

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.

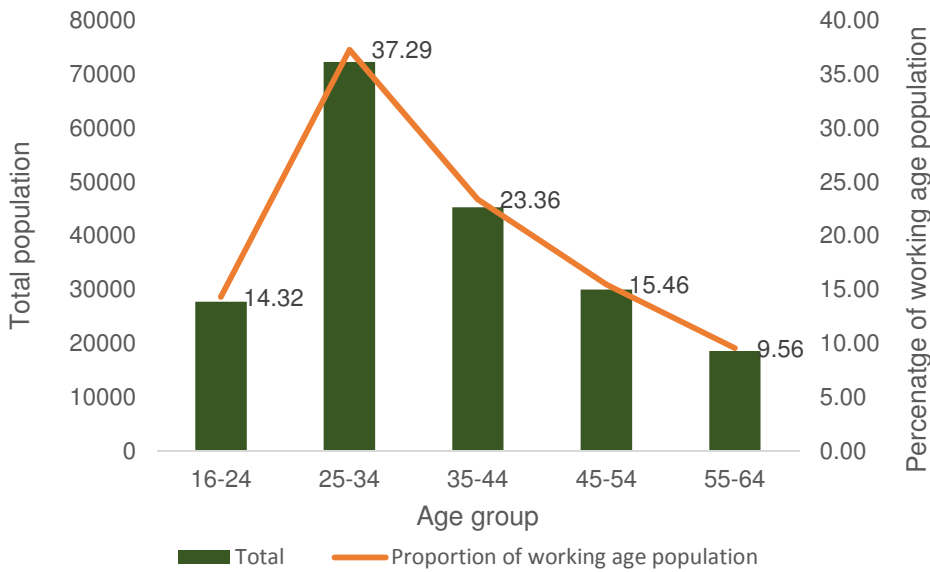


Figure 1 - Working age population of Hackney (16-64 year olds) by age group¹

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).

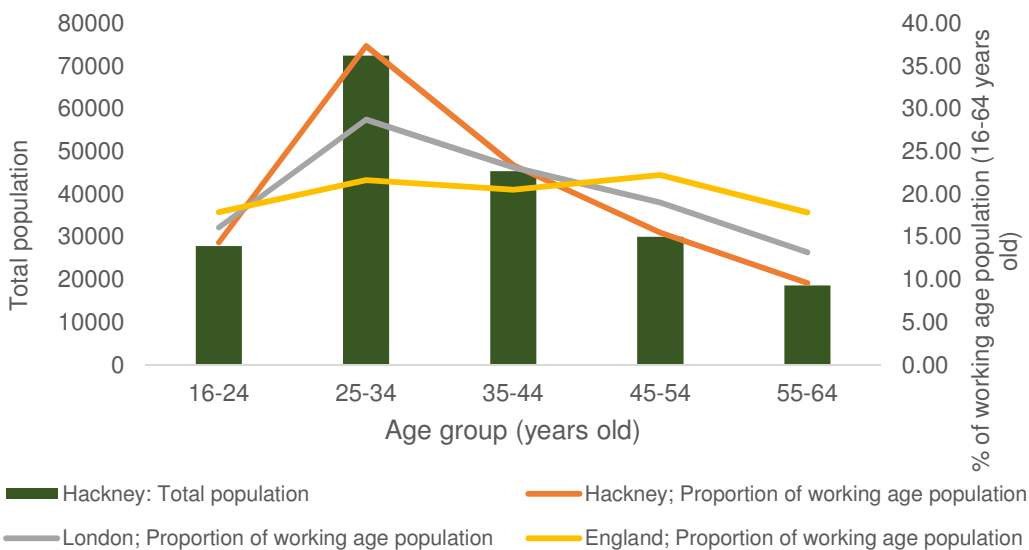


Figure 2 - Working age (16-64 years old) by age group, Hackney and comparators²

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.

