Tower Hamlets Local Economic Assessment

Data refresh for 2015-2016

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Table of Contents

Executive summary

The Tower Hamlets economy has grown substantially since 2010 in terms of Gross Value Added, jobs, and the employment of Tower Hamlets residents. The borough has moved up in the rankings of employment, earnings and skills. While Tower Hamlets retains areas and concentrations of deprivation, these no longer define the borough.

Jobs in Tower Hamlets are increasingly concentrated within the three highest occupational categories: managers, professional and associate professional occupations. Similar to the Central London economy, the key sectors driving economic growth in the borough are finance and insurance, professional services and information and communication, including the growth of 'Tech City' type firms across the borough.

This pattern of high-skilled growth is forecast to continue, and there is likely to be increased competition for these and lower level jobs. Future projections expect employment in Tower Hamlets to grow by up to 78% by 2036.

In addition, the borough's population is expected to grow by around 50% to 2041, and households by 67% by the same date. Given the physical limits of Tower Hamlets, accommodating this projected growth presents key challenges for Tower Hamlets Council, and for the schools and education services serving Tower Hamlets, to:

- continue to facilitate economic and job growth, and
- ensure that residents are competitive for the new jobs that are emerging.

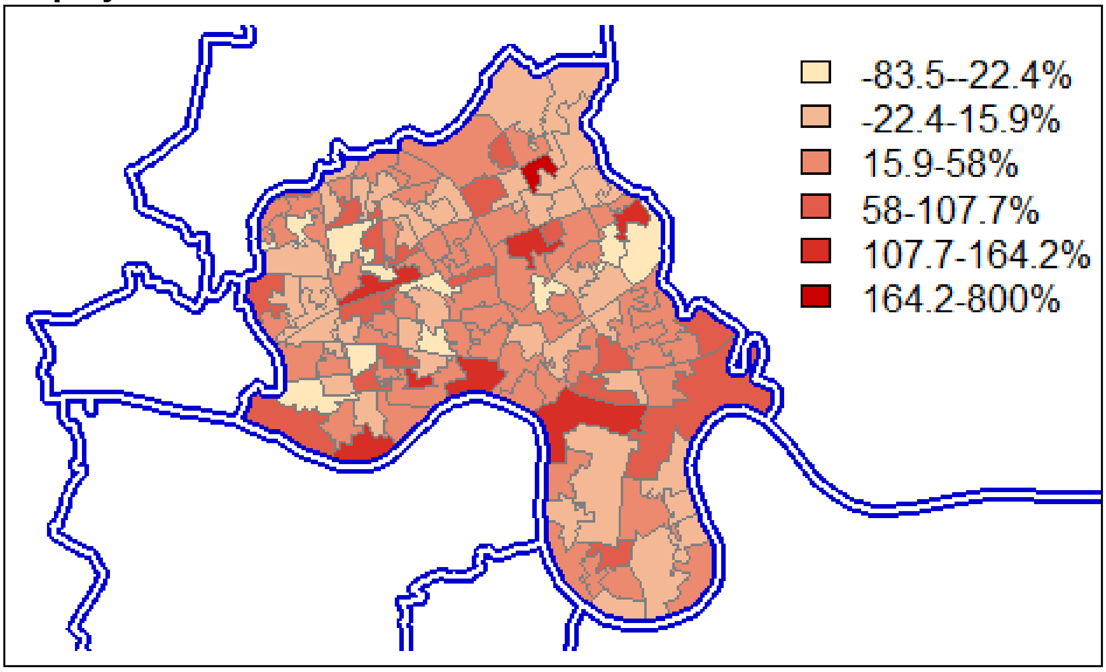
Key findings:

The Tower Hamlets economy in context

- The economic output from Tower Hamlets in 2014 was £35.7 billion, accounting for 2.2% of the UK total output. In 2013, output from the Tower Hamlets was greater than that of 6 EU members, including Malta and Slovenia.
- In terms of productivity, Tower Hamlets is ranked third nationally and in London, after Camden and the City of London. Productivity per worker in Tower Hamlets is £136,557, 2.6 times the UK average.
- Over 5% of London's employment is concentrated in Tower Hamlets and the borough now accounts for some 30% of all in employment in the East London boroughs.
- There are two very different 'sub-economies' driving economic growth in Tower Hamlets. More than 75% of employment is concentrated in Canary Wharf (55%) and the City Fringe (21%) where employment is strongly concentrated in finance,

professional services, information and communication, and business support services. In the rest of the borough employment is concentrated in health and education.

