Overview & Scrutiny

Working in Hackney Scrutiny Commission

All Members of the Working in Hackney Scrutiny Commission are requested to attend the meeting of the Commission to be held as follows:

Monday, 18th September, 2017

7.00 pm

Room 103, Hackney Town Hall, Mare Street, London E8 1EA

Tim Shields
Chief Executive, London Borough of Hackney

Contact:
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Members: **Cllr Anna-Joy Rickard (Chair), Cllr Mete Coban (Vice-Chair), Cllr Patrick Moule, Cllr Deniz Oguzkanli, Cllr M Can Ozsen, Cllr Clare Potter and Cllr Nick Sharman**

Agenda

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Hackney

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Further Information about the Commission

If you would like any more information about the Scrutiny Commission, including the membership details, meeting dates and previous reviews, please visit the website or use this QR Code (accessible via phone or tablet 'app') http://www.hackney.gov.uk/individual-scrutiny-commissions-governance-and-resources.htm

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Providing oral commentary during a meeting is not permitted.

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Working in Hackney Scrutiny Commission 18th September 2017 **Minutes of the previous meeting and Matters Arising**	Item No **4**

OUTLINE

Attached are the draft minutes for the meeting on 5th July 2017.

ACTION

The Commission is requested to agree the minutes and note any matters arising.

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London Borough of Hackney
Working in Hackney Scrutiny Commission
Municipal Year 2017/18
Date of Meeting Wednesday, 5th July, 2017

Minutes of the proceedings of the Working in Hackney Scrutiny Commission held at Hackney Town Hall, Mare Street, London E8 1EA

Chair	**Councillor Anna-Joy Rickard**
Councillors in Attendance	**Cllr Mete Coban (Vice-Chair), Cllr Patrick Moule, Cllr Deniz Oguzkanli, Cllr M Can Ozsen, Cllr Clare Potter and Cllr Nick Sharman**
Apologies:	
Officers In Attendance	**Paul Horobin (Head of Corporate Programmes), Joanna Sumner (Assistant Chief Executive), David Umney (Head of Service Revenues), Olga Vandenbergh (Business Communications & Engagement Manager, Regeneration Delivery Team) and Ian Williams (Group Director of Finance and Resources)**
Other People in Attendance	**Joel Braham (The Good Egg), Paul Daly (Zigfrid Von Underbelly / Roadtrip / The Workshop), Councillor Guy Nicholson (Cabinet Member for Planning, Business and Investment), Michael Quinn (What the Dickens!) and Dominic Rose (What the Dickens!)**
Members of the Public	**1 member of the public**
Officer Contact:	**Tracey Anderson** ☎ 020 8356 3312 ✉ tracey.anderson@hackney.gov.uk

Councillor Anna-Joy Rickard in the Chair

1 Apologies for Absence

1.1 Apologies for absence from business owner Ben Rigby, Creative Director from Haberdashery.

2 Urgent Items / Order of Business

2.1 There was no urgent items and the order of business was as per the agenda.

3 Declarations of Interest

3.1 None.

4 Minutes of Previous Meeting

4.1 The minutes of the previous meeting held on 15th June 2017 were agreed.

RESOLVED	Minutes were approved.

5 Support to Local Businesses

5.1 The Commission was informed the Economic and Community Development Board (ECD) has a work stream looking at local business's relationship with the Council. This was a key topic of discussion and query at the last Working in Hackney Scrutiny Commission meeting. The Commission decided to explore this area further.

5.2 The ECD provided information about the business relationship work stream this was on pages 21-23 of the agenda. A briefing note about the non-domestic business rates framework and the work of the team to support local businesses was circulated to Members of the Commission.

5.3 The Commission invited local businesses and the council's services - that provide support to local business – to the meeting to discuss the support needs and the service provision by the Council (current and proposed).

5.4 The Chair welcomed to the meeting 3 business owners.

- The Good Egg – Joel Braham
- What the Dickens! – owners Michael Quinn and Dominic Rose
- Zigfrid Von Underbelly and Roadtrip – owner Paul Daly

5.5 Each business was asked to outline their experiences from their interaction with the Council and their thoughts / suggestions on how the council could support local businesses better in the future.

5.6 In attendance from London Borough of Hackney (LBH) was:

- Councillor Guy Nicholson – Cabinet Member Planning, Business and Investment
- Ian Williams – Group Director Finance and Corporate Resources
- David Umney – Head of Service Revenues
- Paul Horobin - Head of Corporate Programmes, Corporate Strategy

- Olga Vandenbergh – Business Communications and Engagement Manager, Regeneration Delivery Team
- Joanna Sumner – Assistant Chief Executive Programme, Projects & Performance.

5.7 The Chair informed business owners the council was starting to develop its strategy on how it can support local businesses. The focus of this work covered 3 areas, Provision of service (**Provider**); Enabling the business environment in Hackney (**Enabler**) and **Champion** or advocate.

5.8 Each business owner described their business and recounted their experiences when engaging with the Council.

5.9 **The Good Egg – Joel Barham** (based at 93 Stoke Newington on Church Street).

5.9.1 The Good Egg is a restaurant that employs 30 people, a combination of full time and part time staff. All employees are local residents or live close by. The restaurant opened in November 2015. The business operates 7 days a week except Monday evenings.

5.9.2 The business started out as at a pop up and did food and market stalls for a period of time before progressing to a full time restaurant.

5.9.3 The business's initial contact with the Council started with the Regeneration Team - who has championed the business - and Property Services, who are their landlord. The business owner has been engaging with Property Service from its initial bid to secure restaurant premises.

5.9.4 The business has engaged with the following council departments in relation to the set-up of the restaurant premises:

- Regeneration team
- Planning and Conservation team – listed building and required change of use from A2 to A3
- Licensing team – alcohol license required
- Property services - landlord
- Enforcement team.

5.9.5 The business owner was of the view his business has contributed a positive change to the area and created more jobs.

5.9.6 The business owner commented Church Street is a location heavily scrutinised for commercial business activity. From the feedback he has noted this indicates their high profile crowd funding contributed to the many objections they received from local residents including the residents above their business premises.

5.9.7 The business owner outlined his experience. He choose to focus on what has been the most challenging aspects of his interactions with the council. In relation to his interactions with the Council particularly with Planning, Conservation and Enforcement services, he has found it very difficult to convey the business's views to those services areas. His view is the service areas are reactive rather than proactive particularly in relation to complaints from the residents. For his business the complaints have mainly come from the residents above the premises.

5.9.8 The business owner explained the premises acquired was previously abetting shop so required change of use. He has found the planning and conservation process challenging.

5.9.9 This change of use required sign-off by the Planning Committee. The business spent 12 months of back and forth communication with planning services about the application which eventually proceeded to Planning Committee for approval.

5.9.10 There were various objections to the business from the outset and hundreds of letters of support. However their planning application received the required number of objections to trigger the committee process. The criticism about the process comes from the concern that many of the letters of objection came from address outside of the borough but this anomaly did not seem to be taken into consideration. This seems to be a reoccurring theme as they have gone through their planning applications.

5.9.11 The business premises has residents living above and this has been a very factious relationship. The business owner acknowledged that local residents' views need to be taken into consideration but in his view the process seems very one sided (towards the resident) and does not take into consideration the business needs. More reactive towards the resident than the business.

5.9.12 The business owner recounted his experience with Enforcement Service in relation to complaints about the business' storage facilities.

5.9.13 The storage the business was originally granted permission for was not sufficient. On the back of advice from a planning consultant they put up some temporary sheds - removable so they would not impact on the fabric of the building - at the back of the premises to improve the operation of the restaurant. They received a letter from Enforcement Services requesting for the removal of the sheds. The business asked the service area to have a dialogue about the request. The solution would be to apply for an extension to the premises and they agreed with enforcement they would work together. They had no further dialogue until they received a second letter of enforcement. This time giving the business 5 days to comply with the request or to put their lease at risk. This was very distressing to the business.

5.9.14 In summary another business adjacent to the end of their premises was logging a complaint everyday about their sheds. The business was not aware they had committed a breach of land boundaries. The business did not receive any information to advise they were in breach. Eventually the business managed to get waste enforcement to visit the premises and they moved their bins to a place within their property boundaries. The business owner advised he found the process of just receiving formal letter warning quite distressing and concerned there was no attempt to contact the business to try to find a resolution before starting the formal process. Since this resolution was implemented there has been no further complaints.

5.9.15 It was felt that the council's enforcement team just issued letters rather than trying to engage or talk with the business first or give out information and an explanation for any errors. The business owner suggested a better approach would be for the council to have a dialogue with the business first before starting the formal process. Business owners are good at solving problems and having a dialogue can often solve the problem without evoking the expensive formal process.

5.9.16 The positive aspect of the business owners experience has been with Property Services as their landlord and the recruitment of 2 members of staff through the Ways into Work team. They have also had a good relationship with Waste Control and Regeneration Team.

5.10 **What the Dickens! – owners Michael Quinn and Dominic Rose**

5.10.1 What the Dickens is a street food business founded in 2010. This business started at Chatsworth Road Market in Hackney. This business has its food preparation facilities in Hackney but operates as a mobile street food and catering business across London.

The owners all lived in the Chatsworth Road area when the market was established. The business owner pointed out it was the new Chatsworth Road Market that gave them the inspiration to start their business. This started out as a hobby but progressed into a full time business from 2014. The third partners has just branched out into a business of his own on Chatsworth Road.

As new business owners they had very little knowledge about running a business but decided to proceed. They have tried a number of business models but through trial and error they and have now found their niche. The trade for their business is largely out of the borough and they are currently focusing on summer festivals and events.

Their interactions with the Council has mainly been with waste services because their business is mobile and their trade business is largely outside the borough.

Their most recent contact and experience has been with the Council's environmental services. This contact was to inform the council about their change of premises address. This process has not been simple or straight forward. The initial contact was via email with no response. After chasing up a response to his email via the telephone he was advised to submit a form so the 2 addresses could be merged and to call back once submitted. After calling back he has found it difficult to speak to someone and has given up trying to make contact. This request is currently outstanding.

The business owners think there is a role for the council to provide support to local residents wishing to start up their own business. They explained this business started out as a hobby in 2010 and turned into a full time business in 2013 following the down turn in the job market and the lack of fulfillment in their personal careers. The new market in Chatsworth Road gave them the incentive to start the business.

The business owners explained they entered into business ownership with no real experience and they have had to learn about running your own business through trial and error. They believe there should be some kind of business support to help steer people in the right direction when entering into business ownership with little or no experience.

The business owners described how their business has been impacted by changes to the business environment in Hackney. Their previous premises was in the railway arches at Homerton, the same location of the new fashion hub. The business owners expressed the fashion hub is being promoted by the council as place for business development. In their experience they feel they were pushed out of the premises following huge rental increases (which they could not keep pace with) to make way for the Fashion Hub. Property owners Network Rail have raised the rent so much that it is forcing old businesses out of the area. It is their view the fashion hub has contributed to the old businesses moving out of the railway arches and this is being supported by the Council.

5.11 **Bars Zigfrid Von Underbelly (Based at 11 Hoxton Square) and Roadtrip in Shoreditch (Based at 243 Old Street) – owner Paul Daly**

The Zigfrid von Underbelly is a rock 'n' roll gastro and music venue on two floors. Zigfrid is the upper bar and restaurant venue. Underbelly is the basement with live music and DJ.

The Roadtrip is a late night bar, live music venue and club space located at Shoreditch.

This business owner has been operating in Hackney since 1988. His first business was in Hoxton Square which at the time was a derelict area and the property was owned by Hackney Council.

The initial business was a design company. Later the business owner purchased the land and opened up a bar. The business has now expanded to include another bar in Old Street and a new book store business venture in Hackney Wick

The business owner urged Hackney Council to not dismiss importance of the culture created from the growth of the night time economy in Shoreditch and to realise the wealth and growth created from the night time economy.

The business owner pointed out when he started his business in Hoxton Square it was a commercial location and now it is mixed use (residential and commercial). The owner pointed out when an area starts off as commercial and then turns into mixed used, there needs to be a balance between residents and businesses.

It was pointed out the success of Shoreditch has made people in Hackney concerned, but he appeal to the Council to be careful about not losing the Hackney brand. However he did acknowledge the tensions around the growth of the night time economy in Dalston because that area has been largely residential.

The business owner has expanded his business portfolio to Hackney Wick and hopes that this area will not experience the same tensions between business and residents as businesses do in Shoreditch.

5.12 In response to the points raised by the local business owners the Cabinet Member for Planning, Business and Investment and Hackney Council officer advised:

The enabler role of the council is the ‘Landing Pad’. This will be a new pod of information - particularly in relation to the council’s regulatory services and how to interact with the council - and will explain the Council’s role as a regulator / enforcer.

The council wants to make the process more simple (where possible) so that businesses will not need to fill in several forms to make their various requests. The aim is to have one form covering several service areas to make the processes and interaction with the council more efficient.

As a principle the council would like the starting point to be a dialogue rather than going straight into enforcement action -if this will result in a resolution. This would help to build a more cost effective service and become less resource intensive, allowing the council to focus resources on the areas of need to support local businesses.

The Cabinet Member for Planning, Business and Investment highlighted the Markets team have recognised that street markets are a good start up environment for businesses and acknowledge these comments made by the business owners.

The Cabinet Member for Planning, Business and Investment pointed out the Council has an enabler/support role in business advice. The Council does not think it is the best institution to advise on how to start up a business, how to rationalise business procedures and protocols. However the council is in a good position to sign post and direct people to the right place for that advice.

It was highlighted that the Launch Pad will be about supporting entrepreneurial businesses. The council is currently working on its communication plan, establishing networks for local businesses and enterprise network.

In response to the concern raised about the rent increases by Network Rail the Cabinet Member for Planning, Business and Investment advised Hackney’s local MP Meg Hiller hosted a meeting with Network Rail Property Services to try to identify common ground.

It was pointed out Hackney was one of many London Boroughs experiencing the same issue - Network Rail rental increases. The aim of the dialogue is to make the case to Network Rail about delivering affordable rents to Hackney’s business community. It was noted the Chair of Network Rail has talked about Network Rail using its property portfolio to contribute to the local economic community. However the Council does recognise local businesses are not experiencing this on the ground. Although the Council cannot directly intervene the Council is trying to make the case to Network Rail to deliver on the ground the sentiments expressed by the Chair of their organisation. The Council's aim is to find the balance with Network Rail for Hackney to apply to its clusters of railway arch properties in the borough so that rents are affordable.

In response to the business owner's recount on the commercial history and development of Hackney from the 1980s through to the present day. The Cabinet Member for Planning, Business and Investment notified the Council is developing a communication plan and looking at Hackney as a destination; identifying the different destinations around the borough. This work is about the Council providing the platform and enabling businesses to do business, not just locally but internationally too.

The Cabinet Member for Planning, Business and Investment informed the Council is currently conducting a local plan review (planning policy) and reviewing its licensing policy. It was pointed out commercially Hackney has reached the point where there is more demand than supply.

The Cabinet Member for Planning, Business and Investment recognised politically the council needs to decide what they prioritise employment or residential use.

The Assistant Chief Executive for Programme, Projects & Performance from LBH explained the aim of the Landing Pad is to enable local businesses to interact with the council easier. The first task is to make the information on the website more accessible. The council will also redesign the back office services so that they can be more proactive and not just reactive.

The officer informed the business owners the Council wants to talk to local businesses to find out how they should redesign the interface and services for local businesses to interact with the council more efficiently.

The first phase of this change will be the redesigning of the interface between businesses and the council and merging the records held by the council for the same business.

The Group Director Finance and Corporate Resources highlighted that the business rates re-evaluation was still in progress and pointed out the council was still waiting for guidance to be issued from the Government about the small business relief scheme.

The Head of Corporate Programmes LBH highlighted a key priority for the council was affordable work space for businesses. Hackney is the leading borough for start-up businesses so it's important for Hackney to support affordable work space.

5.13 Discussion, Questions and Answers

(i) Members made the following enquires:

a) Made reference to the Ways into Work (WiW) scheme being a vehicle to support employment of staff locally. Members enquired about the

business owner's experience of the WiW team support and how they were supported to employ local people?

b) **Referred to the council not being good at advice and entrepreneurial support. Members questioned whether the Council should be considering developing the organisation to be a place where local businesses can come to get advice on how to run a business and how to grow their business?**

c) **If the candidates sent from the WiW team met the business' criteria and expectation?**

The Good Egg advised as part of their bid for the premises it was agreed within the first 2 years they would recruitment 5 local residents as employees through WiW. Speaking about his experience he advised the engagement with WiW was not immediate, but since activating the process the recruitment support has been simple and supportive. The challenge has been finding local residents with the skills sets to meet the business requirements.

In reference to the question about if the applicants met the business criteria the response was yes and no. The owner explained there were no applicants with the relevant experience so they hired young people with no experience with the aim of providing training so they could reach the required skills level.

During the discussion Members asked for clarification if the candidates sent by the WiW team did not met their criteria or the level required for the business, however they recruited 2 people with the aim of providing training.

The owner confirmed applicants did not meet the specific skills criteria but highlighted their employees are all local residents even though they may not be recruited through the WiW team.

(ii) **Members enquired about the types of employment contracts offered to their employees and the number of staff employed by the businesses that lived locally.**

The Good Egg advised all their staff live locally and they use a range of full time and part time employment contracts including zero hours. The business owner commented zero hours contracts are equally not ideal for business as it is not for the employee. Their preference would be to have all employees on permanent contracts.

The Zigfrid Von Underbelly and Roadtrip advised that although the staff he employs may have lived outside the borough after working at his business many decide to move into the borough to live. He has 3 managers on full time contracts with 3 months' notice and the remaining staff are under causal contracts. All key staff are on permanent contracts. His business does not depend on zero hours contracts.

What the Dickens advised as a micro mobile business fixed employee contracts are not applicable. They employ casual staff but pay the London living wage.

In response to the query about the council providing business advice. The Cabinet Member for Planning, Business and Investment informed providing advice and support is a specialist service. The Council is thinking more about its role as an enabler for entrepreneurial ship. The Council is working on compiling a register of accredited third party business support services. There are question about whether it is appropriate for the council to be providing commercial business advice on a commercial business transactions. He would suggest that it is not appropriate that the council takes on this role or that of a banker/investor to local businesses. He pointed out there are other specialist organisations that are better equipped to provide support to entrepreneurs and talk to them about exports, new markets and how to consolidate or establish a business. The role the Council will be to provide a list of accredited advice support services and sign posting to these services.

The Business Communications and Engagement Manager from the Regeneration Delivery Team informed the Members the council has the website [Invest in Hackney] for businesses. Town Centre Co-ordinators also provide information about local businesses in Hackney and they sign-post to funding and business support. They also fund events and networking for entrepreneurs.

(iii) In relation to the council sign posting to services Members referred to the diversity of Hackney and pointed out a number of small businesses for example from the Turkish and Kurdish community have no knowledge about how to get in contract with the Council or that they can get in contact with the Council. Members queried about approach being taken to make sure the sign posting information services was successful.

(iv) In reference to the Landing Pad Members enquired how the Council will make sure it reaches the diverse range of businesses in the borough. Pointing out there are a number of small businesses in the borough that are not online or do not have an email account.

(v) During discussions Members referred to their dialogue with small businesses commenting when they mention the council the immediate thoughts of small business owners is business rates and they have a negative perception of the Council. The other areas that come to mind for small business is planning and licensing in association with the council. Members commented they know there is more support the council offers but this needs to be better communicated to small businesses. The Council needs to advertise more about what it is on offer and it is important that this is communicated to all small businesses in the borough. It was reiterated currently small business do not view the Council as a mechanism of support to their business.

A business owner suggested the Council comes in at the end of a development and takes a 999 year lease to acquire ground floor commercial developments. This would be of less risk to the council because it will not take the risk of development but will enable the council to support commercial development.

The Group Director Finance and Corporate Resources informed the council does acquire property where possible. It was highlighted that Dalston is a location where the Council has been acquiring properties. The council will look to acquire property but it is restricted by the operation of its finances as a public body.

(vi) Members made the following comments and enquires:

a) Referred to income generation and queried if it was an issue for the Council and if this is an area the council wants to encourage?

b) How the council is monitoring employment by local businesses to ensure there is good employment.

c) Place shaping – enquired about the type of economic activities Hackney Council wants to take an interest in supporting?

d) Cautioned against reducing the regulatory framework and diluting its purpose.

e) Enquired about the measurements of success, processes and targets?

f) How the council was planning to keep the human context to services as they are redesigned for online delivery?

g) In reference to the business owner's experience of trying to change the contact details for their business address with the Council. Enquired if the Hackney One account extended to local business or if it was for resident use only?

h) Following the comments by the local business about his experience of trying to change the premises address and contact details with the Council. Members observed this as an opportunity for the council to provide online services that could result in a cost saving. Members pointed out moving tasks such as this online and providing a portal to view the progress of the request would make it simple and cost effective.

i) Members enquired if the council has the ability to make life easier for businesses and could encourage businesses to register online to access services. This would enable the council to create a more comprehensive database of local business information?

j) Members queried how the Council was planning to communicate the new positive offer of support and its role as an enabler to businesses especially to the businesses that do not currently engage with the council.

In response to the Hackney One account query the Head of Service for Revenues advised they have the Hackney One account for business rates.

The Assistant Chief Executive for Policy and Partnerships informed the council has purchased a software for the website where business will be able to view details about their business held by the Council e.g. if their business address is correct. This is scheduled to be launched in November 2017. The website access for business is being redesigned to carry out simple tasks to make it more efficient for businesses.

Changes to the regulatory process will not reduce the standard required. The aim of this is to simplify the process and make it less complicated. The council's desire is to have high quality businesses in the borough, the object is to not to have cumbersome business processes to get a task completed.

The purpose of getting the council's dialogue and offer to businesses right is so they council will be in a better position to ask businesses to do things like take on apprenticeships or pay the London living wage to employees. The council will give itself a better voice if it serves businesses better.

Business success will largely be driven by the economy. The important role for the council will be in what it communicates as its offer to local businesses and how they deliver the offer of services. A key part of the measure of success will be what local businesses tell the council they are doing successfully.

(vii) Members enquired how the council will create a strategy if does not have information about all the businesses?

The Chair advised the Commission will be informed about the local data held and statistics at the next meeting.

In response to the query about the type of businesses and local economy they want in the borough. The council wants to encourage the business sectors that will offer employment providing the London living or will skill up the workforce. Creating more quality jobs.

The Cabinet Member for Planning, Business and Investment advised he could not comment respond to the points raised about Ways into Work, employment or skills this was not in his portfolio of responsibility. This query should be directed to the Cabinet Member for Employment, Equality and Human Resources.

The Cabinet Member for Planning, Business and Investment commented the council's communication with businesses is very important and this their current work activity. Through this discussion and other pieces of work it has become apparent to the council that certain groups of entrepreneurs are not communicating with them and they are working on establishing a solution. He also pointed out there is a role for Ward Councillors to assist the council and give the council access to local businesses and sign posting to council support services as appropriate.

The officers' present welcomed suggestions from the local businesses on outcomes to feed into the work of the ECD Board work stream.

Hackney's economy is a very mixed economy. What drives business is the population and this is the key influence shaping the type of businesses that populate the business spaces. It was highlighted that where a council has a role is through strategies like the planning policy, to facilitate and ensure that entrepreneurs have choices and there are no restrictions to limits to their economic growth.

The Zigfrid Von Underbelly and Roadtrip commented that Hackney is unique in its mixed use economy. He urged the council to encourage complainants to approach the local businesses rather than launching straight into the formal process.

The owners enquired if they as local business owners (as end users) could be involved in the testing of the new website being launched in November 2017. London Borough of Hackney officers agreed this was possible.

What the Dickens commented on support by the Council to help businesses with affordable work spaces.

The Good Egg made the following comments: the role the council was taking in relation to sign positing for local businesses would be useful. As a new business owner he would welcome being able to attend networking events to tap into the knowledge and expertise of business owners in Hackney. In relation to the services and website the Business Communications and Engagement Manager mentioned in the discussions advising he was not aware of this activity or the information available online. A key challenge for the council is communicating this information to local businesses and making them aware of why they should be using the services available. There was also a role for the council to establish the framework - and if possible - provide resources to set up and support local business forums. In his business area the Stoke Newington business forums was on the verge of being re-established. In his this was an important business resource for business owners.

The Chair thanked the business owners for attending and the council officers for responding to the comments and queries raised by the local business owners.

6 Working in Hackney Scrutiny Commission 2017/18 Work Programme

6.1 The draft work programme for the Working in Hackney Scrutiny Commission (WiH) was outlined on pages 27 – 30 of the agenda.

6.2 The Cabinet Member for Planning Business and Investment from London Borough of Hackney informed the Commission that the Economic and Community Development Board (ECD) was where the connection for the Cabinet Portfolios was made to cover the services within their remits.

Members commented skills and business needed to be considered together to ensure they take a joined up approach to services and processes. The Commission wants to consider how they work together.

The Commission agreed to review the work programme to consider when the Cabinet Members needed to be in attendance or to provide a response.

The Commission agreed to schedule the CQT sessions for Cllr Nicholson and Cllr Williams together.

ACTION	Overview and Scrutiny Officer to inform the 2 Cabinet Members their CQT sessions will be scheduled in November 2017.

6.3 The 3 topic discussions areas currently scheduled in the work programme are:

- Economic and Community Development Board Update
- Cabinet Question Time Cllr Williams
- Cabinet Question Time Cllr Nicholson.

6.4 Members agreed on the following topic areas to be scheduled in the work programme for 2017/18.

A changing borough - the skills needed over the next 10 years in Hackney – the changing labour market and trends are set. This review could consider the gig economy, portfolio working, longer careers, high skilled/high paid work that is insecure, big data, artificial intelligence and automisation. Information from the local economic assessment will help to define the focus of this review.

The item received 6 votes as a long review. This item will be the long review in the work programme.

Inequality at work – a topic discussion to look at the conditions that tie people into long-term in-work poverty with no pathway to improve their circumstances and gender inequality.

The item received 1 votes as long review and 4 votes as a one off item. This will be scheduled as a one off discussion item in the work programme.

The Local Economic Assessment - a presentation on the most recent data and trends for Hackney covering population, work and the economy.

The item received 3 votes as a one off item. This will be scheduled as a one off discussion item in the work programme.

Integrated initiatives to help people back into work – From regeneration work in Hackney Wick it has been identified there is a need for integrated initiatives to help people back into work particularly people with a starting points quite far from the needs of the job market. A look at the Council's work in this area and best practice.

The item received 5 votes as a one off item. This will be scheduled as a one off discussion item in the work programme.

This item will include revisiting the recommendations made and the executive response to the recommendations for 2 previous scrutiny reviews related to this topic area. The reviews were *Barriers to Employment for Over 50s* and the *Delivering Public Services - Whole Place, Whole System* – this review looked at the barriers to employment for the long term unemployed.

Looking at systematic links between schools and local jobs - The Council has been trying to build relationships between new employers, schools and youth clubs so that they can ensure Hackney residents are well represented in the new high tech and available job opportunities, but at the moment the perception is there are no systematic links between schools and local jobs. A look at the Council's work in this area and best practice.

The proposals is to do this as a joint piece with Children and Young People Scrutiny Commission (CYPS) as a one off discussion item in the work programme.

The item received 3 votes as a one off item. This will be scheduled as a one off discussion item in the work programme.

Evaluation and measurement of economic regeneration policies and projects (an issue that has been identified by the Audit Committee). The Audit Committee are of the view currently there is no evaluation in quantitative terms on the success of the Council's economic development initiatives, especially in its stated aim of ensuring local people benefit from new jobs coming into the area.

The item received 3 votes as a one off item. This will be scheduled as a one off discussion item in the work programme.

Business support services - the council as a provider of services, enabler of a positive environment for doing business and an advocate for Hackney businesses.

The item received 3 votes as a one off item. This was a one off discussion under item 5 at the WiH July 2017 meeting.

Life-long learning and adult skills – a look at re-skilling mid or late career and adult learning to support job opportunities.

The item received 2 votes as a one off item. This will not a one off discussion item in the WiH 2017/18 work programme.

6.5 The Chair confirmed the next WiH meeting will on Monday 18th September 2017.

7 Any Other Business

7.1 None.

Duration of the meeting: 7.00 - 9.15 pm

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Working in Hackney Scrutiny Commission 18th September 2017 Local Economic Assessment	Item No 5

Outline
The Commission will receive a presentation on the updated Local Economic Assessment for Hackney. In addition further information has been provided about the possible implications of Brexit for Hackney and deprivation.

Local Economic Assessment Chapters
Business and Enterprise
This report looks at how the local economy is performing and changing, the types of businesses in the borough and how this has changed in recent years.

Employment, Economic Activity and Self Employment
This paper profiles the working age population and workforce in Hackney. It examines employment in the borough using the latest official statistics as well as how this has changed in the decade between 2006 and 2016. This analysis focuses on resident employment as well as profiling employers in the borough.

Occupation and Employers
This paper examines occupations in the borough using the latest official statistics as well as how this has changed in the decade between 2006 and 2016. This analysis focuses on resident employment as well as profiling employers in the borough. The paper uses comparisons with neighbouring local authorities, the London region and Great Britain to provide a fuller analysis of Hackney's performance.

Qualifications and earnings
This paper examines qualifications, skills and earnings in the borough using the latest official statistics as well as how this has changed in the decade between 2006 and 2016. The paper uses comparisons with neighbouring local authorities, the London region and Great Britain to provide a fuller analysis of Hackney's performance.

Deprivation, economic inactivity, worklessness and benefits
This paper looks at the levels of deprivation in Hackney and it examines economic inactivity, worklessness and benefits in the decade between 2006 and 2016 using the latest official statistics.

Additional Background Papers
Implications of Brexit for London Borough of Hackney
This briefing estimates the number and characteristics of EU residents in Hackney to identify industries which may be at most risk in terms of loss of access to labour and skills shortages in the wake of Brexit. The second section provides an analysis of the way in which future growth expectations for Hackney may need to be re-examined based on lower numbers of net international migration in future.

The briefing also explores some of the possible wider implications for Hackney - these cover a range of issues connected with having a lower EU population, economic challenges which may arise from a period of uncertainty post-Brexit and changes to legislative and funding arrangements.

Indices of Multiple Deprivation 2015 Briefing
This briefing provides information on the Indices of Deprivation. The Indices of Deprivation is based on small geographical areas called lower level Super Output Areas (LSOAs). Hackney has 144 LSOAs and each LSOA across the country contains, on average, 1,500 residents and 650 households.

Action
The Commission is requested to note the presentation and ask questions.

Understanding Hackney's economy – A focus on business and enterprise

This analysis forms part of Hackney's Local Economic Assessment, a collection of reports looking at how the local economy is performing and changing to help the Council and partners set strategic priorities and inform future strategy development. This section looks at, the types of businesses in the borough and how this has changed in recent years.

1. Key headlines

- There are 14,725 businesses in Hackney (3.3% of all businesses across London)
- The number of businesses in the Information & communication sector in the borough has almost doubled since 2010 (up 97%) and the Professional, scientific & technical sector has seen an increase of 1,550 businesses (72%).
- The City Fringe area around Shoreditch and Old Street is the biggest sub-economy in Hackney and is home to 43% of employment in the borough. The employment in this area is concentrated in the Professional, scientific & technical, Information & communication and Business administration & support services sectors.
- Since 2005 there has been a decrease in large employers (more than 100 employees) in Hackney falling from 1.2% to 0.7% in 2015.
- Almost all businesses in Hackney (99.8%) employ fewer than 250 staff and 9 out of 10 businesses in Hackney (90.3%) can be defined as micro-businesses because they employ fewer than ten people. This is slightly higher than the Inner London average of 88.3%.
- The number of annual business births in Hackney has significantly increased since the financial crisis in 2009. In 2015, the 4,105 business births in the borough was over 160% higher than the 1,570 of 2010.

2. Intro to the economy of Hackney

There is very limited data available to help us build a picture of the competitiveness and performance of the local economy in Hackney. The Huggins UK Competitiveness Index 2016 is one source and this ranks Hankey as the 18th most competitive local authority economy in the UK, up from 24th in 2013. Unsurprisingly, London ranks as the most competitive region in the country according to this Index, Hackney features as the 12th most competitive economy in London.

Borough	UKCI Score	Rank of LBs
City of London	752.5	1
Westminster	214.4	2
Camden	168.8	3
Islington	146.4	4
Hammersmith and Fulham	143.7	5
Tower Hamlets	141.2	6
Kensington and Chelsea	141.4	7
Lambeth	130.5	8
Southwark	128.2	9
Wandsworth	127.6	10
Richmond upon Thames	121.9	11
Hackney	116.6	12

Table 1 - UKCI 2016

3. An overview of Hackney's businesses

3.1 Number of enterprises

The Office for National Statistics (ONS) publishes data on the number of businesses within the current VAT threshold (not including businesses operating below the VAT threshold or self-employed people). This data is broken down into two separate measures:

- Enterprises is the smallest combination of legal units (generally based on VAT and/or PAYE records) which has a certain degree of autonomy - usually a head office - which may, or may not, have multiple sites, or 'Local units'.
- A Local unit is defined as an individual site, located in a geographically identifiable place. Local unit sites belong to an Enterprise.

This report will consider data relating to Enterprises (also described at businesses) rather than local units. According to this ONS business data, in 2015 there were 14,725 businesses in Hackney. Hackney has the 9th largest business stock across all London boroughs with 3.3% of all of the capital's businesses based in Hackney.

Borough	No. of enterprises	% of London total
Westminster	46,060	10.4%
Camden	25,630	5.8%
Barnet	20,855	4.7%
Lambeth	17,605	4.0%
Islington	16,665	3.7%
City of London	16,580	3.7%
Ealing	15,840	3.6%
Wandsworth	15,825	3.6%
Hackney	**14,725**	**3.3%**
Tower Hamlets	14,445	3.2%

Table 2 – ONS, UK business; activity, size and location 2015

There was a significant increase in the number of businesses in Hackney between 2010 and 2015, when the overall business stock grew by 41% (up 4,275 from 10,450 in 2010). This was significantly higher than the growth in the number of enterprises across London which was only 13%.

The ONS also publishes a Business Demography dataset which looks at the number of 'births' of new businesses and 'deaths' of existing businesses over the course of a year – the 2015 data shows that there were over 18,500 unique active enterprises operating at one point or another in Hackney in 2015. Estimating the exact number of businesses operating in the borough is tricky given the churn that takes place in dynamic small economies, so it is useful to look across the datasets mentioned here and also consider the businesses we as a Council are aware of through our business rates database, to build a fuller picture of the changing business stock in the borough.

3.2 Enterprises by sector

The ONS also publishes a breakdown on the number of enterprises in each local authority area by broad sector. A breakdown of Hackney's enterprises by sector is presented below.

The top 3 sectors with the largest number of enterprises in Hackney are:

1. Professional, scientific & technical sector (3,700 / 25%)
2. Information & communication (2,505 / 17%)
3. Arts, entertainment, recreation & other services (1,350 / 9%).

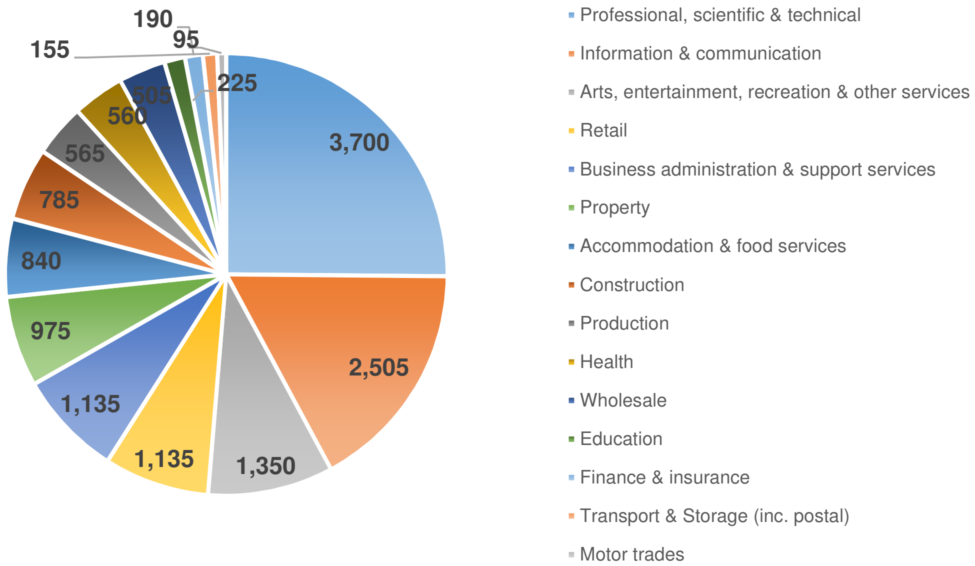


Figure 1 - ONS Enterprise/local units by Industry, 2015 (excl. Agriculture, forestry & fishing and Public administration & defence)

Sector	Hackney	London
Professional, scientific & technical	25.1%	23.9%
Information & communication	17.0%	13.2%
Arts, entertainment, rec & other services	9.2%	7.4%
Retail	7.7%	7.2%
Business admin & support services	7.7%	9.7%
Property	6.6%	4.8%
Accommodation & food services	5.7%	4.8%
Construction	5.3%	9.0%
Production	3.8%	3.2%
Health	3.8%	4.5%
Wholesale	3.4%	4.3%
Education	1.5%	1.6%
Finance & insurance	1.3%	2.9%
Transport & storage (inc. postal)	1.1%	2.1%
Motor trades	0.6%	1.4%

Table 3 - ONS Enterprise/local units by Industry, 2015 (excl. Agriculture, forestry & fishing and Public administration & defence)

In terms of variation of sectors against London, Hackney has a higher proportion of Professional, scientific & technical businesses and Information & communication business than London overall. There's also significant variation in the Construction industry, the proportion of Construction businesses in London is 3.7 percentage points higher than in Hackney.

Which sectors have been growing from 2010-2015?

With such significant enterprise growth in Hackney between 2010 and 2015, it is unsurprising that there has been growth in the number of businesses in most sectors in the borough but this overall trend masks some significant variation by sector. It is only possible to compare change over time at broad sector level.

The rank of the top 3 sectors in Hackney by size, has not changed since 2010 but the number of businesses in those sectors has increased sharply. By far the most significant increases in business numbers by sector are in the Information & Communication sector which has seen the number of businesses almost double since 2010 (up 97%) and in the Professional, scientific & technical sector which has seen an increase of 1,550 businesses (72%).

There has also been considerable proportional growth in some sectors which were originally smaller in size, notably Accommodation & food services (up 41%) and Business administration and support services (up 51%).

