

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 earned a median gross weekly income of £613.30 – slightly less than full-time workers in Hackney who earned a median gross weekly income of £626.90. Both London residents and London workers earned 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 level¹ (83.9%) and NVQ2 level² (74.9%). Almost two-thirds of working age adults have a qualification at NVQ3 level³ (65.1%) and over half have a qualification at NVQ4 level⁴ (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%).

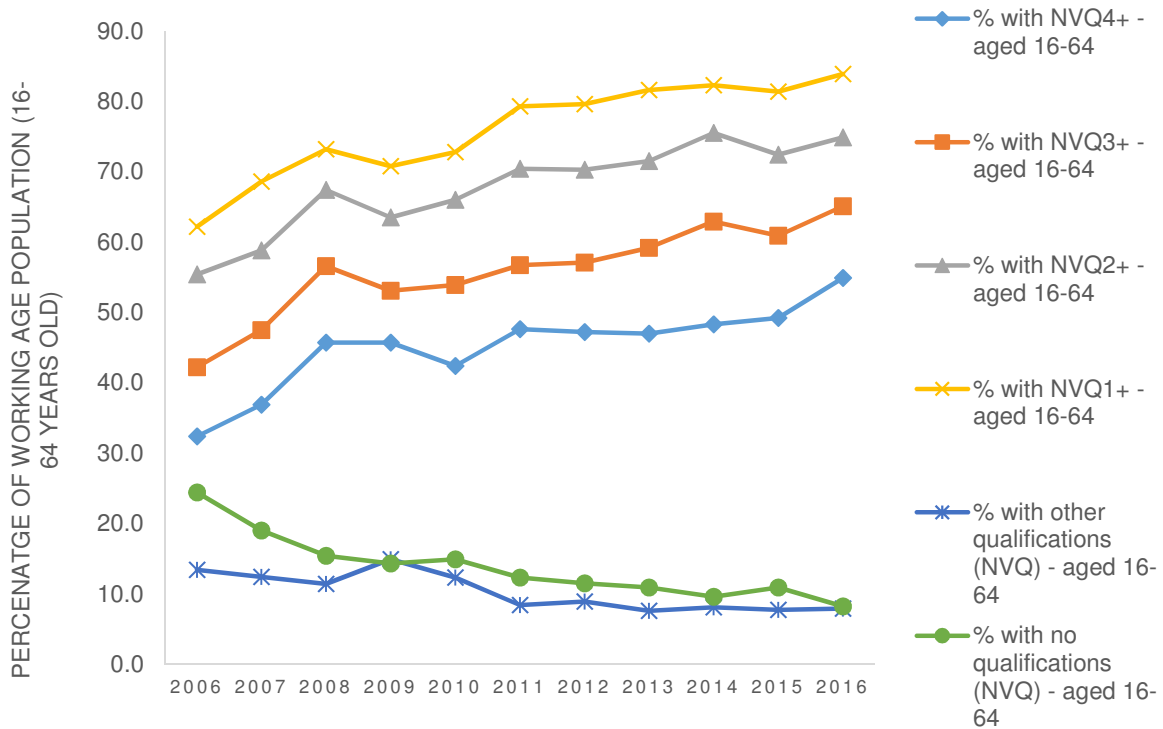


Figure 1 – Hackney; Highest qualification 2006-2016, Annual Population Survey

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.