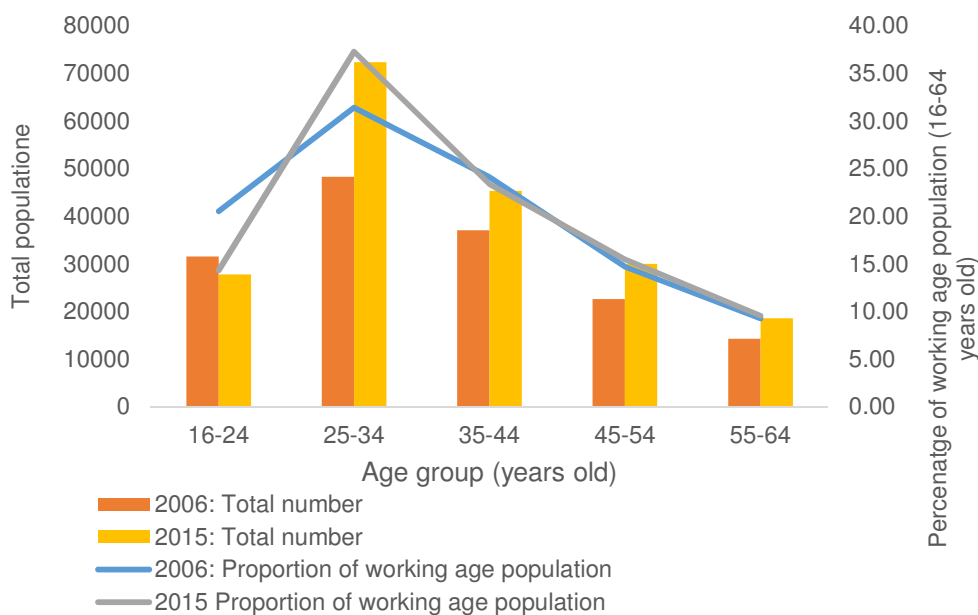


Figure 3 - Working age population of Hackney (16-64 year olds) by age group 2006 and 2015⁴

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 city⁵. 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 adults⁶.

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 retired⁷.

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.

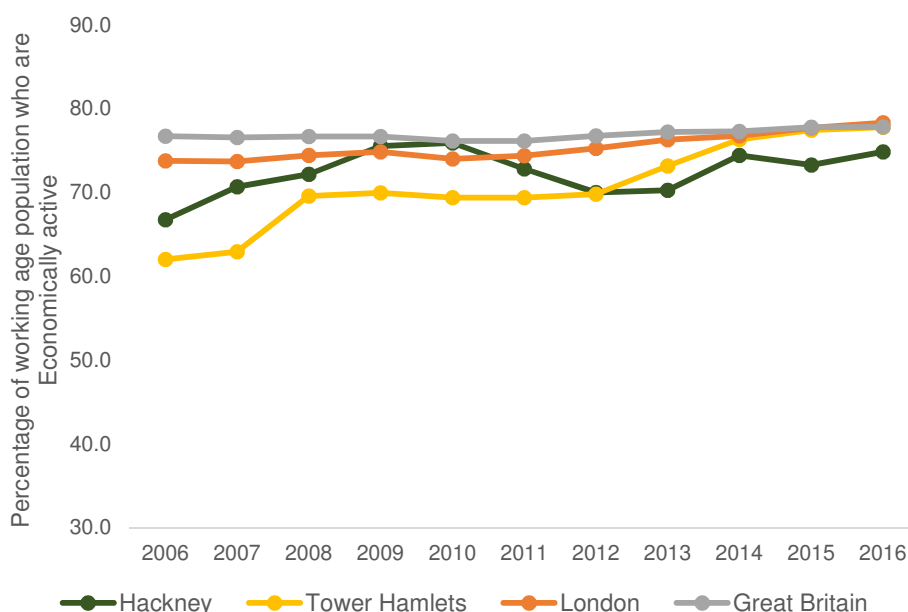


Figure 4 – Hackney, Tower Hamlets, London and Great Britain; Economic activity rate for working age (16-64 year olds) 2006-2016¹⁰

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

⁸Annual 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 years¹³. This is explained partly by the lower rates of employment amongst women in the capital – especially women with dependent children¹⁴. 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