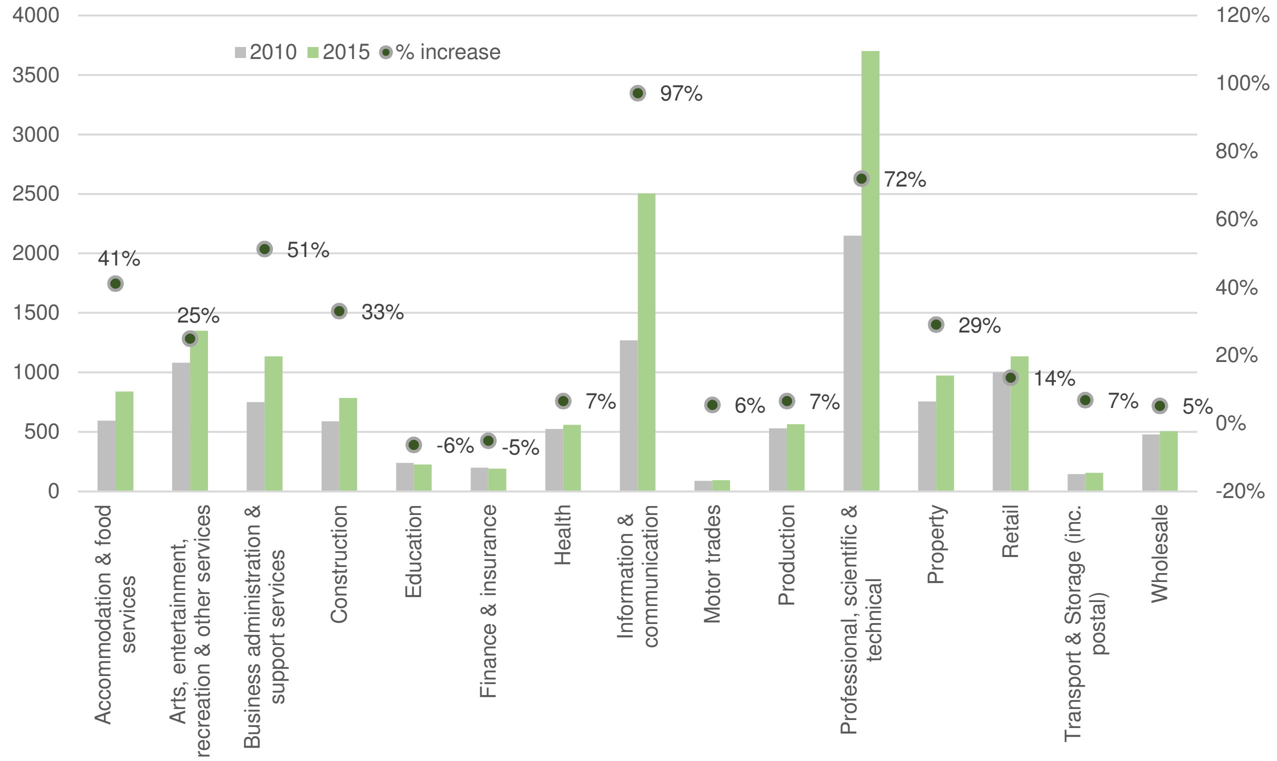
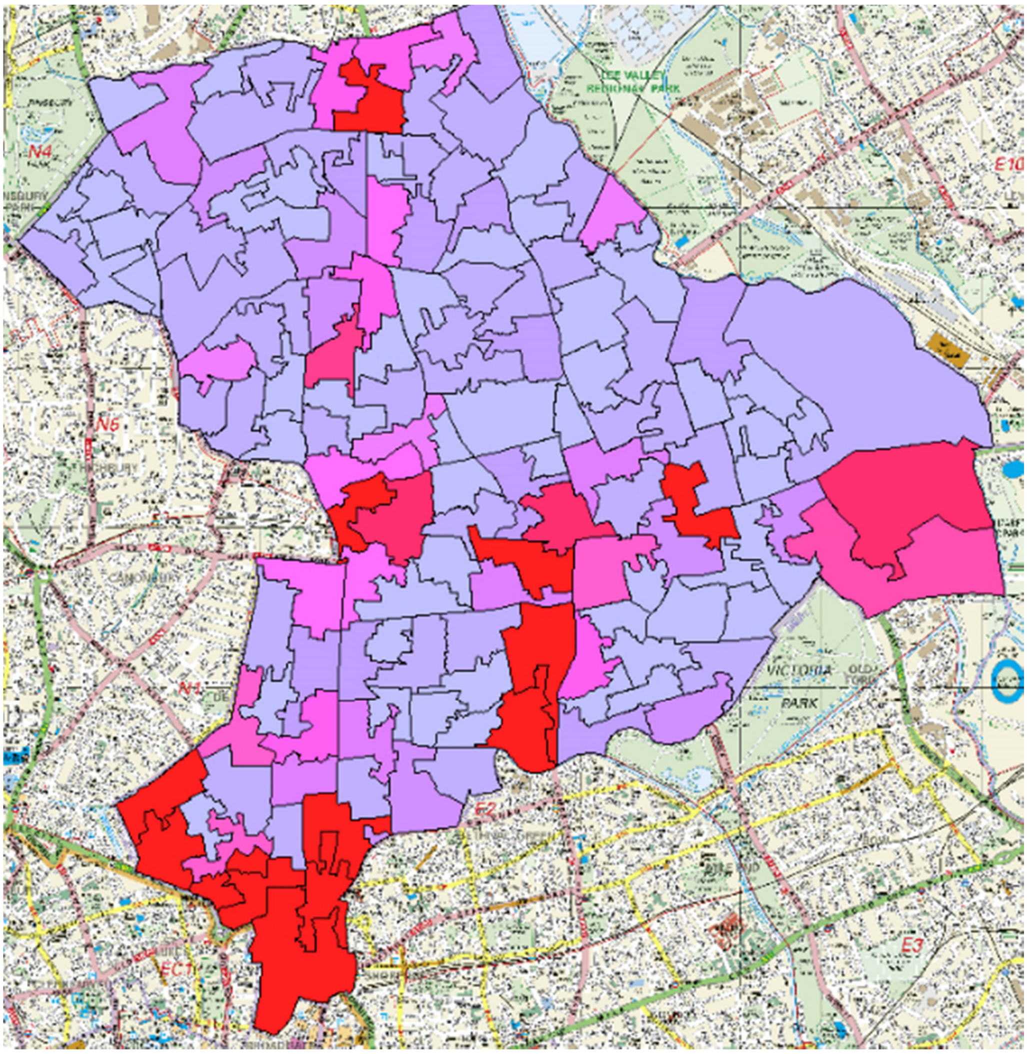


Figure 2 - ONS Enterprise/local units by Industry, 2010-2015

The only sectors that saw a reduction in the number of businesses between 2010 and 2015 were Education (down 6%) and Finance and insurance (down 5%).

This data reflects the changes our understanding of how the Hackney economy has changed over the last 5 years with an increasingly important tech sector in the borough as well as an increase in the number of hospitality venues.

Looking at the location of employment in Hackney, it is clear that the ‘City Fringe’ area around Old Street and Shoreditch is the major sub-economy of the borough with 43% of all employment in Hackney concentrated in this area.



Map 1 – employment concentration by business, by LSOA, BRES 2015

Area	% of total employment in the borough
City fringe and Shoreditch	43%
Hackney Central / Mare St	9%
Dalston	5%
Homerton	4%
Stamford Hill	4%

Table 4 - BRES, 2015

Employment includes employees plus the number of working owners. BRES therefore includes self-employed workers as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. Self-employed people not registered for these, along with HM Forces and Government Supported trainees are excluded.

Working owners are typically sole traders, sole proprietors or partners who receive drawings or a share of the profits.

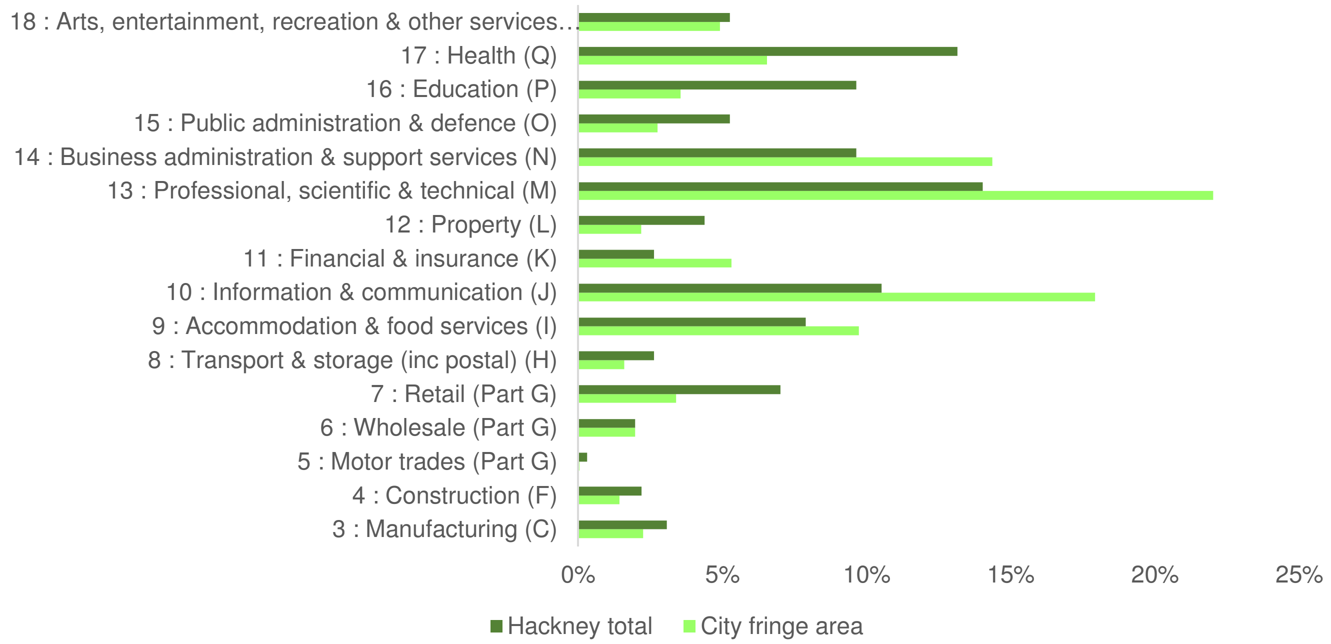


Figure 3 - BRES, ONS (2015) (Excluding 1: Agriculture and 2: Mining and quarrying)

3.3 Enterprises by employment size

99.8% of Hackney's businesses fit the official UK definition of a small and medium sized enterprise (SME) when looking at employee size i.e. they are businesses that employ fewer than 250 people. Micro-businesses is a sub-category of SMEs and is defined as businesses employing between 0-9 people. Just over 9 in 10 enterprises in Hackney (90.3%) are micro businesses, compared to 88.3% in Inner London) and 88.7% across the whole of the UK.

Area	% of Enterprises by employment size band						
	0-4	5-9	10-19	20-49	50-99	100-249	250+
Hackney	**79.6%**	**10.7%**	**5.5%**	**2.7%**	**0.8%**	**0.4%**	**0.2%**
London	79.5%	10.5%	5.3%	2.7%	1.0%	0.6%	0.4%
Inner London	77.1%	11.2%	6.1%	3.2%	1.2%	0.7%	0.6%
England	76.6%	12.2%	6.0%	3.2%	1.0%	0.6%	0.4%
United Kingdom	76.3%	12.4%	6.1%	3.2%	1.0%	0.6%	0.4%

Table 5 - UK businesses: size, activity and location, (enterprise analysis) ONS 2015. Figures may not sum due to rounding.

Over the last ten years there has been a trend across Hackney, London and the UK towards a greater proportion of small businesses employing 0-4 people. In 2005, as in 2015, Hackney had a greater proportion of businesses employing 0-4 people (73.1%) than the comparator areas but across all areas this has increased suggesting a trend towards smaller businesses. In 2005[1], 1.2% of all Hackney's businesses were large employers (employing more than 100 people), by 2015, this had fallen to 0.7%.

[1] ONS Business Size Activity and Location, ONS (2005)

3.4 Enterprises by turnover

Given the large proportion of micro-businesses and SMEs in Hackney, it is unsurprising that the vast majority of Hackney's businesses also meet the turnover definition of an SME and turnover less than £2m per annum. 92% of businesses in Hackney fall into this category but the biggest proportion of businesses by turnover are the 30.5% of businesses generating between £100k and £249k per annum. Over a quarter (26.7%) of Hackney's businesses are in the £59-99k turnover bracket which is markedly higher than across all of the comparator areas.

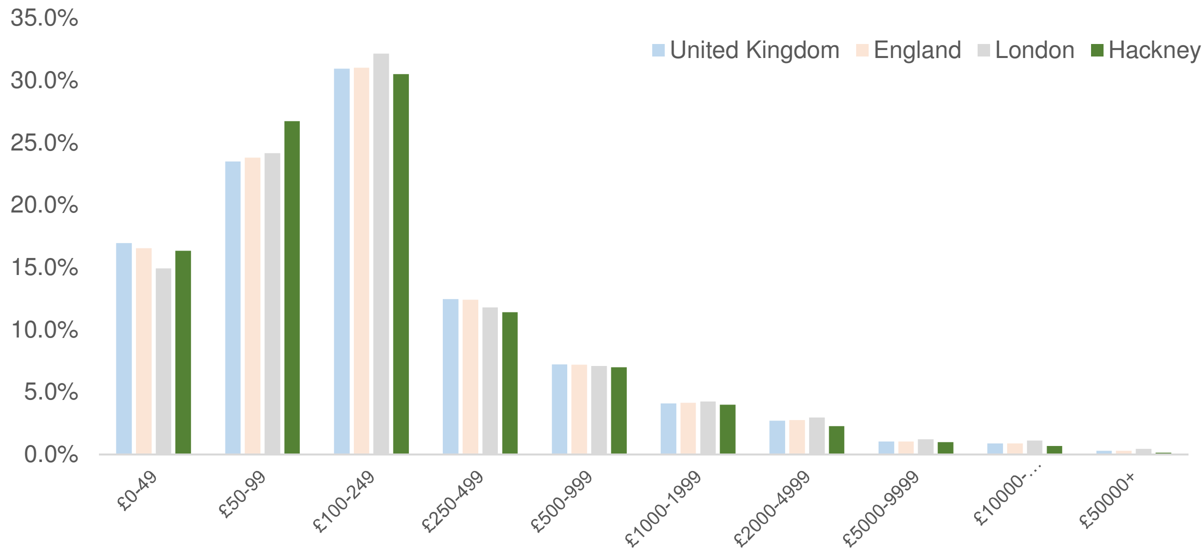


Figure 4 - UK Businesses: Size, Activity and Location, ONS (2015) (figures in thousands)

4. Business demography

The ONS publishes an annual business demography dataset which looks at the formation (birth) and closure (death) of businesses as well as the survival of businesses. This data is a useful indicator of the level of churn in the business stock of the borough and how the extent to which the local economy is able to support fledgling businesses compared to the performance of other London boroughs.

4.1 Business births

The number of annual business births in Hackney has significantly increased since the financial crisis in 2009. In 2015, the 4,105 business births in the borough was over 160% higher than the 1,570 of 2010. Importantly, while there has been a slight increase in business deaths, this is nowhere near as significant as the change in birth and therefore, the gap between births and deaths has widened meaning an increase in the business stock of the borough.

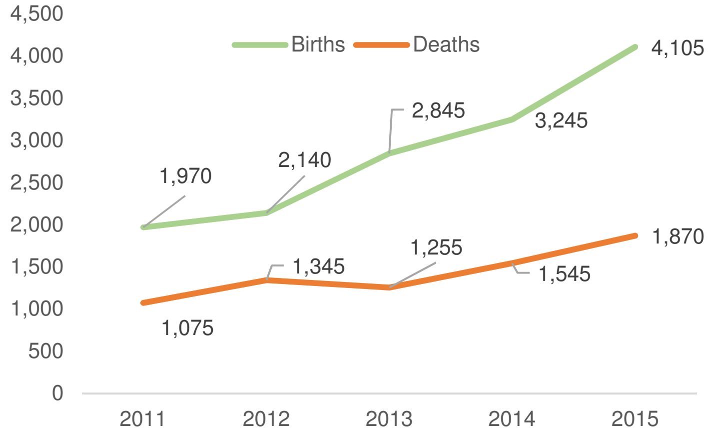


Figure 5 - Business Demography: Business Births, ONS (2015)

4.2 Business survival

Business survival rates provide an important insight into the success rate of new businesses starting up in a given area from the point of registration and for five years beyond this. It is widely accepted that for small businesses, the first two years of operation are often the toughest and only just over half of businesses tend to survive into year three and beyond. However, that is not to say that business deregistration should always be seen as a negative – businesses may cease operating for a number of reasons for example, from shutting down if they fail to be competitive but also if they merge with other companies or are bought out by another business. This dataset does not provide detail on the reasons why a business has closed down but it does provide a useful indicator of the level of business churn in the borough.

High business churn is often an indicator of the productivity and strength of the local economy as an environment which supports new businesses to thrive and develop. In many cases, a competitive local economy will see vibrant new businesses forcing less efficient or profitable businesses out of the local market, reducing stagnation. However, very high levels of business churn with new companies unable to survive beyond the first 1-2 years of operation can indicate instability in the market and indicate economic ill-health, particularly where it's driven by factors that might continue to undermine new businesses as they form, for example, spiralling commercial rents.

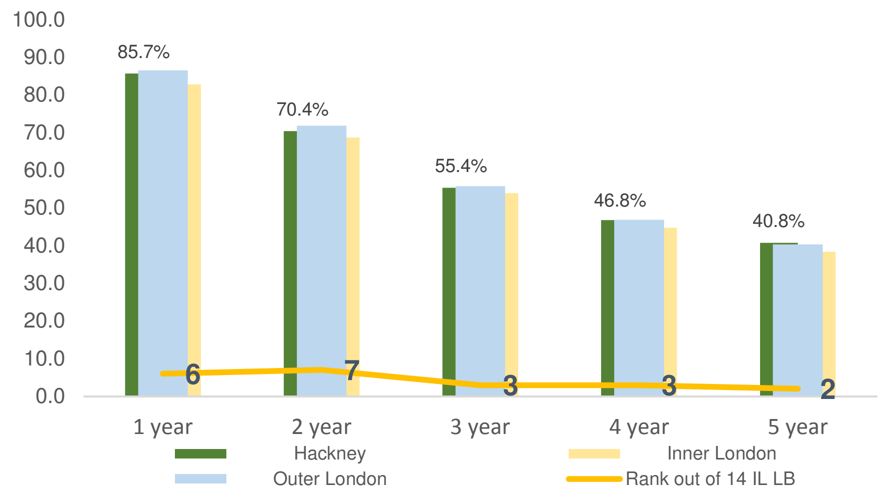


Figure 6 - Business Demography: 5 year survival rates for businesses formed in 2010, ONS (2015)

When looking at business survival rates, Hackney's rank out of 14 Inner London boroughs, paints an interesting picture. We only rank in the middle of the pack for businesses surviving for 1 year and 2 years but this improves to second out of 14 inner London boroughs for businesses surviving to 5 years. However, Hackney outperforms the Inner London economy on business survival at each of the five years shown and for years 1 and 2, fewer than 5 percentage points separate Hackney and the top performer Wandsworth. Wandsworth is the strongest performer throughout years 1 to 3, ranking 1st out of the 14 Inner London Boroughs for business survival for each of these years.

Across the UK, the industries with the highest rate of business survival at the end of year 1 are Information & communication, Human Health and social work activities and Professional, scientific and technical. Given the first and last of these industries are the largest two industries in Hackney in terms of number of businesses, new businesses in these industries can have relatively high confidence of their ability to withstand the pressures of the first year of operating in the local economy.

Produced by the Policy & Insight Team, summer 2017

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Understanding Hackney's economy – A focus on employment, economic activity and self-employment

This analysis forms part of Hackney's Local Economic Assessment (LEA), a collection of reports looking at how the local economy is performing and changing to help the Council and partners set strategic priorities and inform future strategy development.

This paper profiles the working age population and workforce in Hackney. It examines employment in the borough using the latest official statistics as well as how this has changed in the decade between 2006 and 2016. This analysis focuses on resident employment as well as profiling employers in the borough.

Key Headlines:

- Hackney is characterised by its young working age population.
- Over the past ten years the economic activity rate has improved significantly – rising from 66.8% in 2006 to 74.9% in 2016. The employment rate has increased from 58.3% to 69% over the same period.
- Between 2006 and 2016 full time employment has fallen from 83% (73,900) in 2006 to 71.8% (98,400) in 2016. Part time employment has increased from 16.8% (14,900) in 2006 to 27.9% (38,200) in 2016.
- Between 2006 and 2016 Hackney experienced a highly fluctuating self-employment rate with a low of 10.8% (11,800) in 2007 and a high of 18.9% (27,100) in 2015. Hackney tended to have a higher rate than London and Great Britain over this period.
- In 2016 the self-employment rate was 16.1% - only slightly higher than the rate of 15.2% recorded in 2006.
- The sectors that Hackney residents work in matches that of London exactly – dominated by Professional occupations, Associate professionals and technical occupations and Managers, Directors and senior officials.

1. Employment amongst residents

1.1 Resident population

The latest Office for National Statistics Mid-Year Estimates, estimates that the population of Hackney is 273,526.

In 2016 it was estimated that the working age population (aged 16 to 64 years old) was almost exactly 197,000 or 72% of the total population.

1.2 Working age population

Figure 1 shows that Hackney's working age population tends to be made up of younger working age adults with over a third of the working age population aged 25-34 years old. Combined with the 35 to 44 year old age group well over half of Hackney's working age population is aged between 25 and 44 years old (61%).

Hackney's working age population makes up 72% of its total population. This is higher than both London (68%) and England (63%). Furthermore, Hackney's working age population is generally younger than both the London and England working age population.

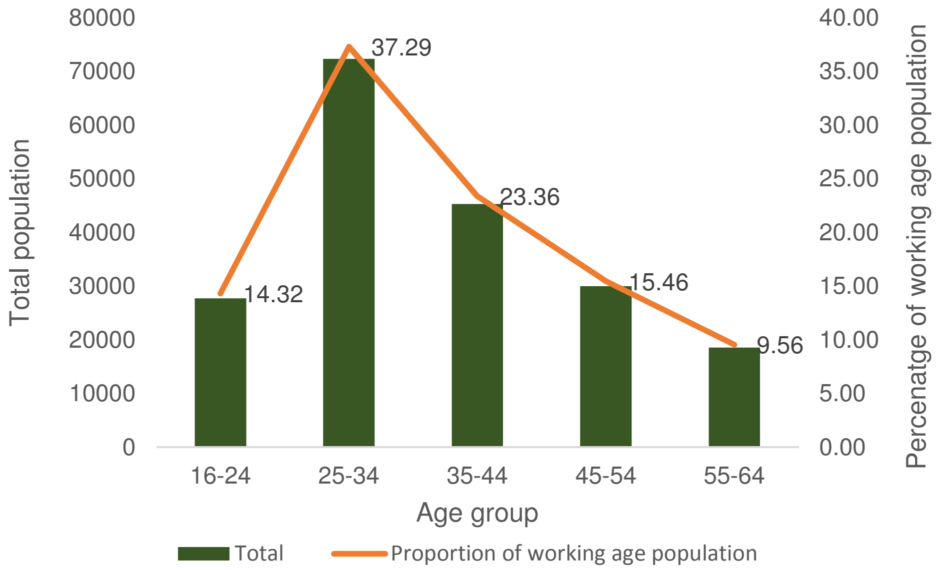

Figure 1 - Working age population of Hackney (16-64 year olds) by age group [1]

Figure 2 shows that Hackney has a working age population with a higher proportion of 25 to 34 year olds compared to both London and England and a lower proportion of older working age adults (45 to 64 year olds).

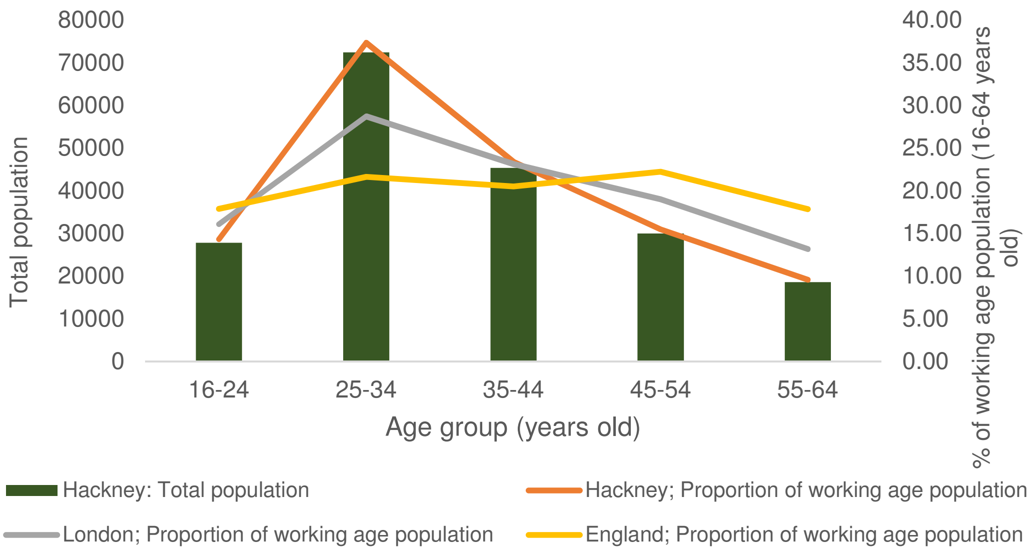

Figure 2 - Working age (16-64 years old) by age group, Hackney and comparators[2]

In 2006 the resident population was estimated to be just over 220,000 (220,193)[3] and the working age population (16 to 64 years old) was estimated to be just under 154,000 (153,689) or 70% of the population.

[1] 2016 Mid-Year Population Estimates, ONS, 2017
[2] Ibid
[3] 2006 Mid-Year Population Estimates, ONS, 2007

Figure 3 shows that there has been a large increase in the number as well as the proportion of working age adults aged 25-34 years old between 2006 and 2015. During this period there has been a decline in both the number and proportion of working age adults aged 16 to 24 years old.

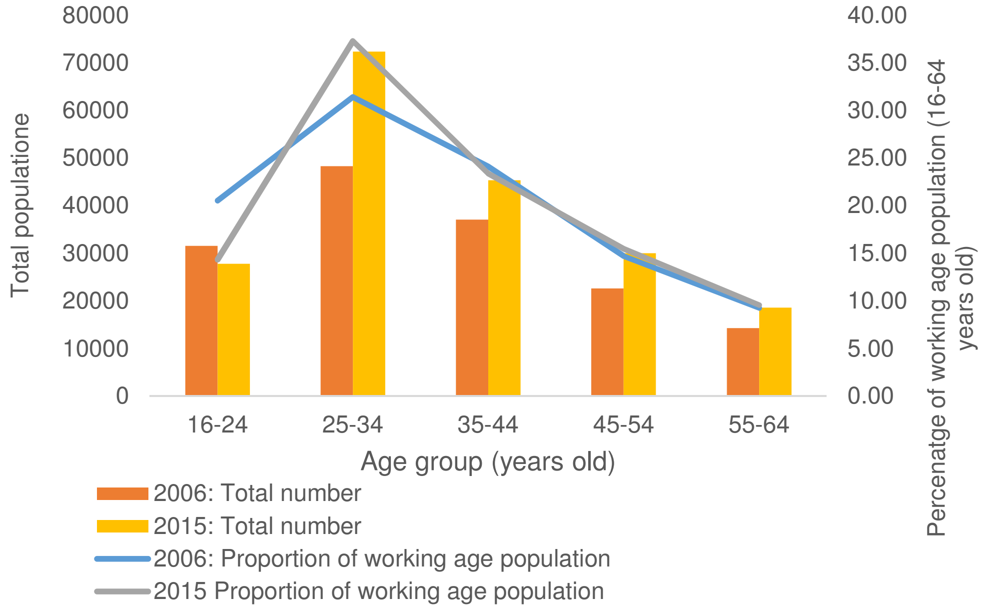

Figure 3 - Working age population of Hackney (16-64 year olds) by age group 2006 and 2015[4]

The remaining age groups (45-54 year olds and 55 to 64 year olds) have increased in number but the proportions have remained the same.

In their recent report, Central London Forward reported that in 2015 more people aged 25-35 moved out of London than moved into the city[5]. This report explains how net migration from London is now so high that without international migration London's adult population would actually be in decline. This is significant as most London boroughs are currently planning for growth predicated the population growth they have seen over recent years - if the Government pursues a Brexit policy with a more restrictive immigration policy (the current policy approach), London's population growth is likely to stall as a result of decreasing international inward migration.

Hackney's current population profile means that it is potentially vulnerable to a reduction in the adult population if the current population of 25-34 year olds follow this trend and leave the borough as they get older and are not replaced by a similar population of younger adults[6].

1.3 Economic Activity Rate

Economically active – This term refers to people who are either in employment or unemployed. Unemployed doesn't simply refer to someone not in employment- it refers specifically to people without a job who are available to start work in the two weeks following interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained. It excludes people who are 'Economically inactive' who are neither in employment nor unemployed. This group includes, for example, all those who are looking after a home or retired[7].

[4] 2006 Mid-Year Population Estimates, ONS, 2007 and 2015 Mid-Year Population Estimates, ONS, 2016
[5] Central London Forward: Final Analytical Report, Central London Forward, May 2017
[6] Ibid
[7] Local authority profile (definitions), ONS, accessed June 2017

Please note that for Hackney, sampling means there is an average confidence interval of +/-3.8%[8]. For London the confidence interval is +/- 0.7% and for Great Britain it is +/-0.2%[9]. This means there is greater variation in the Hackney figures.

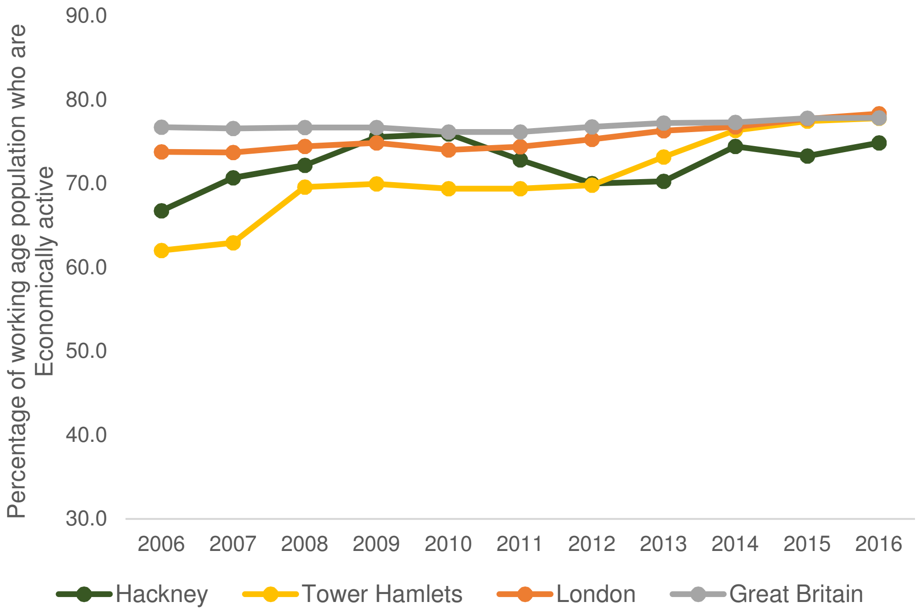

Figure 4 – Hackney, Tower Hamlets, London and Great Britain; Economic activity rate for working age (16-64 year olds) 2006-2016[10]

Figure 4 shows that in the decade between 2006 and 2016 the economic activity rate for working aged adults (16-64 years old) in Hackney increased from 66.8% in 2006 to 74.9% in 2016.

There were peaks and troughs in the general increase in economy activity over the last decade with Hackney experiencing a fall in the economic activity rate between 2010 and 2012. The economic activity rate continued to rise after 2012 with a slight fall between 2014 and 2015. Please note that 2011 was the only year that experienced a decrease in the economic activity rate that exceeded the confidence interval of 3.8%. The annual increase in economic activity rate was on average 1.2% for the decade 2006 to 2016.

Compared to the neighbouring borough of Tower Hamlets, Hackney has experienced a similar but more modest increase in its economic activity rate. In 2006, Tower Hamlets had a low economic activity rate of 62% compared to Hackney's 66.8%. Tower Hamlets experienced a year-on-year rise in its economic activity rate between 2006 and 2009 - with a rise of 10% between 2007 and 2008. Unlike Hackney, Tower Hamlet's economic activity rate was relatively static at around 69% between 2009 and 2012 before increasing year-on-year from 2013 to the present. This sustained increase saw Tower Hamlets exceed Hackney's economic activity rate for the first time in 2012. In the decade 2006 to 2016 Tower Hamlet's average year-on-year growth rate was 2.3% - almost double that of Hackney's.

In 2006, Hackney had a much lower economic activity rate than both London (73.8%) and Great Britain (76.7%). In contrast to Hackney, the London economic activity rate has increased more consistently with year-on-year growth every year in the ten years between 2006 and 2016 except for

[8] Annual population survey, ONS, accessed June 2017
[9] Ibid
10 Annual population survey, ONS, accessed June 2017

2006-07 and 2009-10. However, this increase has been far more modest with an average annual increase between 2006 and 2016 of only half that of Hackney's, at just 0.6%.

Of all the comparators considered, Great Britain had the highest economic activity rate at the beginning of this period (76.7%). Between 2006 and 2009 the economic activity rate stayed relatively static before falling slightly between 2009 and 2010 (76.1%) during the global financial crisis and remaining at this rate between 2010 and 2011. Since 2011 the economic activity rate has experienced modest increases year-on-year. For the ten year period the annual increase in economic activity rate averaged only 0.1%. The British and London rates are now equal for the first time in the past ten years at 77.8%.

2.4 Employment rate

Employment rate – this is the number of people in employment as a percentage of the working age population (people aged 16-64 years old)[11]. In employment refers to people who did some paid work in the week data was collected - whether as an employee or self-employed. This definition also covers those who had a job that they were temporarily away from, for example if a person was on holiday; those on government-supported training and employment programmes; and those doing unpaid family work (For example, work for the family business but receive no formal salary)[12].

Graph 5 shows that in the decade between 2006 and 2016 Hackney's employment rate for working age adults increased from 58.3% in 2006 to 69% in 2016. In the same period London's employment rate increased from 68.1% to 73.8% and the British rate increased from 72.6% to 74%. Historically, London has had a lower employment rate than the rest of the country although this has narrowed in recent years[13]. This is explained partly by the lower rates of employment amongst women in the capital – especially women with dependent children[14]. Although Hackney still had a lower employment rate in 2016 than London and Great Britain, the gap has narrowed significantly since 2006.

Hackney experienced significant increases in its employment rate at the beginning of this period compared to modest increases in the London employment rate and a slight fall in the British employment rate. By 2009, Hackney had a slightly higher employment rate (68.2%) than the London rate (67.9%). Between 2009 and 2011 all areas experienced relatively little change in their employment rate.

In 2012 the employment rate for London and Great Britain began to increase and Hackney's employment rate fell. This is likely to be the result of the small sample size for Hackney affecting the measure with 2012 being the only year with a decline of more than 3.8% (the confidence interval).

Hackney's employment rate continued to fall into 2013 until increasing significantly in 2014 and increasing slightly in 2016. In contrast, London and Great Britain experienced consistent year-on-year increases in their employment rates between 2011 and 2016.

[11] Local authority profile (definitions), ONS, accessed June 2017
[12] Ibid
[13] Part-time employment in London, GLA Economics, January 2015
[14] Ibid

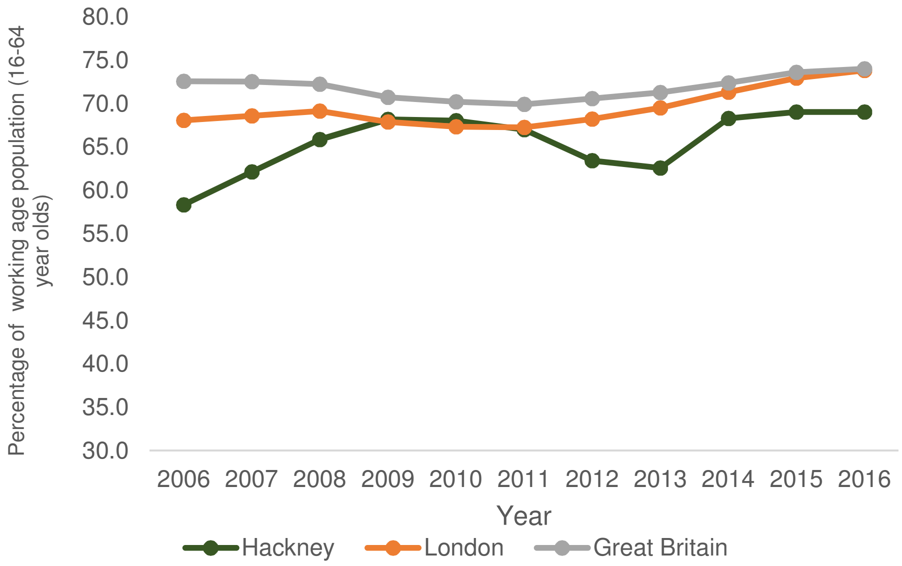

Figure 5 – Hackney, London and Great Britain; Working age (16 - 64 years old) employment rate 2006-2016[15]

2.5 Self-employment

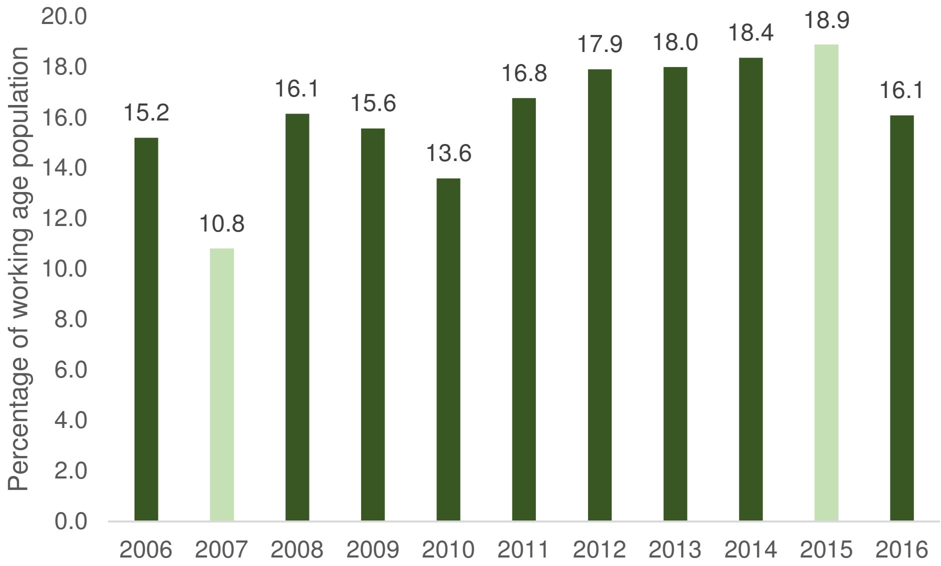

Figure 6 – Hackney; Percentage of working population (16-64 years old) who are self-employed 2006-2016[16]

Figure 6 shows that in the decade 2006 to 2016, Hackney experienced a highly fluctuating self-employment rate with a low of 10.8% (11,800) in 2007 and a high of 18.9% (27,100) in 2015. In 2006, Hackney had a self-employment rate of 15.2% (14,900) but experienced a significant fall in 2007 to just 10.8% (11,800). The rate immediately made up this fall the next year rising to 16.1% (19,200) in 2008. There was a period of modest decline in the self-employment rate between 2009 and 2010 followed by a steady rise year-on-year up to 2015. The rate fell from a high of 18.9% (27,100) in 2015 to 16.1% (24,200) in 2016.

