,145	20%
	London	108,655	2%	794,985	17%
<b>Entry Level 3 Skills</b>	Hackney	15,740	12%	46,680	35%
	London East	171,170	14%	472,945	37%
	London	594,520	12%	1,205,275	25%
<b>Level 1 Skills</b>	Hackney	46,430	34%	38,510	28%
	London East	506,800	40%	300,300	24%
	London	1,640,600	34%	1,262,375	26%
<b>Level 2 Skills and above</b>	Hackney	64,410	48%	15,490	11%
	London East	548,400	43%	162,100	13%
	London	2,204,970	46%	1,206,125	25%

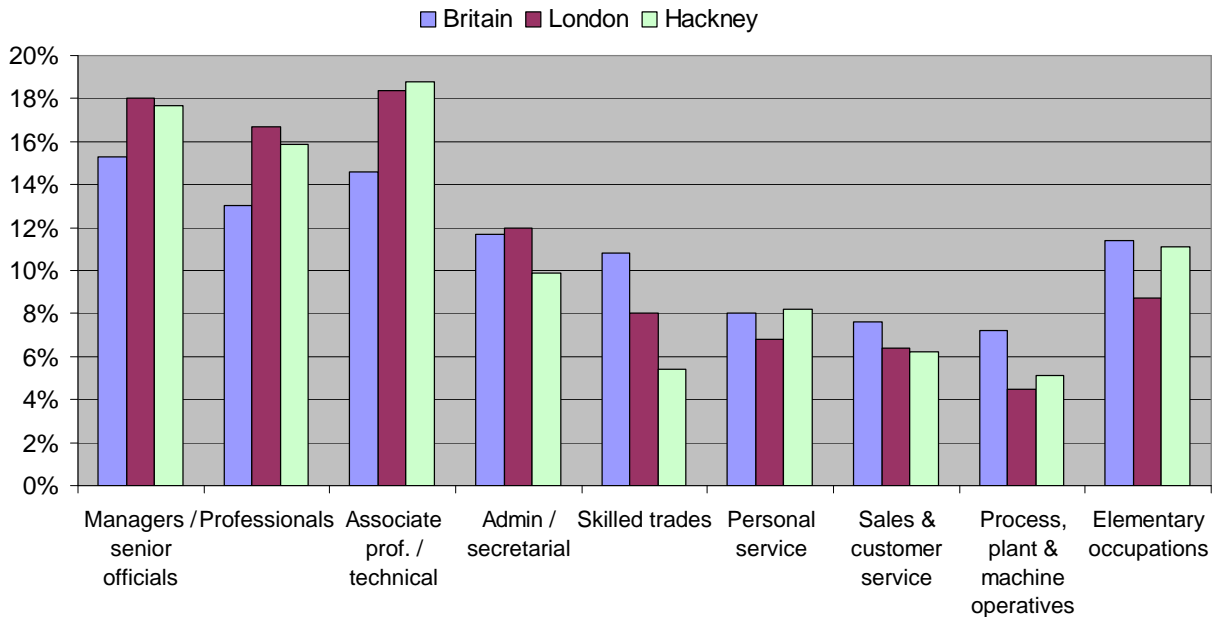
Source: Department for Children, Schools and Families (2003)

## 10. Occupations

The majority of working residents in the borough (52%) fall into managerial, professional and associate professional categories under the Standard Occupational Classification 2001 (Figure 20). This includes the single largest occupational group, associate professional and technical, which accounts for 19% of employed residents. Elementary occupations also form a sizeable group of 11% in Hackney, compared to only 9% for London as a whole. Hackney also has a higher proportion of people in skilled trades, personal service and process, plant and machine operatives than London.