Employment Growth 2009-2014 across Tower Hamlets



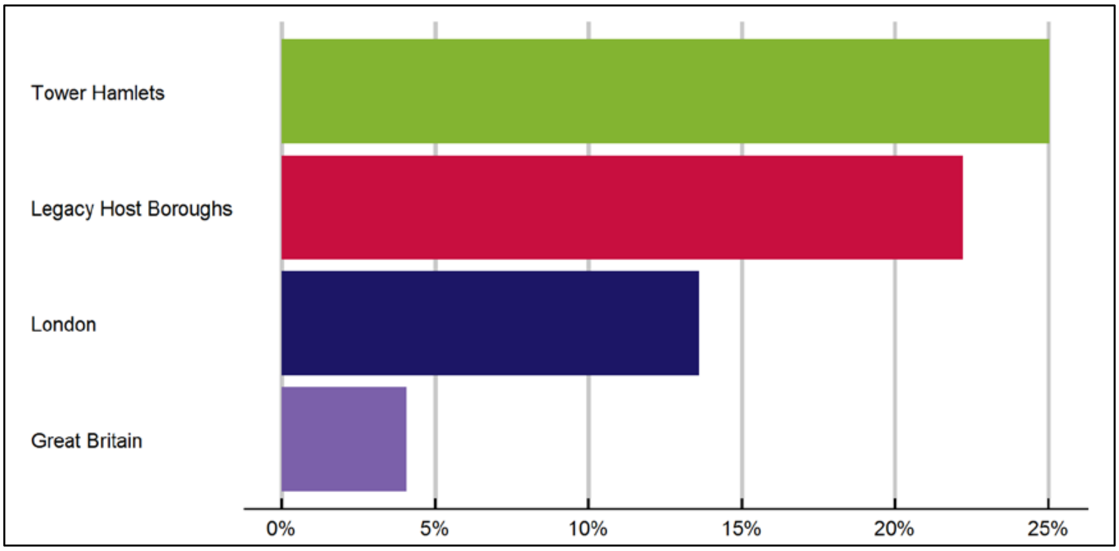
Source: ONS Business Register and Employment Survey

- Tower Hamlets is a net importer of labour from across London and the South East. The borough's economy imports highly–qualified employees for 'high-value sectors' from a wider catchment but exports less-qualified labour to low-value sectors in the surrounding boroughs.
- Tower Hamlets has the fifth highest job density in London after the City of London, Westminster, Camden and Islington.
- Around 15% of local jobs are filled by Tower Hamlets residents.
- Around a third of working residents work locally in Tower Hamlets.

Economic performance

- Over the period 2009-2014, total employment in Tower Hamlets expanded by 25%, higher than the average growth rates for the Six Legacy Host Boroughs sub-region (22%), and substantially higher than for London (14%) as a whole.

Total employment change, 2009-2014



Source: ONS Business Register and Employment Survey

- Tower Hamlets accounts for 43% of employment growth in the Legacy Host Boroughs.
- Professional and business support services have been the major driver of job growth in the borough over the past five years, recording a 60% increase in employment levels for professional services and 51% for business support services. This has been followed by information and communication (+39%). These rates of growth all exceeded the London average.
- After the City of London, workers in Tower Hamlets have the second highest earning levels in London. The average (mean) annual earnings is in the borough is approximately £61,198.
- However, Tower Hamlets residents have the 10th highest earnings level in London (Kensington and Chelsea the highest and Newham the lowest). Tower Hamlets residents earn on average £39,563.
- The lowest 20% of workers in Tower Hamlets are paid up to £22,466 per year. The equivalent figure for London is £15,817 and £11,570 in England.

Skills needs and future demand for labour

- The GLA forecasts employment in Tower Hamlets increasing from 261,000 jobs in 2014 to 323,000 jobs in 2022, and 465,000 jobs in 2036. This is a growth of 78% in Tower Hamlets, compared with 14% in London as a whole.
- The Tower Hamlets share of the total London employment is expected to increase from 5.5% in 2014 to 8.6% by 2036.
- There are currently 261,000 jobs in the borough and this is expected to increase to 323,000 by 2022 and to 465,000 by 2036, an increase of 78% compared to 14% for London as a whole.

- A key facilitator of economic growth will be the opening of Crossrail by 2018. However, GLA employment forecasts predict that the number of jobs in the financial and insurance sector will decline slightly compared with larger increases in the professional services, business services and information services.
- Derived occupational forecasts for the borough show that there will be continual growth in the higher-level occupational groups of the professional and associate professional. There will be increased (continued) demand for the highly qualified, those with level 4 qualifications (degrees and above).
- The major source of people leaving the labour market is retirement. Only 8% of the borough's workforce will reach retirement age by 2022 compared to 13% in London.

