

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.

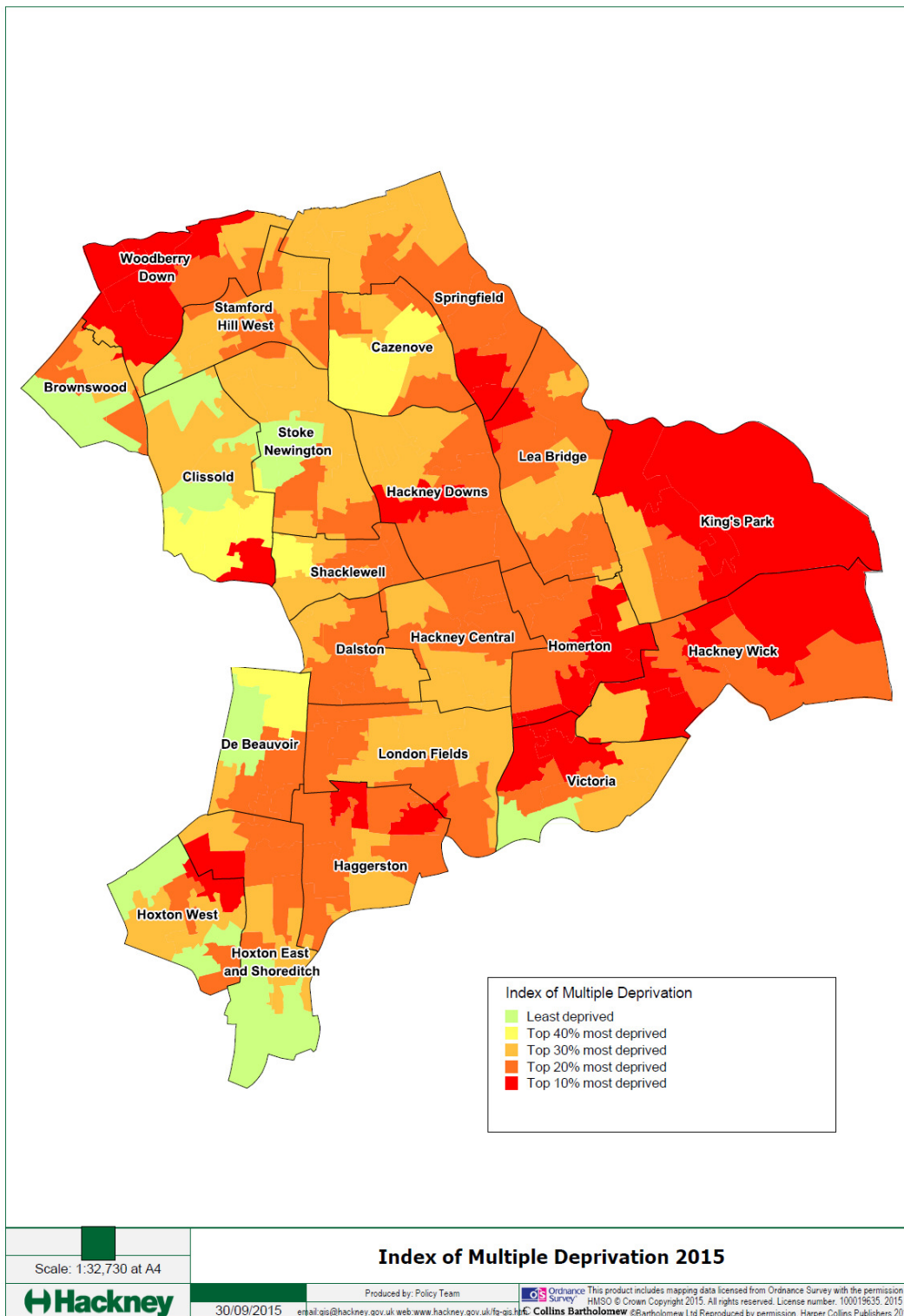


Fig. 1 – Map of the Index of Multiple Deprivation 2015. Source Hackney Council

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 retired².

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 practices³ and there have been concerns reported in the Media⁴ 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