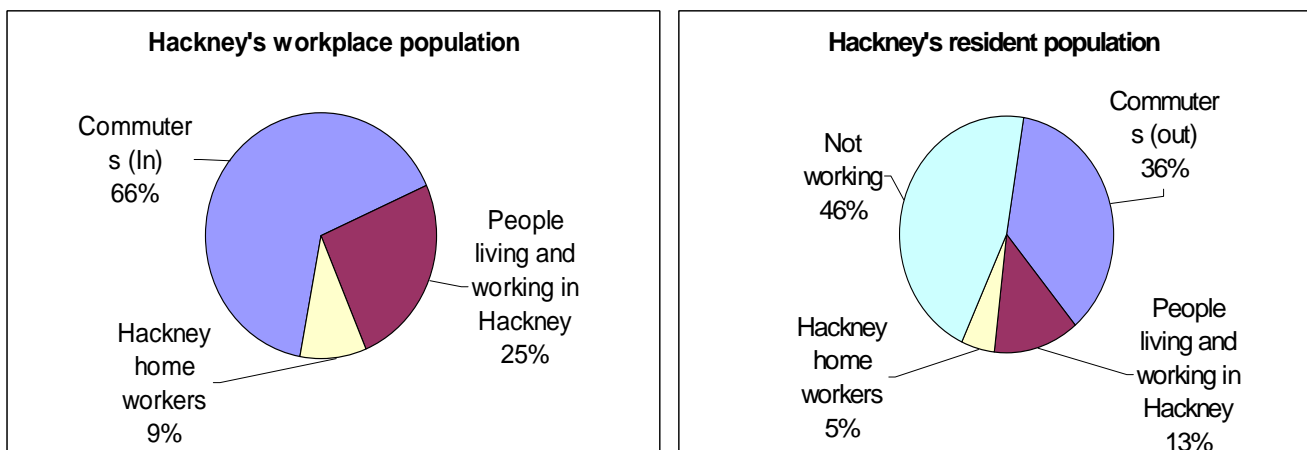
**Figure 20: Occupation of residents (2007)**



Source: Annual Population Survey – resident analysis (December 2007)

Figure 21 shows that only 13% of Hackney’s residents work within the borough, compared to a London borough average of 19%. However, this is more a reflection of Hackney’s low employment rate than of commuting behaviour or the availability of local jobs, since only 36% of Hackney’s residents commute outside the borough to work, compared with a London borough average of 38%. Around 5% of residents in Hackney, and across London as a whole, work from home.

**Figure 21: Hackney’s workplace and resident populations**



Source: Census (2001)

The distance that people are prepared to travel to work varies both according to transport availability and by skills level and occupation. Where a person works is partially determined by their occupation. Nationally, those in elementary and personal service occupations have the lowest travel to work distance (on average less than two miles), while those in professional occupations travel furthest (up to five miles). In London, travel



to work distances tend to be longer across all occupational groups, but the broad pattern is the same.

According to the 2001 Census, the occupation group with the lowest proportion working in Hackney are the higher managers and professionals, only 17% of whom did not travel outside of the borough to go to work. Small employers and own account workers are the most likely to work locally.

## 11. Labour demand

Labour demand refers to the demand for labour from employers and is measured by the number of jobs and vacancies within the area.

Hackney's job density has declined from 0.78 jobs per working age person in 2001 to 0.71 in 2006, meaning that the borough now has fewer jobs per working age person (Table 13). Job density includes both employee jobs and self-employed people, as well as people on government-supported training schemes and members of the armed forces.

Britain and London as a whole have much higher ratio of jobs per working age resident than Hackney, at 0.88 and 1.02 respectively. Both Islington and Tower Hamlets have twice as many jobs per resident as Hackney, with a job density of over 1.4. Hackney has the fourth lowest job density in Inner London, after Lewisham, Newham and Haringey (Table 13).

Job density decreased in five of the Inner London boroughs from 2000 to 2006 (Table 13). The largest percentage decrease was in Westminster, followed by City of London, Camden, Kensington and Chelsea and Hackney.



**Table 13: Job density**

Area	2000	2001	2002	2003	2004	2005	2006
Camden	2.10	2.03	1.94	1.85	1.78	1.79	1.79
City of London	68.91	60.61	60.97	62.18	57.67	58.77	57.56
Hackney	0.76	0.78	0.78	0.71	0.70	0.68	0.71
Hammersmith & Fulham	1.02	1.01	0.98	1.04	1.06	1.10	1.23
Haringey	0.50	0.49	0.48	0.51	0.50	0.54	0.67
Islington	1.40	1.33	1.32	1.37	1.37	1.44	1.42
Kensington & Chelsea	1.36	1.30	1.21	1.14	1.10	1.09	1.23
Lambeth	0.75	0.67	0.71	0.73	0.75	0.73	0.80
Lewisham	0.45	0.44	0.46	0.48	0.46	0.46	0.51
Newham	0.51	0.50	0.45	0.46	0.48	0.51	0.55
Southwark	1.07	1.08	0.95	1.01	1.08	1.09	1.18
Tower Hamlets	1.18	1.24	1.14	1.16	1.34	1.36	1.41
Wandsworth	0.66	0.63	0.64	0.64	0.64	0.62	0.74
Westminster	4.36	4.14	3.86	3.81	3.68	3.63	3.61
London	0.98	0.95	0.92	0.93	0.94	0.94	1.02
Britain	0.82	0.83	0.83	0.83	0.83	0.84	0.88

Source: ONS Jobs Density

There are large variations in job density within Hackney itself. Hackney South and Shoreditch have over three times the job density of Hackney North and Stoke Newington constituency, though this gap has been narrowing since 2000, with an increasing job density in the North of the borough and declining job density in the Hackney South and Shoreditch constituency (Table 14).