People and Population Change

- The population of Tower Hamlets is expected to increase by around 50% from 2011 to 2041 under most assumptions. The lowest projections show a 32% increase in the borough population.
- These projections suggest an increase of between 80,000-130,000 residents, mostly due to natural change. It also implies an increase of up to 90,000 residents in the working age population. Up to 30,000 of this growth is likely to have already taken place, given the projections to 2016.
- The number of households is projected to increase to 147,000 by 2026. This will be the highest percentage increase in the number of households of all the London boroughs, an increase of 56% compared to the London rate of 24%.
- There will also be significant changes in household types, with the percentage of single person households projected to increase by 80% between 2014 and 2037. There will also be a significant increase, by up to 90% in the number of pensioner households.
- The patterns of internal migration in Tower Hamlets mirror those of other Inner London boroughs with in-migration by students and early career professionals and out-migration of those in their 30s with family formation.
- International migration continues to be a driver of population change in the borough and in 2014/15 Tower Hamlets had the third highest number of new migrants registering for a national insurance number nationally and in London.

Deprivation and inequality

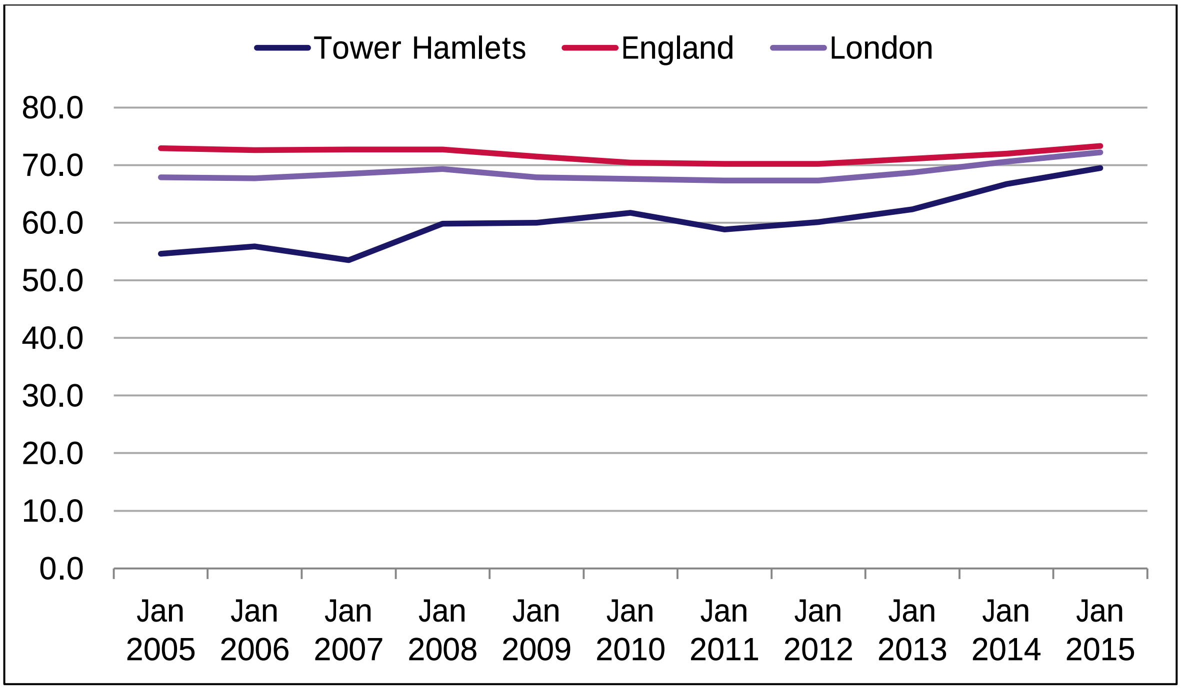
- Tower Hamlets is no longer amongst the 20 most deprived local authorities in the country. The 2015 Indices of Multiple Deprivation shows that along with Newham and Hackney, Tower Hamlets has become relatively less deprived and the borough is now ranked the 24th most deprived borough in the country and the third most deprived in London.

- However, Tower Hamlets is the most deprived local authority in England in terms of income deprivation amongst children and older people.
- More than two thirds (69%) of the borough's population belong to minority ethnic groups (i.e. not White British). 55% belong to BME (Black and Minority Ethnic) groups and a further 14% are from White minority groups.
- Tower Hamlets has a relatively high proportion of residents who use a main language other than English: 34 per cent compared with 22 per cent across London.