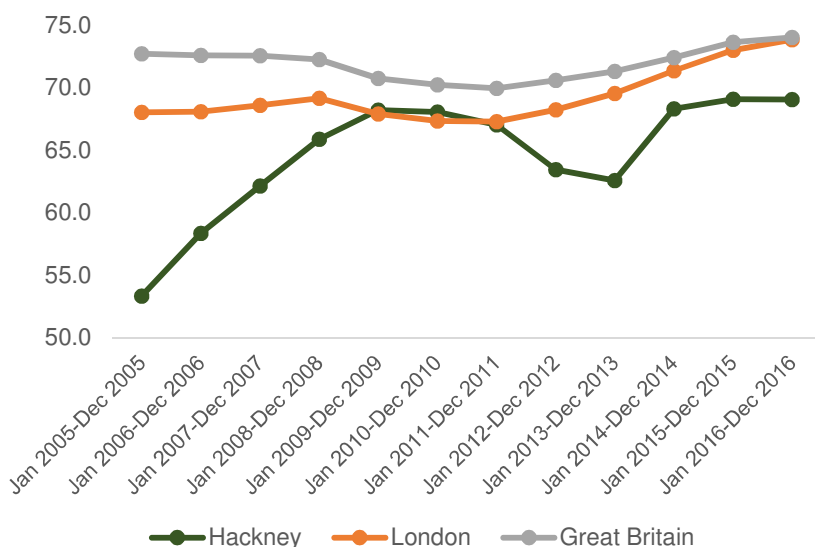


Figure 2 - Employment rate for Hackney working age population (16-64), 2005-2016 ONS Population Survey

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.

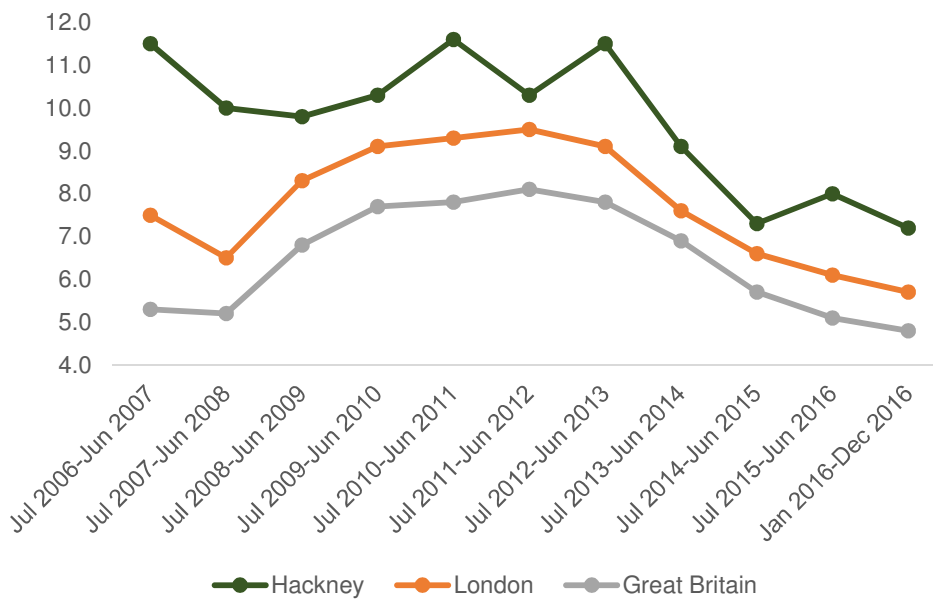


Figure 3 - Unemployment since 2006 for Hackney working age population – ONS Population Survey 2016

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 sources⁵ 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.

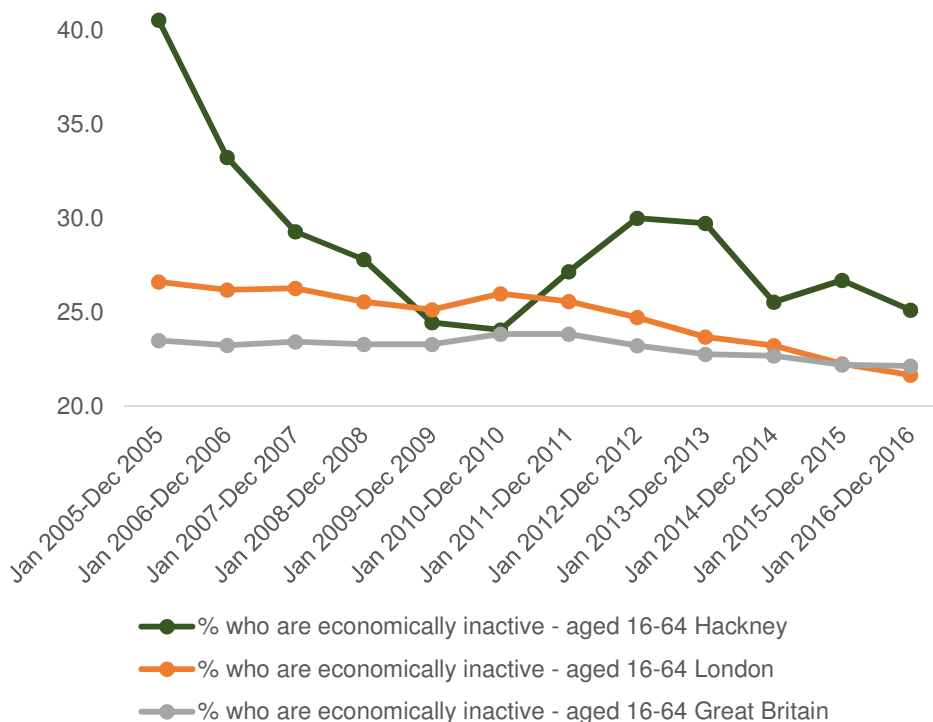


Figure 3 - Economic inactivity amongst working age residents since 2005 - ONS

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 disability⁶.