**Table 14: Labour demand within Hackney**

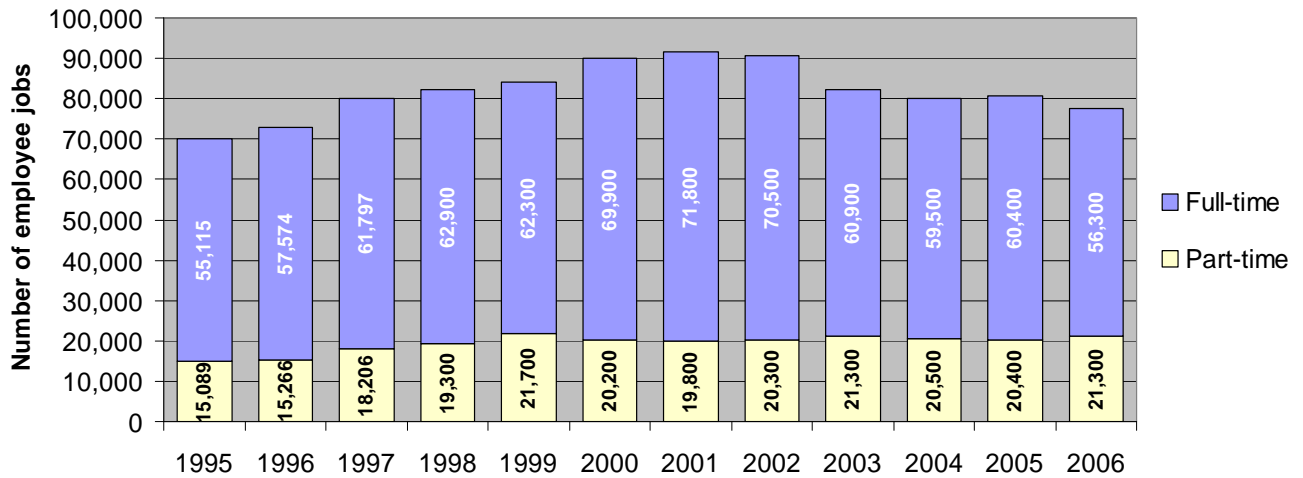
Constituency	2000		2006	
	Total jobs	Jobs density	Total jobs	Jobs density
Hackney North and Stoke Newington	19,000	0.27	26,000	0.38
Hackney South and Shoreditch	83,000	1.19	74,000	1.03

Source: ONS Jobs Density

Hackney's population has increased since 2000, which has some impact on the ratio of people to jobs, but between 2000 and 2006 there is also an absolute decline in the number of both employee jobs and self-employment.



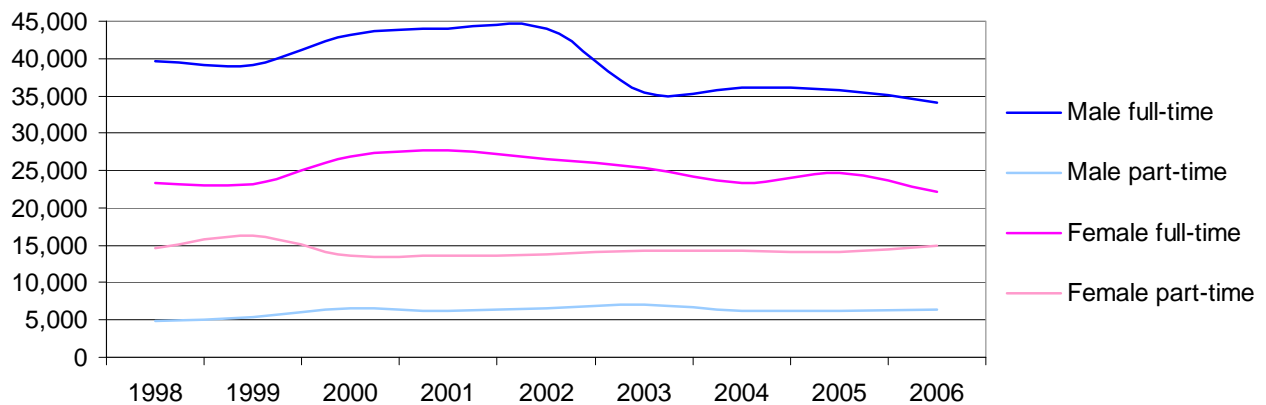
**Figure 22: Full-time and part-time employee jobs in Hackney**



Source: Annual Business Inquiry – Employee Analysis (2006)

The number of employee jobs increased to a peak of 92,600 in 2001, but has since declined to 77,600 in 2006. Almost all the decline appears to have been in full-time jobs, rather than part-time (Figure 22), and the decline has been greater in male full-time jobs than in female (Figure 23).