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[15] Annual population survey, ONS, accessed June 2017

[16] Ibid

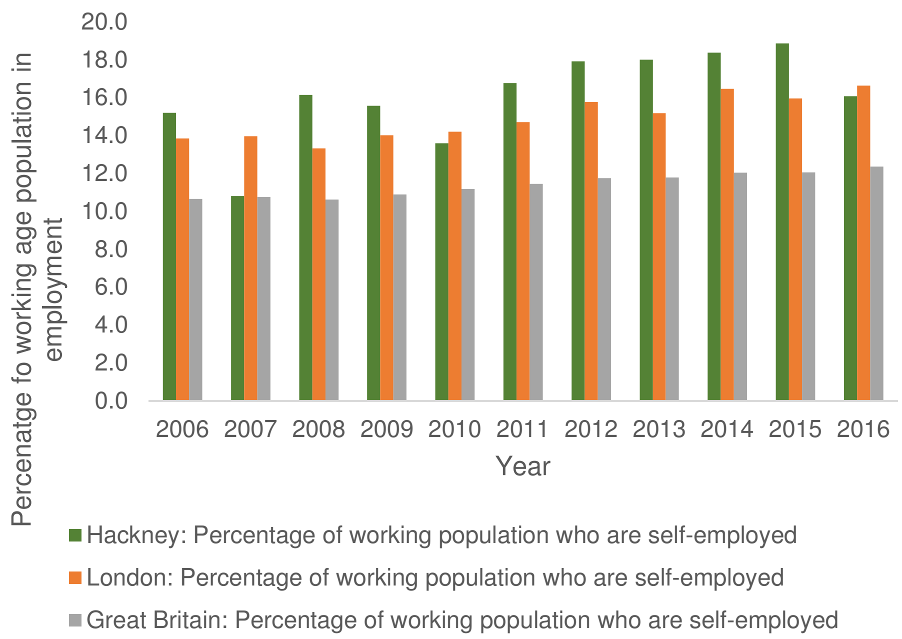

Figure 7 – Self-employed: Working age population (16-64 years old) in employment who are self-employed Hackney, London and Great Britain 2006-2016[17]

Figure 7 shows that in the period 2006 to 2016, Hackney generally had a higher rate of self-employment than both London and Great Britain. Apart from the years when Hackney experienced a significant fall in its self-employment rate (2007, 2010 and 2016) Hackney always had a higher rate than the London average and only in its lowest year (2007) did it approach the British average.

2.6 Full and Part-time employment

Figure 8 shows that over the decade 2006 to 2016 full time employment in Hackney has decreased and part-time employment has increased. In 2006, full time employment was 83% (73,900) and part time employment was 16.8% (14,900), by 2016 this was 71.8% (98,400) and 27.9% (38,200) respectively.

Rates of full time and part time employment did fluctuate over the period with the largest decrease (6%) in full time employment coming in 2007 followed by years of modest decreases and increases in the rate of full time employment between 2007 and 2013. By 2013 full time employment was 72.6% (84,300) and part time employment was 27.1% (31,500) - a difference of over 10% compared with 2006.

2014 witnessed a significant recovery in the rate of full time employment before falling slightly in 2015 and falling to its lowest level of 71.8% in this period in 2016.

Hackney follows the general trend for London for growth in part-time employment between 2006 and 2016[18]. The increase in part time employment in 2013 and a recovery in the rate of full time employment in 2014 also follows a trend identified for London as a whole[19].

[17] Ibid
[18] Part-time employment in London, GLA Economics, January 2015
[19] Part-time employment in London, GLA Economics, January 2015

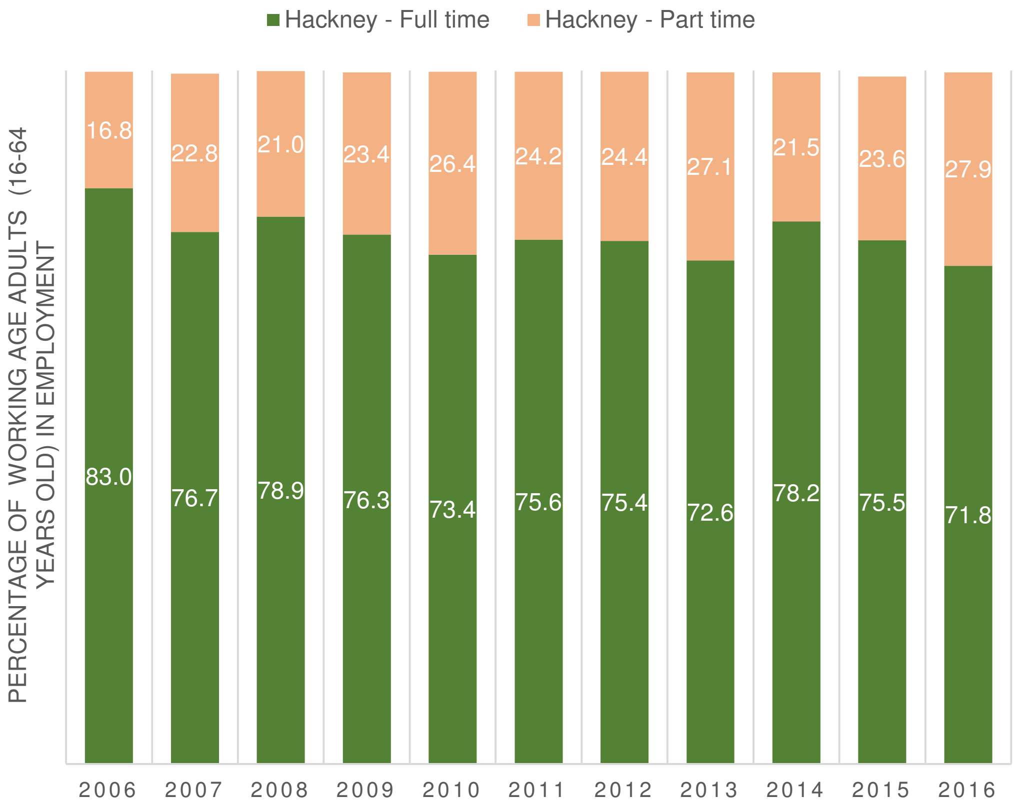

Figure 8 –Hackney Full and Part time employment for the working age population (16-64 years old) 2006-2016[20]

Hackney started this period with a higher full time employment rate (83%) than both London (80.5%) and Great Britain (75.5%). However, after a significant decrease in full-time employment in 2007 (76.7%) Hackney had consistently lower rates of full-time employment than the London average.

Hackney fluctuated in its performance compared with the British average for full-time employment having both higher and lower rates in full-time employment. The fall in full-time employment in 2016 meant that Hackney ended this period with lower full-time employment (71.8%) compared to both London (78.1%) and the British average (74.6%).

Hackney started this period with lower rates of part-time employment (16.8%) compared to London (19.4%) and Great Britain (24.5%). However, Hackney ended this period with higher rates of part-time employment (27.9%) than both London (21.6%) and Great Britain (25.2%). It should be noted, however, that the rate of part-time employment in Hackney has fluctuated over this period and was still lower (21.5%) than London (21.8%) and Great Britain (25.6%) in 2014.

Produced by the Policy & Insight Team, summer 2017

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[20] Ibid

Understanding Hackney's economy – A focus on occupations and employers

This analysis forms part of Hackney's Local Economic Assessment (LEA), a collection of reports looking at how the local economy is performing and changing to help the Council and partners set strategic priorities and inform future strategy development.

This paper examines occupations in the borough using the latest official statistics as well as how this has changed in the decade between 2006 and 2016. This analysis focuses on resident employment as well as profiling employers in the borough. The paper uses comparisons with neighbouring local authorities, the London region and Great Britain to provide a fuller analysis of Hackney's performance.

Key Headlines:

- The sectors that Hackney residents work in matches that of London exactly – dominated by Professional occupations, Associate professionals and technical occupations and Managers, Directors and senior officials. In total these three sectors make up just under two-thirds (63%) of occupations in Hackney.
- Between 2006 and 2016 the proportion of Hackney residents working in more highly skilled sectors has increased. At the same time Hackney experienced a decline in lower skilled occupations such as Skilled trade occupations, Process, plant and machine operatives and people working in Elementary occupations.
- Between 2006 and 2016 Hackney has experienced a considerable increase in the proportion of residents with higher qualifications and a decrease in the proportion of residents with no qualifications.
- The fact that Hackney workers earn more than Hackney residents suggests that the local population do not have the necessary skills to access better paid jobs in the borough. Hackney residents earning even less than both London residents and London workers reinforces the idea that Hackney residents lack the skills to access better paid jobs, not only in Hackney, but across London.
- Between 2010 and 2015 there was an increase of 24,000 jobs (27%) in Hackney.
- Hackney is characterised by public service and knowledge based employment. All sectors experienced growth in the number of jobs except for Transport and storage, Financial and insurance and motor trades.

1. Occupations

1.1 Occupations by sector

Figure 1 below, shows that the occupations of Hackney residents are dominated by three sectors: Professional occupations (28%), Associate and technical professions (24%) and Management, directors and senior officials (11%). In total these three sectors make up just under two-thirds (63%) of all employment.

Elementary occupations and Caring, leisure and other service occupations each make up 9% of all resident occupations. The remaining sectors are relatively evenly distributed (5% to 7%) except for Process, plant and machine operatives which makes up just 2% of resident occupations.

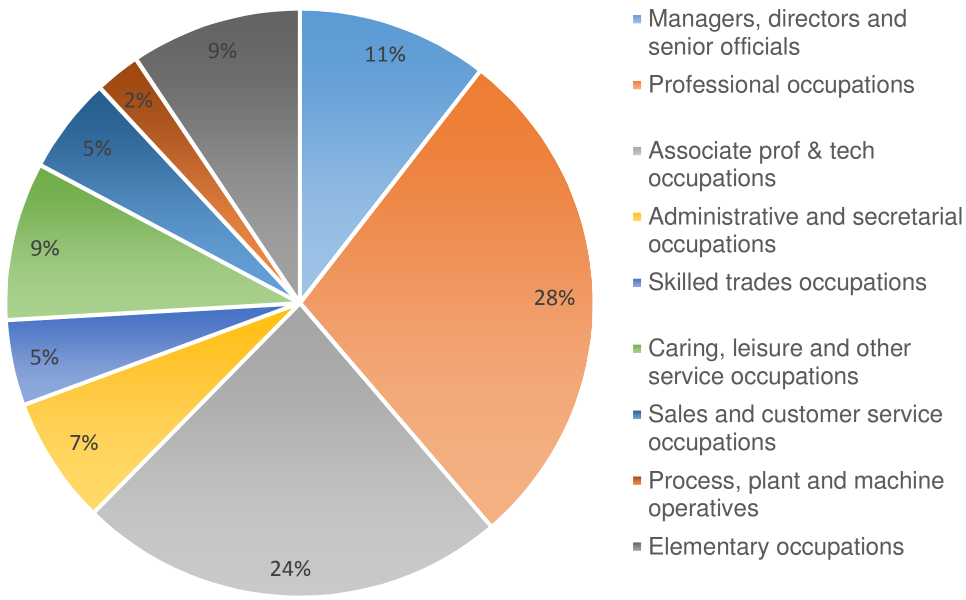


Figure 1 – Hackney; Resident occupations by sector 2016, Annual Population Survey

The sectoral profile of Hackney matches that of London exactly – dominated by Professional occupations, Associate professionals and technical occupations and Managers, Directors and senior officials. Hackney has a slightly higher rate of people employed in Professional occupations (28.2% vs 27.2%) and Associate professionals and technical occupations (23.6% vs 21.3%) but a slightly lower rate of people employed as Managers, directors and senior officials (10.5% vs 13.3%).

Hackney has a higher rate of people employed in Caring, leisure and other service occupations (8.7% vs 6.7%) and Elementary occupations (9.4% vs 8.3%) and a slightly lower rate of people employed in Sales and customer service occupations (5.3% vs 6.5%) and Process, plant and machine operatives (2.5% vs 3.4%).

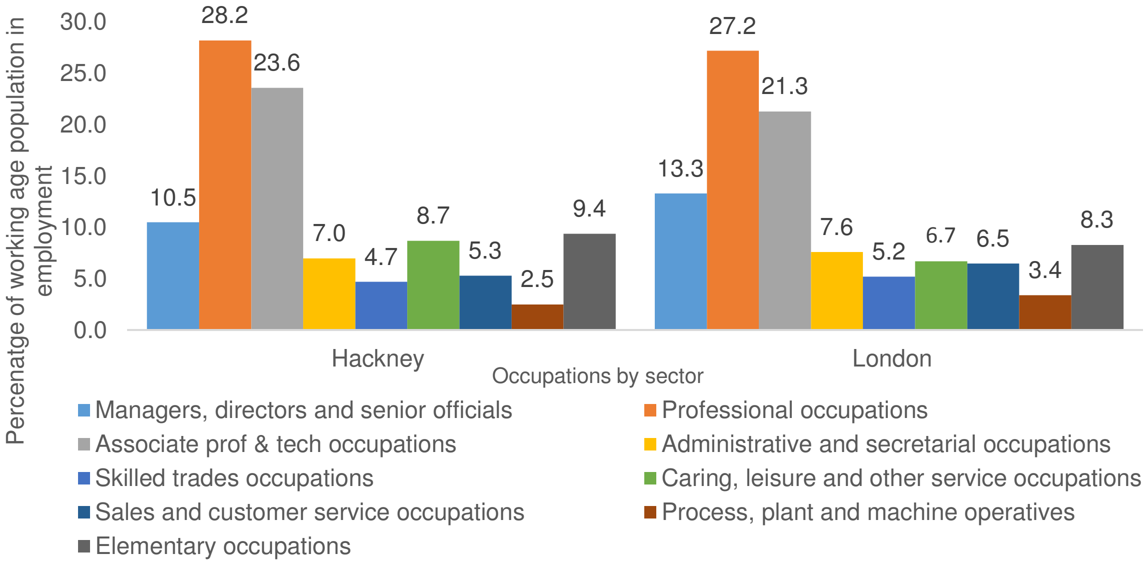
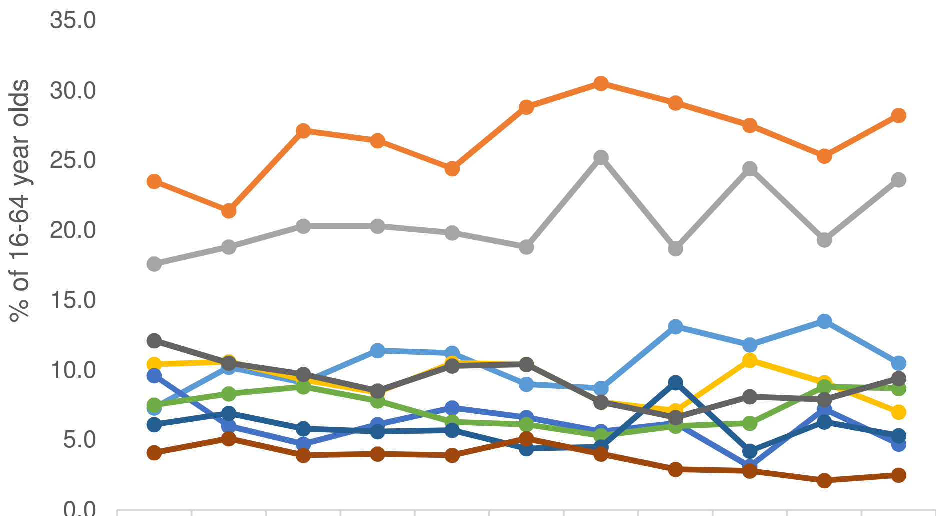


Figure 2 – Hackney and London: Resident occupations by sector 2016, Annual Population Survey

Figure 3 below, shows the occupation of residents between 2006 and 2016 by sector. The graph shows growth in the top two sectors - Professional occupations and Associate professionals and technical occupations - over the decade 2006 to 2016 but a significant degree of fluctuation over this period.

For example, the percentage of residents employed in Professional occupations experienced significant growth in the decade 2006 to 2016 – increasing from 23.5% in 2006 to 28.2% in 2016. However, this percentage fluctuated significantly over the decade with years of high growth (increasing by almost 6% between 2007 and 2008) and years of significant decline (decreasing by almost 5% between 2010 and 2011).



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Managers, directors and senior officials	7.3	10.2	9.1	11.4	11.2	9.0	8.7	13.1	11.8	13.5	10.5
Professional occupations	23.5	21.4	27.1	26.4	24.4	28.8	30.5	29.1	27.5	25.3	28.2
Associate prof & tech occupations	17.6	18.8	20.3	20.3	19.8	18.8	25.2	18.7	24.4	19.3	23.6
Administrative and secretarial occupations	10.4	10.6	9.3	8.4	10.5	10.4	7.7	7.1	10.7	9.1	7.0
Skilled trades occupations	9.6	6.0	4.7	6.1	7.3	6.6	5.6	6.2	3.1	7.2	4.7
Caring, leisure and other service occupations	7.5	8.3	8.8	7.8	6.3	6.1	5.3	6.0	6.2	8.8	8.7
Sales and customer service occupations	6.1	6.9	5.8	5.6	5.7	4.4	4.5	9.1	4.2	6.3	5.3
Process, plant and machine occupations	4.1	5.1	3.9	4.0	3.9	5.1	4.0	2.9	2.8	2.1	2.5
Elementary occupations	12.1	10.5	9.7	8.5	10.3	10.4	7.7	6.6	8.1	7.9	9.4

Figure 3 – Hackney; Resident occupations by sector 2006-2016, Annual Population Survey

The percentage of residents employed in Associate professions and technical occupations experienced modest year-on-year increases and decreases in the first five years of this period. After 2011 the percentage of residents employed in the sector began to experience extreme fluctuation–-increasing by 6.4% between 2011 and 2012 before falling by almost the same amount the following year.

The percentage of residents employed as Managers, directors and senior officials increased from 7.3% in 2006 to 10.5% in 2016. However, the percentage of residents employed in this sector was higher in earlier years, reaching a high of 13.5% in 2015, and was only 0.3% higher in 2016 than it was in 2007.

Of the remaining sectors only the Caring, leisure and other service occupations sector experienced growth over this period – increasing from 7.5% in 2006 to 8.7% in 2016. All other sectors employed a lower percentage of residents in 2016 than 2006 with the Skilled trade occupations sector experiencing the greatest reduction over this period– decreasing by over a half from 9.6% in 2006 to 4.7% in 2016. The number of residents employed in Process, plant and machine occupations and Administrative and secretarial occupations fell by 39% and 32% between 2006 and 2016 respectively.

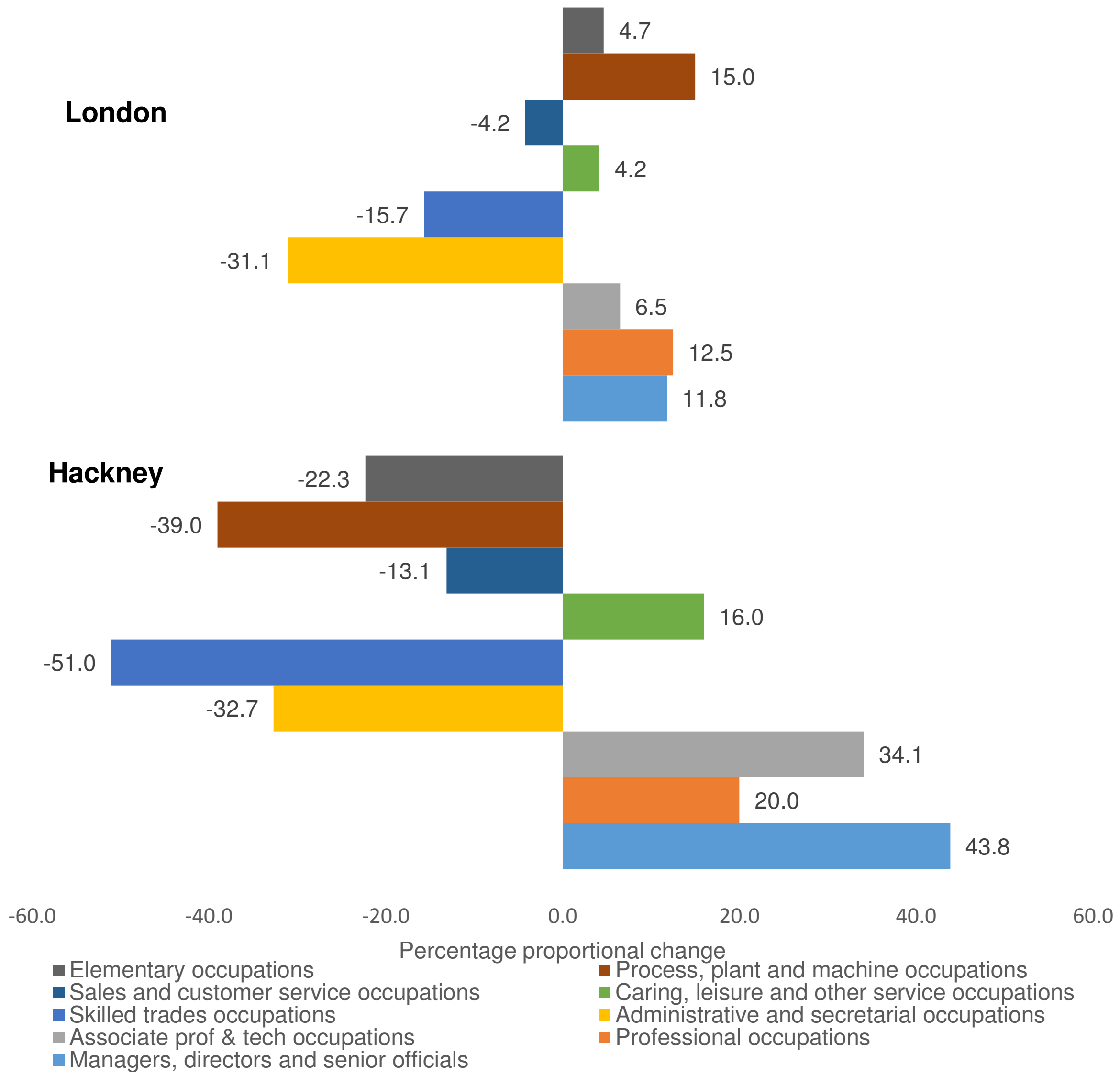


Figure 4 – Hackney and London; The proportional change in resident employment by sector 2006-2016, Annual Population Survey

Figure 4 shows that Hackney has followed the general trend in London for occupation change between 2006 and 2016. Hackney has, however, experienced a more extreme rate of change in these sectors. Hackney has generally experienced decline in the same sectors as London although this is not always the case.

Hackney has seen proportional growth of over 40% (43.8%) in the number of residents employed as Managers, Directors and senior officials compared to growth of 11.8% in this sector in London. Similarly, employment in Professional occupations has increased proportionally by 20% in Hackney compared to 12.5% in London. Employment in Associate and technical occupations has increased proportionally by over a third in Hackney (34.1%) compared to 6.5% in London. Hackney has seen higher proportional growth in employment in Caring, leisure and others service occupations (16%)

compared to London (4.2%).Growth in these sectors would suggest that Hackney residents are increasingly in higher skilled employment.

Both Hackney and London have seen a similar decline in the proportion of people employed in the Administrative and Secretariat sector (-32.7% Hackney, -31.1% London). Hackney has experienced a far pronounced decline in Skilled occupations (-51%) compared with London (-15.7%).

Hackney has experienced a larger proportional decline in employment in Sales and customer service occupations (-13.1%) compared to growth in London (4.2%). In Hackney Process, plant and machine occupations fell significantly (-39%) at the same time as London registered growth in this sector (15%). Similarly, Hackney experienced a pronounced decline in the number of people employed in elementary occupations (-22.3%) while London saw a small increase in this sector (4.7%). Decline in these sectors would suggest that Hackney residents are increasingly less likely to be in lower skilled employment.

1.2 Occupations by sub-occupation

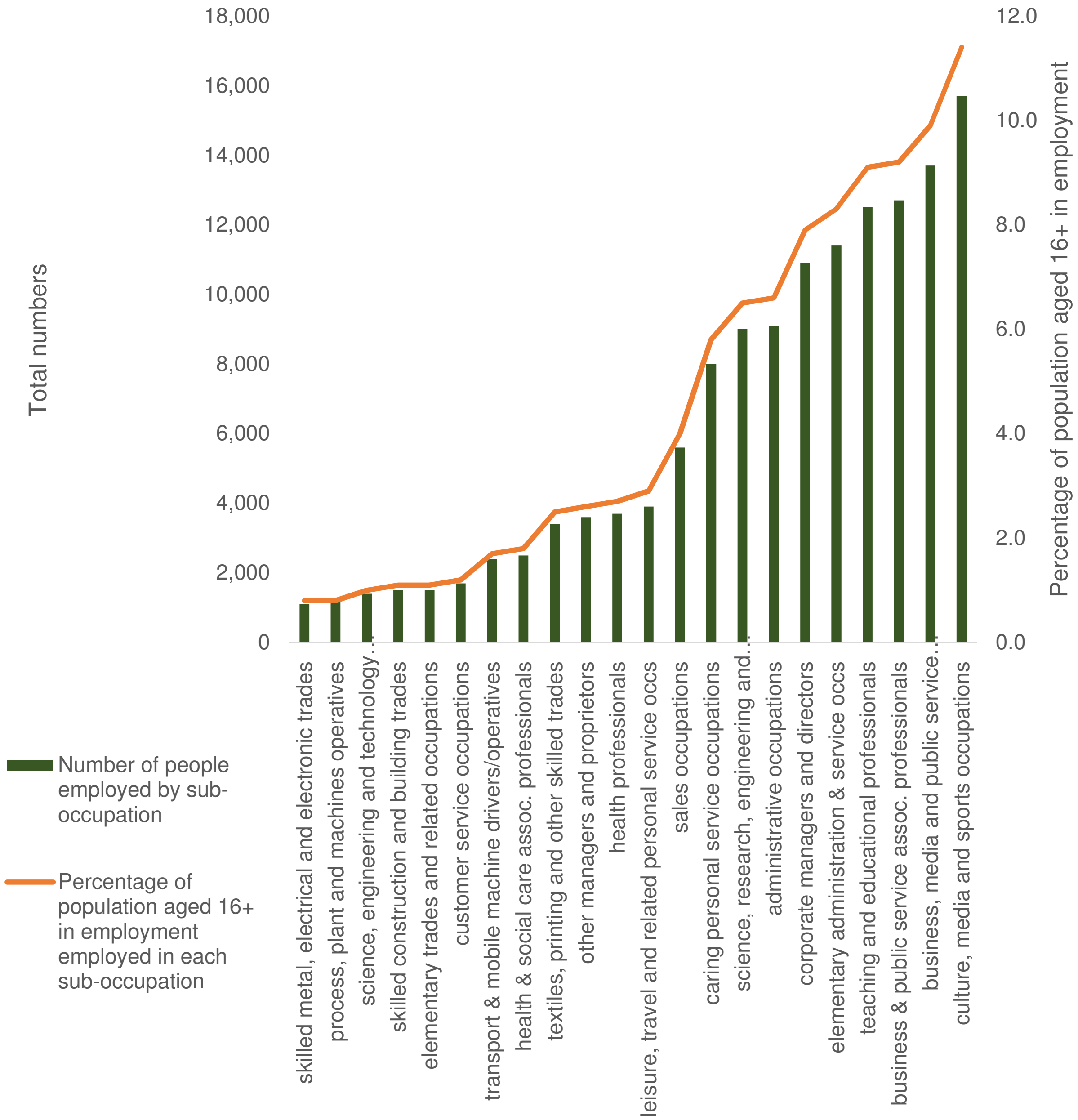


Figure 5 - Hackney; Residents (16 years old+) in employment by sub-occupation, Annual Population Survey

Hackney; Resident sub-occupation 2016	Number of people employed by sub-occupation	% of population aged 16+ in employment employed in each sub-occupation
Culture, media and sports occupations	15,700	11.4
Business, media and public service professionals	13,700	9.9
Business & public service assoc. professionals	12,700	9.2
Teaching and educational professionals	12,500	9.1
Elementary administration & service occupations	11,400	8.3
Corporate managers and directors	10,900	7.9
Administrative occupations	9,100	6.6
Science, research, engineering and technology profs	9,000	6.5
Caring personal service occupations	8,000	5.8
Sales occupations	5,600	4.0
Leisure, travel & related personal service occupations	3,900	2.9
Health professionals	3,700	2.7
Other managers and proprietors	3,600	2.6
Textiles, printing and other skilled trades	3,400	2.5
Health & social care assoc. professionals	2,500	1.8
Transport & mobile machine drivers/operatives	2,400	1.7
Customer service occupations	1,700	1.2
Skilled construction and building trades	1,500	1.1
Elementary trades and related occupations	1,500	1.1
Science, engineering and technology associate profs	1,400	1.0
Skilled metal, electrical and electronic trades	1,100	0.8
Process, plant and machines operatives	1,200	0.8

Table 1 - Hackney; Residents (16 years old+) in employment by sub-occupation, Annual Population Survey

Figure 5 and Table 1 show that the sub-occupation with the highest percentage of employees in Hackney in 2016 was Culture, media and sports occupations at 11.9%. The next largest sub-occupations were business, media and public service occupations at 9.9% and business and public service associate professionals at 9.2%.

Table 2 below, shows both the change and proportional change for each sub-occupation between 2006 and 2016. The table shows that the leading sub-occupancy in 2016, Culture, media and sports occupations, rose from 7.6% in 2006 to 11.4% in 2016 – a proportional increase of exactly 50%. By far the largest proportional change between 2006 and 2016 was the rise in the number of residents employed in Leisure, travel and related personal service occupations increasing from 0.8% to 2.9% - a rise of over 260%. The greatest decrease in this period took place in the category Skilled construction and building trades falling from 3.1% to 1.1% - a fall of almost two-thirds (64.5%). Other notable categories include:

- Teaching and educational professionals which rose from 6.2% to 9.1% (a rise of 46.8%)
- Corporate managers and directors which rose from 5.0% to 7.9% (a rise of 58%)
- Health and social care associate professionals which rose from 1.2% to 1.8% (a rise of 50%)
- Process, plant and machine operatives which fell from 1.5% to 0.7% (a fall of 46.7%)
- Textiles, printing and other skilled trades which fell from 4% to 2.5% (a fall of 37.5%)
- Transport & mobile machine drivers/operatives which fell from 2.6% to 1.7% (a fall of 34.6%).
- Elementary administration & service occupations which fell from 11% (the sub-occupation with the most employees in 2006) to 8.3% (a fall of 24.5%)

Variable	Jan 2006-Dec 2006	Jan 2016-Dec 2016	Change between 2006 and 2016	Proportional change between 2006 and 2016
Culture, media and sports occupations	7.6	11.4	3.8	50.0
Business, media and public service professionals	9.5	9.9	0.4	4.2
Business & public service assoc. professionals	7.7	9.2	1.5	19.5
Teaching and educational professionals	6.2	9.1	2.9	46.8
Elementary administration & service occupations	11.0	8.3	-2.7	-24.5
Corporate managers and directors	5.0	7.9	2.9	58.0
Administrative occupations	6.8	6.6	-0.2	-2.9
Science, research, engineering and technology professionals	5.1	6.5	1.4	27.5
Caring personal service occupations	6.7	5.8	-0.9	-13.4
Sales occupations	4.5	4.0	-0.5	-11.1
Leisure, travel & related personal service occupations	0.8	2.9	2.1	262.5
Health professionals	2.6	2.7	0.1	3.8
Other managers and proprietors	2.3	2.6	0.3	13.0
Textiles, printing and other skilled trades	4.0	2.5	-1.5	-37.5
Health & social care assoc. professionals	1.2	1.8	0.6	50.0
Transport & mobile machine drivers/operatives	2.6	1.7	-0.9	-34.6
Customer service occupations	1.6	1.2	-0.4	-25.0
Elementary trades and related occupations	1.1	1.1	0.0	0.0
Skilled construction and building trades	3.1	1.1	-2.0	-64.5
Science, engineering and technology associate professionals	1.1	1.0	-0.1	-9.1
Skilled metal, electrical and electronic trades	1.2	0.8	-0.4	-33.3
Process, plant and machines operatives	1.5	0.8	-0.7	-46.7

Table 2 - Hackney; Proportional change in residents (16 years old+) in employment by sub-occupation, Annual Population Survey

Despite some years of falling gross weekly income Hackney residents averaged annual growth of 1.4% - similar to both London residents and workers (both 1.8%). However, Hackney workers averaged average year-on-year growth of just 0.6% between 2009 and 2016[1].

3. Employment in the borough

3.1 Employment by sector

In 2015 there were 112,000 jobs in Hackney. This is an increase of 24,000 jobs or 27% since 2010.

Industry	Employment (%)
Professional, scientific & technical	13.4
Health	13.4
Information & communication	10.7
Business administration & support services	9.8
Education	9.8
Accommodation & food services	8.0
Retail	7.1
Public administration & defence	5.4
Arts, entertainment, recreation & other services	5.4
Property	4.5
Manufacturing	3.1
Transport & storage	2.7
Financial & insurance	2.7
Construction	2.2
Wholesale	2.0
Mining, quarrying & utilities	0.4
Motor trades	0.3

Table 3 - Employment in Hackney by industry sector for 2015[2]

In Hackney the largest sectors for employment are the Health sector and Professional, scientific and technical sector (both account for 13.4% of employment each). These two leading sectors reflect Hackney's overall character as a borough characterised by public service and knowledge based employment.

For example, for public service employment taking Health, Education and Public Administration and defence together this accounts for just under 30% of total employment (28.6%).

For knowledge based employment Professional, scientific and technical, Information and communication and Business administrative and support services taken together is more than a third of total employment (33.9%).

The remaining sectors range from 5.4% to 0.3% of total employment. It should be noted that despite Hackney's proximity to the City of London and Canary Wharf (Tower Hamlets) only 2.7% of employment is in the Finance and insurance sector.

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[1] For further analysis of earnings please refer to the Qualifications and Earning chapter of the Local Economic Assessment

[2] Business Register and Employment Survey, ONS, accessed June 2017

Industry	2010	2011	2012	2013	2014	2015	Proportional change between 2010 and 2015
Health	13.6	13.9	12.8	13.7	13.2	13.4	-1
Professional, scientific & technical	12.4	11.7	12.8	14.8	13.2	13.4	8
Business administration & support services	11.3	11.7	11.7	7.4	8.5	9.8	-13
Education	10.2	9.6	10.7	7.4	9.4	9.8	-4
Information & communication	7.9	7.5	7.5	9.5	9.4	10.7	35
Transport & storage	6.8	5.3	3.2	3.2	3.8	2.7	-60
Retail	5.7	6.4	6.4	7.4	7.5	7.1	25
Accommodation & food services	5.7	5.3	6.4	7.4	8.5	8	40
Public administration & defence	5.7	5.3	4.8	4.2	4.7	5.4	-5
Arts, entertainment, recreation & other services	5.7	6.4	6.4	5.3	5.7	5.4	-5
Financial & insurance	4	4.8	4.3	3.7	3.3	2.7	-33
Property	3.4	3.7	3.7	5.3	3.8	4.5	32
Manufacturing	2.8	2.1	2.7	2.6	2.8	3.1	11
Construction	2.8	2.1	2.7	2.4	2.4	2.2	-21
Wholesale	2.3	2.1	2.7	3.2	2.4	2	-13
Motor trades	0.5	0.4	0.3	0.3	0.3	0.3	-40
Mining, quarrying & utilities	0.4	0.3	0.3	0.4	0.4	0.4	0

Table 4 - Employment in Hackney by sector, 2010 – 2015 (% of total employment), ONS Business Register and Employment Survey

Table 4 shows the change in the distribution of employment by sector in Hackney between 2010 and 2015. The final column of the table shows the proportional change for each sector between 2010 and 2015.

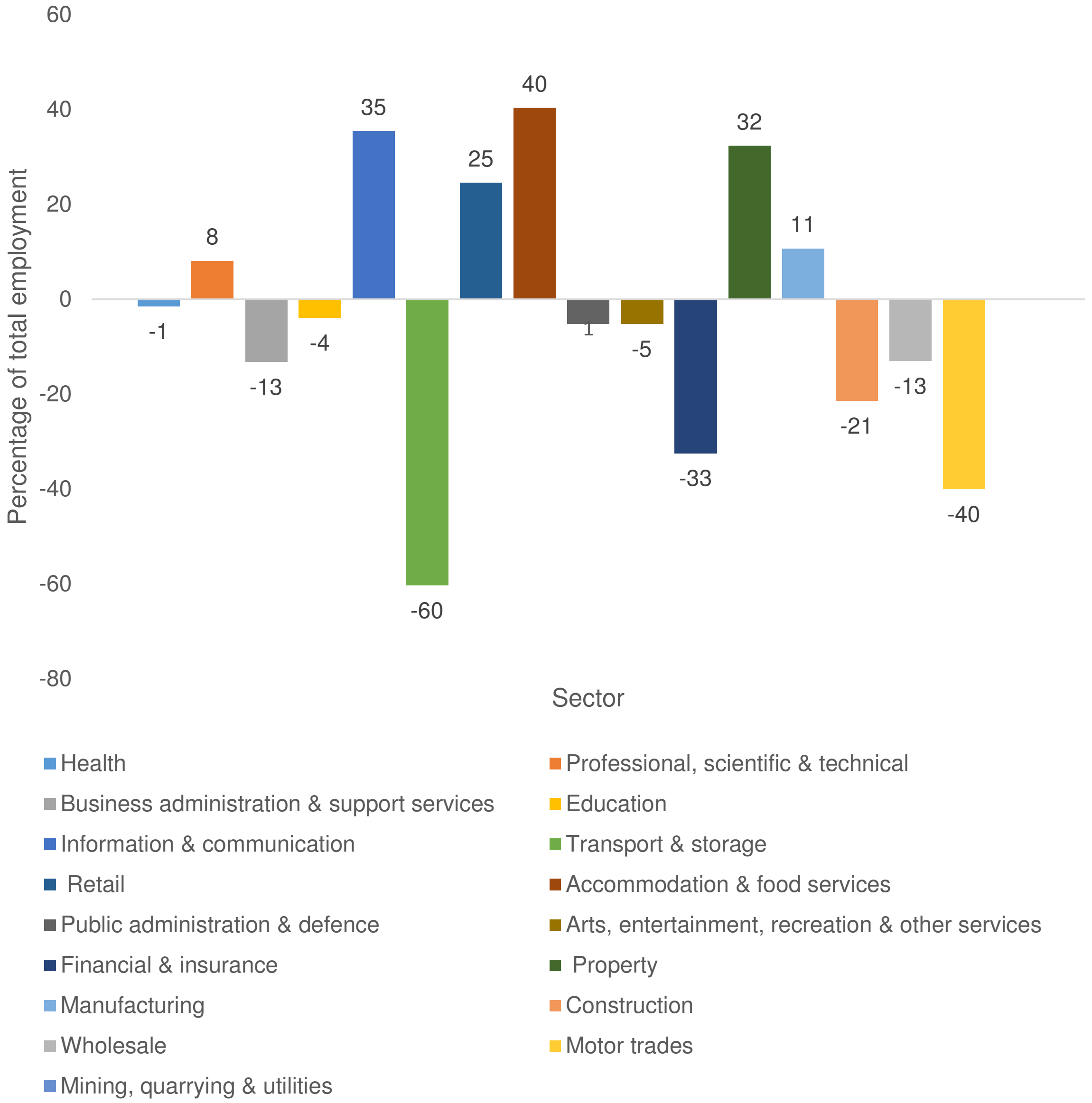

Figure 6 - Hackney: Proportional change in total employment by sector 2010 to 2015, *ONS Business Register and Employment Survey*

Table 4 and figure 6 show that the sectors which experienced most employment growth between 2010 and 2015 were Accommodation and food services (40%), Information and communication (35%), Property (30%) and Retail (25%).