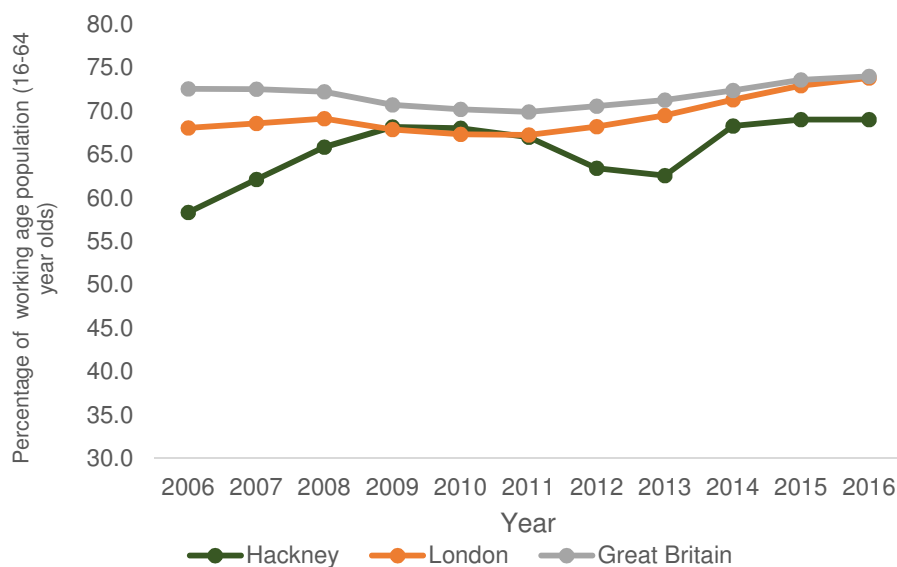


Figure 5 – Hackney, London and Great Britain; Working age (16 - 64 years old) employment rate 2006-2016¹⁵

2.5 Self-employment

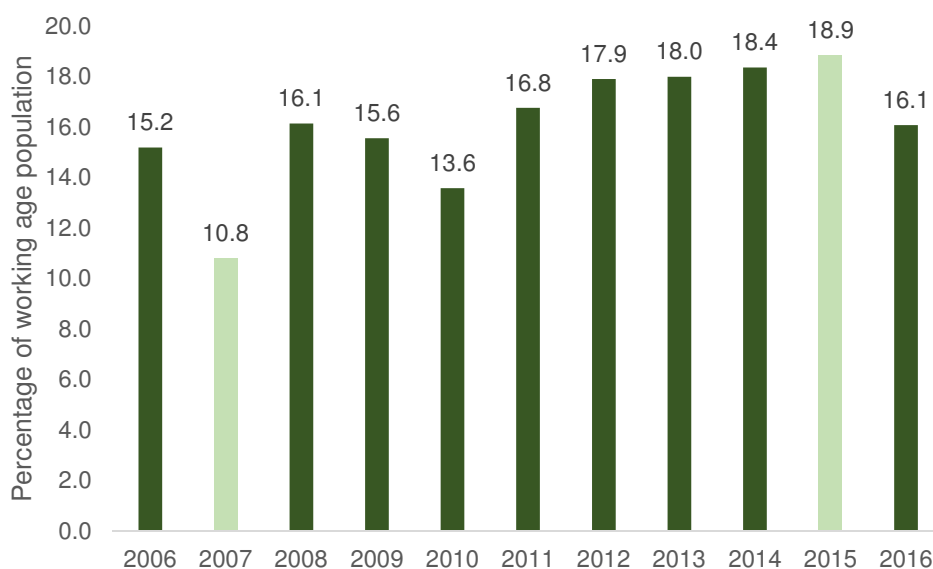


Figure 6 – Hackney; Percentage of working population (16-64 years old) who are self-employed 2006-2016¹⁶

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.