**Figure 23: Male and Female employee jobs in Hackney**



Source: Annual Business Inquiry – Employee Analysis (2006)

This trend has not occurred across London as a whole over the same period. The total number of employee jobs has increased in both London and Britain as a whole. Kensington and Chelsea is the only other Inner London borough to have experienced a decline in the number of employee jobs since 1998 (Figure 24).



**Figure 24: Number of employee jobs by Inner London borough**



Source: ONS Annual Business Inquiry – Workplace Analysis (2006)

Hackney’s rate of self-employment has also declined over the past few years, from close the London average at 10.7% in 2003-04 to 7.3% four years later. Again, most of this decline has been amongst the male self-employed population. While women are much less likely to be self-employed, Hackney’s female self-employment rate is much closer to the London rate of 6%, whereas the male self-employment rate has declined from a peak of 15.3% in 2003-04 to 9.5% in 2007 against a London rate that has remained fairly constant at around 15%.

**Table 15: Self-employed as a proportion of the working age population**

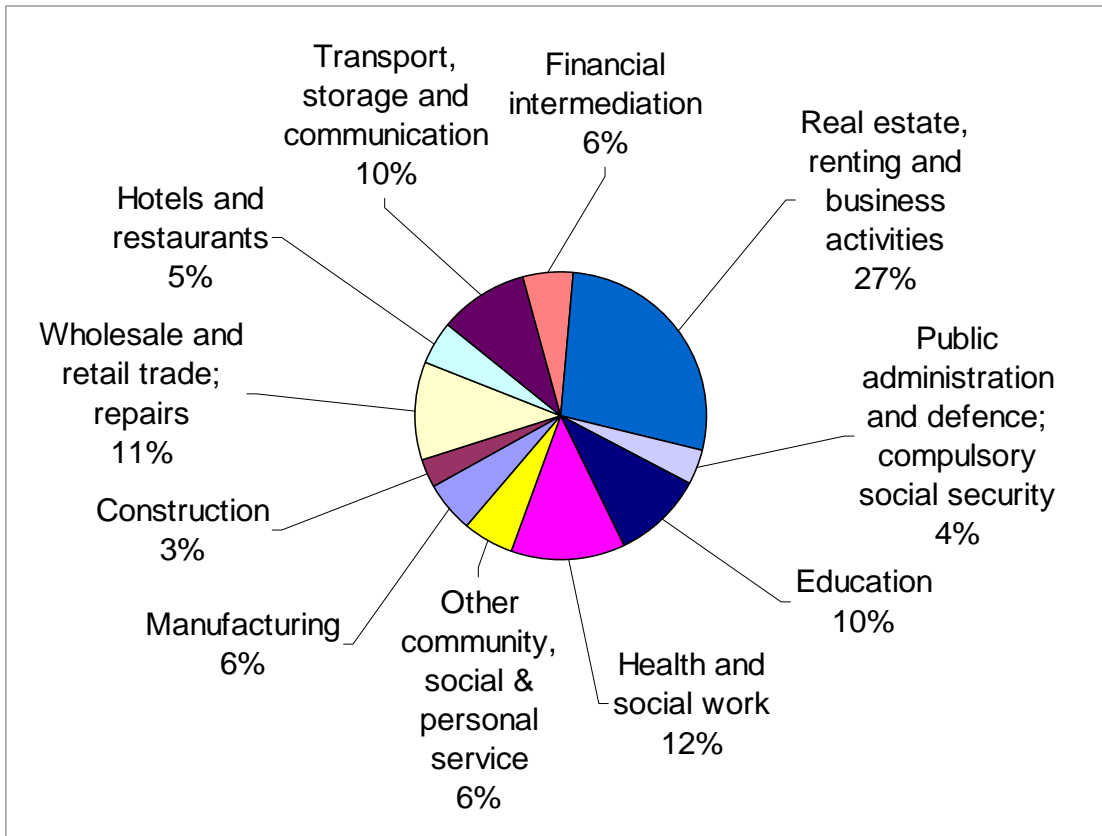
	Hackney (%)			London (%)			Britain (%)		
	Male	Female	All	Male	Female	All	Male	Female	All
Mar 2001-Feb 2002	10.2	6.0	8.0	13.5	5.2	9.4	12.4	4.6	8.6
Mar 2002-Feb 2003	12.0	6.2	9.0	13.2	5.6	9.4	12.4	4.7	8.7
Mar 2003-Feb 2004	15.3	5.8	10.7	15.1	5.8	10.6	13.0	4.8	9.0
Jan 2004-Dec 2004	12.7	6.8	9.9	15.0	6.2	10.7	13.0	4.8	9.0
Jan 2005-Dec 2005	13.9	5.7	9.9	15.1	6.6	10.9	13.2	5.0	9.2
Jan 2006-Dec 2006	12.9	6.7	9.9	14.9	6.3	10.7	13.2	5.1	9.3
Jan 2007-Dec 2007	9.5	5.1	7.3	15.4	6.1	10.9	13.2	5.1	9.3