In contrast, those sectors which experienced the most decline were Transport and storage (-60%), Motor trades (-40%) and Financial and insurance (-33%).

Industry	2010	2011	2012	2013	2014	2015	Proportional change between 2010 and 2015 (%)
Health	12,000	13,000	12,000	13,000	14,000	15,000	25
Professional, scientific & technical	11,000	11,000	12,000	14,000	14,000	15,000	36
Business administration & support services	10,000	11,000	11,000	7,000	9,000	11,000	10
Education	9,000	9,000	10,000	7,000	10,000	11,000	22
Information & communication	7,000	7,000	7,000	9,000	10,000	12,000	71
Transport & storage	6,000	5,000	3,000	3,000	4,000	3,000	-50
Retail	5,000	6,000	6,000	7,000	8,000	8,000	60
Accommodation & food services	5,000	5,000	6,000	7,000	9,000	9,000	80
Public administration & defence	5,000	5,000	4,500	4,000	5,000	6,000	20
Arts, entertainment, recreation & other services	5,000	6,000	6,000	5,000	6,000	6,000	20
Financial & insurance	3,500	4,500	4,000	3,500	3,500	3,000	-14
Property	3,000	3,500	3,500	5,000	4,000	5,000	67
Manufacturing	2,500	2,000	2,500	2,500	3,000	3,500	40
Construction	2,500	2,000	2,500	2,250	2,500	2,500	0
Wholesale	2,000	2,000	2,500	3,000	2,500	2,250	13
Motor trades	400	350	250	300	300	350	-13
Mining, quarrying & utilities	350	300	300	350	400	500	43
Column Total	**88,000**	**94,000**	**94,000**	**95,000**	**106,000**	**112,000**	**27**

Table 5 - Employment in Hackney by sector 2010 to 2015 (number of jobs) ONS Business Register and Employment Survey

Table 5 shows the change in the number of jobs by sector in Hackney between 2010 and 2015. The table shows that despite proportional decreases (as explained in the previous section) all sectors actually saw a rise in the number of jobs apart from three sectors - Transport and storage (-50%), Financial and insurance (-14%) and Motor trades (-13%).

Industry	Hackney	Inner London	London	Haringey	Newham	Tower Hamlets
Mining, quarrying & utilities	0.4	0.5	0.6	0.6	1.5	0.3
Manufacturing	3.1	1.2	2.3	5.8	4.5	1.6
Construction	2.2	2.1	2.9	2.9	4.5	1.8
Motor trades	0.3	0.3	0.8	1.0	0.9	0.3
Wholesale	2.0	2.1	3.0	5.0	2.5	2.2
Retail	7.1	7.2	8.7	14.4	17.0	3.6
Transport & storage	2.7	2.6	4.5	5.0	5.0	2.5
Accommodation & food services	8.0	8.2	7.5	8.6	9.0	5.0
Information & communication	10.7	9.2	7.7	3.6	2.5	8.7
Financial & insurance	2.7	10.3	7.2	1.0	1.0	26.0
Property	4.5	3.1	2.8	2.9	3.0	2.2
Professional, scientific & technical	13.4	17.7	14.1	6.5	4.5	14.4
Business administration & support services	9.8	10.8	10.9	7.2	11.0	12.6
Public administration & defence	5.4	4.6	4.3	4.3	6.0	3.2
Education	9.8	6.2	7.7	13.0	12.0	5.4
Health	13.4	8.6	10.1	10.1	11.0	7.6
Arts, entertainment, recreation & other services	5.4	5.2	5.0	7.2	4.5	2.5
Total	**100.1**	**100.0**	**100.0**	**99.5**	**100.1**	**99.8**

Table 6 - Employment in Hackney, Inner London, London, Haringey, Newham and Tower Hamlets by sector in 2015 (% of total employment) ONS Business Register and Employment Survey

Table 6 compares Hackney's distribution of total employment by sector with Inner London, London, Haringey, Newham and Tower Hamlets.

Hackney and Inner London

Hackney most closely resembles Inner London in terms of the distribution of total employment by sector. This similarity suggests that Hackney is generally a competitive borough within the wider Inner London economy.

Inner London does have a much higher proportion of employment in the Financial and Insurance sector (10.3%) compared to Hackney. It should be noted, however, that employment in this sector is concentrated nationally in Inner London and more specifically in Tower Hamlets and the City of London (26% of employment in Tower Hamlets is in this sector). Hackney does have a higher proportion of employment in the Education and Health sectors compared to Inner London – 9.8% versus 6.2% and 13.4% vs 8.6% respectively.

Hackney and London

Hackney broadly mirrors the distribution of employment across London as a whole London.

As may be expected, London has a higher proportion of employment in the Wholesale (3% vs 2%), Retail (8.7% vs 7.1%) and Transport and Storage sector (4.5% vs 2.7%).

Hackney has a higher proportion of employment in the Manufacturing (3.1% vs 2.1%), Information and communication (10.7% vs 7.7%), Property sectors (4.5% vs 2.8%).

As noted in the previous section comparing Hackney and Inner London, Hackney has a lower proportion of employment in the Financial and Insurance sector and a higher proportion of employment in Education and Health sector compared with the London region.

Hackney and comparable London boroughs

The comparison with other London boroughs in Table 6 shows some broad similarities in the distribution of employment by sector but also some very clear differences.

For example, Hackney has a far lower proportion of employment in the retail sector (7.1%) than Haringey (14.4%) and Newham (17%).

Hackney has a higher proportion of employment in the Information and communication sector (10.7%) compared with Haringey (3.6%) and Newham (2.5%) but a relatively similar proportion compared with Tower Hamlets (8.7%). This can also be seen in the Professional, scientific and technical sector with Hackney having a similar proportion of employment in this sector (13.4%) with Tower Hamlets (14.4%) but a much higher proportion compared with Haringey and Newham (6.5% and 4.5% respectively).

As discussed in the preceding sections, Hackney has a much lower proportion of employment in the Financial and insurance sector compared with other London boroughs such as Tower Hamlets (2.7% vs 26%). However, Hackney also has double the proportion of employment in this sector compared with Haringey and Newham (both 1%) reinforcing the geographic concentration of employment in this sector.

Similarly, Hackney should not be seen as being unusual in its higher concentration of employment in Education (9.8%) and Health (13.4%) with both Haringey (13% Education, 10% Health) and Newham (12% Education, 11% Health) recording similar levels of employment in these sectors.

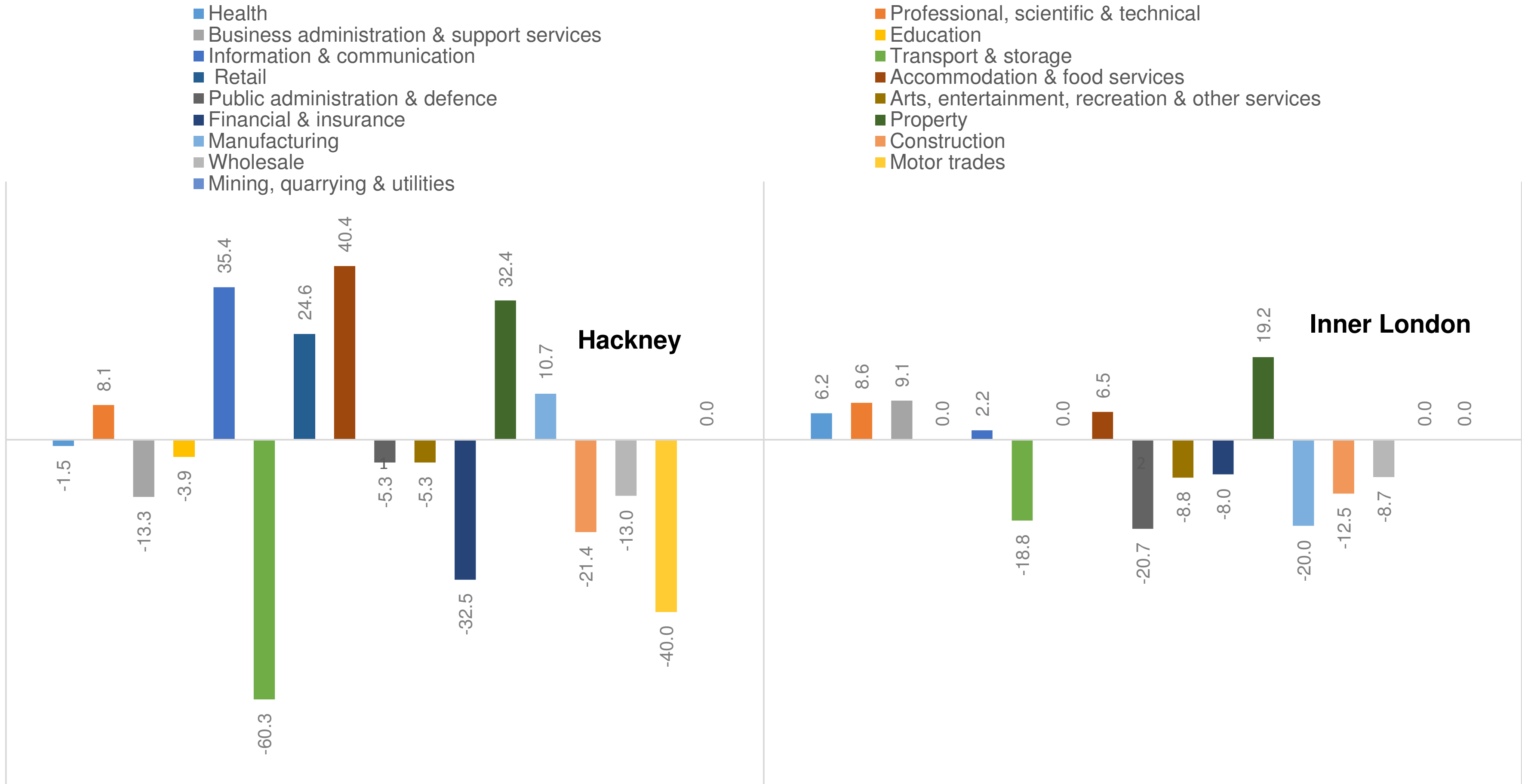

Figure 7 – Hackney and Inner London; Proportional change in employment by sector 2010 to 2015 *ONS Business Register and Employment Survey*

Figure 7 compares the proportional change between 2010 and 2015 in the distribution of employment in Hackney and Inner London.

There are some similarities between Hackney and Inner London– for example, both Hackney and Inner London saw growth in the proportion of employment in the Information and communication, Retail, Accommodation and food and Property sectors.

They both experienced declines in the proportion of employment in Transport and storage, Public administration and defence, Arts and entertainment and Financial and insurance, Construction, Wholesale and Motor trades.

Despite these similarities Hackney experienced a far more extreme pace of change with sectors experiencing proportional growth of up to 40% and decline of 60%. In contrast, Inner London experienced maximum growth of 19.2% and a maximum decline of 20.7%.

Produced by the Policy & Insight Team, summer 2017

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Understanding Hackney's economy – A focus on qualifications and earnings

This analysis forms part of Hackney's Local Economic Assessment (LEA), a collection of reports looking at how the local economy is performing and changing to help the Council and partners set strategic priorities and inform future strategy development.

This paper examines qualifications, skills and earnings in the borough using the latest official statistics as well as how this has changed in the decade between 2006 and 2016. The paper uses comparisons with neighbouring local authorities, the London region and Great Britain to provide a fuller analysis of Hackney's performance.

Key Headlines:

- The sectors that Hackney residents work in matches that of London exactly – dominated by Professional occupations, Associate professionals and technical occupations and Managers, Directors and senior officials.
- Between 2006 and 2016 the proportion of Hackney residents working in more highly skilled sectors has increased.
- Between 2006 and 2016 Hackney has experienced a considerable increase in the proportion of residents with higher qualifications and a decrease in the proportion of residents with no qualifications. Both London and Great Britain experienced declines in the number of people with no qualifications but Hackney experienced the largest proportional fall over this period.
- The fact that Hackney workers earn more than Hackney residents suggests that the local population do not have the necessary skills to access better paid jobs in the borough. Hackney residents earning even less than both London residents and London workers reinforces the idea that Hackney residents lack the skills to access better paid jobs, not only in Hackney, but across London.
- Hackney residents in full-time work earnt a median gross weekly income of £613.30 – slightly less than full-time workers in Hackney who earnt a median gross weekly income of £626.90. Both London residents and London workers earnt more than Hackney residents and Hackney workers

1. Qualification and Skills

1.1 Highest qualification

Figure 1 shows that in 2016, the vast majority of Hackney residents of working age had a qualification at NVQ1 level[1] (83.9%) and NVQ2 level[2] (74.9%). Almost two-thirds of working age adults have a qualification at NVQ3 level[3] (65.1%) and over half have a qualification at NVQ4 level[4] (54.9%). Less than 10% of residents had no qualification (8.2%) and 7.9% had other qualifications.

Figure 1 demonstrates that between 2006 and 2016 Hackney has experienced an increase in the proportion of residents with higher qualifications and a decrease in the proportion of residents with no qualifications. In 2006 32.4% working age residents had a NVQ4 level

[1] NVQ 1 is equivalent to GCSE with grades D - G, 3/Foundations S Grade, Scottish Access 1-2, or Foundation GNVQ

[2] NVQ 2 is equivalent to GCSE with grades GCSE grades A* - C, Scottish intermediate 2

[3] NVQ 3 is equivalent to A-Level / Scottish higher

[4] NVQ 4 is equivalent to an undergraduate qualification or full technical certificate

qualification but by 2016 this rate had increased to 54.9% - a huge proportional increase of 69% in just ten years.

In contrast, in 2006 24.4% of working age residents had no qualifications but by 2016 this had reduced to only 8.2% - a proportional decrease of two-thirds (66%).

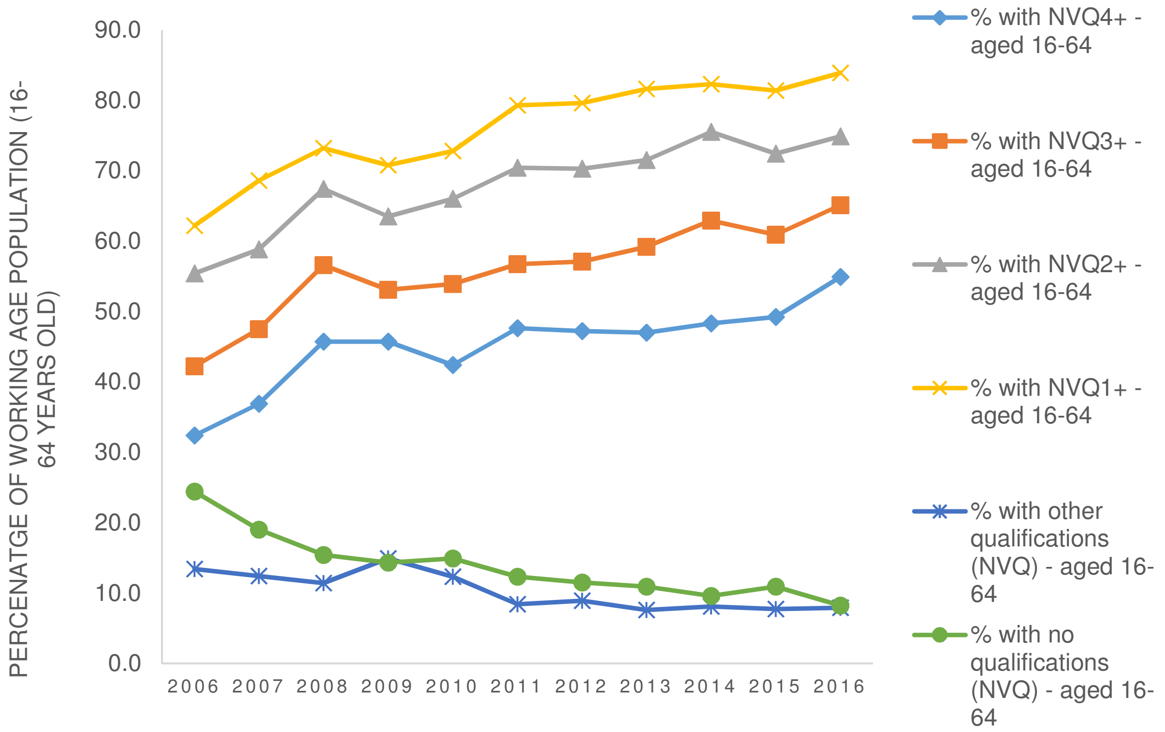

Figure 1 – Hackney; Highest qualification 2006-2016, Annual Population Survey

Increases in the number of working age residents with a qualification at NVQ1 level, NVQ2 level and NVQ3 level have also taken place over the last decade as has a decrease in the number of people with other qualifications. Over the past ten years Hackney residents have become more highly educated and more likely to be in high skilled jobs.

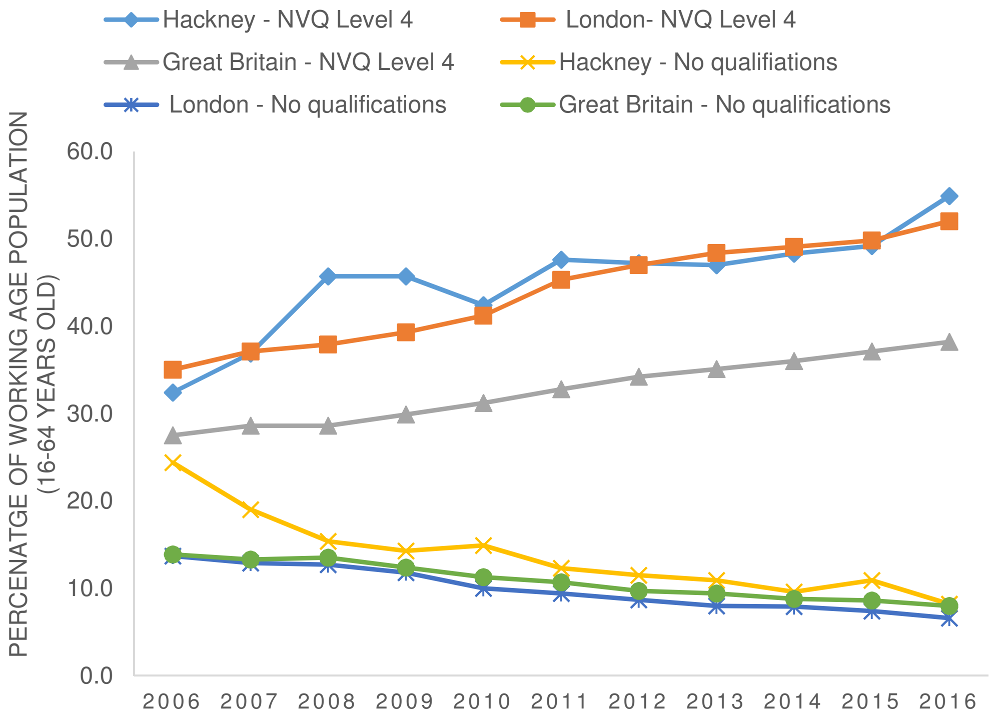

Figure 2 – Hackney, London and Great Britain; Comparative Qualifications 2006- 2016, Annual Population Survey

Figure 2 shows that Hackney is not unusual in experiencing an increase in the rate of residents with NVQ Level 4 qualifications between 2006 and 2016 with both London and Great Britain seeing sustained growth over this period.

Hackney had a slightly higher rate of residents with a NVQ Level 4 qualification (54.9%) in 2016 than London (52%). Hackney did experience higher proportional growth over this period (69% compared to 49%). Great Britain also experienced growth in this area, although more modest than that witnessed in Hackney and London, rising from 27.5% of residents with a NVQ Level 4 qualification in 2006 to 38.2% in 2016 (a proportional increase of 38.9%).

Hackney, London and Great Britain also all experienced a decrease in the rate of residents with no qualifications. In 2016 8.2% of residents in Hackney had no qualifications compared to 6.6% in London and 8% in Great Britain. Although Hackney still had the largest percentage of residents with no qualifications in 2016 it should be noted that it also experienced the largest proportional decline over the period – falling by 66.3% compared to 51.8% in London and 42.4% in Great Britain.

2. Earnings

Earnings data can help us understand the economic benefit of being in full-time employment. Comparisons between the earnings of residents and workers can also help our understanding of how compatible the local labour market is with the better paid jobs in a locality. The Median income is used, rather than the average (mean), to account for very high incomes. Using the average (mean) would risk using a figure that does not properly reflect most people’s experiences.

2.1 Earnings for full time workers

Please note that for Hackney residents sampling means there is an average confidence interval of +/- 4.1%. For London residents the confidence interval is +/-1.3% from the Annual Survey of Hours and Earnings (ASHE). For Hackney workers sampling means there is an average confidence interval of +/- 4.9%. For London workers the confidence interval is +/- 0.6%.

Year	Hackney residents	London residents	Hackney workplace	London workplace
2008	555.90	581.50	614.50	613.30
2009	572.90	598.20	607.70	627.40
2010	582.60	606.40	661.90	642.20
2011	610.60	608.80	620.30	648.40
2012	597.20	613.30	621.30	652.10
2013	594.90	613.30	612.30	654.80
2014	612.70	617.10	614.50	660.00
2015	602.10	620.80	574.90	659.70
2016	613.30	632.40	626.90	670.80

Table 1, Median gross weekly income: Hackney and London residents and workers in full-time employment 2008-2016 (£), Annual survey of hours and earnings (workers analysis)

Table 1 and figure 3 show that in 2016, Hackney residents in full-time work earnt a median gross weekly income of £613.30 – slightly less than full-time workers in Hackney who earnt a median gross weekly income of £626.90. Both London residents and London workers earnt more than Hackney residents and Hackney workers with a median weekly gross income of £632.40 and £670.80 respectively.

The fact that Hackney workers earn more than Hackney residents suggests that the local population do not have the necessary skills to access better paid jobs in the borough. Hackney residents earning even less than both London residents and London workers reinforces the idea that Hackney residents lack the skills to access better paid jobs, not only in Hackney, but across London (please see the LEA 2017 – Benefits and Worklessness chapter for more information on this topic).

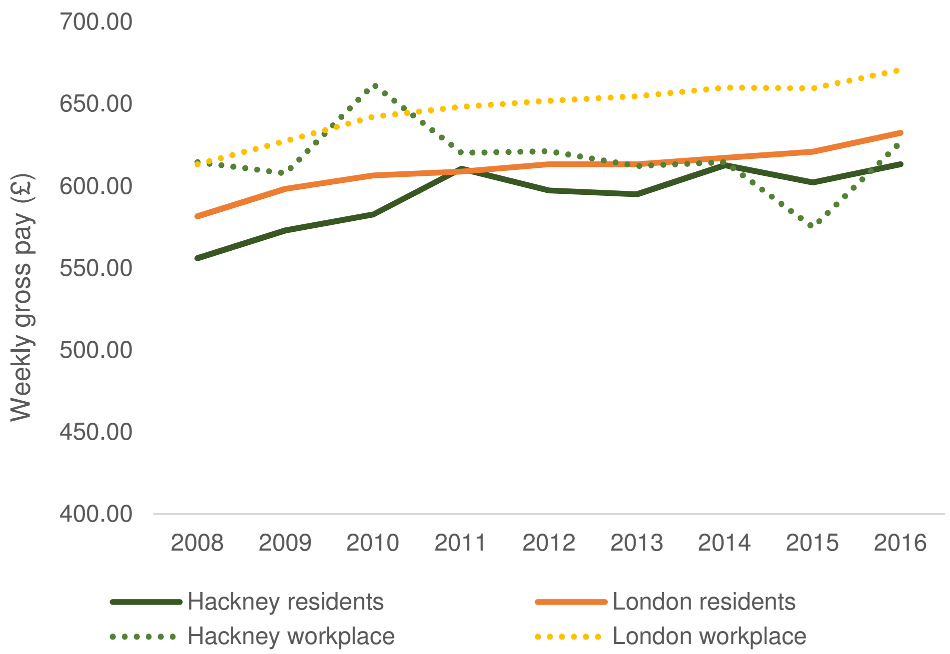

Figure 3 - Median weekly incomes: Hackney and London residents and workplace in full-time employment 2008-2016, Annual survey of hours and earnings (resident and workers analysis)

2008-2016 earnings

Please note this section does not account for inflation. Table 2 shows the year-on-year proportional change in the gross weekly income of residents and workers in both Hackney and London between 2009 and 2016 – as well as the average change for this period.

Year	Hackney residents	London residents	Hackney workplace	London workplace
2009	3.1	2.9	-1.1	2.3
2010	1.7	1.4	8.9	2.4
2011	4.8	0.4	-6.3	1.0
2012	-2.2	0.7	0.2	0.6
2013	-0.4	0.0	-1.4	0.4
2014	3.0	0.6	0.4	0.8
2015	-1.7	0.6	-6.4	0.0
2016	1.9	1.9	9.0	1.7
Average year-on-year change 2009-2016	1.3	1.1	0.4	1.1

Table 2, Year-on-year proportional change in median gross weekly income for Hackney and London residents and workers in full-time employment 2009-2016 (%), Annual survey of hours and earnings (workers analysis)

The table shows that London residents and London workers experienced year-on-year growth in their gross weekly income for the period. Both Hackney residents and Hackney workers experienced far more fluctuation in their incomes over this period experiencing years of growth and years of decreases in their weekly gross income. Please note that only

Hackney workers experienced a decline in their earnings that exceeded the confidence interval of 4.1% in 2011 and 2015.

Hackney residents experienced a 3.1% increase in weekly gross income between 2008 and 2009 and an increase of 4.8% between 2010 and 2011.

Hackney workers experienced a 1.1% decrease in their gross weekly income between 2008 and 2009 and a fall of 6.3% between 2010 and 2011 and a similar decline of 6.4% between 2014 and 2015. Hackney workers experienced far higher rates of growth when year-on-year weekly gross income did increase. For example, between 2009 and 2010 weekly gross income increased by just under 9% (8.9%) and by 9% between 2015 and 2016.

Despite years of decline in gross weekly income Hackney residents averaged annual growth of 1.3% - similar to both London residents and workers (both 1.1%). However, Hackney workers averaged year-on-year growth of just 0.4% between 2009 and 2016.

2.2 Earnings for part time workers

Part time earnings

Please note that for Hackney residents sampling means there is an average confidence interval of +/-11% according to data Annual Survey of Hours and Earnings. For London residents the confidence interval is +/- 1.5%. For Hackney workers, sampling means there is an average confidence interval of +/-13%. For London workers the confidence interval is +/- 1.7%.

Year	Hackney - residents	London - residents	Hackney - workplace	London - workplace
2008	140.20	159.30	164.20	167.20
2009	132.00	164.50	181.30	172.70
2010	149.80	166.50	168.90	173.40
2011	140.00	160.30	140.80	167.30
2012	153.50	161.90	146.00	172.20
2013	158.90	169.90	148.50	177.80
2014	155.90	164.80	140.60	172.70
2015	150.40	172.60	141.80	181.70
2016	154.40	183.00	165.80	191.60

Table 3 - Median gross weekly income: Hackney and London residents and workers in part-time employment 2008-2016 (£)

Table 3 and figure 4 show that in 2016 Hackney residents in part-time work earnt a median gross weekly income of £154.40 – slightly less than part-time workers in Hackney who earnt a median gross weekly income of £165.80. Both London residents and London workers in part time employment earnt more than Hackney residents and Hackney workers in part time employment with a median weekly gross income of £183.00 and £191.60 respectively.

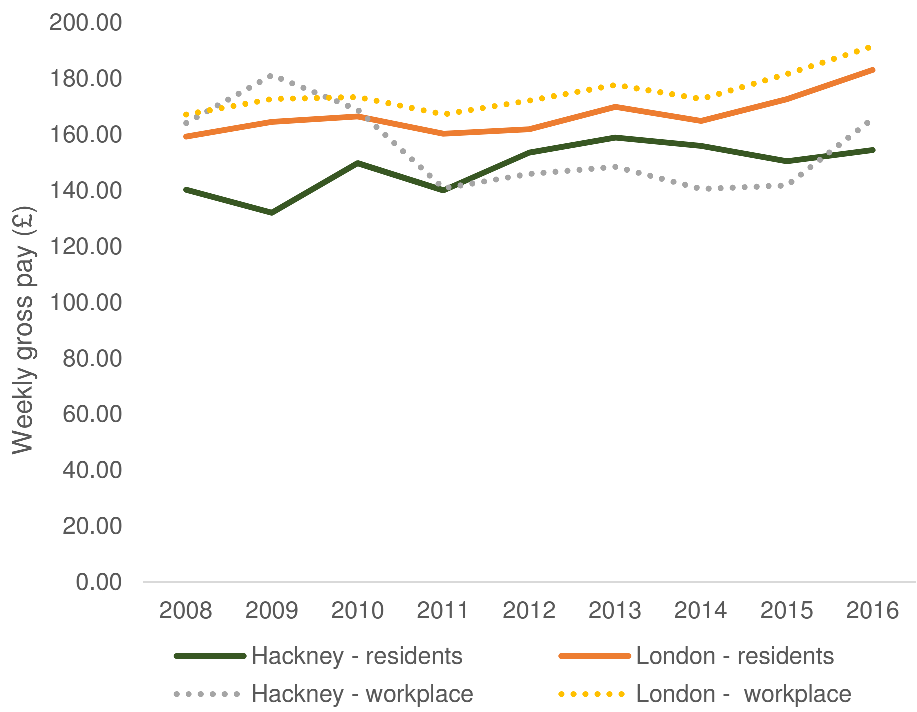

Figure 4 **- Median weekly incomes: Hackney and London residents and workplace in part-time employment 2008-2016, Annual Survey of Hours and Earnings**

<u>2008-2016 part time earnings</u>:

Date	Hackney - residents	London - residents	Hackney - workplace	London - workplace
2009	-5.8	3.3	10.4	3.3
2010	13.5	1.2	-6.8	0.4
2011	-6.5	-3.7	-16.6	-3.5
2012	9.6	1.0	3.7	2.9
2013	3.5	4.9	1.7	3.3
2014	-1.9	-3.0	-5.3	-2.9
2015	-3.5	4.7	0.9	5.2
2016	2.7	6.0	16.9	5.4
Average annual change	1.4	1.8	0.6	1.8

Table 4, Year-on-year proportional change in median gross weekly income for Hackney and London residents and workers in part-time employment 2009-2016 (%), Annual survey of hours and earnings (workers analysis)

Please note this section does not account for inflation. Table 4 shows the year-on-year proportional change in the gross weekly income of residents and workers in both Hackney and London between 2009 and 2016 – as well as the average change for this period.

The table shows that all groups experienced years of growth and decreases in median gross weekly income. Please note that Hackney workers are the only group to have experienced a decline in their income that exceeds the confidence internal – this took place in 2011.

Despite years of decline in gross weekly income Hackney residents averaged annual growth of 1.4% - similar to both London residents and workers (both 1.8%). However, Hackney workers averaged average year-on-year growth of just 0.6% between 2009 and 2016.

Produced by the Policy & Insight Team, summer 2017

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Understanding Hackney's economy

A focus on deprivation, economic inactivity, worklessness and benefits

This analysis forms part of Hackney's Local Economic Assessment, a collection of reports looking at how the local economy is performing and changing to help the Council and partners set strategic priorities and inform future strategy development.

This section looks at the levels of deprivation in Hackney and it examines economic inactivity, worklessness and benefits in the decade between 2006 and 2016 using the latest official statistics.

Key headlines:

- Hackney is a borough with relatively high levels of deprivation, however in comparison to other Boroughs it has become less deprived in recent years. In the 2015 Index of Multiple Deprivation Hackney was ranked the eleventh most deprived local authority overall in England, in the 2010 Index it was ranked second.
- Hackney is characterised like much of Inner London by high levels of inequality. In particular in Woodberry Down, Hoxton and Victoria wards you can still find local areas which rank amongst the 10% most deprived nationally right next to areas that rank in the 10% least deprived.
- 69% of Hackney working age residents in Hackney were in employment in 2016 compared to 73.8% across London and 74% across Great Britain.
- 7.2% of economically active residents were unemployed in 2016, which is higher than for London (5.7%) and the whole country (4.8%).
- The number of workless households in Hackney remains above the London and Great Britain averages. However, the numbers of workless households in Hackney has almost halved since December 2005 (down 42%), in line with the London trend.
- The number of residents claiming out of work benefits has reduced markedly over the last few years. This may be a result of the increase in economic opportunities in Hackney and the wider London area and region; welfare reforms may also have incentivised movement off benefits into work.
- Hackney has a higher proportion of all age groups claiming Jobseekers Allowance/ Universal Credit than London and Great Britain, the greatest difference is in the over 50 group who are much more likely to be claiming in Hackney (4.7%) than in London (2.7%) or Great Britain (1.7%)
- Although the proportion of residents claiming out of work benefits has fallen over the last few years, the absolute numbers claiming Employment Support Allowance (ESA) and Incapacity Benefit (IB) has remained broadly static and has only fallen by 200 people over the previous decade. There were 12,960 claimants in 2016.

1. Deprivation in Hackney

1.1 Index of Multiple Deprivation 2015

The Indices of Deprivation 2015 (IMD)[1] is the collective name for a group of 10 indices which measure different aspects of deprivation. The most widely used of these is the Index of Multiple Deprivation which is a combination of a number of the other indices to give an overall score for the relative level of multiple deprivation experienced in every neighbourhood in England. The purpose of the Indices is to identify small areas of England which are experiencing multiple aspects of deprivation.

In the 2015 iteration of the IMD, Hackney was the eleventh most deprived local authority overall in England which shows a relative improvement compared to the 2010 IMD in which Hackney was ranked the second most deprived Local Authority in the country. In 2015, 17% of Hackney's Lower Super Output Areas (small area geographies) were in the top ten percent most deprived in England, compared with 42% in 2010. This indicates that, by this measure, Hackney is becoming less deprived relative to other local authority areas in England.

The 2015 IMD map of the Borough shows that Hackney is characterised like much of Inner London by high levels of inequality. In particular in Woodberry Down, Hoxton and Victoria wards you can still find local areas which rank amongst the 10% most deprived nationally right next to areas that rank in the 10% least deprived.

[1] The Index of Multiple deprivation ranks each local authority area, ward and lower super output area in terms of seven 'domains'; health, education, income, employment, housing and access to services, living environment and crime, in order of deprivation. The domains are brought together in an overall Index of Multiple Deprivation (IMD). There are also indices measuring deprivation among children and older people.

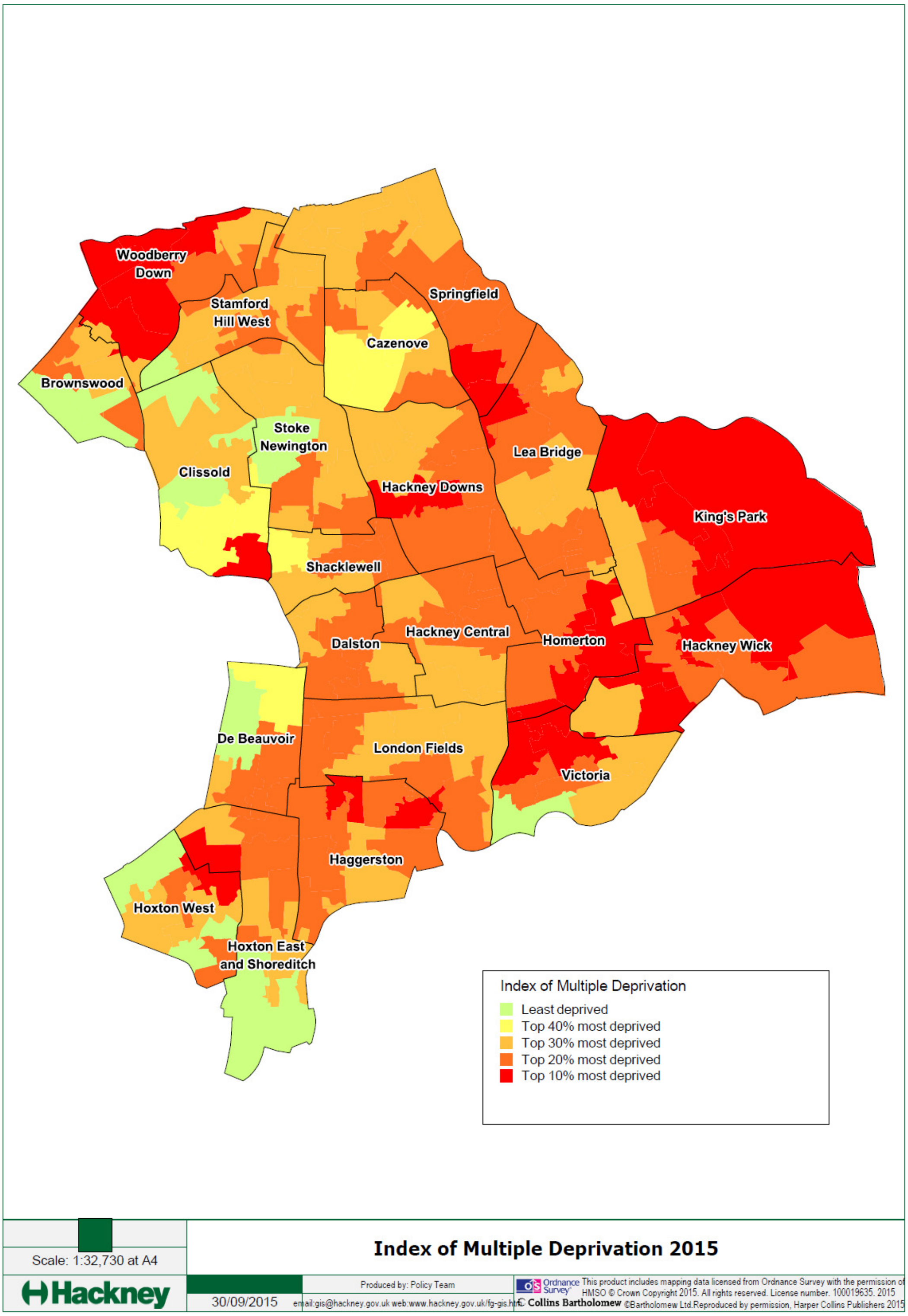

Fig. 1 – Map of the Index of Multiple Deprivation 2015. Source Hackney Council

Hackney has become significantly less deprived compared with other local authorities in relation to income, employment, housing and services, living/environment and deprivation affecting children compared with 2010, but relatively more deprived in relation to crime. This reflects Hackney being an area of growing economic opportunity as a result of the increased focus on East London as an area of growth and development for London and the UK.

However, despite recent changes in the borough and East London as a whole, some local people continue to face persistent inequalities. In 2015 Hackney had a score of 32 in the Index of Deprivation Affecting Children Index (IDACI), indicating that 32% of children in the borough are in income deprived households. While this is an improvement on the score of 48 in 2010, Hackney's IDACI score (rank of average score) still places it as the 10th most deprived local authority district for this domain. The Indices of deprivation also includes an Index of Deprivation Affecting Older People Index (IDAOPI). In this indices in 2015 Hackney had a score of 43, indicating that 43% of older people in the borough are in income deprived households. In 2010 this was 45%. Hackney's IDOAPI score (rank of average score) places it as the 2nd most deprived local authority district for this domain.

Further detail on Hackney's performance across all domains of the IMD 2015, is available in the full briefing note on the dataset, available on our website.

Economic inequality is also likely to have been compounded by the implementation of a number of national welfare reforms which have been designed to incentivise those on benefits to move into employment. For more information on the Impacts of Welfare Reforms in Hackney see the 2011-12 Scrutiny Report and the Child Poverty Needs Assessment.