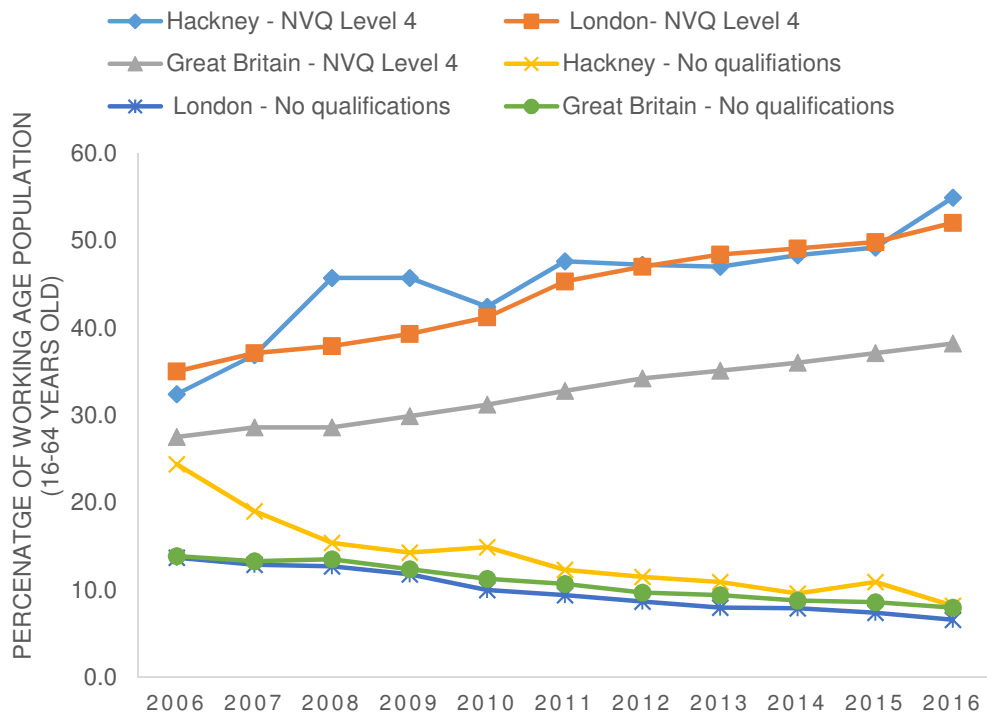


Figure 2 – Hackney, London and Great Britain; Comparative Qualifications 2006- 2016, Annual Population Survey

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 earned a median gross weekly income of £613.30 – slightly less than full-time workers in Hackney who earned a median gross weekly income of £626.90. Both London residents and London workers earned 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).

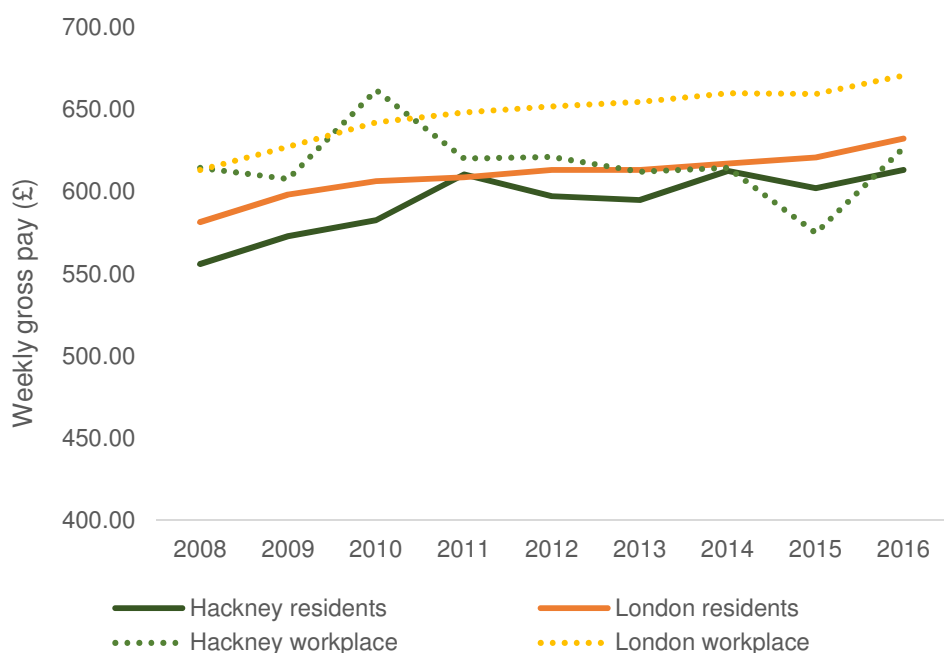


Figure 3 - Median weekly incomes: Hackney and London residents and workplace in full-time employment 2008-2016, Annual survey of hours and earnings (resident and workers analysis)

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 earned a median gross weekly income of £154.40 – slightly less than part-time workers in Hackney who earned a median gross weekly income of £165.80. Both London residents and London workers in part time employment earned 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

2008-2016 part time earnings:

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 interval – 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.

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