Source: ONS Annual Population Survey (July 2008)

Hackney’s largest employment sector is real estate, renting and business activities (Figure 25). This is followed by health and social work, and wholesale, retail and repairs. Education, transport, storage and communications are also significant employment sectors in Hackney’s economy.



**Figure 25: Hackney workplace employees by sector, 2006**



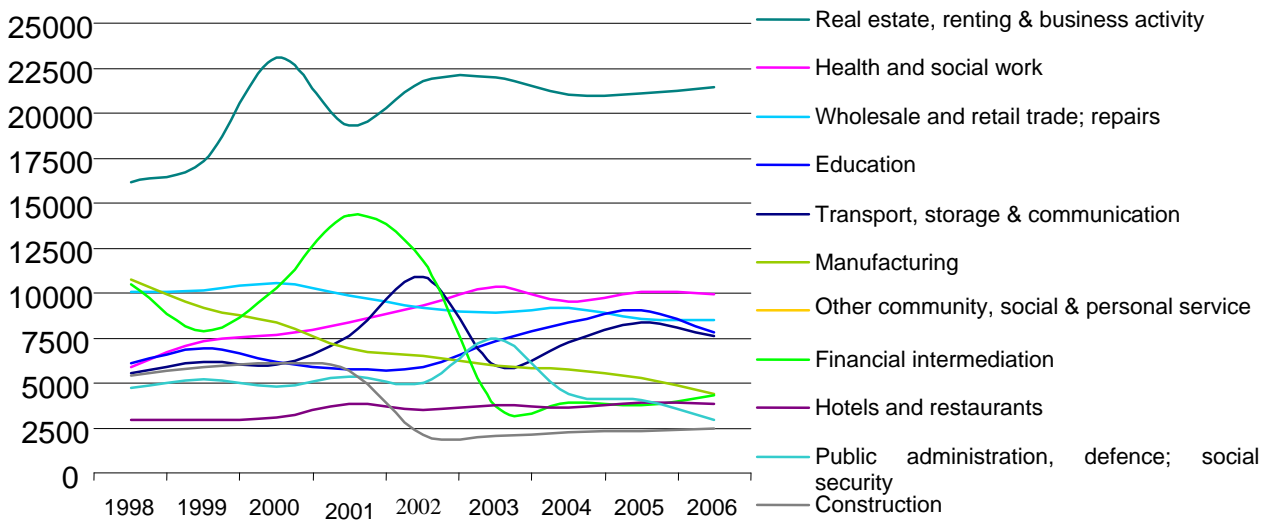
Source: *Annual Business Inquiry (2006)*

Hackney's economic growth has recently been focused in a few key sectors. Growth has been predominantly centred on the real estate, renting and business sector between 1998 and 2006 (Figure 26). Other employment sectors that have increased compared with 1998 are: health and social work; education; transport, storage and communication. Hotels and restaurants have also experienced a small gradual increase over the period.

Hackney experienced a sharp decrease in manufacturing employment prior to 2002, and a slight decrease from 2004 to 2006. Employment in the financial intermediation sector experienced a sharp decline from 2001 to 2003, with only a slight recovery since.



**Figure 26: Hackney workplace employees by sector, 1998 – 2006**



Source: Annual Business Inquiry (2006)

Large employers (with 200 or more employees) account for almost a third of employee jobs in Hackney (31%). This is slightly lower than the proportion across London as a whole (37%). 26% of employee jobs in Hackney are in small organisations with less than 10 employees. This is a higher proportion than London as a whole, where only 20% of employee jobs are with employers of this size. Hackney and London have similar proportions of employee jobs in organisations with between 11 and 199 employees.