2. Economic Inactivity

2.1 Economic Inactivity introduction and definitions

This section focuses on Economic Inactivity. A detailed analysis of Economic Activity is included in the chapter on Employment, Occupations and Sectors.

Definitions on Economic Activity & Inactivity

Economically active – This term refers to people who are either in employment or unemployed. Unemployed doesn't simply refer to someone not in employment- it refers specifically to people without a job who are available to start work in the two weeks following interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained. It excludes people who are 'Economically inactive'

'**Economically inactive'** – This term refers to people who are neither in employment nor unemployed. This group includes all those who are looking after a home or retired[2].

Contextual information on the resident and working age population

The latest Office for National Statistics Mid-Year Estimates, estimates that the population of Hackney is 273,526. In 2016 it was estimated that the working age population (aged 16 to 64 years old) was almost exactly 197,000 or 72% of the total population.

Limitations

This paper does not include analysis of underemployment or zero hours contracts in Hackney. There is some national literature on changes to employment practices[3] and there have been concerns reported in the Media[4] in recent years. We would need to do further work to understand the possible implications for Hackney residents and workers of changes to employment practices.

About the data on Economic Activity and Inactivity Please note that this section uses the Office for National Statistics data from their Annual Population Survey which is a rolling survey updated quarterly. As the survey data relies on self-reported information from respondents, it is likely to vary from the official claimant count.

[2] Local authority profile (definitions), ONS, accessed June 2017
[3] Sources include The Taylor Review published in July 2017 which considers the implications of new forms of work on worker rights and responsibilities, as well as on employer freedoms and obligations.
[4] Media reports about zero hours contracts include: https://www.theguardian.com/uk-news/zero-hours-contracts Accessed September 2017

2.2 Economic Activity in the working age population in 2016

Table 1 below shows that according to the ONS Population Survey 149,700 Hackney residents were economically active in 2016; 138,100 or over two thirds of these residents (69%) are in employment, 24,200 (12.2%) are self-employed and 10,700 (7.2%) are unemployed and actively seeking work. The proportion of people who are economically active in Hackney (74.9%) is lower than for London (78.3%) and Great Britain (77.8).

Employment and unemployment (Jan 2016-Dec 2016)

Category	Hackney (numbers)	Hackney (%)	London (%)	Great Britain (%)
All persons				
Economically active	149,700	74.9	78.3	77.8
In employment	138,100	69.0	73.8	74.0
Employees	113,300	56.5	60.0	63.1
Self Employed	24,200	12.2	13.4	10.6
Unemployed	10,700	7.2	5.7	4.8
Males				
Economically active	76,800	77.7	85.0	83.2
In employment	71,600	72.4	80.6	79.0
Employees	55,900	56.4	62.5	64.4
Self Employed	15,500	15.7	17.8	14.2
Unemployed	5,200	6.7	5.1	4.9
Females				
Economically active	72,900	72.1	71.6	72.6
In employment	66,500	65.7	67.0	69.1
Employees	57,400	56.7	57.5	61.7
Self Employed	8,800	8.8	9.0	7.0
Unemployed	6,400	8.8	6.3	4.7

Table 1 - Employment and unemployment, Jan 2016-Dec 2016), ONS Population Survey 2016

Table 1 also shows that in 2016 the reported proportion of economically active women in Hackney (72.1%) is broadly in line with that of London (71.6%) and Great Britain (72.6%). However, the reported proportion of economically active men in Hackney (77.7%) is several percentage points lower than for London (85.0%) and also lower than for Great Britain (83.2%).

It is worth noting that the number of residents who state that they are unemployed (10,700) as recorded in the population survey (Table 1 above) is over twice as high as the numbers claiming Job Seekers Allowance/Universal Credit (4,975), see section 4 for details on the claimant count. This may reflect that there are some unemployed people who are not claiming benefits such as Job Seekers Allowance, it may also be that some people self-report as unemployed when they are claiming other out of work benefits.

The proportion of the Hackney population that is economically active has been rising in recent years, partly as a consequence of demographic change and also due to higher levels of employment amongst the working age population.

2.3 Employment rate

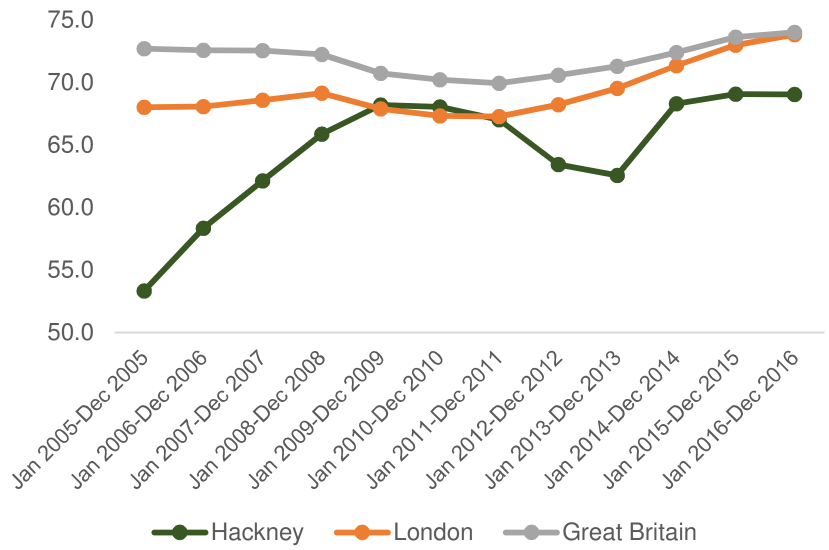

Figure 2 - Employment rate for Hackney working age population (16-64), 2005-2016 ONS Population Survey

69% of working age residents in Hackney were in employment in 2016 compared to 73.8% across London and 74% across Great Britain. The graph above shows the change over time in the Hackney employment rate between 2006 and 2016 and compares this with employment rates for London and Great Britain. Over this ten year period the Hackney employment rate has moved closer to the London rate. The proportion of working age residents who are economically active in Hackney has risen from 66.8% in December 2006 to 74.9% (an 8.1 percentage point increase) in December 2016. Over the same period the London rate has moved from 73.8% to 78.3% (a 4.5 percentage point increase). This demonstrates that Hackney has been closing the gap between its employment rate and London's over the previous decade.

2.4 Self-Employment rate

Hackney has a self-employment rate of 12.2% which is below the London average of 13.4% but above that for Great Britain.

For more detail on economic activity and employment trends see the Employment, Occupations and Sectors section of the 2017 LEA.

2.5 Unemployment rate

Hackney has a relatively high unemployment rate, 7.2% of economically active residents were unemployed in 2016, which is higher than for London (5.7%) and the whole country (4.8%). The rate of unemployed residents did fall significantly from 11.6% in September 2013 to the 8% figure in June 2016, a trend that is broadly in line with the fall in London (8.9% to 5.7%) as Figure 3 below shows.

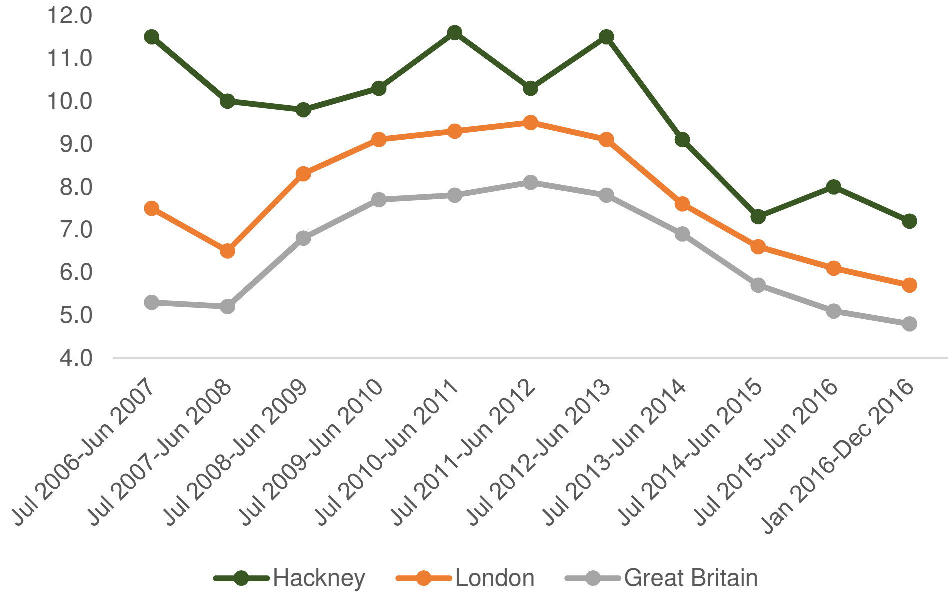

Figure 3 - Unemployment since 2006 for Hackney working age population – ONS Population Survey 2016

2.6 Categories of Economic Inactivity

Category	Hackney (count)	Hackney (%)	London (%)	Great Britain (%)
All persons				
Total	49,900	25.1	21.7	22.2
Student	18,500	37.0	32.2	26.3
Looking after family/home	13,200	26.4	29.0	24.7
Temporary sick	N/A	N/A	2.1	2.0
Long Term sick	10,900	21.9	17.0	22.3
Discouraged	N/A	N/A	0.3	0.4
Retired	N/A	N/A	6.8	13.3
Other	4,900	9.8	12.6	10.9
Wants a job	14,200	28.5	25.7	23.9
Does not want a job	35,700	71.5	74.3	76.1

Table 2 - Economic inactivity (Jan 2016-Dec2016), ONS population survey 2016

Table 2 above shows that Hackney has a greater proportion of inactive residents who are students (37%) compared to London and Great Britain. The borough also has a larger proportion of long term sick residents (21.9%) compared to London (17%), however this is lower than the national rate of residents who are long term sick (22.3%).

The proportion of residents that are economically inactive but want to find employment is higher in Hackney (28.5%) than in London (25.7%) and Great Britain (23.9%).This indicates there is an economically inactive population in Hackney that experience significant barriers to accessing work. The reasons for this are likely to be complex but data and intelligence from a number of sources[5] indicate that this will include: -

- Low levels of qualifications and skills preventing access to employment opportunities
- The high cost of living and in particular, the unaffordability of housing in Hackney, making it more challenging to ensure that 'work pays'
- Poor health including poorer mental health in Hackney affecting more residents proportionately than across London

For more information on the relationship between unemployment, economic inactivity and poor health see the Work and Worklessness section of Hackney's Health and Wellbeing Profile .

[5] Sources for this include https://www.nomisweb.co.uk/census/2011 , https://www.nomisweb.co.uk/articles/991.aspx http://www.phoutcomes.info/

2.7 Changes over time in Economic Inactivity

Figure 3 below shows the fluctuations in economic inactivity over time. These fluctuations are likely to relate to wider performance of the economy and availability of employment opportunities.

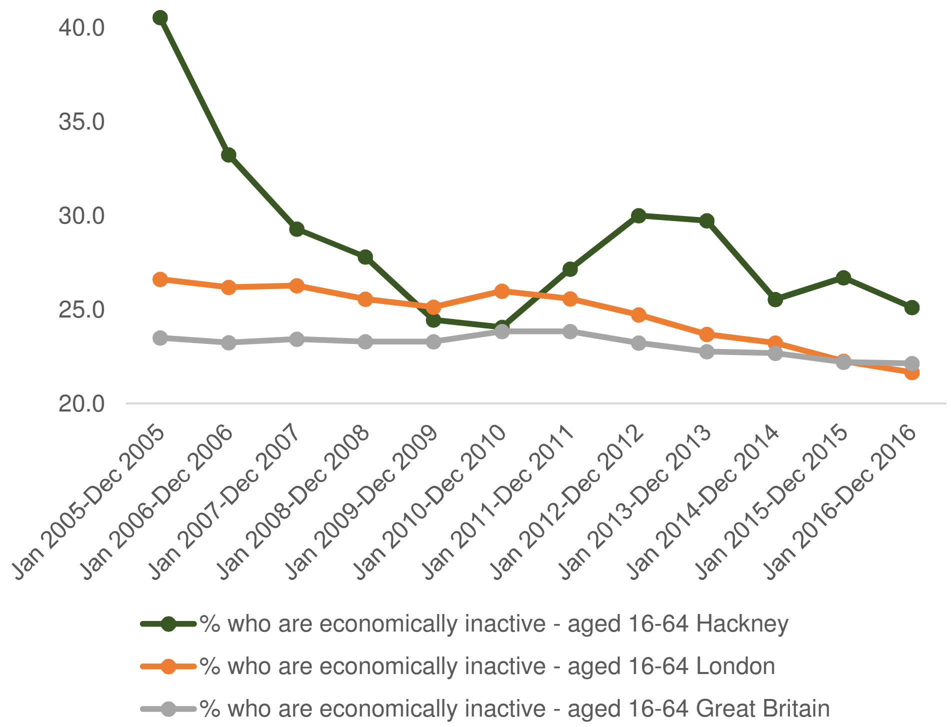

Figure 3 - Economic inactivity amongst working age residents since 2005 - ONS

Up to 2010 Hackney experienced a rapid decline in the number of economically inactive residents going from well above the London average to below it in the course of five years. Factors likely to have affected this fall include increased economic opportunities for residents in Hackney and the wider London area and significant changes in the Hackney population with rapid growth in the number of people moving to the Borough made up predominately of working age residents in employment from abroad and elsewhere in the UK.

Amongst the sub-categories of the economically inactive population, residents who are caring for family/home has seen a notable decrease over time. Numbers in this sub group have fallen from 20,100 (33.3%) in December 2005 (above the London average of 31.1%) to 13,200 (26.4%) in December 2016 (below the London average of 29%). Welfare reforms are likely to have played some role in this, for example changes to Income Support Lone Parent Benefit Conditionality and other changes to levels of income that can be obtained through non-work related benefits.

3. Workless households

Workless households are defined by the Office of National Statistics as households where no-one aged 16 or over is in employment. These individuals may be unemployed or inactive. Those inactive may be unavailable to work because of family commitments, retirement or study, or unable to work through sickness or disability[6].

	Hackney	London	Great Britain
Number of Workless Households	16,600	376,200	3,081,900
Percentage of Households that are Workless	18.3	13.5	15.3
Number of children in Workless Households	N/A	218,300	1,405,200
Percentage of children who are in Households that are Workless	N/A	12.3	11.9

Table 3 - Workless Households (Jan-Dec 2015). ONS Population Survey 2016

As Table 3 shows, the number of workless households in Hackney remains above the London and Great Britain averages. However, the number of workless households in Hackney has fallen from a high of 28,800 in December 2005 almost halving over this period (down 42%) in line with the London trend. Figures for Great Britain show a far smaller decrease of 26% from 506,700 in 2005 to 376,200 in 2015.

Data on the number of children in workless households cannot be disclosed due to the small sample size of the household survey data for this question but is likely be above London and National averages given the number of workless households in the Borough.

[6] Local authority profile (definitions), ONS, accessed June 2017

4. Benefits Claimants

4.1 Total Claimant count by Statistical Group

With the exception of those receiving disabled or bereavement benefits, Hackney has a higher proportion of claimants across the range of types of benefits claimed compared to London and Great Britain as Table 4 below shows. The overall rate of claimants is higher than the London average. Those on JSA (1.9% v 1.2%) and ESA/incapacity benefits (6.7% v 4.8%) are significantly higher in Hackney than across London, although there has been a downward trend in Hackney for these groups. Caution needs to be applied in this though as reductions in percentage of claimants could be a reflection in part of population growth amongst new working age residents who are less likely to be claiming out of work benefits. All new Universal Credit applicants are also excluded from this data and the partial roll out for new claimants may be beginning to affect the quality of the data

Total Claimant Count by statistical group

Type	Hackney (numbers)	Hackney (%)	London (%)	Great Britain (%)
Total claimants	24,010	12.4	9.4	11.1
By statistical group				
Job seekers*	3,700	1.9	1.2	1.1
ESA and incapacity benefits	12,960	6.7	4.8	6.1
Lone parents	2,570	1.3	1.0	1.0
Carers	2,860	1.5	1.3	1.7
Others on income related benefits	520	0.3	0.2	0.2
Disabled	1,210	0.6	0.7	0.8
Bereaved	180	0.1	0.1	0.2
Main out-of-work benefits	19,760	10.2	7.3	8.4

Table 4 - Working-age client group - main benefit claimants - not seasonally adjusted (November 2016) ONS* Excludes some Universal Claimants who will be captured in other category types

4.2 Change over time in total out of work claimants

The gap between the rate of Hackney out of work claimants and the London and national average has closed substantially since 2006 as the decline in benefit claimants has been more rapid in Hackney than elsewhere. The actual number of claimants has fallen from 32,430 in November 2006 to 24,010 in November 2016 demonstrating a fall of 26% against the context of a rising working age population. It is important to recognise also that the rate of decline is in line with the downward trend in Working Age Benefit claimants in London since November 2011.

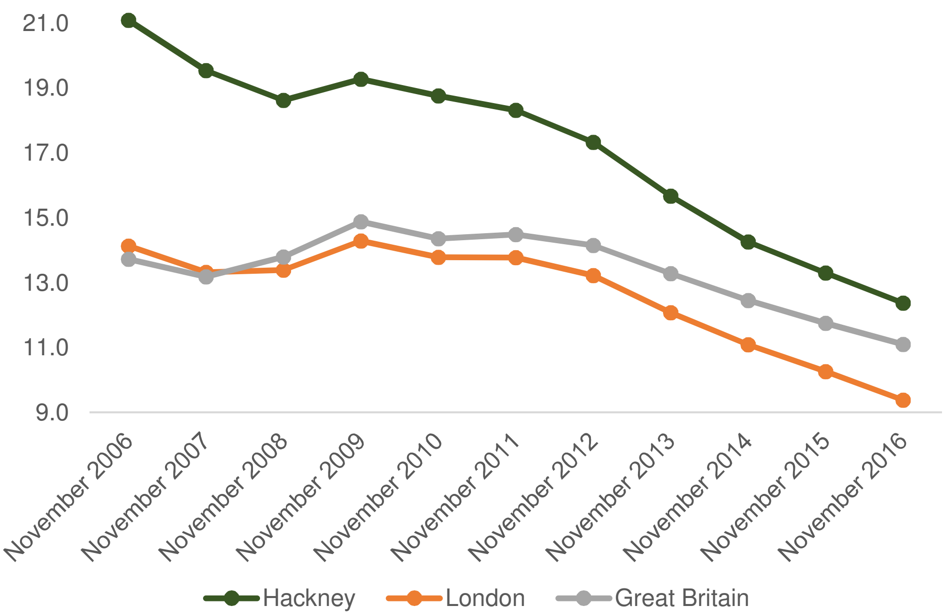

Figure 4 – Total Claimants, working age since 2006 - ONS

The number of Hackney residents actively seeking employment and claiming out of work benefits between February 2013 and May 2017 more than halved from 10,155 to 4,975. This follows a long period of decline of out of work claimants in the borough since May 2000. However, actual numbers receiving Incapacity Benefit or Employment Support Allowance (i.e. not actively seeking employment) has remained relatively consistent with numbers of claimants in this group hovering between 12,500 and 14,000 for the last 16 years.

4.3 The Jobseeker's Allowance (JSA)/Universal Credit Claimant Count

The Jobseeker's Allowance/Universal Credit Claimant Count is the number of people claiming benefit principally for the reason of being unemployed. This is measured by combining the number of people claiming Jobseeker's Allowance (JSA) and National Insurance credits with the number of people receiving Universal Credit principally for the reason of being unemployed. Claimants declare that they are out of work, capable of, available for and actively seeking work during the week in which the claim is made. The claimant count in Hackney is currently higher (2.6%) than for London (2.1%) and Great Britain (2.0%).

	Hackney (numbers)	Hackney (%)	London (%)	Great Britain (%)
All people	4,975	2.6	2.1	2.0
Males	2,955	3.1	2.4	2.5
Females	2,020	2.1	1.8	1.5

Table 5 – JSA Claimant count by sex – not seasonally adjusted (May 2017), ONS

4.4 Change over time in Jobseekers Allowance/ Universal Credit Claimants

JSA/UC claimant data shows a rapid decline in the rate of claimants in Hackney since November 2011 closing the gap on the London and Great Britain averages. As economic opportunities have improved, more unemployed residents have been able to move into employment. This has not just been an issue of a rising working age population reducing the proportion who are claiming as the actual numbers of JSA claimants have reduced from 7,520 in November 2006 to 3,700 a decade later.

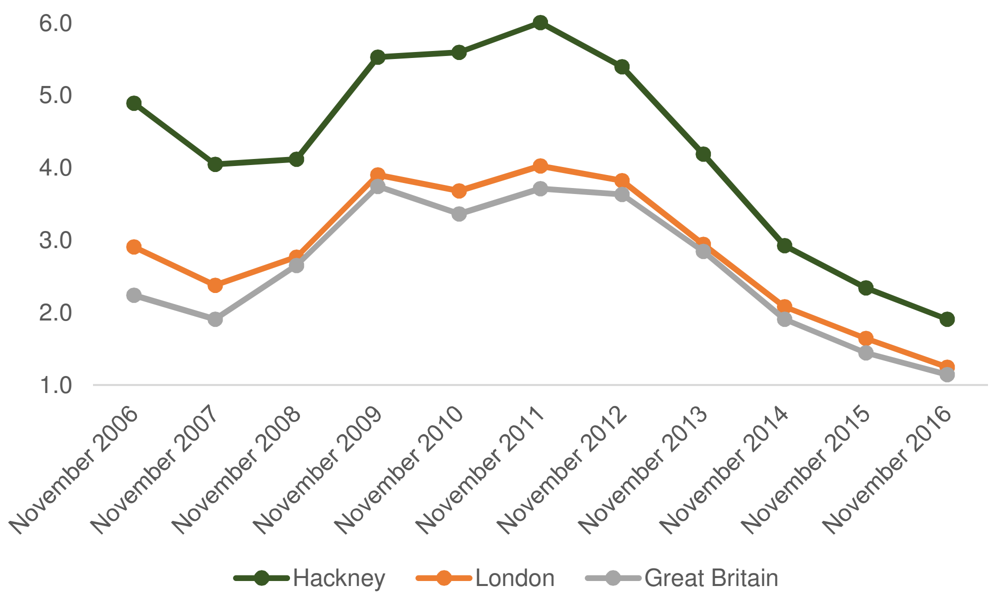

Figure 5 - Job Seekers Allowance/UC Claimants since 2006 – ONS

4.5 The JSA/UC Claimant Count by gender

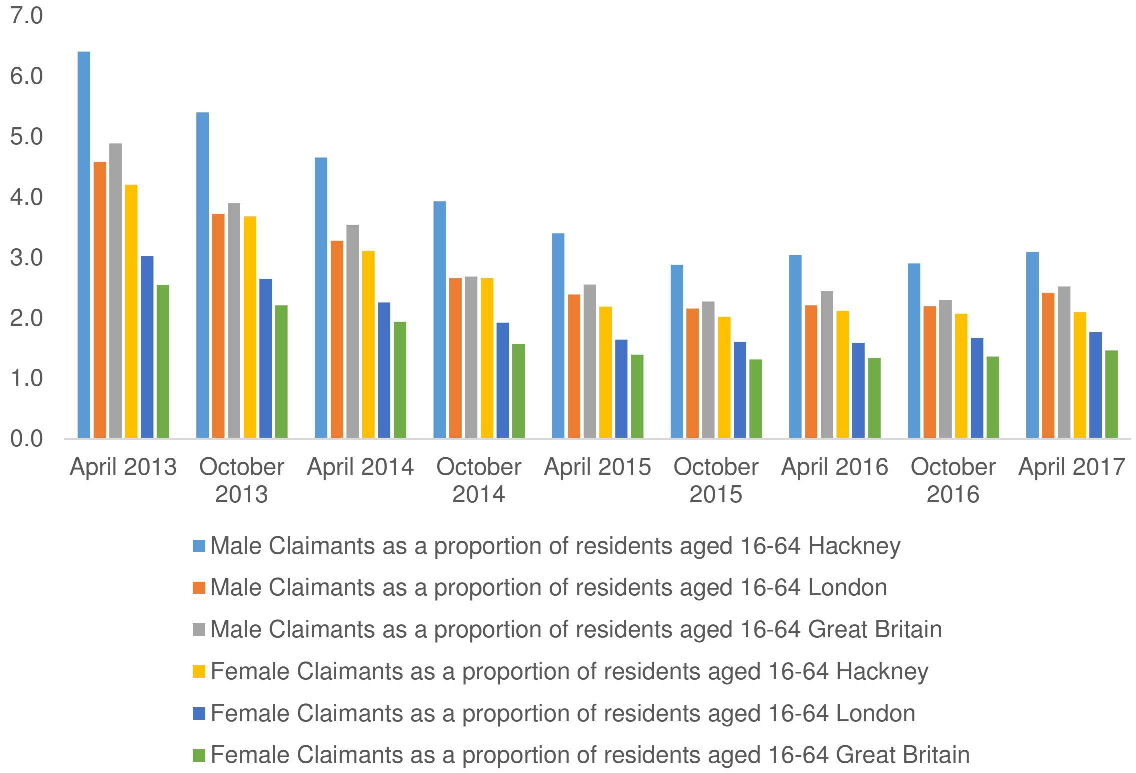

Figure 6 – JSA/UC Claimant Count by sex since January 2013 – ONS

This bar chart illustrates that females are less likely than males to be claiming JSA/UC in Hackney although the gap has narrowed in the last four years. The proportion of JSA claimants has halved since January 2013 in Hackney whilst in London the fall has also been significant but not quite as large (3.8%) to (2.1%). The gap between the rate of claimants in Hackney and in London and the UK has closed from 1.6% to 0.5% compared to London and 1.6% to 0.6% compared to the UK.

4.6 The JSA/UC Claimant Count by age

The age split shows that a higher proportion of all age groups claiming support in Hackney compared to London and across Great Britain. However, the greatest difference is in the over 50 group who are much more likely to be claiming in Hackney than in London or Great Britain.

Age band	Hackney (count)	Hackney (%)	London (%)	Great Britain (%)
Aged 16+	4,975	2.6	2.1	2.0
Aged 16 to 17	0	0.0	0.0	0.1
Aged 18 to 24	660	3.0	2.5	2.8
Aged 18 to 21	340	3.2	2.7	3.0
Aged 25 to 49	2,795	2.1	1.9	2.0
Aged 50+	1,505	4.7	2.7	1.7

Table 6 - Claimant count by age – not seasonally adjusted (May 2017), ONS

4.7 The ESA Claimant Count

The number of residents claiming ESA and Incapacity Benefit in Hackney has been declining since 2006 and the gap between the Hackney and the national rate has closed considerably from 1.7% to 0.6%. This faster rate in decline in Hackney reflects a significant turnover in population over this period as the working age population not claiming these benefits has increased considerably. This is demonstrated in the actual numbers claiming ESA/Incapacity Benefit declining by only 200 people over the decade from 13,160 to 12,960.

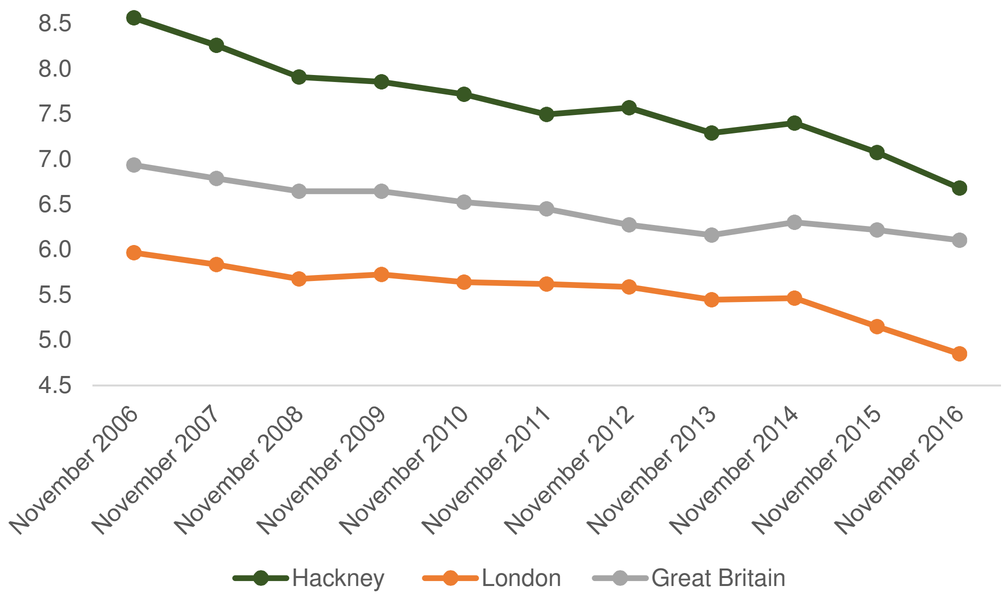

Figure 7 – ESA and incapacity benefit claimants since 2006

Produced by the Policy & Insight Team, summer 2017

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Understanding the Population Implications of Brexit for the London Borough of Hackney

Produced by the Policy & Insight Team, April 2017

Contents

Headlines

- At the time of the 2011 Census, nearly 28,000 people (11%) in Hackney held an EU (non-UK) passport
- We estimate the current EU population of Hackney to be approximately 41,500 people (15% of the total population)
- Hackney's resident EU population are predominantly from 'old EU countries', are more highly skilled and tend to be younger than the UK born population (aged between 25-49)
- Current growth projections are based on trends of continued high EU migration to London, we need to examine future growth projections and consider what a reduction in EU migrants to the borough might mean for our expectations for future growth in Hackney
- According to the Met Police, racist and religious hate crime in Hackney rose between January 2016 and January 2017 compared to the previous year, from 586 incidents to 689 incidents, a 19% rise in line with the national rise
- The depreciation in the value of the pound since the referendum is likely to be a factor in reduced EU net migration since June 2016
- The health sector, construction and hospitality industries are the most heavily reliant on skilled EU labour and are most likely to feel the greatest impact of skills shortages

Introduction

On 23rd June 2016, the United Kingdom electorate voted to leave the European Union (EU) in a landmark referendum. Whilst anticipated to be a tight result, a remain vote was expected in the lead up to polling day and this was reflected in the lack of detailed planning undertaken by the government to mitigate in the event of a leave vote. In Hackney the referendum result was 83,398 remain (78%) and 22,868 leave (22%), which was one of the strongest results in favour of remain in the country. This reflected the demographics of areas with a strong remain vote; ethnically diverse, inner city areas with high numbers of well educated professionals and non UK born residents. The government gave formal notification of the triggering of Article 50 on 29 March 2017 which will lead to the UK exiting the EU by midnight on 29 March 2019 unless all EU states agreed to extend the period for negotiation.

This briefing attempts to estimate the number and characteristics of EU residents in Hackney and to identify industries which may be at most risk in terms of loss of access to labour and skills shortages in the wake of Brexit. The second section provides an analysis of the way in which future growth expectations for Hackney may need to be re-examined based on lower numbers of net international migration in future. Finally, this briefing explores some of the possible wider implications for Hackney - these cover a range of issues connected with having a lower EU population, economic challenges which may arise from a period of uncertainty post-Brexit and changes to legislative and funding arrangements.

Technical note - In a rapidly changing political context, this report reflects our ability to best assess the impact of Brexit in the spring of 2017 - all data quoted are correct at April 2017. Where there are limitations to the data or analysis we are able to provide we have tried to reflect this within the report.

Section One – Estimating the number of European Union citizens in Hackney

1.1 The 2011 Census view of the EU population of Hackney

Estimating the number of EU citizens in the UK is challenging – freedom of movement allows EU citizens to live and work in member country states without the need to apply for visas or permission to work and this can make it difficult to track the total numbers of EU migrants to the UK overall and to identify numbers at borough level. The Census provides one of the best opportunities to capture the number of EU citizens in the borough but only proxy indicators are available as there is no direct question which captures whether or not someone resident in the UK on Census day, is an EU migrant. These proxy indicators include country of birth, passports held, length of residence in the UK and languages spoken, which can be used to build a picture of the number of EU citizens locally. We have selected some of the most useful proxy data and presented it below but it is worth remembering that we are now at the mid-point between the two Census dates which is beginning to erode the value of this data which was collected in 2011.

Passport data is considered to be a slightly more reliable indicator of a person's nationality compared to country of birth. This is captured in the 2011 Census in a way that is not available from other data sources. Hackney as an area has substantial levels of international migration so this snapshot at the Census is likely to have changed considerably since then and this is addressed elsewhere in the report. At the time of the 2011 Census, nearly 28,000 people (11%) of the population of Hackney held an EU passport.

Passports Held 2011	Hackney		London	
Total population	246,270	*100%*	8,173,941	*100%*
UK	177,517	*72%*	5,820,992	*71%*
EU total (inc IRE)	27,836	*11%*	900,940	*11%*
Ireland	4,398	*2%*	141,029	*2%*
Poland	4,116	*2%*	157,435	*2%*
France	3,104	*1%*	85,930	*1%*
Germany	2,171	*1%*	53,405	*1%*
Italy	3,033	*1%*	77,080	*1%*
Portugal	1,833	*1%*	58,945	*1%*
Spain	1,986	*1%*	43,320	*1%*
Other pre-2001 members	4,219	*2%*	117,598	*1%*
Lithuania	521	*0%*	43,965	*1%*

WD212EW, 2011 Census passports held

Of those nearly 28,000 residents holding EU passports, approximately 4,400 were Irish passports, with the next most populous groups being people holding Polish passports (4,300), French (3,100), Italian (3,000) and German (2,200). Poland was one of the 10 A10 countries which joined the European Union in 2004 and since then, a significant Polish population has developed in the borough. However, at the time of the Census Hackney's Polish population was proportionately slightly lower than the London average and it is important to recognise that other neighbouring boroughs have significantly higher Eastern European populations (Newham, Waltham Forest). The other countries highlighted and not listed individually are all pre-2001 members of the EU (such as Benelux countries, Greece and Scandinavian members) and Hackney has a larger proportion of these passport holders than London (2% compared to 1%).

At the time of the 2011 Census Hackney's breakdown of passports held broadly mirrored London as a whole and is fairly average when the proportion of EU passport holders (12%) is compared to London comparator boroughs. Havering has a particularly low percentage of EU and Irish passport holders whereas Haringey (17%) and Newham (14%) had the highest level of level of EU nationals at the time of the 2011 census.

1.2 Estimating the current population of EU residents in Hackney

Since the 2011 Census, population increases in the UK have been fuelled by births in the most part, but high levels of net international migration to Britain has been a secondary influence. Across the UK, there are estimated to be at least 3 million non-UK, EU passport holders, with around 1 million of these from Poland. Given this national picture of change amongst EU populations, it is fair to assume that there has been more significant growth in the proportion on EU passport holders in Hackney since 2011 than amongst UK passport holders.

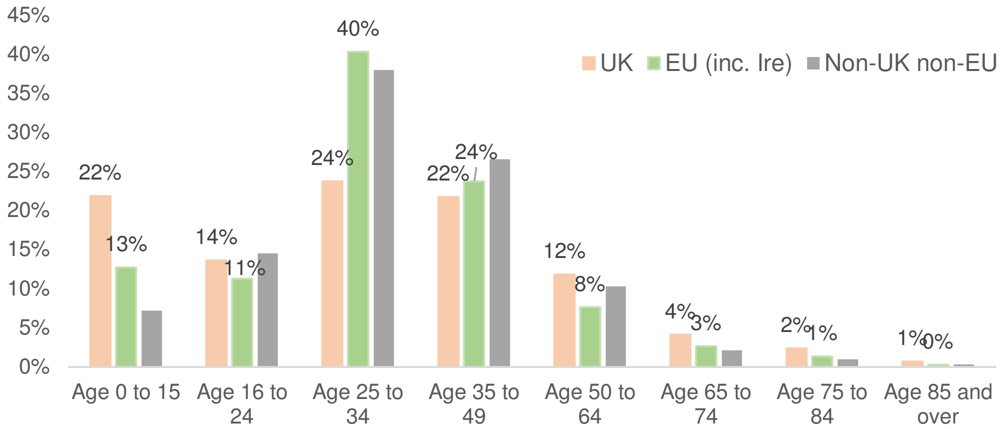
According to the methodology explained in full in the technical note at the end of this document, we estimate the current EU population of Hackney to be almost **41,500 people** (15% of the population of the borough).

1.3 – Profile of our EU population

In section 1.1, we used EU passport holder data and recent population estimates to come up with a reasonable estimate of the EU population of Hackney but we also want to consider the characteristics of our local EU population and to do so, must again rely on 2011 Census data to build a profile.

Age - EU passport holders in Hackney tend to be much younger than UK passport holders in the borough - 40% are aged 25-34 compared to 24% of UK passport holders. Conversely, there are proportionately fewer children and young people aged 0-15, only 13% compared to 22% amongst UK passport holders. This confirms our general understanding of the profile of EU migrant workers, many of whom are living and working abroad in the early stages of their economic activity, predominately in their 20s and 30s.

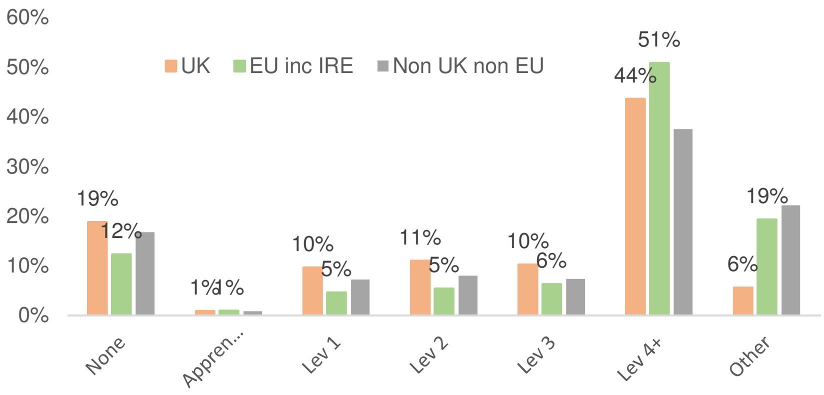
Age of Hackney residents by passport held (2011 Census)



Qualification levels - EU passport holders in Hackney are more qualified than UK and other passport holders living in the borough – 51% of them hold a level 4 qualification or higher (degree level) compared to only 44% of UK passport holders. When looking at those residents without any qualifications, only 12% of EU passport holders fall into this category compared to nearly a fifth (19%) of UK passport holders in the borough.

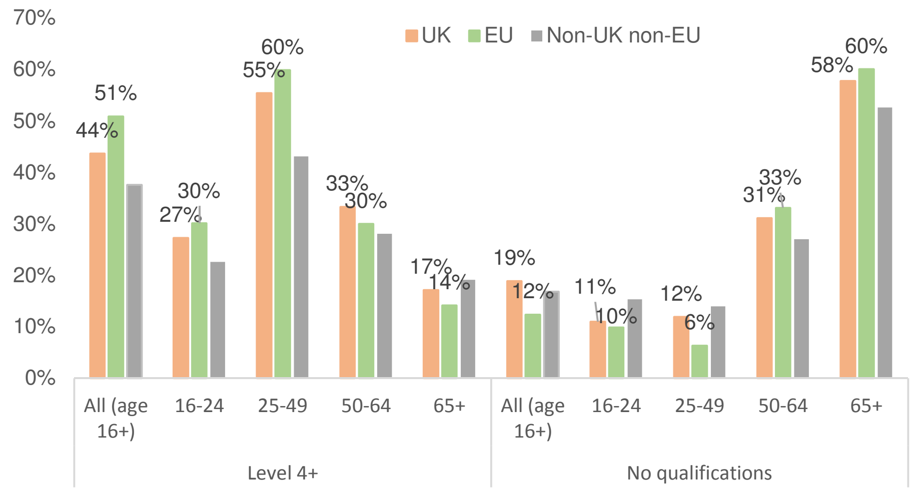
In addition the 19% of EU passport holders who state their qualification level as 'other', is considerably higher than the 6% of UK passport holders who said the same and may suggest that many falling into this category have qualifications for which there is no clear UK equivalent.