Labour market

- Tower Hamlets now has an employment rate of 69.5%, an improvement of almost 15 percentage points since June 2005, when the employment rate was 54.6%. While the borough's employment rate is still lower than in London (72.2%) and the UK (73.5%), the gap has narrowed substantially.

Employment rates 2005-2015 for Tower Hamlets, London and England



Source: Annual Population Survey, NOMIS

- The number of jobs in the borough has increased from 105,000 in 1991 to 204,000 in 2008, and 261,000 in 2014.
- There are more jobs than there are working age residents in the borough. Tower Hamlets has one of the highest job densities in the country, with 1.4 jobs per working age resident.
- Over half (53%) of working residents are employed in the highly skilled occupations.
- According to the 2013 UK Skills Survey, employers reported that in Tower Hamlets, 11% of employers had vacancies compared to 19% in London and 14% in England.

- Around 14% of employers reported skills gaps amongst their existing workforce compared to 16% in London and 17% in England. The most common skills gaps included problem solving, planning and organisational skills, customer handling skills, advanced IT and software skills, oral communication skills, team working skills, and strategic management skills.
- Employers in Tower Hamlets who have recruited young people leaving school or higher education did not report poor education or lack of literacy and numeracy skills among their recruits. However, some employers did raise that recruits lacked working world/life experience (20%), had a poor attitude/personality or lack of motivation (17%) and lacked required skills or competencies (15%).