**Table 16: Employee jobs in Hackney by broad industrial group and size of employer (2006)**

Broad Industrial Group	Employer Size (by number of employees)				
	1-10	11-49	50-199	200+	Total
Agriculture and fishing	0	0	0	0	0
Energy and water	0	0	0	0	0
Manufacturing	1,900	1,400	1,100	0	4,400
Construction	500	400	1,100	500	2,500
Distribution, hotels & restaurants	5,400	3,700	1,900	1,300	12,300
Transport & communications	500	800	1,600	4,700	7,600
Banking, finance & insurance, etc.	7,600	5,400	3,300	9,400	25,800
Public administration, education & health	1,900	4,600	6,400	7,800	20,700
Other services	2,400	1,000	600	200	4,300
<b>Total</b>	<b>20,200</b>	<b>17,300</b>	<b>16,000</b>	<b>23,900</b>	<b>77,600</b>

Source: ONS Annual Business Inquiry – Workplace Analysis (2006)

Note: Figures are rounded to the nearest 50.



## 12. Business Enterprise

87% of London's employing units have less than 10 employees. Hackney is no exception to this pattern, with 90% of its employing units and 100% of the borough's transport and communications and construction employers are operating from units of less than 10 employees (Table 17).

Hackney has less than 50 large employing units with 200 or more employees. The sectors with the highest number of units employing more than 10 employees are banking, finance and insurance, and public administration, education and health.

**Table 17: Size structure of employing units in Hackney, 2006**

Industry	HACKNEY			LONDON		
	1-10 employees		All sizes	1-10 employees		All sizes
	Number	%	Number	Number	%	Number
Agriculture and fishing	0	0%	0	258	0%	294
Energy and water	0	0%	0	206	0%	295
Manufacturing	700	88%	800	16,065	86%	18,596
Construction	300	100%	300	20,940	94%	22,316
Distribution, hotels and restaurants	2,000	91%	2,200	78,452	84%	93,267
Transport and communications	200	100%	200	10,728	80%	13,361
Banking, finance and insurance, etc	3,800	90%	4,200	151,006	92%	164,940
Public administration, education & health	500	63%	800	17,208	62%	27,881
Other services	1,300	100%	1,300	37,371	92%	40,757
<b>Column Total</b>	<b>8,700</b>	<b>90%</b>	<b>9,700</b>	<b>332,234</b>	<b>87%</b>	<b>381,707</b>

Source: Annual Business Inquiry – Workplace Analysis (2006)

Note: Numbers are rounded to nearest 100 for confidentiality.

Figure 27 shows the industries or sectors of Hackney's VAT registered businesses. VAT registrations provide useful data on small to medium-sized enterprises, including those with no employees. However, VAT registered stock does not include sectors that are exempt from VAT, or small businesses operating below the threshold for VAT registration (which was £64,000 in 2006).

The largest sector, with 3,480 registered businesses, is real estate, renting and business support activities. Real estate and wholesale/ retail together account for over 60% of Hackney's VAT stock. Public administration is the next largest sector, occupying 15%, followed by manufacturing, which accounts for 9%. Health, education, transport, communication and construction account for less than 8% altogether in Hackney, London and Britain alike. The second largest sector nationally, regionally and in Hackney is wholesale, retail and repairs. The two smallest sectors are financial intermediation and education, health and social work.



**Figure 27: VAT registered stock by industry, Hackney (2006)**



Source: ONS / BERR - vat registrations/deregistrations by industry (2006)

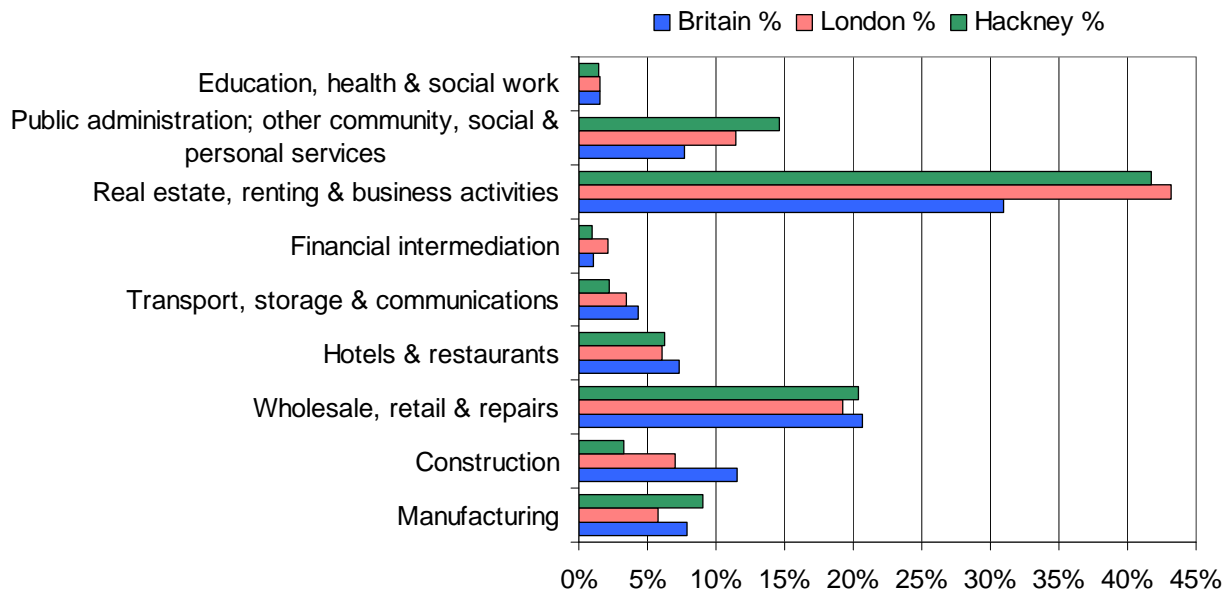
Figure 28 compares the distribution of Hackney's VAT registered stock by industry with the regional and national distribution. Whilst the proportion of businesses in each sector varies between Hackney, London and Britain, the rank order is similar. For example, real estate, renting and business activities is the sector with the greatest proportion of VAT registered companies in Hackney, London and Britain alike. The next largest sector nationally, regionally and in Hackney is wholesale, retail and repairs. The two smallest sectors are financial intermediation, and education, health and social work.