Qualification level by passport held: age 16+, Hackney



Qualification level by age - 60% of EU passport holders aged 25-49 are qualified to level 4 (degree level or equivalent) compared to 55% of UK passport holders in Hackney. Amongst middle aged and older people (people aged 50+) UK passport holders are slightly more likely to have a degree or level 4 qualification than EU passport holders. When it comes to residents with no qualifications, the picture is similar - younger EU passport holders are less likely to have no qualifications but when it comes to people aged 50+, UK passport holders are less likely to have no qualifications.

Qualification level (level 4+ and none) by age and passport held, Hackney



This, along with the origin of EU passport holders (predominantly pre-2001 EU countries) supports the theory that Hackney attracts a lot of highly skilled, younger economic migrants. As Hackney has also become a less affordable place to live since 2011, the profile since the last Census was taken may have shifted even further towards higher skilled and wealthier EU migrants living in the Borough.

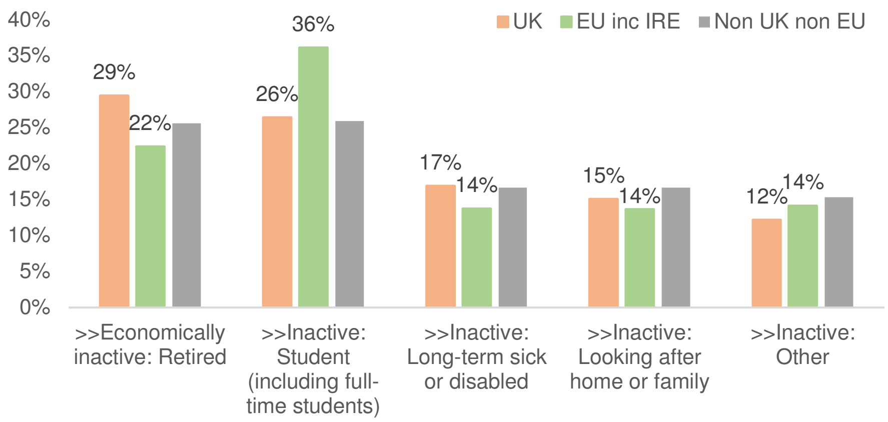
Economic activity - EU passport holders in Hackney are much more likely to be in employment than UK passport holders – 72% compared to 62% and less likely to be either unemployed or economically inactive. Again, this provides an illustration of the local economic value of EU migrants in Hackney. A hard Brexit with limits on future EU and other international migration could have a very significant impact on the local labour market which is reliant on highly skilled and educated EU migrants. This could potentially open up more opportunities for local residents to access new opportunities but there is no guarantee that residents looking for work locally, will have the right skills levels to plug this significant skills gap without creating skills and employment programmes.

Unemployment figures from the 2011 Census also confirm that EU migrants are less likely to be unemployed – 6% compared to 8% for UK passport holders. In contrast non-EU international migrants have the highest rate of unemployment and economic inactivity likely linked to work restrictions in relation to some immigration statuses.

Non-standard work - Almost a quarter (24%) of people holding EU, including Irish passports in Hackney are self-employed compared to nearly a fifth (19%) of the UK passport holding population. This highlights the implications for businesses and industries that are dependent on self-employed workers in Hackney such as logistics, construction, transport and food/drink.

Reasons for economic inactivity - EU passport holders who are economically inactive are more likely to be studying than retired, long term sick or disabled or looking after a home or family than UK passport holders. Given the younger age profile of EU passport holders, it is unsurprising that a smaller proportion of the economically inactive population are retired than across the population of UK passport holders. A significantly higher proportion of the economically inactive EU passport population are students (36%) compared to UK passport holders (26%).

Reason for economic inactivity, Hackney



As the government continues to pursue a Brexit policy which will remove free movement for EU nationals it is likely reduce the UK based EU resident student population and have a knock on effect on industries which rely on EU students to work part-time to supplement their income (such as hospitality, food/drink, factories and other unskilled or low skilled roles).

1.4 – The EU workforce in Hackney and London

The table below sets out the passports held by individuals who worked in Hackney but did not live in the borough at the time of the 2011 Census. Data is based on the origin of the main areas of where people commute to Hackney from.

	Passports Held	Hackney		London	
Totals	All workplace population	103,604	*100%*	4,500,481	*100%*
	United Kingdom	77,251	*75%*	3,389,659	*75%*
	EU total	13,211	*13%*	543,314	*12%*
EU breakdown	Ireland	1,867	*2%*	82,715	*2%*
	France	1,262	*1%*	48,279	*1%*
	Germany	1,000	*1%*	30,525	*1%*
	Italy	1,337	*1%*	47,577	*1%*
	Portugal	596	*1%*	30,840	*1%*
	Spain	801	*1%*	26,191	*1%*
	Other pre-2001 countries	1,896	*2%*	60,767	*1%*
	Lithuania	473	*0%*	27,779	*1%*
	Poland	2,539	*2%*	104,742	*2%*
	Romania	353	*0%*	27,387	*1%*
	Other post-2001 countries	1,087	*1%*	56,512	*1%*
Non-EU breakdown	Non EU Europe	1,121	*1%*	27,570	*1%*
	Africa	2,976	*3%*	99,957	*2%*
	Middle East and Asia	2,848	*3%*	189,255	*4%*
	The Americas and the Caribbean	2,604	*3%*	79,291	*2%*
	Antarctica and Oceania	1,305	*1%*	49,799	*1%*

2011 Census

This data shows that at the time of the 2011 Census there was a larger proportion of EU nationals working in Hackney but living outside of the borough (13%) than EU nationals living as residents in the borough (11%). Broken down by country type there is not a significant difference in passports held, which is broadly reflective of the EU passports held by residents at the time of the 2011 Census. This data is not possible to update based on other data sources but suffice to say the numbers of EU migrants living outside Hackney and working in the borough is likely to have grown in line with increases across London and the wider region since the 2011 Census. The 2015 Labour Survey supports this assertion, indicating that 15.2% of workers in Hackney were from EU countries which is higher than the number identified at the 2011 Census.

Loss of skilled EU migrants?

It is difficult to draw definite conclusions on the numbers of EU citizens who may wish to return to their country of origin rather than remain in the UK after Brexit. For the UK, a loss of high skilled migrants such as Doctors, Nurses, Financial services and other professionals would be more challenging to replace in the short term than for industries where lower skills levels and qualifications are required.

EU or EEA doctors account for approximately 9% of doctors in the NHS nationwide and 13% in London. A recent survey conducted by the General Medical Council of 2,115 doctors from the European Economic Area (EEA) (comprising the EU nations plus Norway, Iceland and Liechtenstein) found that 1,171 (55%) were thinking of leaving the UK, with the Brexit vote "a factor in their considerations"[1]. Such a loss of expertise would have devastating consequences for health services in Hackney and the country as a whole.

In nursing, significant challenges also exist with the number of EU citizens registering to work as nurses in the UK down substantially since the referendum. In December 2016 just 101 EU nurses came to the UK compared to 1,303 in the aftermath of the referendum[2]. Additionally numbers leaving the UK are on the rise. London alone has 5,300 nurses from Ireland and with the current high levels of vacancies, the loss of EU workers from the profession will further compound such shortfalls which cannot easily be filled by British workers in the short term.

In the financial sector, 15% of approximately 293,900 workers come from the EU. Of the total workforce 155,000 are based in the City of London, followed by Canary Wharf and the rest across Greater London[3]. Unlike other industries such as health, hospitality and construction, the proportion of EU workers has grown steadily in line with growth of British workers in the sector. This suggests that the sector is less exposed to a reduction in skilled EU migrants, although loss of single market access may well have a detrimental impact for the health of the sector as a whole.

The hospitality sector in London is greatly dependent on EU migrants and could be greatly impacted by a loss of access to labour from the continent. The report by London First and PWC highlights that around 70% of the 250,000 strong hospitality workforce in London were born outside the UK with around 75,000 of these are from EU countries. This is equivalent to the number of UK born workers in the industry[4].

[1] GMC Survey of EEA Doctors
[2] http://www.telegraph.co.uk/science/2017/01/25/number-eu-nurses-coming-uk-falls-90-per-cent-since-brexit-vote/
[3] The Impact of Migrants on London's Workforce
[4] The Impact of Migrants on London's Workforce

Section two - Longer term impact on population growth and planning

Under both Office for National Statistics (ONS) and Greater London Authority (GLA) projections, the population of Hackney is forecast to continue to grow significantly over the coming years. These projections are trend based and reflect the high levels of growth seen in the borough in recent years. However, a key driver of this growth has been high levels of international net migration (immigration minus emigration) including high numbers of migrants of working age who are more likely to have children. Any significant reduction in net migration from EU countries could have significant implications for this projected growth and result in slower population growth than forecast and a potential reduction in the birth rate in the borough.

According to the latest trend based long term migration forecast from the GLA, the population of Hackney is forecast to rise to 346,098 by 2050, a rise of 27% from mid-2016. The largest component of this is natural change (births – deaths) followed by international migration which has been an increasingly significant driver in growth over the last few years. As trend data these projections do not attempt to take account of the potential implications of Brexit. In 2016 the Hackney components of change were estimated to be as follows:

Births	Deaths	International migration in	International migration out	UK migration in to borough	UK migration out of borough	Net change
4,602	1,101	4,804	3,067	18,802	20,861	3,179

ONS 2016 Components of Change

Given that we have a domestic population that leaves Hackney in greater numbers than arrives, apart from natural change, growth has been driven by international migrants coming to live in Hackney. Should Brexit lead to significantly reduced levels of net international migration from the EU, this would have a dampening effect on current growth expectations for the borough. Of course any reduction in international migration may be compensated by a rise in net domestic migration particularly if Brexit results in an economic downturn that adversely effects regional towns and cities in the UK. However, the table below indicates scenarios as to how growth may be constrained if current assumptions around international migration reduce.

International Migration	Total population by 2050	% increase in population by 2050
No change	346,098	27.0%
If a 10% reduction in international migration	334,487	22.7%
If a 25% reduction in international migration	317,070	16.3%
If a 50% reduction in international migration	288,042	5.7%

LBH Policy and Insight team modelling of GLA interim 2015 based population projections

ONS release quarterly updates on migration statistics and the latest update published on 23rd February 2017 covered the year ending 30th September 2016, which included data covering the first three months following the leave vote in the referendum[5]. Significantly this showed a reduction in net migration of 49,000 to 273,000 compared with the previous year, the first recorded quarterly reduction since 2014. Broken down, this represents a net increase of 165,000 EU, 164,000 non-EU and net migration of -56,000 UK residents leaving the UK. Whilst numbers still show high levels of net migration, it is significant that the addition of three months of data has contributed to a reduction of this level and this may be the start of a trend towards lower net migration figures following the referendum outcome.

Analysing the statistics by type of EU migrant shows that migration from the old EU countries is flat, whilst there has been a decrease of around 10,000 from EU8 countries (2004 accession Poland etc.), net migration from Bulgaria and Romania was up 19,000 compared to September 2015 and stood at +74,000. It is significant that net migration from Bulgaria and Romania comprised 28% of all EU migration and this is likely to reflect the shorter time that citizens of these countries have had to consider migration to the UK as an option (restrictions lifted 1 January 2014). Unfortunately data on Bulgarian/Romanian residents/workers is patchy given that very few would have been recorded in the 2011 Census as this occurred before their right to work in the UK came into force.

Given that old EU residents form a bulk of Hackney's EU resident population, it is significant that net migration is now expected to be flat or in decline from these countries, as current projections assume continued growth in this population. This suggests that there is a need to examine future growth projections and consider what a reduced non-UK EU number of residents might mean for growth expectations in Hackney.

As well as in relation to future growth expectations, reduced numbers of EU citizens living in Hackney pose significant risks for the provision of public services and the success of the local economy. It could also have wider implications for the Borough and London which are considered below.

[5] https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/feb2017

Section three - Wider implications for Hackney

What kind of future outside of the European Union?

There are a number of scenarios for the type of Brexit deal that Britain is likely to be able to negotiate. However, full access to the single market was ruled out by the Prime Minister who is committed to ending freedom of movement of people. As such, it seems certain that a deal which provides the same access to European markets, which membership of the single market provides, will be out of the question. There are also doubts about the UK being able to finalise a free trade deal with the EU within the two year negotiating window that has been set out. This has serious implications for areas like Hackney which have experienced high levels of EU migration in recent years.

The final deal that the UK negotiates is widely expected to involve some form of transitional arrangements. Such a deal is presumed to involve Britain leaving the EU, as planned, in 2019 but immediately entering a close trading relationship with the rest of the bloc, such as Norway has as part of the European Economic Area (EEA). This should be reasonably straightforward since the institution of the EEA already exists and the UK would not have to invent it from scratch and would provide some protection to the British economy from the impact of losing access to the single market overnight.

In respect of future immigration controls specifically, the Brexit white paper stated that: '*Implementing any new immigration arrangements for EU nationals and the support they receive will be complex and Parliament will have an important role in considering these matters further. There may be a phased process of implementation to prepare for the new arrangements. This would give businesses and individuals enough time to plan and prepare for those new arrangements*.'[6]

Value of the pound

A significant factor in reduced net migration since the referendum may be the large decline in the value of the pound since the public voted leave. Following the referendum the pound fell in value against the euro from 1.30 on 23 June to 1.20 by 27 June. The value of sterling has fallen further since with a current rate of 1.16 euro to the pound at the end of March 2017 which represents at least a 12% fall in the value of sterling since the referendum. The decreasing value of sterling is likely to act as a push factor which could reduce net migration and indeed may already be acting this way. Economic forecasts are that sterling is unlikely to return to the levels seen pre-referendum and that there could be further volatility in the value of sterling during the negotiating period prior to formal exit. Rises in the Minimum Wage over the course of the current parliament could act as a small counter balance to this in raising the wages of low paid employment in the economy.

It is impossible to quantify the likely numbers who may wish to leave Britain post-Brexit and the financial factors driving this will be set against other factors such as whether they continue to feel welcome in Britain, have children in British schools and other personal ties. The decision not to confirm the rights of EU citizens to remain in Britain prior to the commencement of formal negotiations may act as a further push factor. It is possible that some may already be making plans to return back to their country of origin, unwilling to wait for confirmation that they will be granted full residency and working rights as is anticipated during the negotiation process.

The cost of imported products has risen sharply due to the falling value of the pound and this will be impacting on residents, businesses and public sector organisations alike. The cost of IT hardware and software have gone up considerably due to the value of sterling falling against the dollar (which

[6] https://www.gov.uk/government/publications/the-united-kingdoms-exit-from-and-new-partnership-with-the-european-union-white-paper

is the currency that most IT commodity hardware and software is priced in). We are currently seeing suppliers increasing their pricing by between 10% - 20%[7].

Businesses in Hackney - dependencies on EU workers

The ONS publishes a breakdown of the number of enterprises in each local authority area by broad sector. The top 3 sectors with the largest number of businesses in Hackney are:

1. Professional, scientific & technical sector (3,700 / 25% of all businesses in the borough)
2. Information & communication (2,505 / 17%)
3. Arts, entertainment, recreation & other services (1,350 / 9%)

Since 2010, there has been significant growth in the top 2 sectors in the borough - the number of businesses in the Information & communication sector have almost doubled (up 97%) and the Professional, scientific & technical sector has increased by 72%. The growth of Tech City and establishment of world leading creative industries have been crucial to the strength and resilience of Hackney's economy over the last decade, with the tech industry showing particular resilience throughout the financial crisis. In 2016, creative, technology and business services made up 37% of all employment in Hackney and 54% of its businesses.[8]

Prior to the referendum, City AM published a survey that found '*just 9 per cent of the UK's technology businesses want the UK to leave the EU*'[9] and since June 2016, there have been plays from other major European cities, notably Berlin, to try and persuade tech businesses to leave the UK and establish elsewhere. Given Hackney's profile of highly skilled EU migrants, many of whom are likely to be working in tech and creative industries, maintaining this industry in London is key for the borough and much of its population.

Alongside this, reduced EU migration poses a threat to the continued expansion of the wider local economy in many sectors, given skills shortages that exist amongst the local population. Skills shortages are particularly prevalent amongst older people aged 50+. Hackney has almost double the rate of older (50+) JSA claimants than London (4.4% of over 50s are claiming compared to 2.4% in London) and people aged 50+ account for 30% of all of Hackney's 4,700 JSA claimants (compared to 28% in London).

Hate crime

The lead up to and aftermath of the referendum saw a spike in reported hate crime and a rise in racist attacks across the UK, including London. An official Home Office report states that '*there was a sharp increase in the number of racially or religiously aggravated offences recorded by the police following the EU Referendum. The number of racially or religiously aggravated offences recorded by the police in July 2016 was 41% higher than in July 2015.*[10]

According to the Met Police, racist and religious hate crime in Hackney rose between January 2016 and January 2017 compared to the previous year, from 586 incidents to 689 incidents, a 19% rise in line with the national rise noted above. Whilst Hackney has been viewed as an area with good community cohesion and with comparatively low levels of hate crime, the prevailing atmosphere surrounding Brexit has been a negative experience for many EU citizens living in Hackney. Media articles articulating the views of migrants than they feel that 'I no longer belong in Britain' have been

[7] http://mginternet.hackney.gov.uk/documents/s53853/item_6_cover_sheet.pdf
[8] http://www.techcityuk.com/blog/2016/06/tech-nation-best-practice
[9] http://www.cityam.com/233987/farewell-tech-city-why-the-capitals-thriving-technology-sector-is-so-fearful-of-brexit
[10] http://www.met.police.uk/crimefigures/datatable.php?borough=gd&period=year

common since the Brexit vote and could be a factor in decisions taken by individuals and families as to whether they wish to remain in the UK.

Relationship with the City

As demonstrated by the Census data considered in section one, Hackney has an EU migrant profile that is more highly skilled than the general population of the borough. A significant threat to Hackney and London as a whole, is a contraction of jobs in the City with firms seeking to relocate elsewhere in the EU in order to maintain access to the single market. Given the close proximity to the City many of the 15% of EU migrants working in the financial sector are likely to be Hackney residents who could be affected by any shift of jobs away from London to other major financial centres on mainland Europe.

House prices and private sector rents

House prices in Hackney in the years preceding the referendum rose rapidly. Land Registry data shows that the average sold price in the borough in January 2011 was £294,225 which had risen to £569,801 by January 2017 (a rise of 93.7% in six years). Hackney has also seen price growth in the private rented sector - between Q2 2011 and Q1 2016 the average private sector rent in Hackney rose from £1,201 to £1,773 per month, a 47.6% increase in less than five years.[11]

Since the referendum the outlook for the London housing market has been uncertain. There is evidence of average house price falls in prime London areas - a Rightmove February 2017 report showed an14.6% fall in new asking prices in Kensington & Chelsea and 10.8% in Hammersmith & Fulham for January 2017 compared to December 2016.[12] There are also historically very low levels of housing transactions taking place and a general sense of a market in a state of flux.

The outlook for house price growth is likely to be aligned to the wider impact of Brexit for the British economy. However, areas like Hackney which have seen considerable levels of growth in house prices over the last few years have seen house price growth stall more recently. Whilst there continues to be price growth, the annual rate of increase is now 4.26% as of January 2017 (compared to 16.43% in annual rate of increase in January 2016).[13] Whilst the house price crash forecast by many following Brexit has not materialised yet, there is evidence of a change in market that could ultimately be beneficial in making Hackney relatively more affordable and better able to attract and retain more of its resident population (or at least slowing down the rate of unaffordability). Reduced net migration could also have a direct dampening effect on rates of house price growth. However, a sharp market realignment and or significant increases to interest rates could have serious repercussions for homeowners in the borough with large mortgages.

Reduced demand for accommodation from EU migrants is likely to act as a downward pressure on private sector rents and could end up benefitting the borough in preventing rental costs becoming even more unaffordable than they are at present. Only around 1% of the Council's Social Housing stock is let to non-British EU citizens so Brexit will have limited impact in this regard.[14]

[11] GLA, Average Private Rents by Borough
[12] http://www.rightmove.co.uk/news/house-price-index/
[13] UK House Price Index, Land Registry
[14] http://mginternet.hackney.gov.uk/documents/s53853/item_6_cover_sheet.pdf

Conclusions

The referendum result has created uncertainty about the future relationship between the UK and EU which has a particular impact in areas such as Hackney which has a large number of EU nationals amongst the resident and workforce population. Leaving the EU will potentially create significant barriers to the free movement of labour as well as change the wider economic relationship with other EU countries.

The greatest challenges that could arise with a significantly reduced EU population in Hackney and the wider London region relate to skills gaps amongst those sectors which are highly reliant on EU labour. The health sector, where London has higher proportions of EU doctors and nurses, has little scope for the UK born population to fill such skills gaps in the short term. Construction as an industry is heavily reliant on EU labour and any impact of skills shortages in this area could have a detrimental impact on Hackney's regeneration and affordable housing plans. Again this is an area where it would be challenging in the short term to fill such skills gaps with UK born residents.

The hospitality industry in London is heavily reliant on foreign labour – there is a widely reported figure that only 1 in 50 of Pret a Manger staff are UK nationals which is indicative of the wider trend[15] in the hospitality industry. Hackney has seen rapid growth in this sector in recent years and restrictions on being able to recruit staff could be detrimental to the continued growth of the sector locally. This could, of course, have potential benefits for UK born Hackney residents who may have greater economic opportunities with a reduced EU resident labour pool and benefit from any knock on increase in wages as a result of labour shortages.

As demonstrated in this report, Hackney's profile of EU migrants is one of a generally highly educated, high skilled and in many cases, high earning population. Hackney has become a much less affordable place to live in the last decade and this has impacted on the type of EU migrant who has made Hackney their home. Many will have made Hackney their home and, subject to confirmation of their right to remain, will continue to contribute to the vibrancy and success of Hackney. However, the challenge is likely to relate to the impact of Brexit on the wider economy, EU migrants considering settling in Hackney currently and whether key industries will suffer when the UK leaves the single market.

Over the coming months and years, Hackney will need to be able to respond to potential changes in its population profile and be prepared to address the threat of wider impacts in not only sectors such as health and hospitality but the tech sector and the financial industry.

Additional References

- Brexit White Paper
- Letter triggering Article 50
- Population projections from the Greater London Authority
- 2011 Census tables from Nomis
- Information on the Tech Sector in Hackney / London
- London First/PWC report on London workforce March 2017
- Local Government Information Unit – Brexit Briefings (subscribers only)

[15] https://www.theguardian.com/politics/2017/mar/08/pret-a-manger-one-in-50-job-applicants-british-brexit

Technical note - Modelling the current EU resident population of Hackney

Scenario 1 – Change since the 2011 Census based simply on population growth

Passport held data for all residents is only captured by the ten-yearly Census. According to population changes highlighted by ONS mid-year estimates and the Annual Workforce Survey, the number of EU passport holders in Hackney has risen considerably since the 2011 Census. In order to understand how the EU population of Hackney may have changed since 2011, our starting point is to apply the proportionate breakdown of British vs EU passport holders from the Census to more recent population estimates. The first table below does just this i.e. we have applied the % breakdown from the 2011 passports held data to the most recent GLA central 2015 based trend projection (published February 2017). Using this simplistic approach, we could estimate that the current EU population of Hackney is almost 30,000 (up from 28,000 in 2011).

Passport Holders 2015	Number of passport holders - assuming no change in breakdown of passport holders since 2011	% of passport holders - assuming no change in breakdown of passport holders since 2011
Total population	272,584	100%
UK	196,260	72%
All EU	29,984	11%
Non-EU	27,258	10%
No passport held	19,081	7%

GLA 2015 based interim projections

Scenario 2 – change since 2011 Census based on rapid change amongst EU population

Since the 2011 Census, population increases in the UK have been fuelled by births in the most part, but high levels of net international migration to Britain has been a secondary influence. Across the UK, there are estimated to be at least 3 million non-UK EU passport holders, with around 1 million of these from Poland. This is likely to be only a minimum estimate with numbers supplemented by short term migrants who come to the UK for seasonal work or short term contracts and divide their time between the UK and their home country – these people are not counted in official estimates.

Given this national picture of change amongst EU populations, it is fair to assume that there has been more significant growth in the proportion on EU passport holders in Hackney since 2011, than amongst UK passport holders.

Passport Holder	Population Mid 2016 estimate	Percentage
All	272,584	100%
UK	180,148	66%
All EU	41,433	15%
Non-EU	32,484	12%
No passport held	18,519	7%

GLA 2015 based interim projections

The table above again shows the mid 2016 GLA central 2015 based trend projection, but assumes some changes to the breakdown of UK and EU passport holders in the local population. Notably this scenario assumes that only around a tenth of the net population growth in Hackney from 2011 to 2016 has been in British passport holders with the rest of this growth in the number of EU passport holders. This scenarios builds in a rise in EU passports holders from making up 11.3% of Hackney's population 15.2% which is in line with recent workforce estimates. The remainder of the growth has been applied to non-EU and non UK passport holders. The proportion of people with no passport has been assumed to have remained at 6.8%. According to this methodology, the current EU population of Hackney is estimated to be almost 41,500 people.

What can we learn from National Insurance registrations data?

Bulgarian, Romanian and Croatian nationals only obtained the right to live and work in the UK from 1 January 2014. Therefore, the numbers recorded in the 2011 Census are likely to be significantly lower than the current population, especially given that post-referendum the only populations of EU nationals continuing to grow were from Bulgaria and Romania (ONS Quarterly migration report Year ending September 2016). National insurance (NINO) registrations are a good indication of the PAN London and borough position on the number of Bulgarian and Romanian migrants who have registered to work in the UK and are living in Hackney in the absence of relevant 2011 Census passport data for these groups. In the 2015-16 financial year there were 6,321 NINO registrations of EU nationals in Hackney. The main countries of origin and corresponding figures for 2014/15 were as follows:

Country of origin	No. of Hackney resident NINO registrations 1 April 2015 to 31 March 2016	No. of Hackney resident NINO registrations 1 April 2014 to 31 March 2015
Italy	1,150	1,212
France	963	899
Spain	908	1,080
Romania	620	665
Poland	481	507
Portugal	324	394
Germany	272	324
Bulgaria	251	343

2015-16 NINO Registrations

Whilst the number of Romanian nationals registering is significant, the presence of Italy, France and Spain amongst the top 3 country of origin of new registrations illustrates how EU migration to Hackney is dominated by old EU countries with economic opportunities in London the significant factor in driving migration. Figures for the year beginning 1 April 2016 are not yet available by borough.

Note on GLA projections

GLA Population projections on which Hackney's future population is estimated are trend based and the consequences of Brexit for future net migration have therefore not been factored into the data modelling to date to any great extent. This paper is in part an attempt to fill that gap by providing scenarios as to what significant reductions in international migration might mean for forecast population growth in Hackney. As the wider policy impact of Brexit becomes clearer, the GLA are likely to consider how this could impact on PAN-London expectations of growth and the Borough-level projections that feed into this forecast growth for the capital by 2050. LB Hackney will keep this activity under review and consider the extent to which future GLA population projections for the Borough take sufficient account of the wider policy context relating to the UK's withdrawal from the European Union. The GLA publish guides to the methodology behind their population projections and they can be accessed here.

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Indices of Multiple Deprivation 2015 Briefing

Introduction: Indices of Deprivation 2015

The Indices of Deprivation 2015 were published by Communities and Local Government on the 30th September 2015. The purpose of the Indices is to identify small areas of England which are experiencing multiple aspects of deprivation. It replaces the Indices of Deprivation 2010 as the official measure of deprivation in England.

The Indices of Deprivation 2015 (ID2015) is the collective name for a group of 10 indices which all measure different aspects of deprivation. The most widely used of these is the Index of Multiple Deprivation which is a combination of a number of the other indices to give an overall score for the relative level of multiple deprivation experienced in every neighbourhood in England.

The Indices of Deprivation is based on small geographical areas called lower level Super Output Areas (LSOAs). Hackney has 144 LSOAs and each LSOA across the country contains, on average, 1,500 residents and 650 households. The advantages of using LSOAs is that they are consistent in population size (unlike wards) and are therefore easier to compare. Their smaller geographical sizes also allow for a more detailed knowledge of deprived areas.

The ID2015 contains seven domains which relate to income deprivation, employment deprivation, health deprivation and disability, education skills and training deprivation, barriers to housing and services, living environment deprivation, and crime. It uses a very similar methodology as the earlier 2010 Indices of Deprivation.

For every SOA in England, the level of deprivation is measured by examining set criteria for each of the seven domains. This results in a score for every individual SOA, meaning they can be ranked nationally by how deprived they are, and also mapped geographically. The following analysis breaks down the Indices of Deprivation across domains and geographies to enable service managers, partners and Councillors to access information at the level they require it.

This briefing provides information on the Indices of Deprivation, but should be used together with other evidence to gain a full and rounded view of deprivation and inequality in Hackney[1]. More information on the national and regional picture can be found as part of the statistical release.

Deprivation in Hackney

In 2015, Hackney's average score (based on LSOAs) make it the 11th most deprived local authority district in England. In both the 2007 and 2010 Indices of Deprivation Hackney ranked as the second most deprived local authority in the country by the same measure. In the 2015 Indices, Blackpool ranked as the most deprived area, and the other local authorities most deprived as measured by rank of average score are below.

Rank of Average Score	Local Authority District
1	Blackpool
2	Knowsley
3	Kingston upon Hull, City of
4	Liverpool

[1] Hackney has a range of evidence available through various needs assessments and the borough's single evidence base

5	Manchester
6	Middlesbrough
7	Birmingham
8	Nottingham
9	Burnley
10	Tower Hamlets
11	Hackney
12	Barking and Dagenham
13	Sandwell
14	Stoke-on-Trent
15	Blackburn with Darwen

There are a range of measures that summarise deprivation in local authorities and each leads to a different ranking of these areas. There are 3 other key measures of deprivation from the Indices of Deprivation which may be quoted, in addition to the 'Rank of Average Score' index described above. These three other measures show:

- Based on *average ranking* Hackney ranks as the second most deprived LA in the country. In the same measure in the 2010IMD, Hackney ranked as 1st.

- Based on the '*extent'* measure[2], Hackney ranks as the 11th most deprived LA in the country. In the same measure in the 2010IMD, Hackney ranked as 1st.

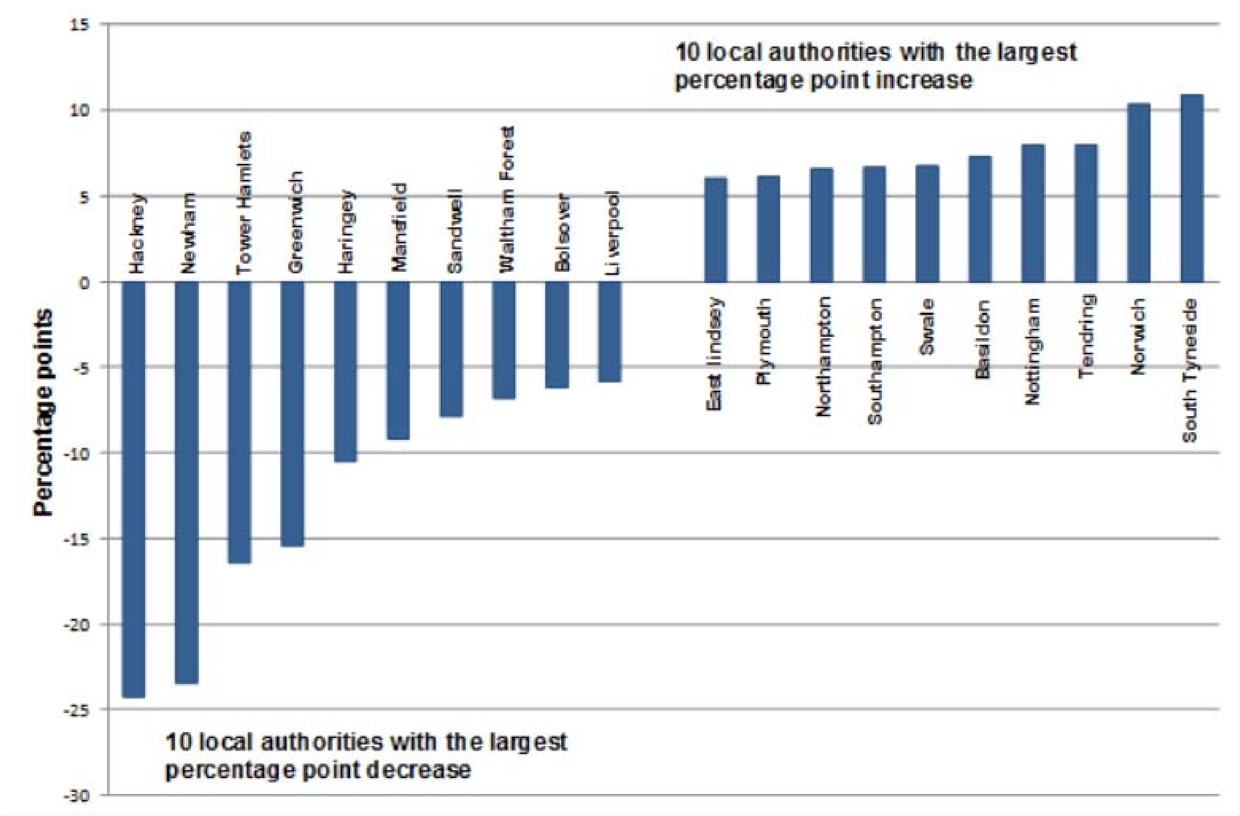
- Based on the *percentage of "lower super output areas*" (small area geographies) in the top 10% most deprived nationally, Hackney ranks as the 49th most deprived area nationally. In the same measure in the 2010IMD, Hackney ranked as 6th.

These movements all indicate that Hackney is becoming less deprived ***relative*** to other areas.

In relation to the latter measure, percentage of LSOAs in the top 10% most deprived, there have been large decreases in a number of London Boroughs in the proportions of their neighbourhoods that are highly deprived. In Hackney this went from 42% of neighbourhoods being highly deprived in the Index of Multiple Deprivation 2010 to 17% in 2015. Other London Boroughs have also experienced falls in their relative deprivation, but Hackney's is the most significant.

[2] While the measure based on the proportion of neighbourhoods among the most deprived 10 per cent nationally is easy to interpret, a neighbourhood that may be only a few ranks outside the most deprived 10per cent is not counted as being most deprived. A complementary summary measure of deprivation is the extent measure. This focuses on the neighbourhoods in the larger geographic area that are among the most deprived three deciles of deprivation, but it gives higher weight to the most deprived decile and gradually less weight to each individual percentile thereafter. By avoiding a sharp cut -off, while still focusing on the most deprived neighbourhoods, it can give a more balanced indication of change in relative deprivation over time.

Change in the proportion of neighbourhoods in the most deprived decile according to the Index of Multiple Deprivation 2015 and the 2010 Index by local authority district: the ten authorities with the largest percentage point decreases and increases



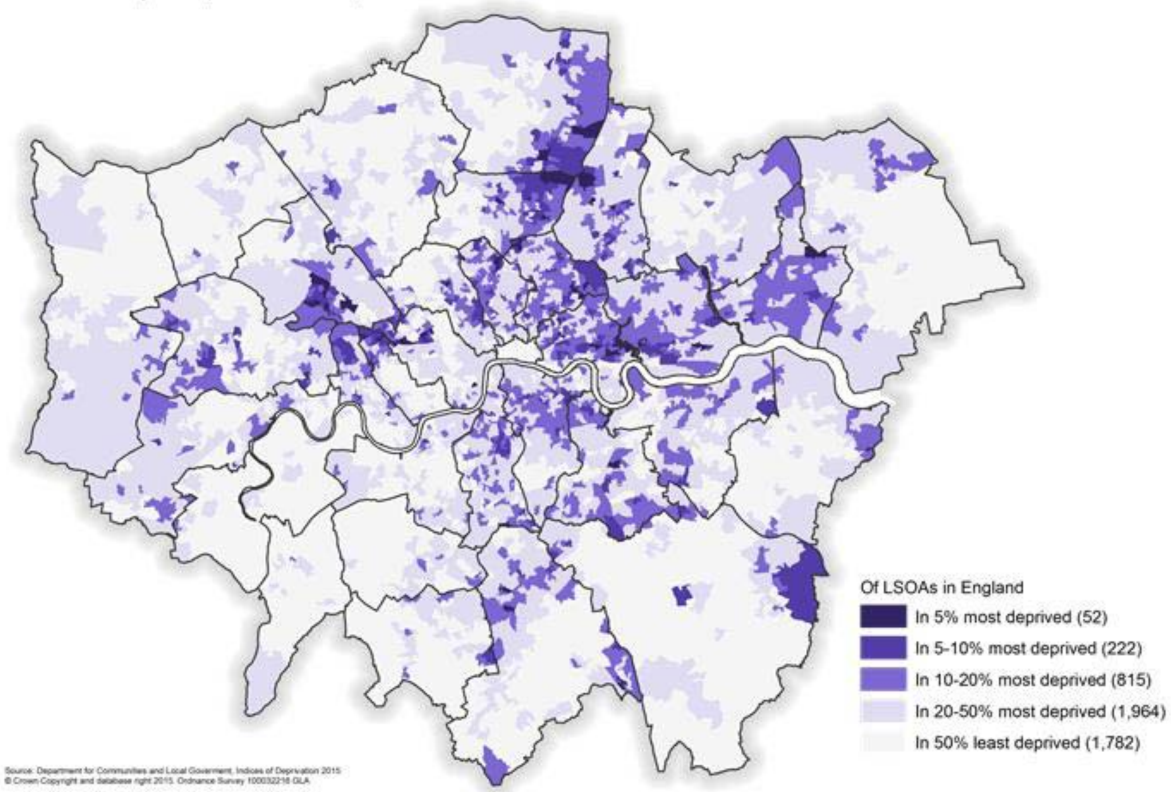
Source: lifted from OCSI/CLG Briefing, Indices of Deprivation 2015

Hackney is among four London Boroughs (along with Tower Hamlets, Newham and Haringey) among the 20 most deprived local authorities based on this summary measure[3] of the Index of Multiple Deprivation 2010. But these are no longer among the 20 most deprived districts according to this summary measure of the 2015 Index, indicating that they have become relatively less deprived.