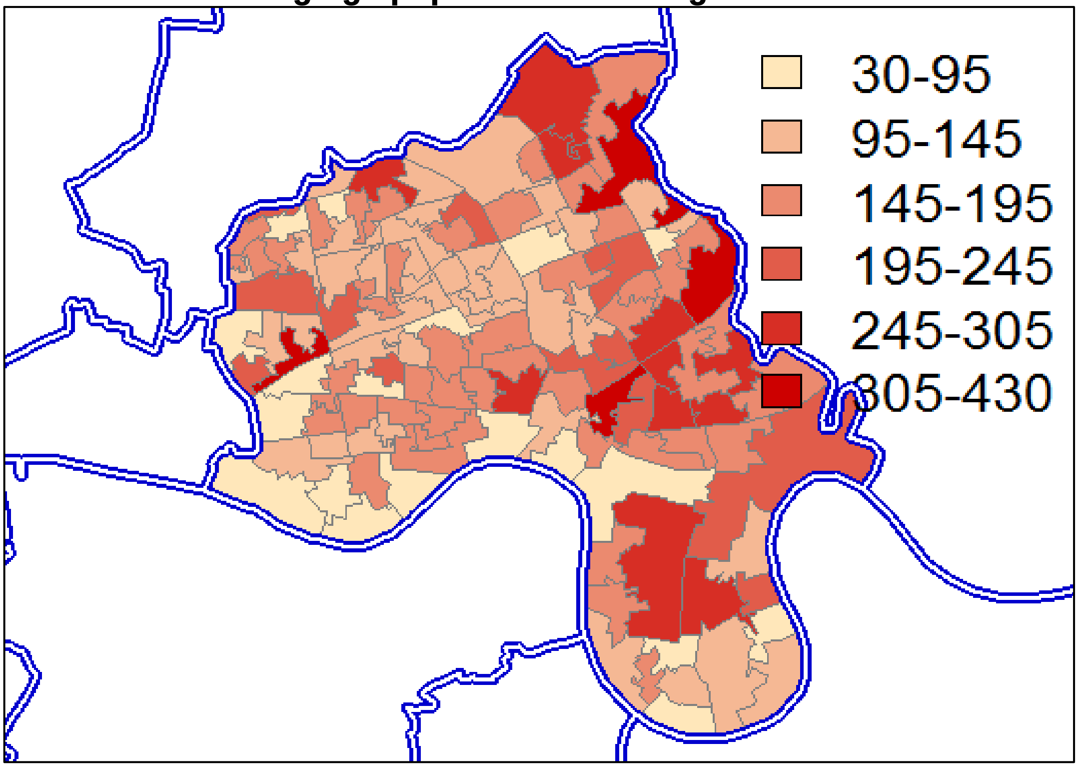
Economic inclusion

- Male employment rates in Tower Hamlets (78.1%) are similar to that in London (78.9%) and England (78.3%). However, female employment rates at 60% in Tower Hamlets are lower than that of men in the borough and lower than the averages for women in London (65.5%) and England (68.8%).
- There are higher levels of economic inactivity amongst women compared to men, with 32% of women economically inactive compared to 14% of men.
- BME working age residents have lower employment rates than White working age residents and there are also larger differences by gender. For example, the employment rate for Pakistani/Bangladeshi females is 37.3% (although this has risen by 11.1 percentage points since 2009).
- There has been a substantial fall in the scale of worklessness since 2013. Around 10% of working age residents are claiming out of work benefits, the 10th highest proportion in London.
- The incidence of worklessness varies considerably by age group. Only 6% of residents aged 25-34 are claiming out of work benefits, compared with a quarter of all residents aged 55-59. This is significantly above the average for London.
- Around 20% of JSA claimants (860) in August 2015 were long-term claimants who have been claiming for 2 years or more. This is the 5th highest proportion of long-term JSA claimants in London.
- There are significant numbers of lone parents claiming either Income Support or JSA. However, the number of lone parent claimants has fallen by almost 50% since 2010. Around 13% of all JSA claimants are lone parents. This is just above the national average of 11% but below the average for neighbouring boroughs of Newham (15%) or Barking and Dagenham (17%).
- There were 12,840 residents in receipt of Employment Support Allowance in February 2015. The number of claimants receiving ESA has remained fairly stable, though they have been affected by the welfare reform.
- The most common reason for claiming Employment and Support Allowance is poor mental health (which is imprecisely defined, but ranges from the most serious

psychological conditions to stress). Currently 45% of ESA claimants have poor mental health (an increase from 34% in 1999).

- The Government's major initiative to assist ESA claimants into work is the Work Programme. DWP statistics do not give a clear idea of its performance for Tower Hamlets ESA claimants, but for London, less than 6% of the ESA new claimants group have achieved a three-month 'job outcome' in their first year of the programme in the most recent year's data, and just over 10% do so through their overall participation.
- The map below shows geographical concentrations of workless residents within Tower Hamlets:

Number of working age population claiming an out-of-work benefit



Source: DWP benefit claimants - working age clients for small areas, Feb 2015

- It is estimated that by 2015, welfare reform has reduced benefits by around £68 million per year in Tower Hamlets, which is in the top 10% of impacts nationwide. This will mean that households claiming benefit are on average £1,670 per year (£32 per week) worse off than would have been the case without reform. This impact has been felt by around 40,600 households in Tower Hamlets, around 45% of all households of working age. Just over half of these (20,800 households) will be households where someone is in work.

Introduction

The main aim of this piece of work is to assist Tower Hamlets Council to refresh its 2010 Local Economic Assessment (LEA). The updated evidence base will inform the borough's new Economic Development Strategy, a strategy which the council wishes to adopt by Spring 2016.

The main focus of the update is primarily on data analysis to refresh analysis already done for the following themes:

- Economy and Enterprise
- Employment and Skills
- People and Places

The refresh has used updates datasets used in the 2010 assessment as well as made use of 2011 Census data which was not available for the 2010 LEA. We have also made some use of the Council's published analysis about the labour market and business structure in Tower Hamlets, and further analysis from the ONS and Greater London Authority and Inclusion's existing research on the impacts of Welfare Reform on local residents in Tower Hamlets.

We have highlighted gaps and possible solutions/proxies to fill these gaps.

We have followed the 2010 assessment in showing information for local areas within Tower Hamlets. However, unlike the 2010 assessment, we have not identified development opportunities.

1. Business and enterprise

The Tower Hamlets Economy in a global and UK context

Economic output in Tower Hamlets in 2014 was **£35.7 billion**[1]. It **grew 14% in 2014** and 22% in 2013 (at current prices).

Economic output in Tower Hamlets was **2.2% of the UK** total.

The output of Tower Hamlets was greater than that of six EU members in 2013. These ranged from Slovenia to Malta. The growth in 2014 could add Bulgaria to this list (although the UN list is for 2013 GDP). In 2013, Tower Hamlets' output translates to US$48.8 billion, compared to Slovenia's $48.0 billion.

Productivity

Productivity is measured as economic output per worker, or per hour.

Tower Hamlets' productivity per worker is £ 136,557, **2.6 times the UK average**.