However, Hackney has a smaller proportion of construction companies than either London or Britain as a whole, and a slightly smaller proportion of transport, storage and communications companies.

Manufacturing in Hackney still accounts for a higher proportion of VAT registered stock (9%) than across London (6%) or Britain (8%).



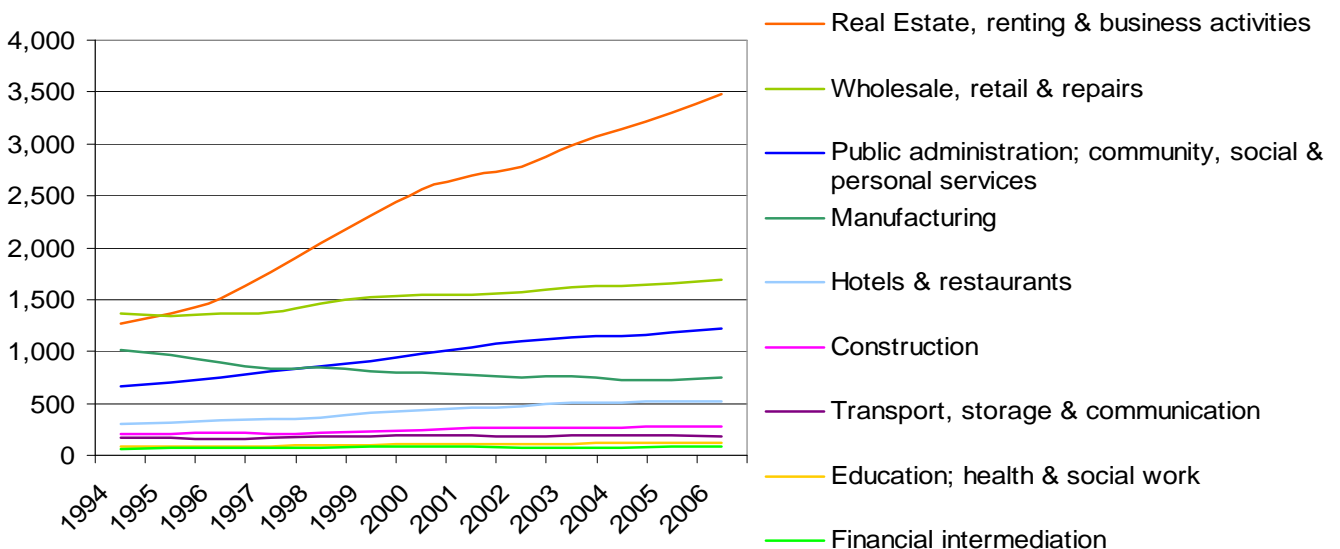
**Figure 28: VAT Registered stock by industry (2006)**



Source: ONS (BERR) VAT Registered stock at year end (2006)

Figure 29 shows how this pattern has changed over the past decade in Hackney. Real estate, renting and business activities is by far the fastest growing sector, followed by public administration, community, social and personal services, and hotels and restaurants. The only sector that shows a net decline from 1994 to 2006 is manufacturing.