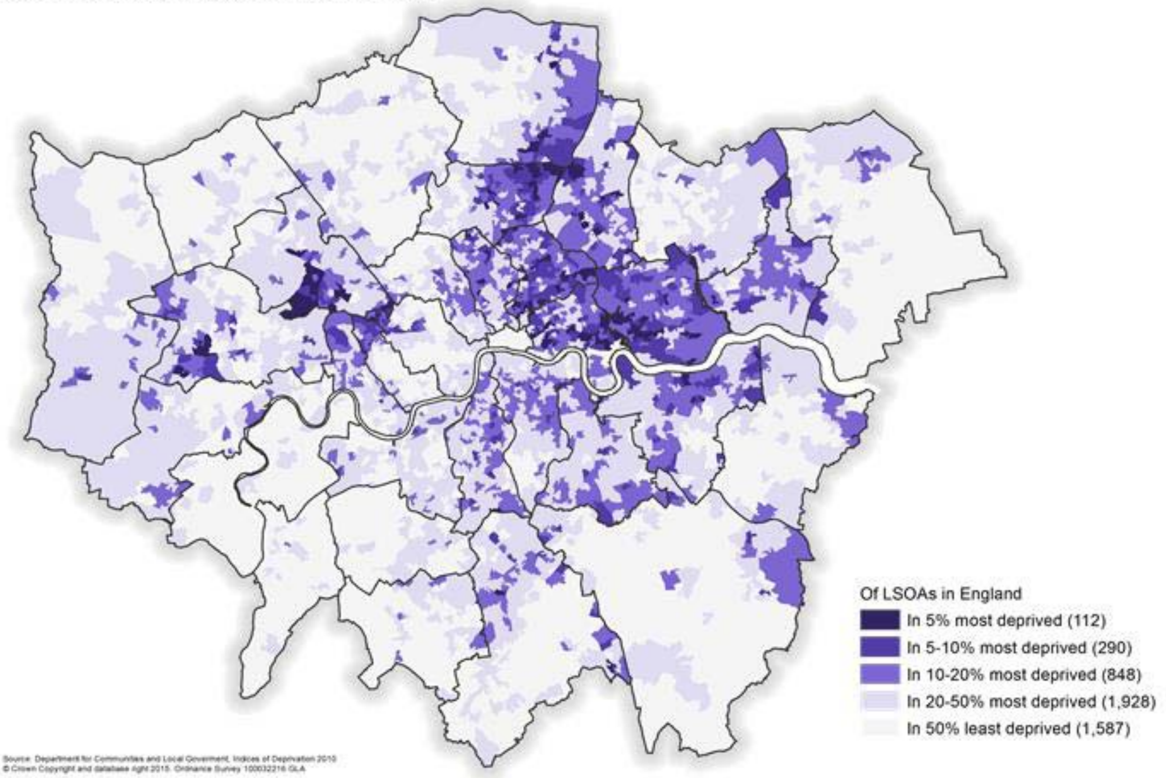
In terms of the overall patterning across London, there is a clear concentration of deprivation from Enfield down through Haringey, Islington and Hackney to Tower Hamlets, Newham and Barking & Dagenham. The overall pattern remains relatively similar to 2010 but with a clear, marked reduction, particularly in areas such as Newham, Hackney, Tower Hamlets and Waltham Forest. Particularly for boroughs such as Newham, this is at least partly due to an improved population estimate, where a previous under-estimate in the number of residents probably overstated the degree of deprivation in 2010. Other factors may also have influenced the reduction in deprivation in certain parts of the London area, including increased desirability of certain areas linked to improved services, facilities and transport links, affordability pressures, and the differential rate of recovery from the recession experienced by London compared with the rest of the country.

[3] % of LSOA in most deprived decile

Index of Multiple Deprivation 2015, London



Index of Multiple Deprivation 2010, London



Source: GLA Datastore http://data.london.gov.uk/dataset/indices-of-deprivation-2015

Overall, for Hackney there has been a substantial reduction in deprivation compared to the 2010ID:

- 17% of Hackney's 'lower super output areas' (LSOAs) are in the top 10% most deprived nationally - a fall from 42% in 2010 and 55% in 2007ID.

- This equates to 24 of Hackney's 144 LSOAs which are in the top 10% most deprived nationally.

- However, a score of 17% of LSOAs in the top 10% most deprived nationally still indicates that Hackney has a disproportionately high level of deprivation in comparison with the national picture.

The findings from ID2015 must be put into context though:

- The data used to calculate the ID2015 is largely from 2012/13, meaning there is a significant time-lag. If more recent data was examined at a low area level we might expect an even greater improvement in our ranking.

- The Indices of Deprivation is a comparator indication; it measures how Hackney stands in comparison with other areas, it does not capture absolute improvements.

Geographical Variation

In terms of geographical variation, there are some particular concentrations of deprivation,

- In the eastern part of the borough around Kings Park and Hackney Wick,

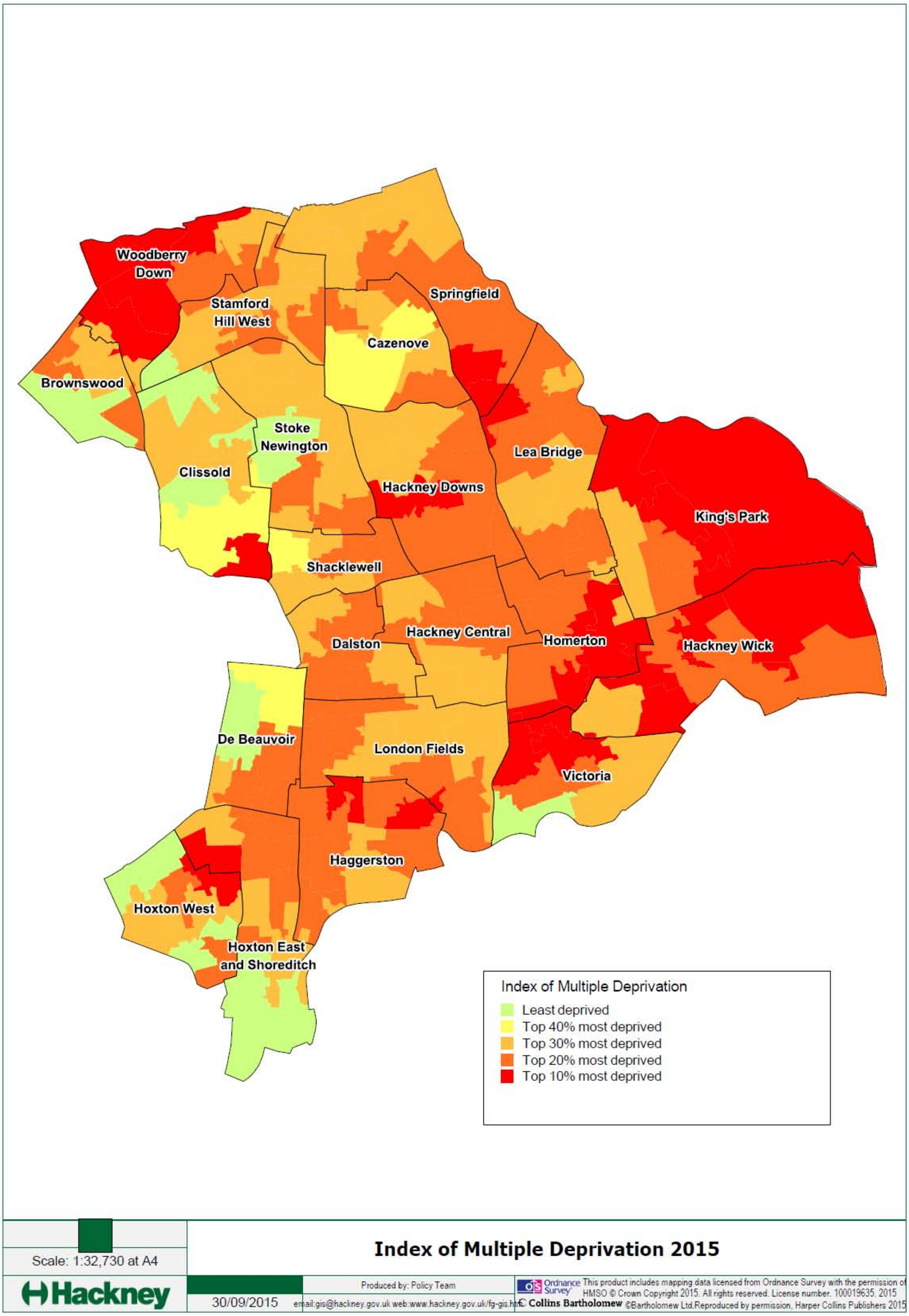
- In the north-west of the borough, around Manor House and Woodberry Down

- The borders between Victoria and Homerton wards

- The borders between Springfield and Lea Bridge wards

There are some other specific pockets of deprivation.
The map below shows how deprivation levels vary across the borough.

Map: Overall Deprivation Levels in Hackney

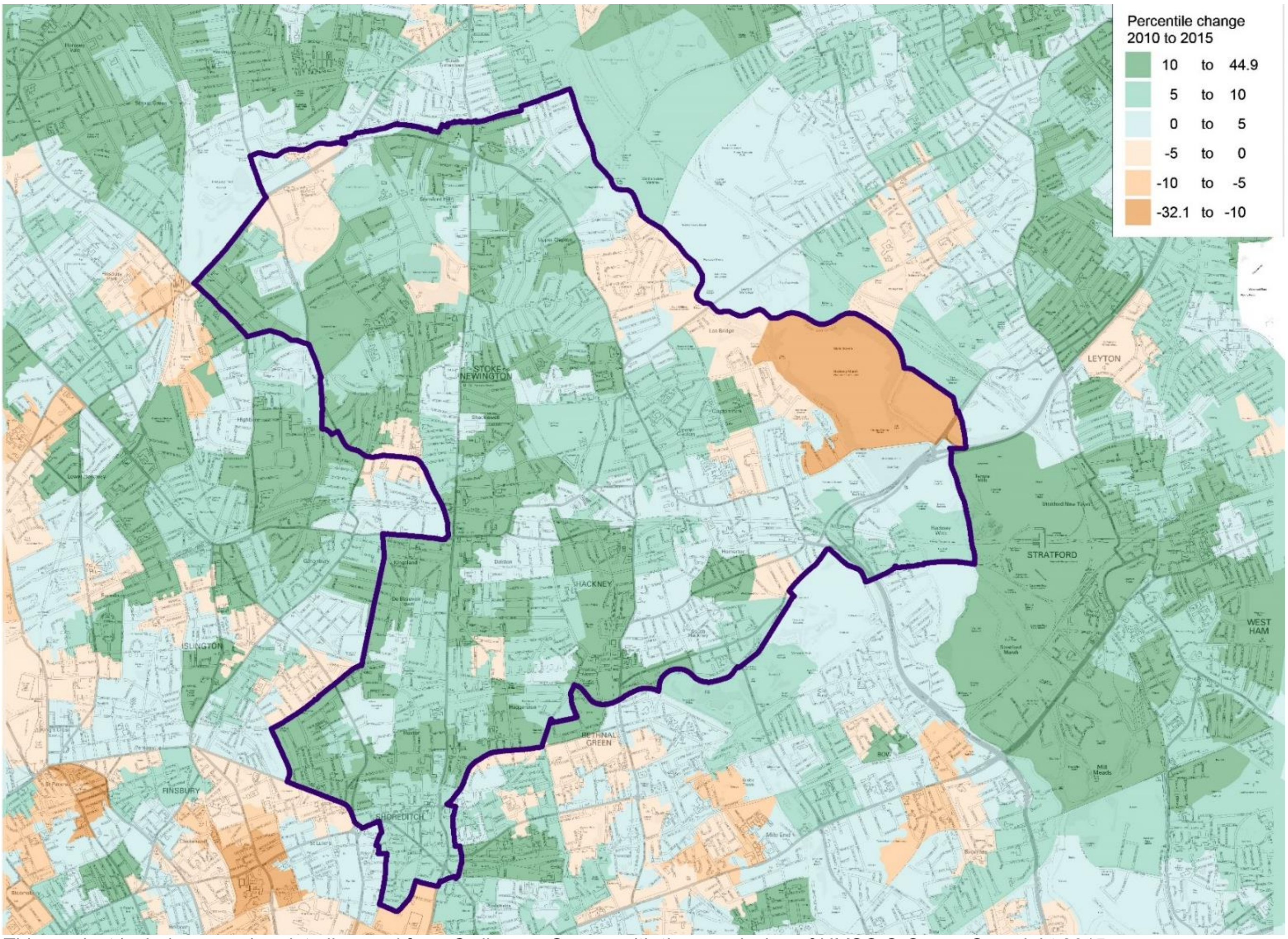


Source: Indices of Deprivation, CLG 2015

Change in Deprivation

It is possible to compare change in percentile rankings in the indices of deprivation. Although not strictly comparable, looking at changes between Indices of Deprivation does give a sense of how deprivation patterns are shifting[4]. The map below shows the change in the deprivation percentile of LSOAs in and around Hackney. In the IMD rankings, '1' is the percentile of highest deprivation, therefore higher numbers indicate lower relative deprivation. This thematic map shows change between 2010 and 2015, where a positive number (shaded green) indicates an LSOA has become relatively less deprived over the period, and a negative number (shaded orange) the opposite. For example an LSOA was in the 5th most deprived percentile in 2010 and the 15th most deprived percentile in 2015 would have a positive percentile change of 10, indicating lower relative deprivation.

Map 2: IMD percentile change, 2010 to 2015



The vast majority of LSOAs in Hackney have fallen in their percentile ranking, as shown by the green shading across almost the entire borough. The darker green colour indicates greatest decreases in deprivation rankings, and these are seen in the north, west and south of the borough. In particular the following areas have seen large relative falls in deprivation:

- Parts of Stamford Hill

[4] Although change in percentiles are illustrated here, they are not mapped for other domains due to issues with comparability over time. However, change over time maps are provided later in this briefing which show absolute change in deprivation, which is available for the income, IDACI, and IDAOPI domains.

- Finsbury Park
- Clissold Park and Stoke Newington
- Dalston
- De Beauvoir
- London Fields
- The area to the north-west of Old St – west of New North Road

Parts of the borough which have experienced relative increases in deprivation are predominantly in the east of the borough, including Hackney Marshes, Lea Bridge and the east of Upper Clapton. There are also a handful of isolated pockets in the west of the borough which saw a relative increase, including one notable area around the West Reservoir.

Variation Across Domains - Hackney Data

The table below shows the percentage change between 2010 and 2015 in the number of Super Output Areas in Hackney in the worst ten percent for the Index of Multiple Deprivation, and each of the domains which contribute to it. The majority of domains show an improvement, with a reduction in the number of LSOAs experiencing high levels of deprivation.

Percentage of Hackney LSOAs in the Top 10% Most Deprived Nationally			
Domain	**2010**	**2015**	**Change**
IMD	42%	17%	-25%
Income	53%	21%	-32%
Employment	16%	7%	-9%
Health	11%	8%	-3%
Education	0%	0%	0%
Housing & Services	100%	54%	-46%
Crime	22%	44%	22%
Living/Environment	61%	39%	-22%
Index of Deprivation Affecting Children Index (IDACI)	59%	37%	-22%
Index of Deprivation Affecting Older People Index (IDAOPI)	69%	78%	9%

IDACI & IDOAPI

The Index of Deprivation Affecting Children Index (IDACI) and Index of Deprivation Affecting Older People Index (IDAOPI) measure capture income poverty affecting children and older people, and are part of the indices of deprivation.

- Hackney has an IDACI score of 32, indicating that 32% of children in the borough are in income deprived households. In 2010 this was 48%.
- Hackney's IDACI score (rank of average score) places it as the 10th most deprived local authority district for this domain
- Hackney has an IDAOPI score of 43, indicating that 43% of older people in the borough are in income deprived households. In 2010 this was 45%.
- Hackney's IDOAPI score (rank of average score) places it as the 2nd most deprived local authority district for this domain

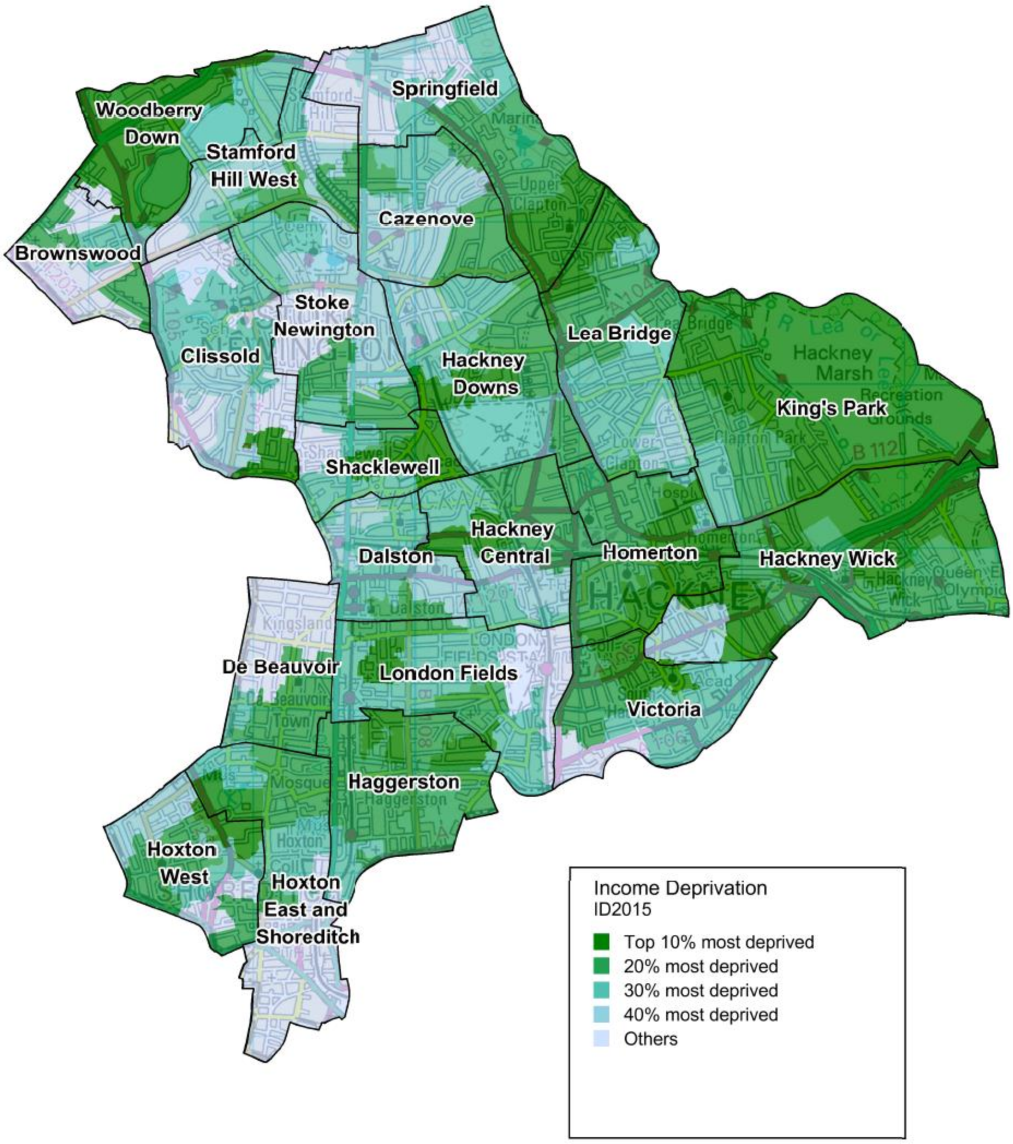
Section 2: Analysis by Domains[5]

Income

The income domain is comprised of indicators relating to households on low incomes and means tested benefits. The definition of low income used includes both those people that are out-of-work, and those that are in work but who have low earnings (and who satisfy the respective means tests).

In the income domain Hackney ranks as the 13th most deprived local authority in England and 21% of Hackney's LSOAs rank in the top 10% deprived nationally. There are particular concentrations in areas around Kings Park, Wick, Homerton, Leabridge and Woodberry Down, but with some spread throughout most of the borough.

Map 3: Income Deprivation



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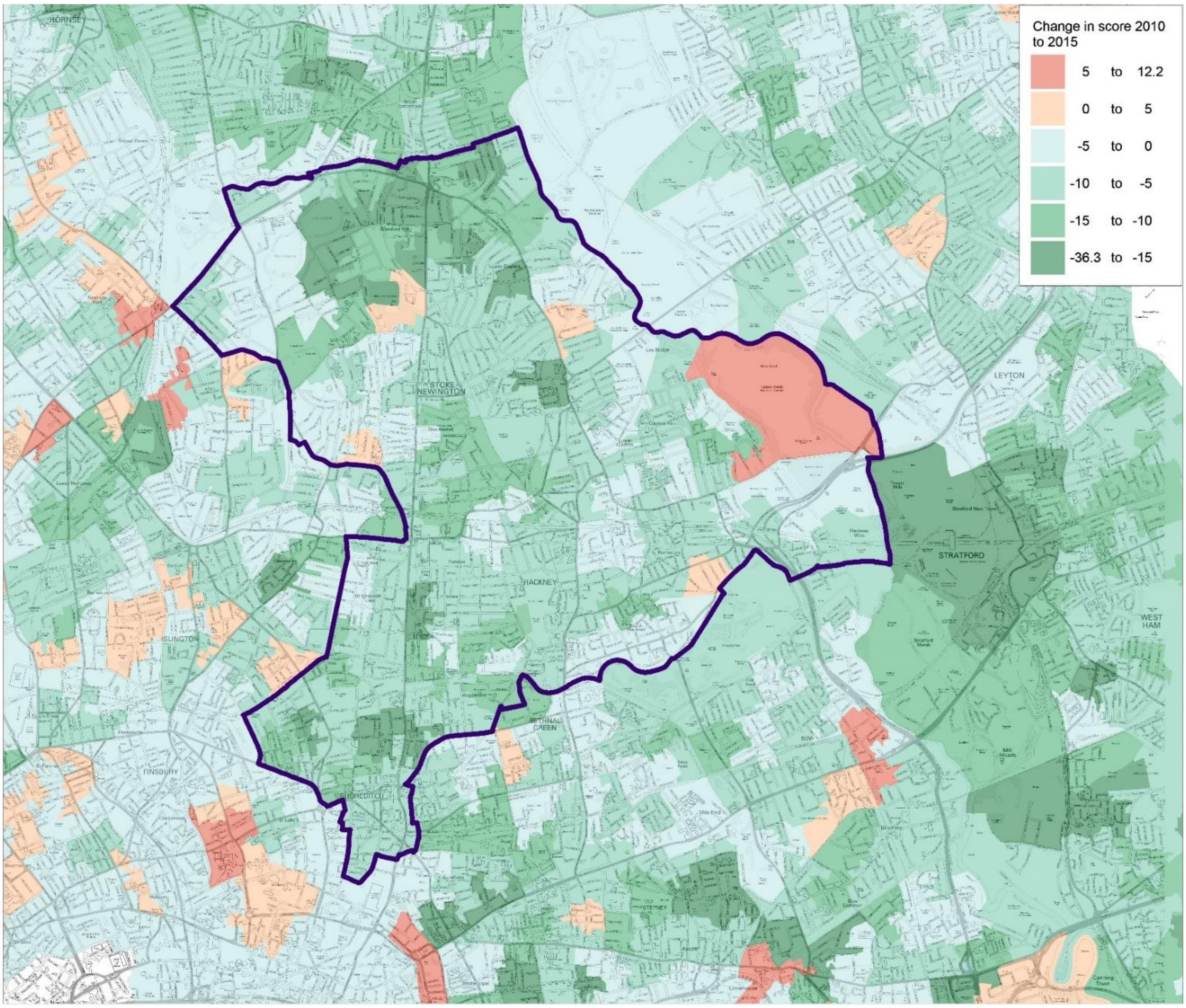
[5] For information on the composite data in each domain, see the Technical Briefing https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464485/English_Indices_of_Deprivation_2015_-_Technical-Report.pdf

It is also possible to map the change in the percentage of people in the borough experiencing income deprivation. This is not a change in percentile but rather a change in the actual percentage. Therefore on this map negative numbers (shaded green) indicate an improvement – fewer people experiencing income deprivation in 2015 compared to 2010. The income deprivation measure captures the percentage of adults and children in families either receiving unemployment or low income benefits or who are earning below 60% of median incomes (before housing costs).

The map shows broad reduction in income deprivation in most parts of the borough, with the largest reductions in the north of the borough around Stamford Hill. Only a small number of LSOAs have seen increases in income deprivation, these are in Hackney Marshes, north and south Stoke Newington, Upper Clapton, and one area just above Victoria Park.

Map 4: Income score change, 2010 to 2015

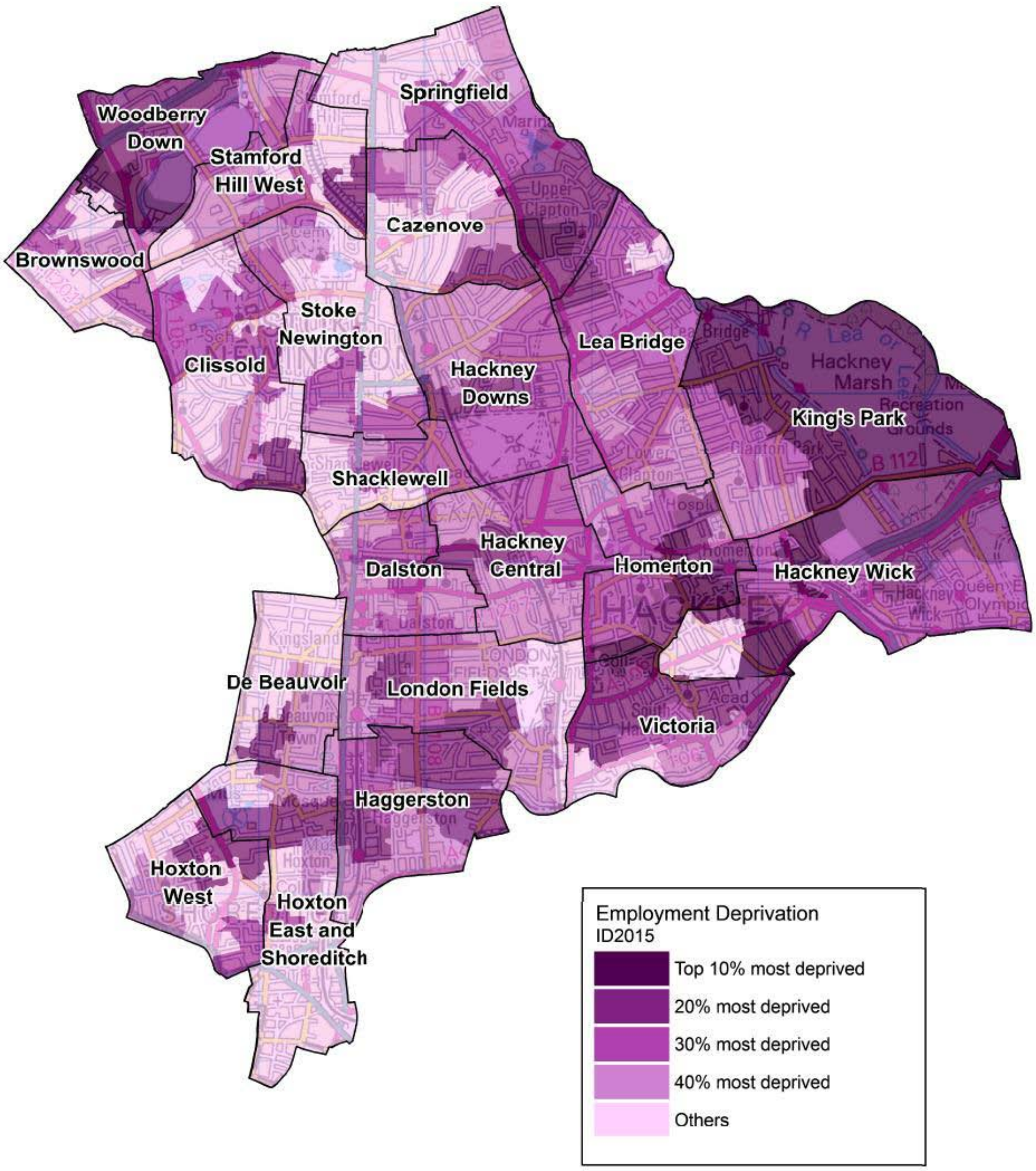


Employment

The Employment Deprivation Domain measures the proportion of the working-age population in an area involuntarily excluded from the labour market. This includes people who would like to work but are unable to do so due to unemployment, sickness or disability, or caring responsibilities.

In the employment domain Hackney ranks as the 57th most deprived local authority in the country, and 7% of Hackney's LSOAs are in the top 10% most deprived nationally. There are particular concentrations of employment deprivation in the Kings Park, Homerton, Wick, Springfield and Woodberry Down areas of the borough.

Map 5: Employment Deprivation

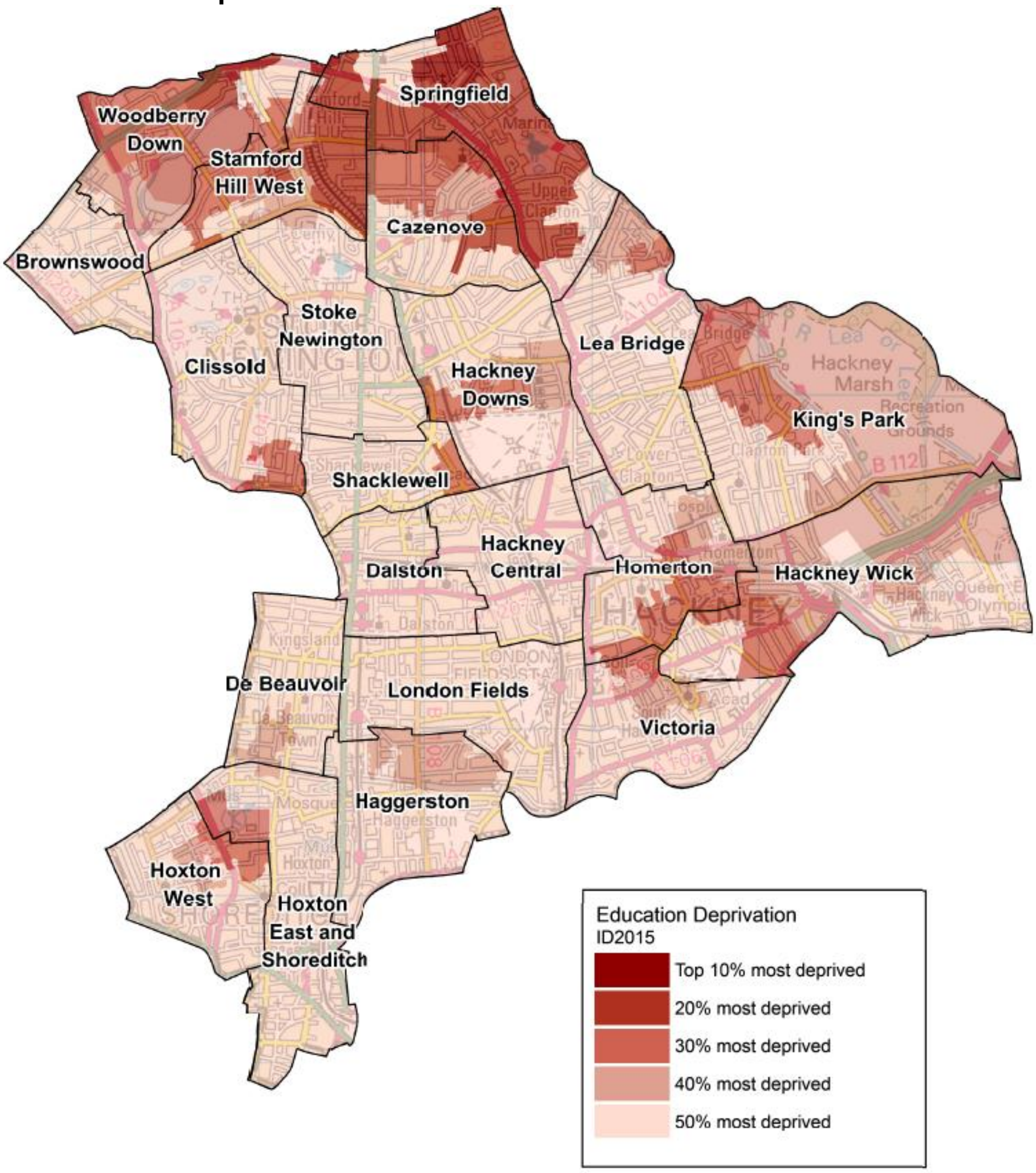


Education

The Education, Skills and Training Domain measures the lack of attainment and skills in the local population. The indicators fall into two sub-domains: one relating to children and young people and one relating to adult skills. These two sub-domains are designed to reflect the 'flow' and 'stock' of educational disadvantage within an area respectively. That is, the 'children and young people' sub-domain measures the attainment of qualifications and associated measures ('flow'), while the 'skills' sub-domain measures the lack of qualifications in the resident working-age adult population ('stock').

In the education domain Hackney ranks as the 198th most deprived local authority in the country, less than 1% of LSOAs in Hackney are in the top 10% most deprived nationally. Where there is deprivation in this domain it is concentrated in the north-east of the borough.

Map 6: Education Deprivation

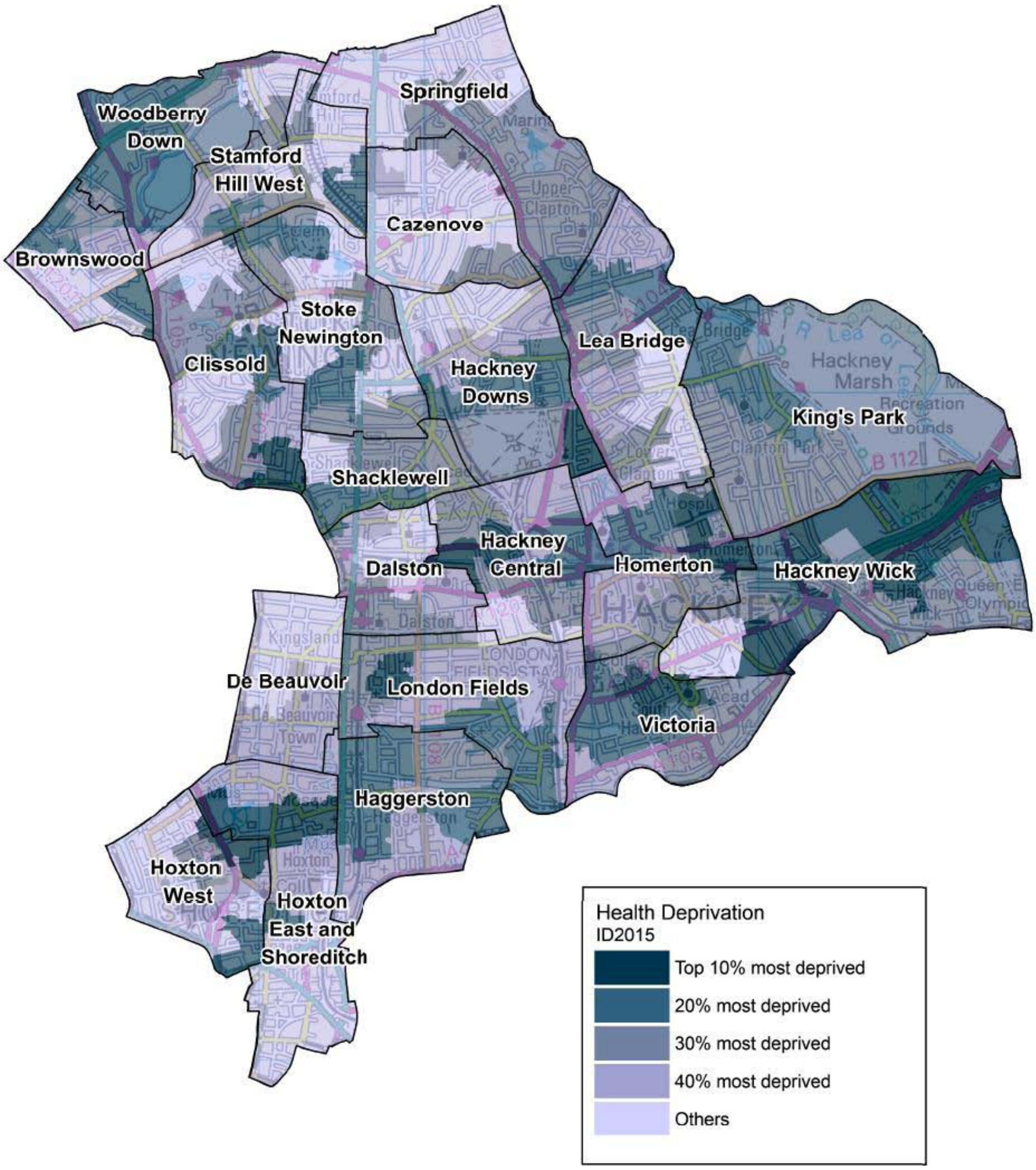


Health

The Health Deprivation and Disability Domain measures the risk of premature death and the impairment of quality of life through poor physical or mental health. The domain measures morbidity, disability and premature mortality but not aspects of behaviour or environment that may be predictive of future health deprivation.

In the health domain Hackney ranks as the 61st most deprived local authority in England, and 8% of Hackney's LSOAs are in the top most deprived 10% nationally. There are particular concentrations of health deprivation in the south of the borough and around Woodberry Down.

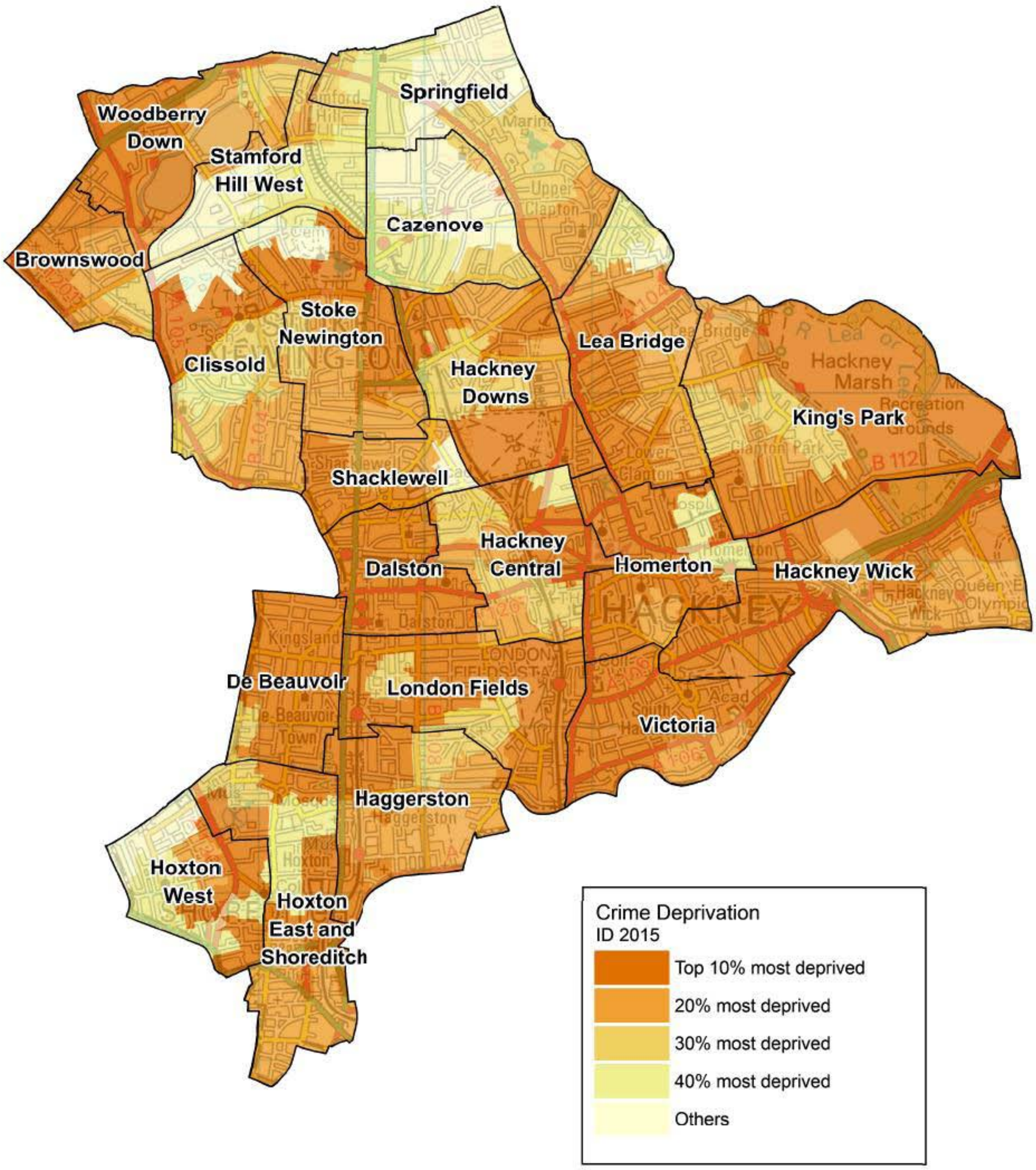
Map 7: Health Deprivation and Disability



Crime

Crime is an important feature of deprivation that has major effects on individuals and communities. The Crime Domain measures the risk of personal and material victimisation at local level, incorporating measures of violence, burglary, criminal damage and theft.
In the crime domain Hackney ranks as the 5th most deprived local authority in England, with 44% of the borough's LSOAs in the top 10% most deprived nationally. Crime deprivation is relatively evenly spread throughout the borough, but with some lower levels in Stamford Hill West, Cazenove, and Springfield.