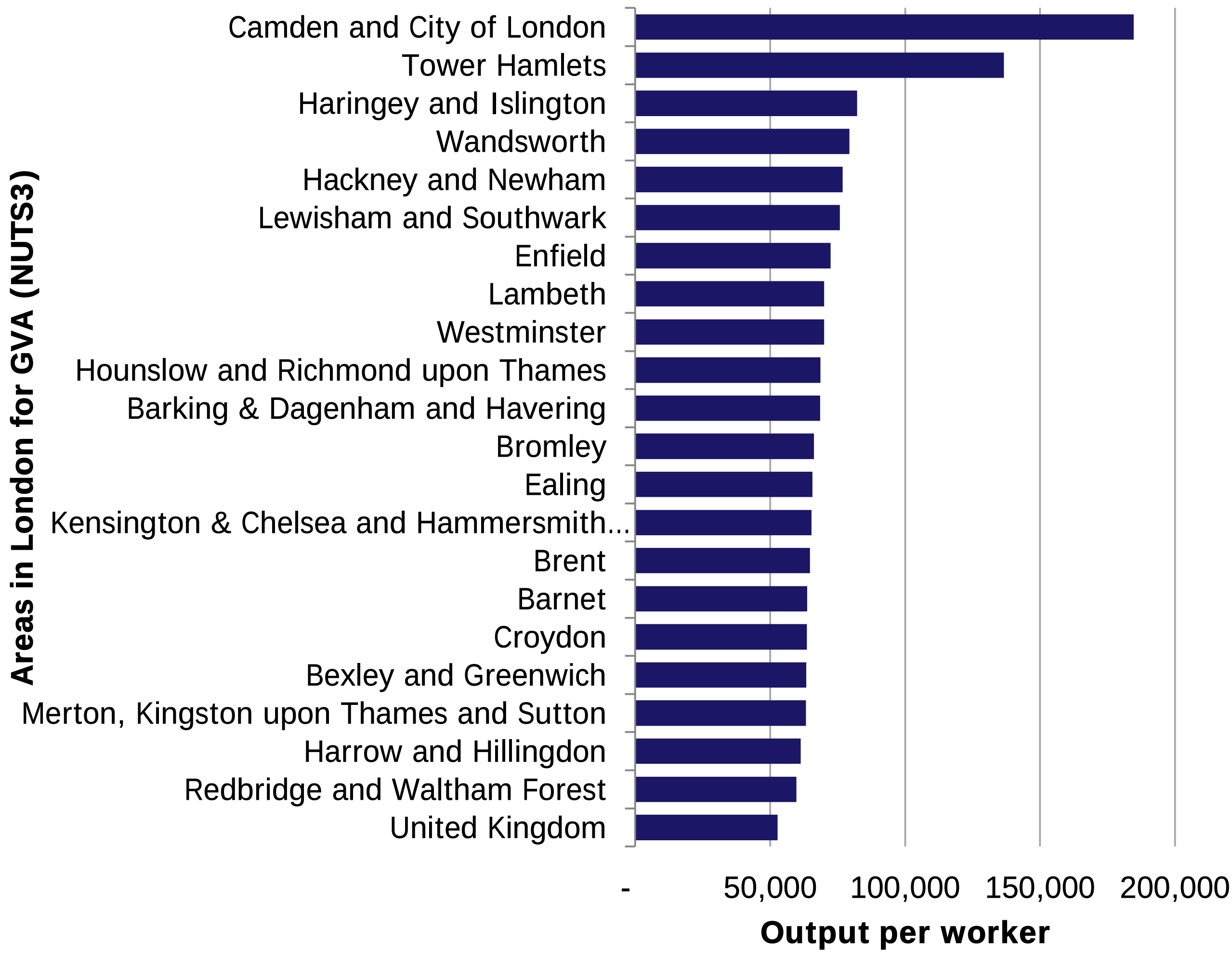
Productivity in Tower Hamlets ranks second in London after Camden and the City of London NUTS3 area. Tower Hamlets productivity per worker is 1.95 times that in Westminster.

Figure 1 shows the productivity per worker in the London NUTS3 areas, with Tower Hamlets lying second.

Tower Hamlets' productivity per hour is £76, 2.4 times the UK average.

[1] Regional Gross Value Added (Income Approach), 1997 to 2014, Office for National Statistics, December 2015 http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach-/december-2015/stb-regional-gva-dec-2015.html

Figure 1: Productivity: Output per worker in London NUTS3 areas and the UK



Source: ONS Gross Value Added (Income Based) estimates for 2014, Business Register and Employment Survey (employment), Inclusion analysis.