**Figure 29: VAT registered stock by industry, Hackney (1994-2006)**

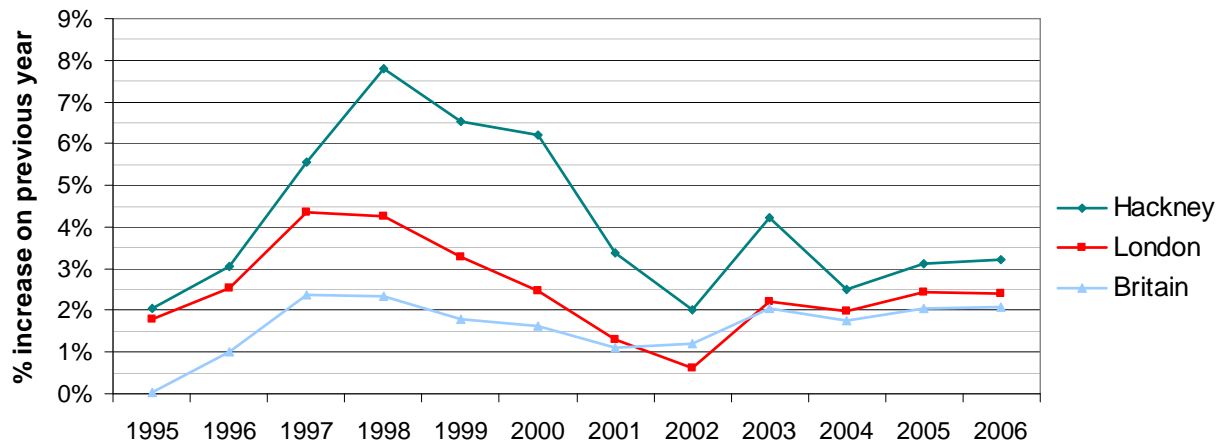


Source: ONS (BERR) VAT Registered stock at year end (2006)

Overall, the number of VAT registered businesses in Hackney has increased from 5,100 in 1994 to 8,300 in 2006. This represents far higher year on year growth than the national or regional average every year for over a decade (Figure 30).



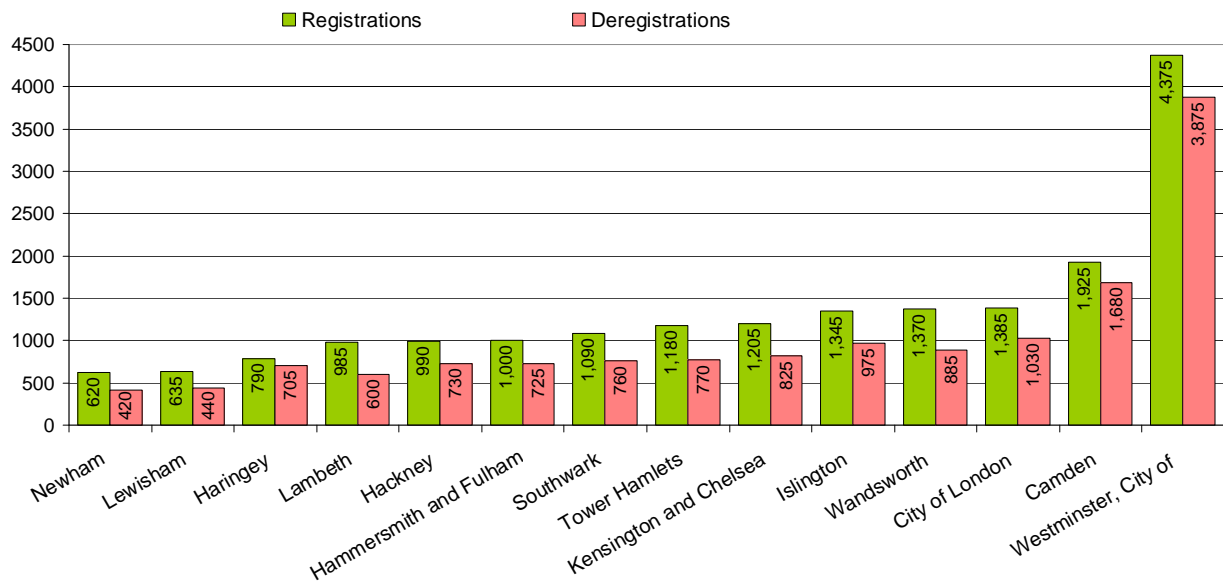
**Figure 30: Growth rate of VAT registered stock**



Source: ONS / BERR Vat Registered Stock (2006)

However, Hackney has the fifth lowest number of registrations in Inner London, after Newham, Lewisham, Haringey and Lambeth (Figure 31).

**Figure 31: Total VAT registrations and de-registrations, Inner London (2006)**



Source: ONS Vat registrations / deregistrations by industry (2006)