	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.

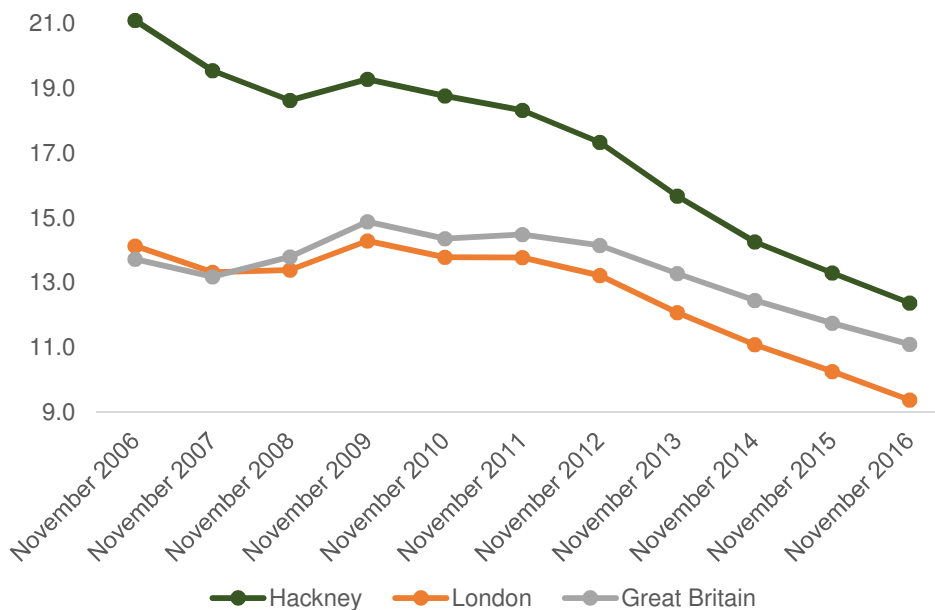


Figure 4 – Total Claimants, working age since 2006 - ONS

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.