The Tower Hamlets Economy in a London Context

This section provides a strategic overview of the Tower Hamlets economy in terms of the structure of the Tower Hamlets economy and its relationship to London's wider economic geography, in terms of:

1 Economic positioning in terms of Central London and the Central Business District, and East London and the Legacy Olympic 'Host Boroughs' area; and

2 Functional economic linkages as measured by commuting flows and labour exchange.

Economic Positioning

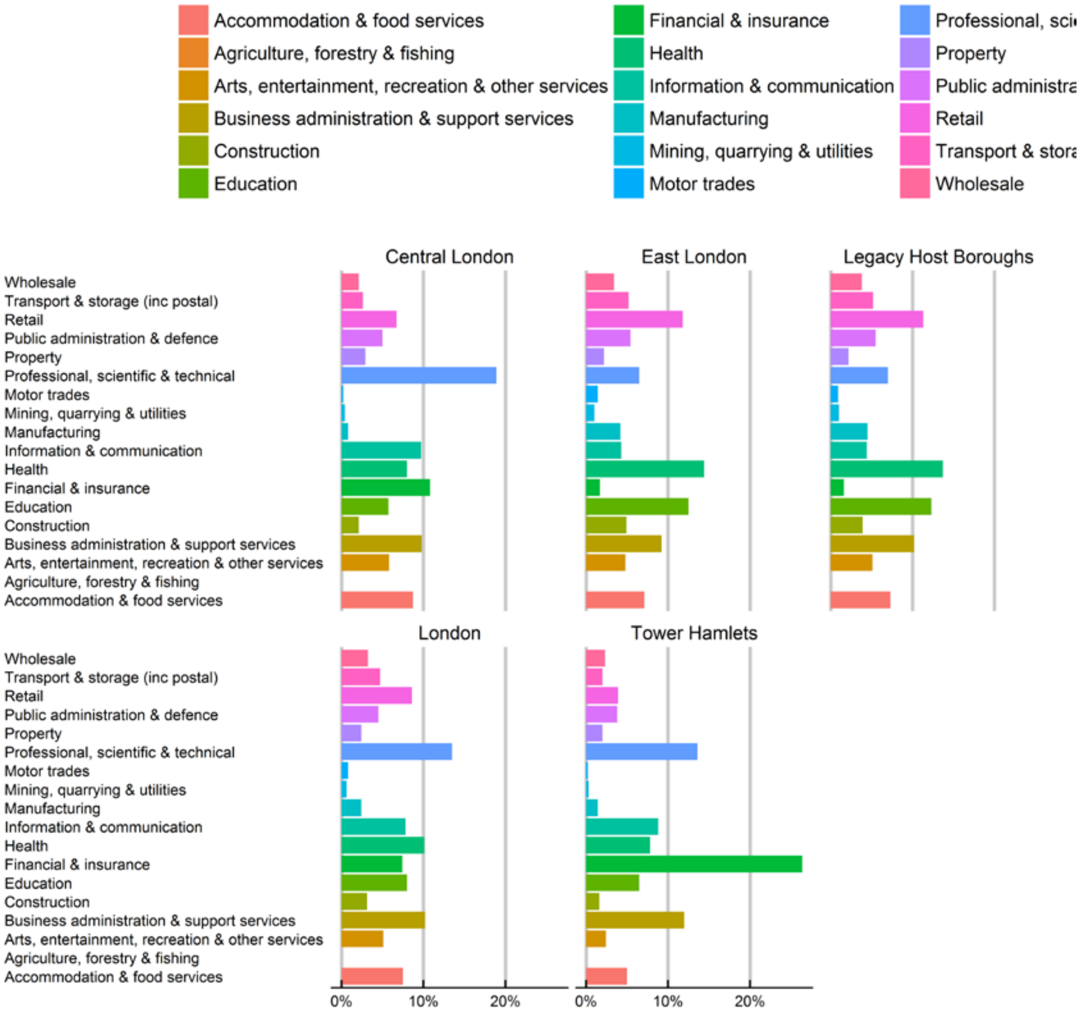
Over 5% of London's total employment is concentrated in Tower Hamlets, a borough covering just 1.2% of Greater London's land area. The borough also accounts for some 30% of all jobs in East London, and is the largest borough in this area in employment terms.

Comparing the employment base of Tower Hamlets with other parts of London, it is clear that the Borough's overall mix and representation of sectors is much closer to the characteristics of Central London than to the other legacy host boroughs or East London as a whole (Figure 2).

Finance and insurance is by far the largest sector in Tower Hamlets (over a quarter of all jobs), followed by professional services and Information and communication. Financial services barely register in the other Host Boroughs and rest of East London. Employment in public services in Tower Hamlets is also a much smaller proportion overall (more typical of Central London and Greater London), but features more considerably in the other Host Boroughs and East London.

Tower Hamlets' employment in construction is notably small, given the extent of development. However, this is likely to be partly definitional as, even though we include some self-employed (with employees or VAT registered), the employers may be located outside Tower Hamlets.