Map 8: Crime Domain

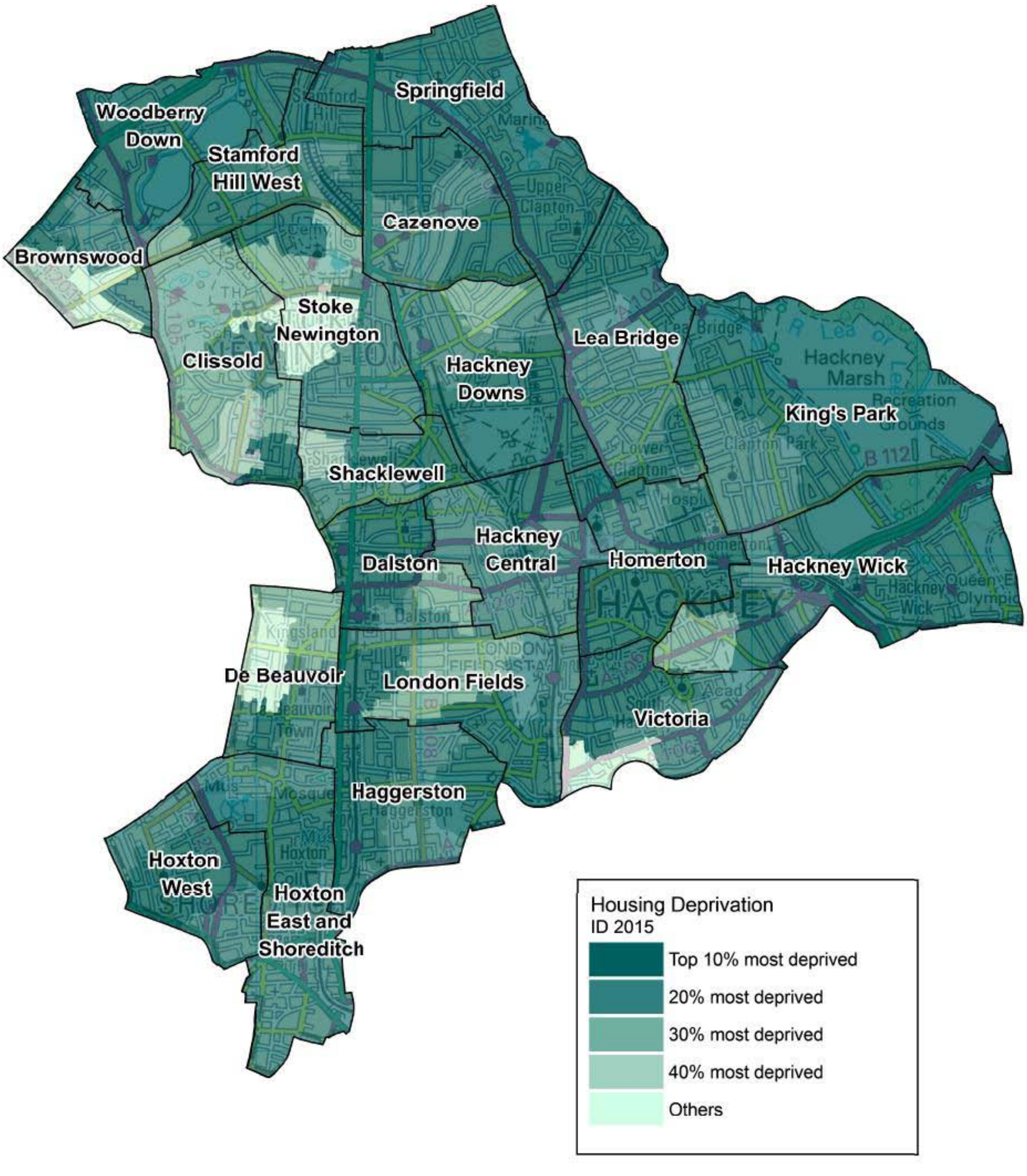


Housing

The Barriers to Housing and Services Domain measures the physical and financial accessibility of housing and local services. The indicators fall into two sub-domains: 'geographical barriers', which relate to the physical proximity of local services, and 'wider barriers' which includes issues relating to access to housing such as affordability.

In the housing and services domain Hackney ranks as the 6th most deprived local authority in England, and 53% of the boroughs LSOAs are in the top 10% most deprived nationally. Housing deprivation is relatively evenly spread throughout the borough with some lower levels in the north-western side of the borough around De Beauvoir and Stoke Newington.

Map 9: Barriers to Housing and Services

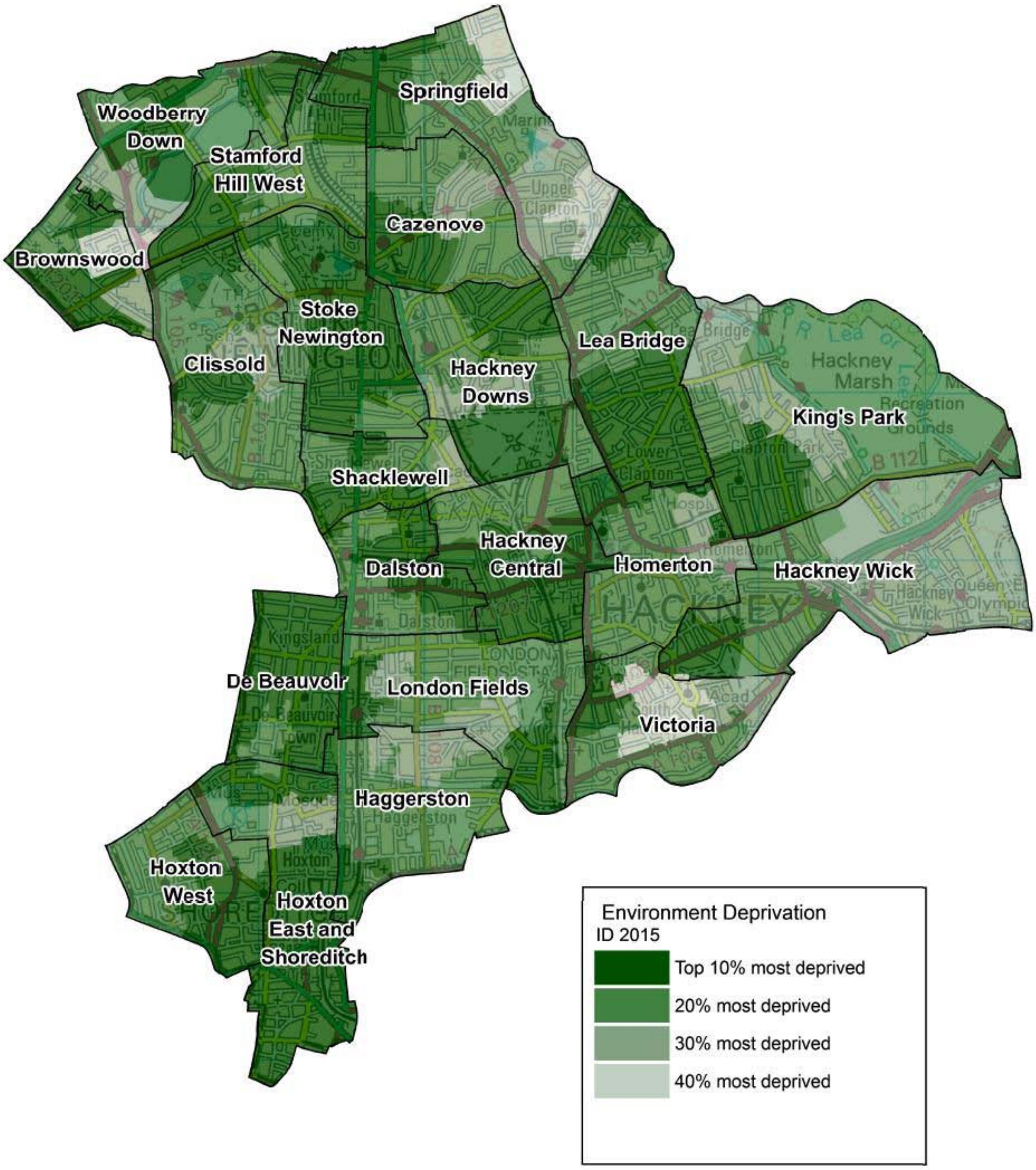


Environment

The Living Environment Deprivation Domain measures the quality of the local environment. The indicators fall into two sub-domains. The 'indoors' living environment measures the quality of housing; while the 'outdoors' living environment contains measures of air quality and road traffic accidents.

In the living environment domain Hackney ranks as the 6th most deprived local authority in England, and 39% of Hackney LSOAs are in the top 10% most deprived nationally. The deprivation in this domain is spread throughout the borough.

Map 10: Living Environment Deprivation

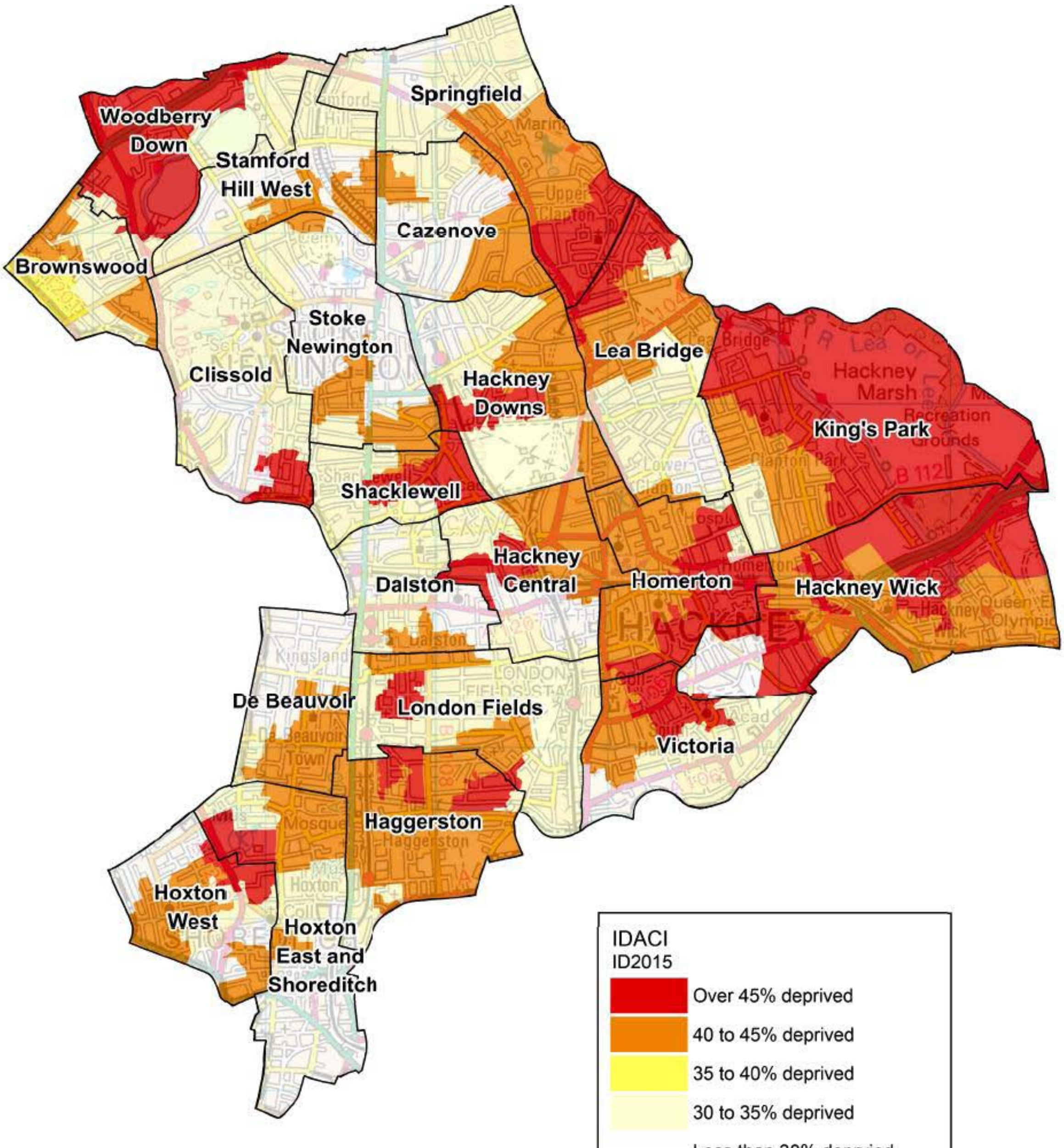


IDACI

Income Deprivation Affecting Children Index (IDACI) is a subset of the income domain, and is calculated using the percentage of children living in income deprived families.

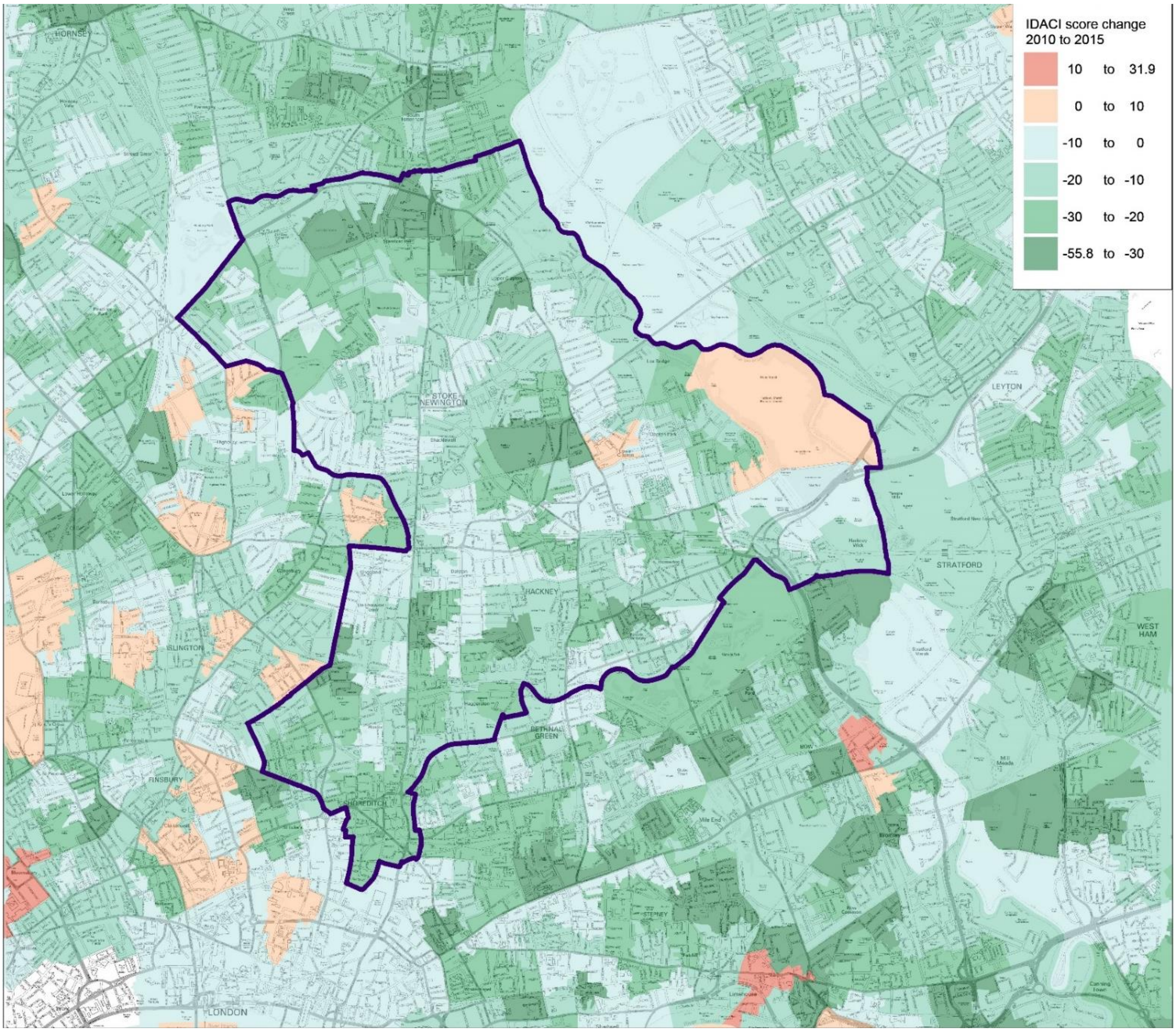
In terms of Hackney's IDACI score, the borough ranks as the 10th most deprived local authority in England and 37% of the boroughs LSOAs are in the top 10% most deprived nationally for this measure. There are particular concentrations of deprivation in the Woodberry Down, Leabridge/Springfield, and Kings Park, Wick and Homerton areas.

Map 11: Income Deprivation Affecting Children Index



It is also possible to map absolute change in income deprivation affecting children. In the map below, green areas indicate a decrease in deprivation. This map shows the change in the percentage of children experiencing income deprivation. It presents a similar pattern to the overall income deprivation measure – decreases in almost every part of the borough with greatest improvement in Stamford Hill, and on this map also Hackney Downs and a number of additional areas around Dalston and London Fields. Hackney Marshes again shows up as an area where deprivation has increased. Income deprivation among children has increased there and also in a small area in Lower Clapton.

Map 12: IDACI score change, 2010 to 2015

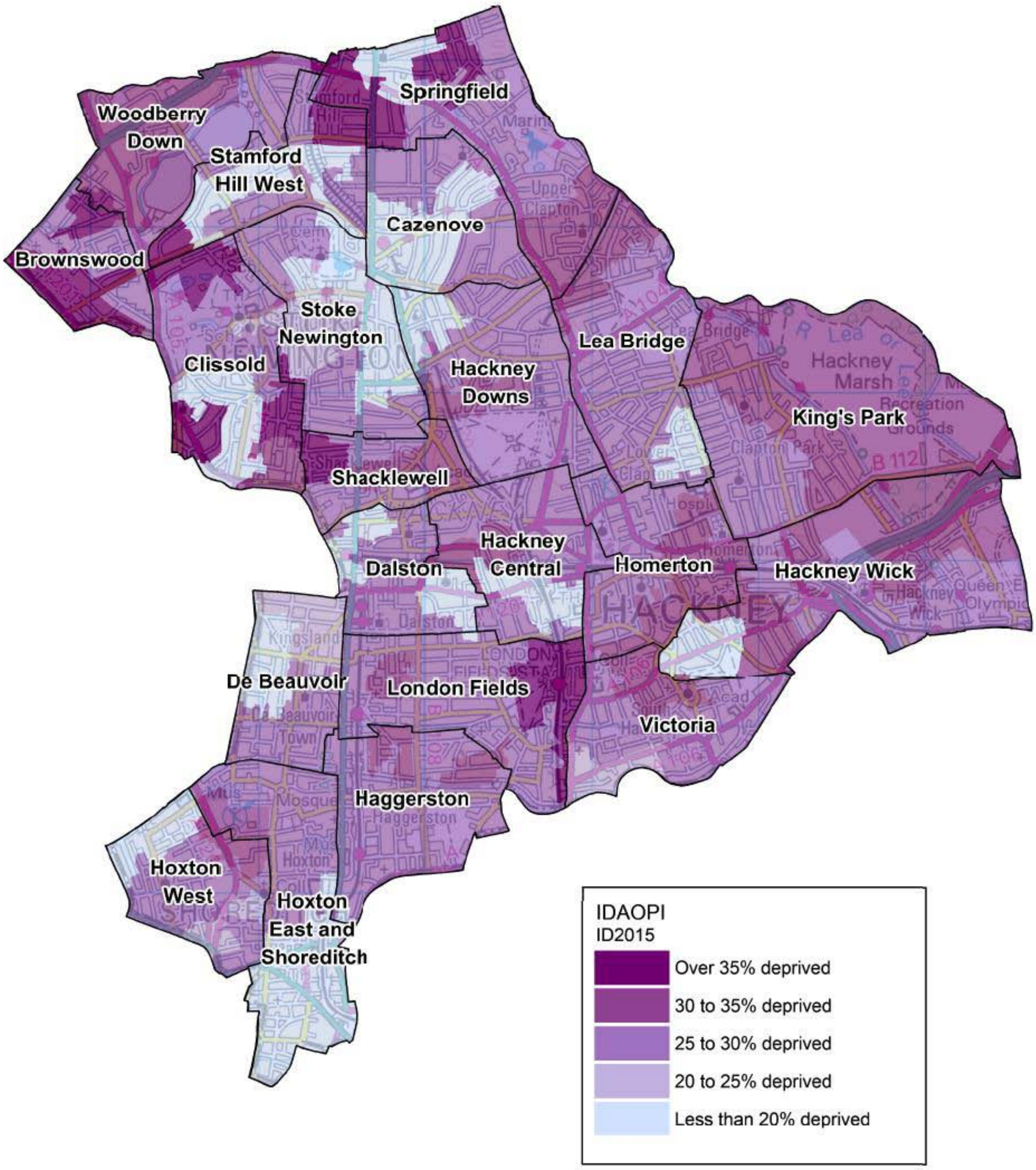


IDAOPI

Income Deprivation Affecting Older People Index (IDAOPI) is a sub-set of the income domain, and is calculated using the percentage of older people living in income deprived households.

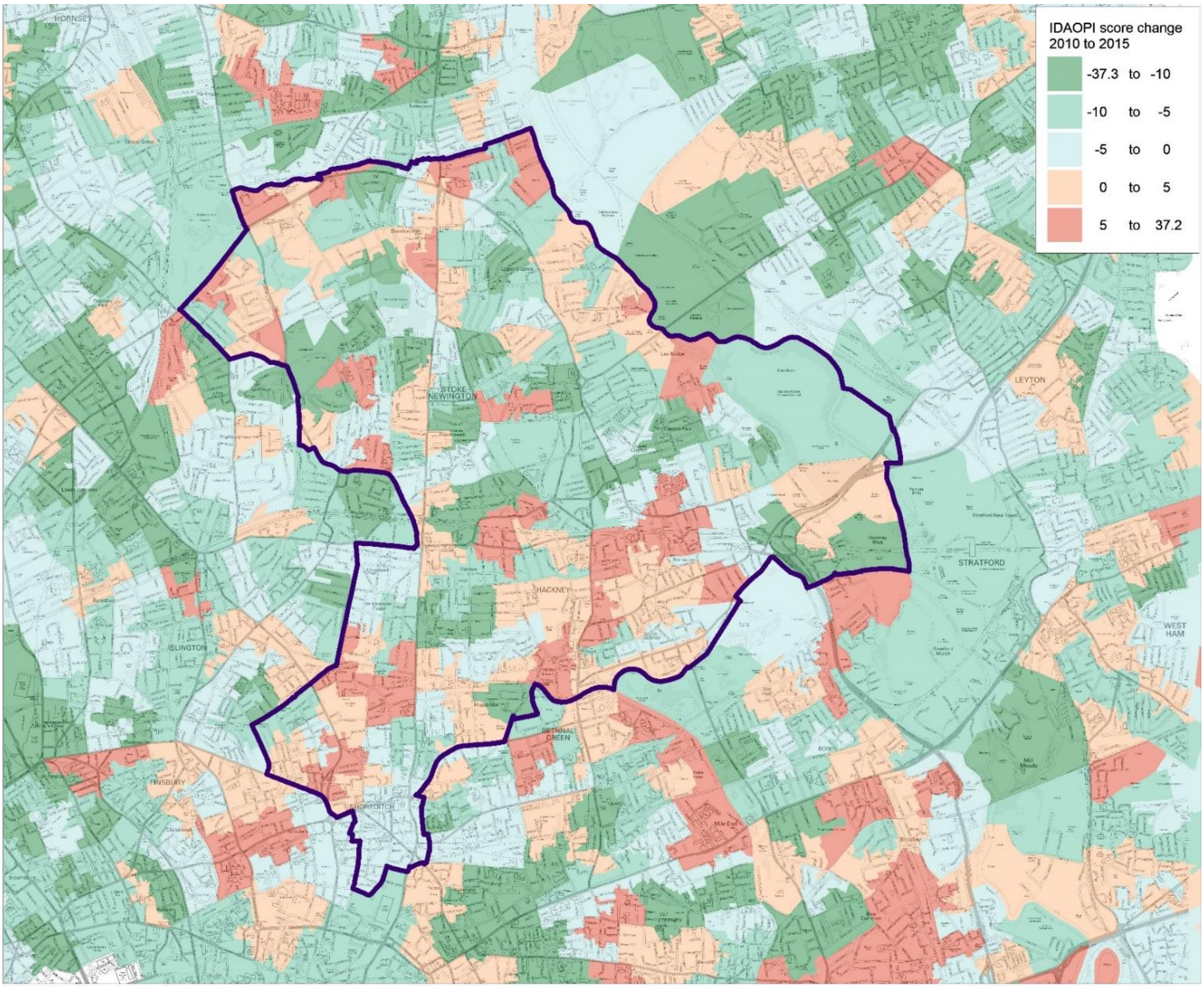
In terms of Hackney's IDAOPI score, the borough ranks as the 2nd most deprived local authority in England, and 78% of the borough's LSOAs are in the top 10% most deprived nationally for this measure. There are particular concentrations of deprivation affecting older people in the north and north-west of the borough and in the area to the east of London Fields.

Map 13: Income Deprivation Affecting Older People



As with the IDACI measure, it is possible to track real change in the IDAOPI measure. The map below shows change in the IDAOPI score, which measures the percentage of older people experiencing income deprivation. Again, negative numbers indicate an improvement. This map shows a much more mixed picture than changes in the measures for overall income deprivation and children's income deprivation. Although it is still the case that the majority of LSOAs have seen a decrease in this measure, there are significant areas where income deprivation among older people has increased. These include Hoxton and upper Shoreditch, Hackney Central and Homerton, and various smaller areas in Stamford Hill, Upper Clapton and Lea Bridge.

Map 14: Change in IDAOPI, 2010 to 2015



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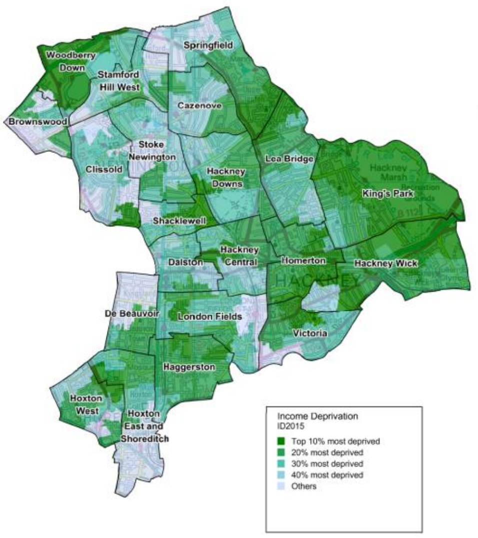
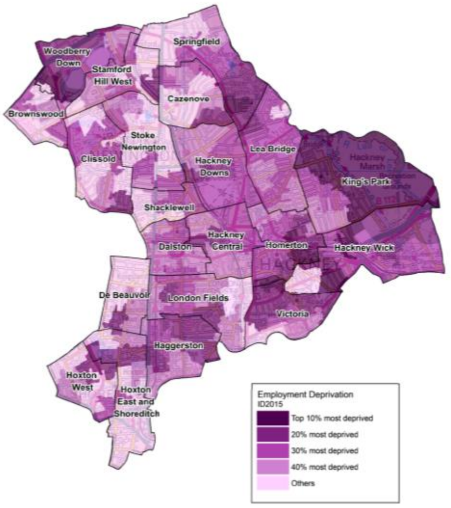
Appendix: At-a-glance map summary

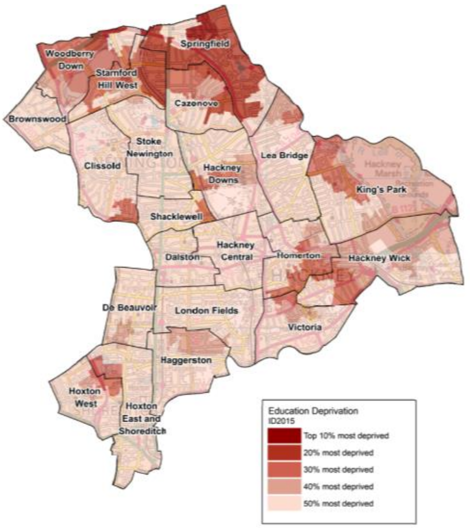
Income



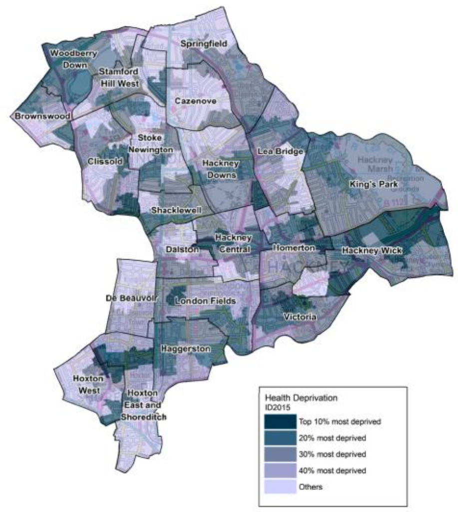
Employment



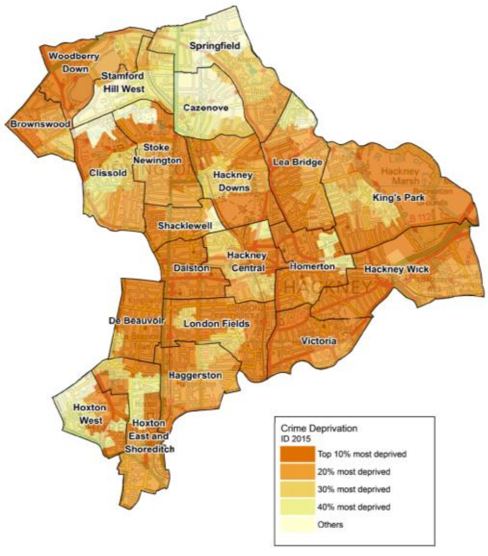
Education



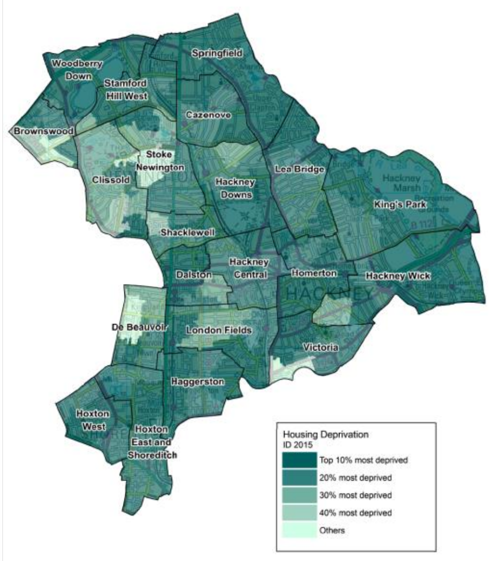
Health



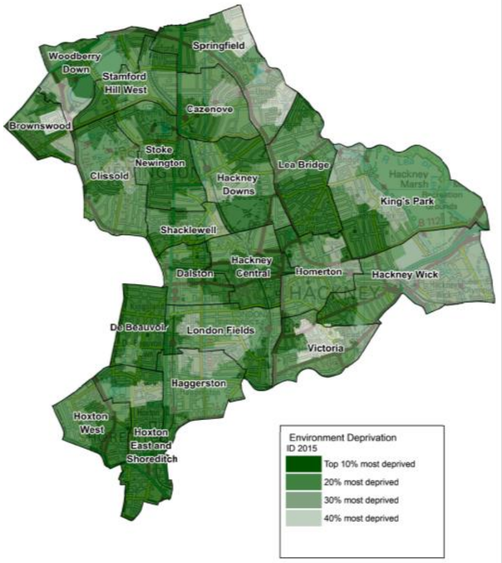
Crime



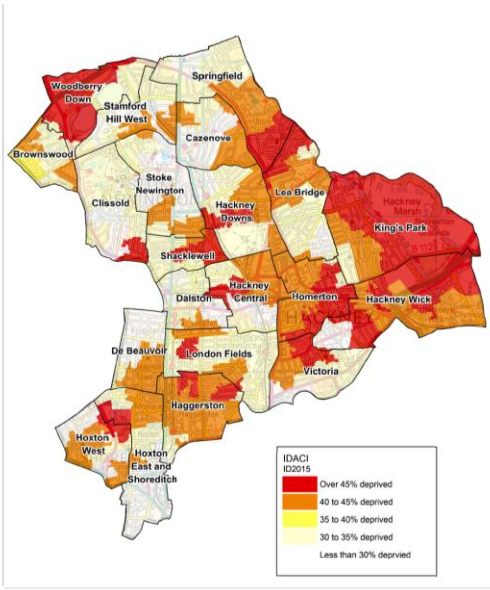
Housing



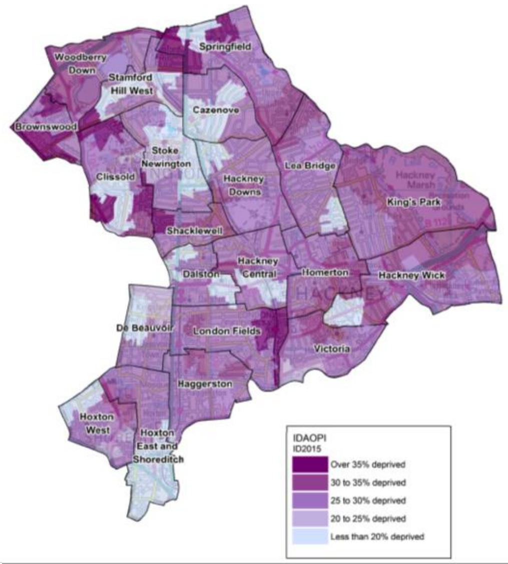
Environment



IDACI



IDAOPI



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Hackney

Working in Hackney Scrutiny Commission 18th September 2017 **Employment Support and the Integration of Employment Support Initiatives**	Item No **6**

Outline

Councillors have identified a need for the integration of initiatives that help to support people back into work, particularly people with a starting point quite far from the needs of the job market.

To understand the Council's role and work in this area the Commission decided to look at the Council's Hackney Works Service (formally known as Ways into Work) and best practice.

The Commission asked the Council to provide information about its employment support service and comparisons of LBH's work in this area to other similar employment support programmes. A key feature of this discussion is to understand the council's role and work to support residents that are further away from the current needs of the job market.

In addition the Commission is asking how the council could help to support the different initiatives in the Borough to work together. The Commission is interested in how the different initiatives can work together so they can get a picture of how an individual could move from, for example, health support services to health/employment support services to enable that individual to move closer towards employment.

A Q&A session will follow the presentation of information by Hackney Works and the Public Health Team.

Action

The Commission is asked to provide input to the development of the services and the integration of service provision in the Borough.

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Hackney

Working in Hackney Scrutiny Commission 18th September 2017 **Working in Hackney Scrutiny Commission Work Programme for 2017/18**	Item No **7**

Outline

Attached is the work programme for the Working in Hackney Scrutiny Commission for 2017/18. This is a working document that is regularly updated.

Action

The Commission is asked for any comments, amendments or suggestions for the work programme.

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Overview & Scrutiny

Working in Hackney Scrutiny Commission

Rolling Work Programme June 2017 – April 2018

All meetings take pace at 7.00 pm in Hackney Town Hall unless stated otherwise on the agenda. This rolling work programme report is updated and published on the agenda for each meeting of the Commission.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Thurs 15th June 2017 Papers deadline: Mon 7th June	The Council's Approach to Economic and Community Development	Corporate Strategy Chief Executive Directorate Stephen Haynes	Presentation about work strands and Council's current work
	Employment and Skills	Corporate Strategy Chief Executive Directorate Stephen Haynes	Presentation about Employment and Skills Service
	Work Programme Discussion	Overview and Scrutiny Chief Executive Directorate Tracey Anderson	To agree a review topic and discussion items for the work programme.
Wed 5 July 2017 Papers deadline: Mon 26th June 2017	Support to Local Businesses	Various	Invitation sent out to local businesses and council service areas that support local businesses
	Work Programme Discussion	Overview and Scrutiny Chief Executive Directorate Tracey Anderson	To agree a review topic and discussion items for the work programme.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Mon 18 Sept 2017 Papers deadline: Wed 6th Sept	Employment Support and the integration of Employment Support Initiatives	Chief Executive Directorate Corporate Strategy Team and Public Health	**Employment support** for people who are not job ready. Information about the Hackney Works service and future direction of the service provision. **Integrated working**. A look at how the different employment support initiatives in the Borough work together or could work together.
	Local Economic Assessment	Chief Executive Directorate Policy and Partnerships Team	A presentation on the most recent data for Hackney covering population, work and the economy.
Wed 8 Nov 2017 Papers deadline: Fri 27th Oct 2017	Cabinet Member Question Time – Cabinet Member for Planning, Business and Investment	Mayor's Office	
	Cabinet Member Question Time – Cabinet Member for Employment Skills and Human Resources	Mayor's Office	
	Evidence Session for long review	TBC	TBC
	Terms of Reference for A Changing Borough – Skills needed in the next 10 years	Overview and Scrutiny Chief Executive Directorate Tracey Anderson	
Thurs 14 Dec 2017 Papers deadline: Mon 4th Dec	Systematic links between schools and local jobs	Hackney Learning Trust Various Schools	TBC This will be a joint one off discussion item with CYPS Commission

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Mon 5 Feb 2018 Papers deadline: Wed 24th Jan	Economic and Community Development Board Update	Chief Executive Directorate Corporate Strategy Team	Update on the Board's current work and strategy development.
	Evidence Session for long review	TBC	TBC
Wed 14 Mar 2018 Papers deadline: Fri 2 Mar	Inequity at Work	Chief Executive Directorate Corporate Strategy Team Policy and Partnerships Team	
	Evidence Session for long review	TBC	TBC
April 2018		**PURDAH NO MEETINGS**	

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