¹⁵ Annual population survey, ONS, accessed June 2017

¹⁶ Ibid

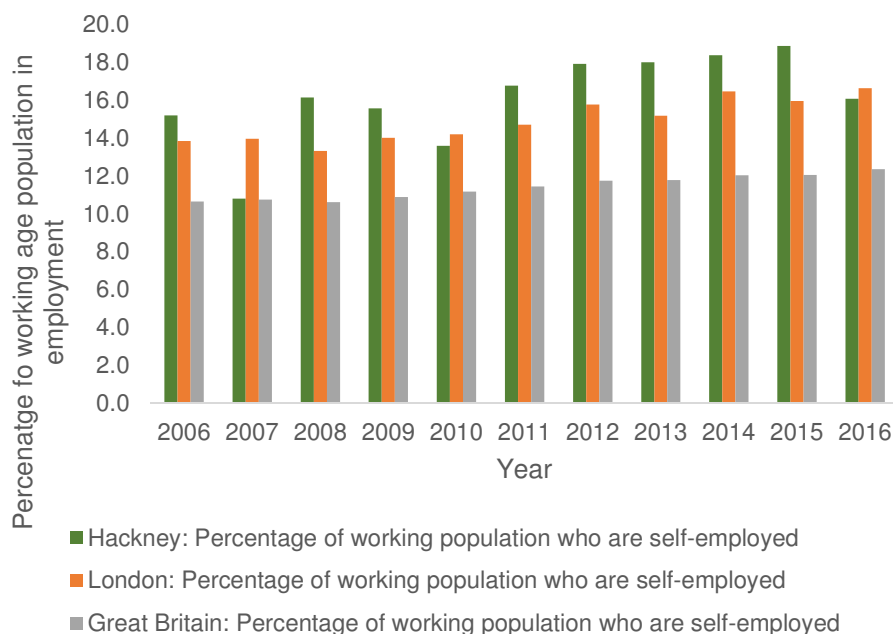


Figure 7 – Self-employed: Working age population (16-64 years old) in employment who are self-employed Hackney, London and Great Britain 2006-2016¹⁷

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 2016¹⁸. 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 whole¹⁹.

¹⁷ Ibid

¹⁸ Part-time employment in London, GLA Economics, January 2015

¹⁹ Part-time employment in London, GLA Economics, January 2015

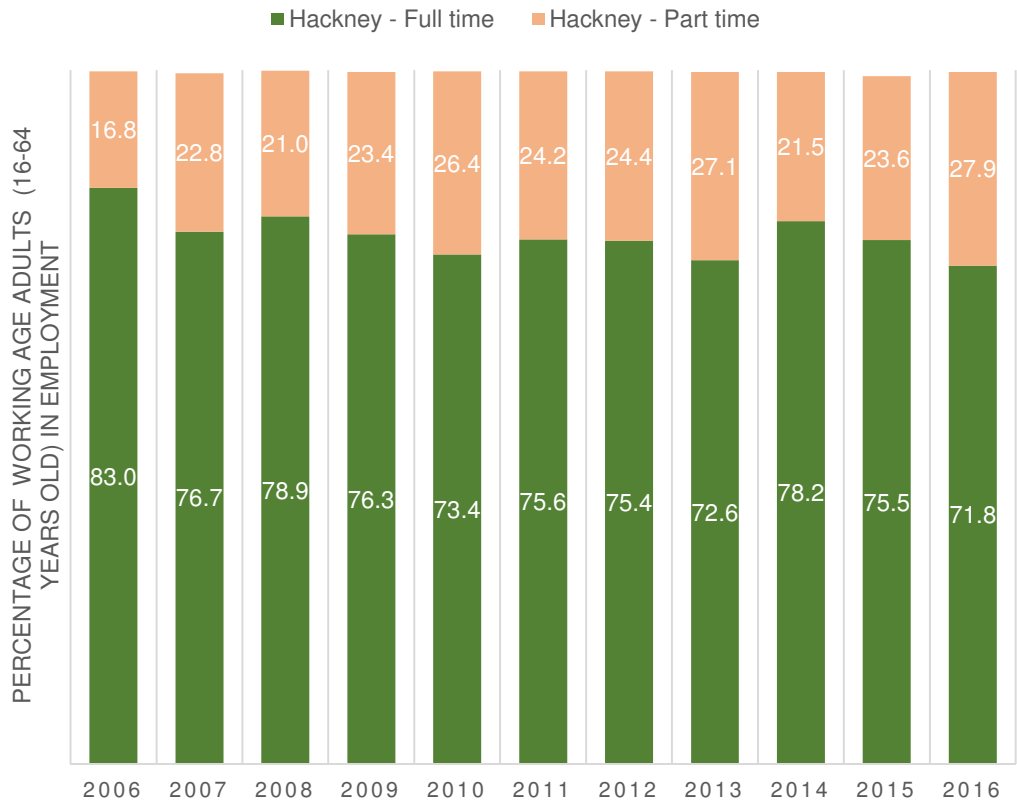


Figure 8 – Hackney Full and Part time employment for the working age population (16-64 years old) 2006-2016²⁰

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.

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²⁰ Ibid