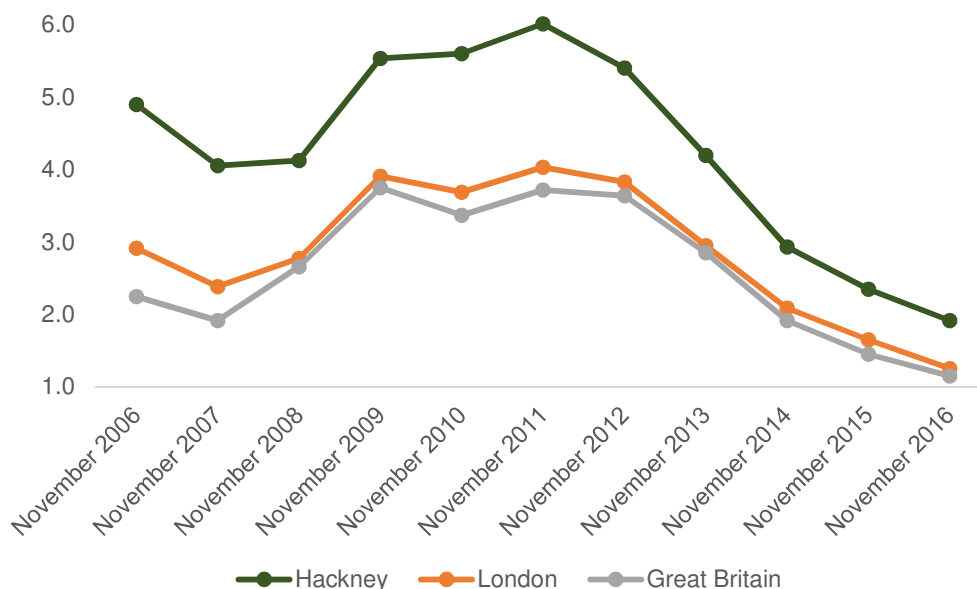


Figure 5 - Job Seekers Allowance/UC Claimants since 2006 – ONS

4.5 The JSA/UC Claimant Count by gender

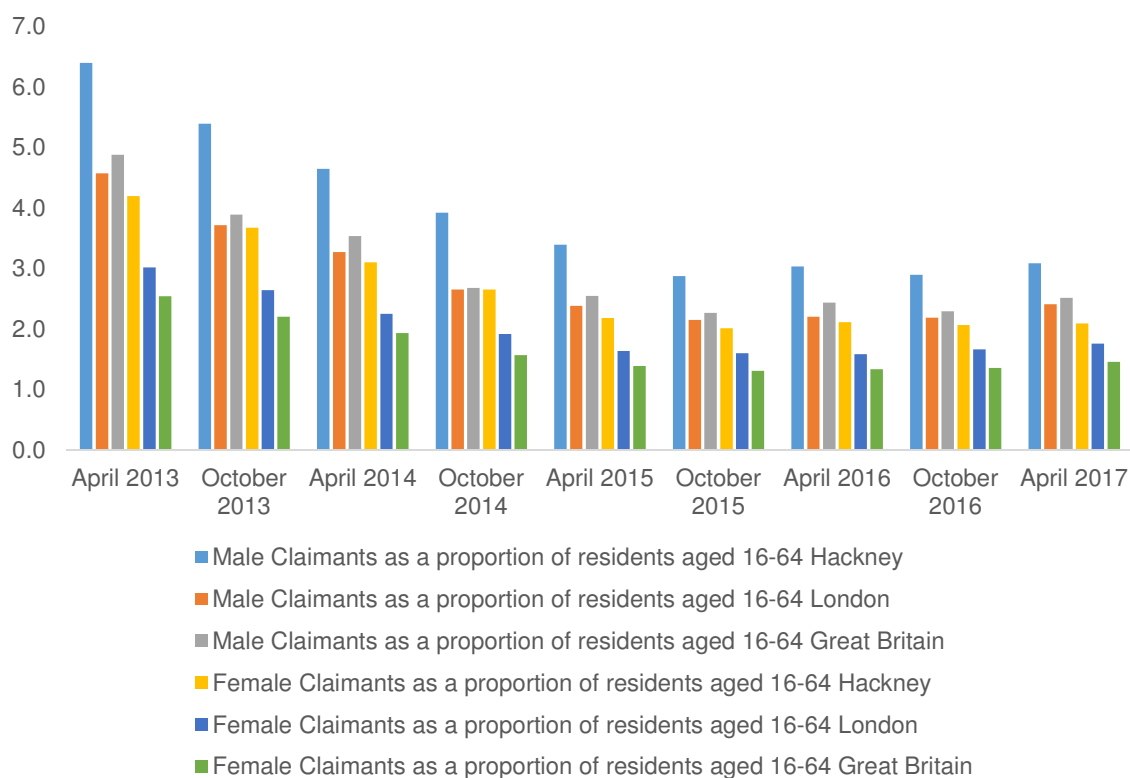


Figure 6 – JSA/UC Claimant Count by sex since January 2013 – ONS

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.

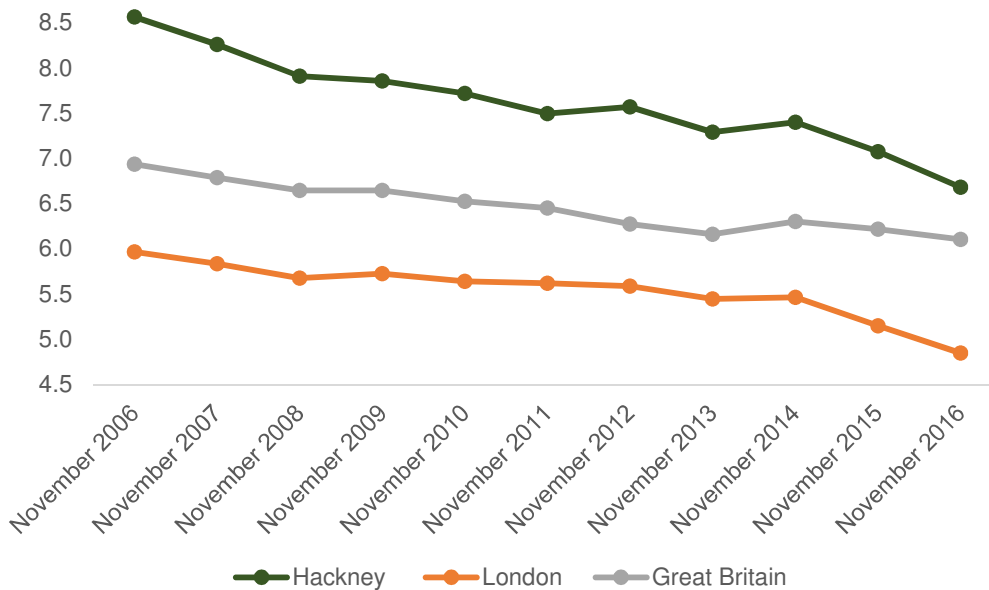


Figure 7 – ESA and incapacity benefit claimants since 2006

Produced by the Policy & Insight Team, summer 2017

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