Figure 2: Central, East and Host Borough Comparisons of Employment Structure, 2014

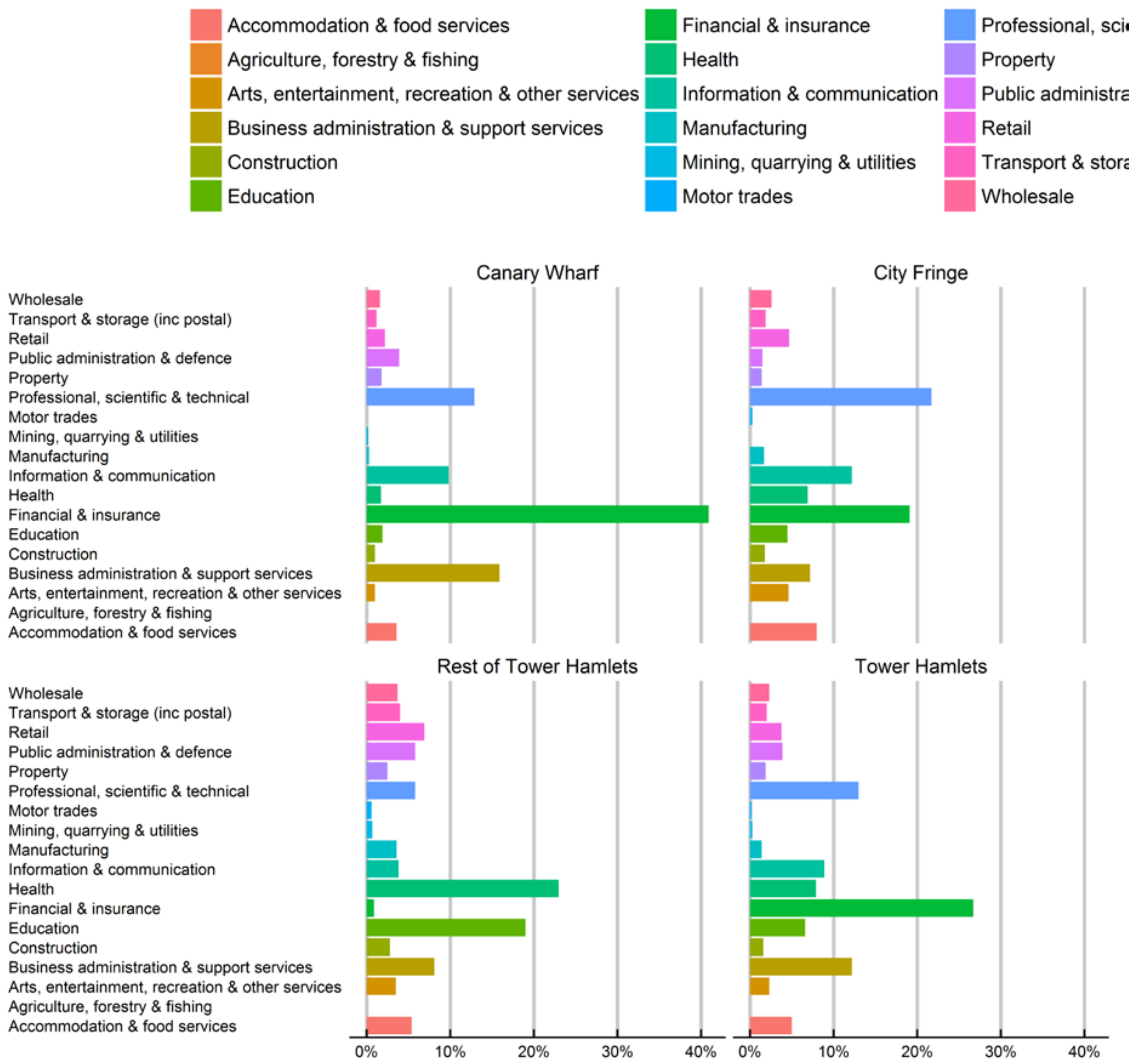


Source: ONS, Business Register and Employment Survey
Note: Central London includes Camden, City of London, Islington, Kensington and Chelsea, Lambeth, Southwark, Wandsworth and Westminster; Legacy Host Boroughs includes Barking and Dagenham, Greenwich, Hackney, Newham and Waltham Forest.

However, considering Tower Hamlets in more detail, it is apparent that two very different 'sub-economies' exist within the borough (Figure 3).

Over 75% of employment is concentrated within the City Fringe (21%) and Canary Wharf (55%) areas alone. Employment in these locations is strongly concentrated in finance, professional services, information and communication, and business support services. Employment in the City Fringe is more broadly spread among sectors than in Canary Wharf. However, employment in the rest of the Borough is concentrated in education and health.

Figure 3: City Fringe, Canary Wharf and Rest of Borough Employment Structure, 2014

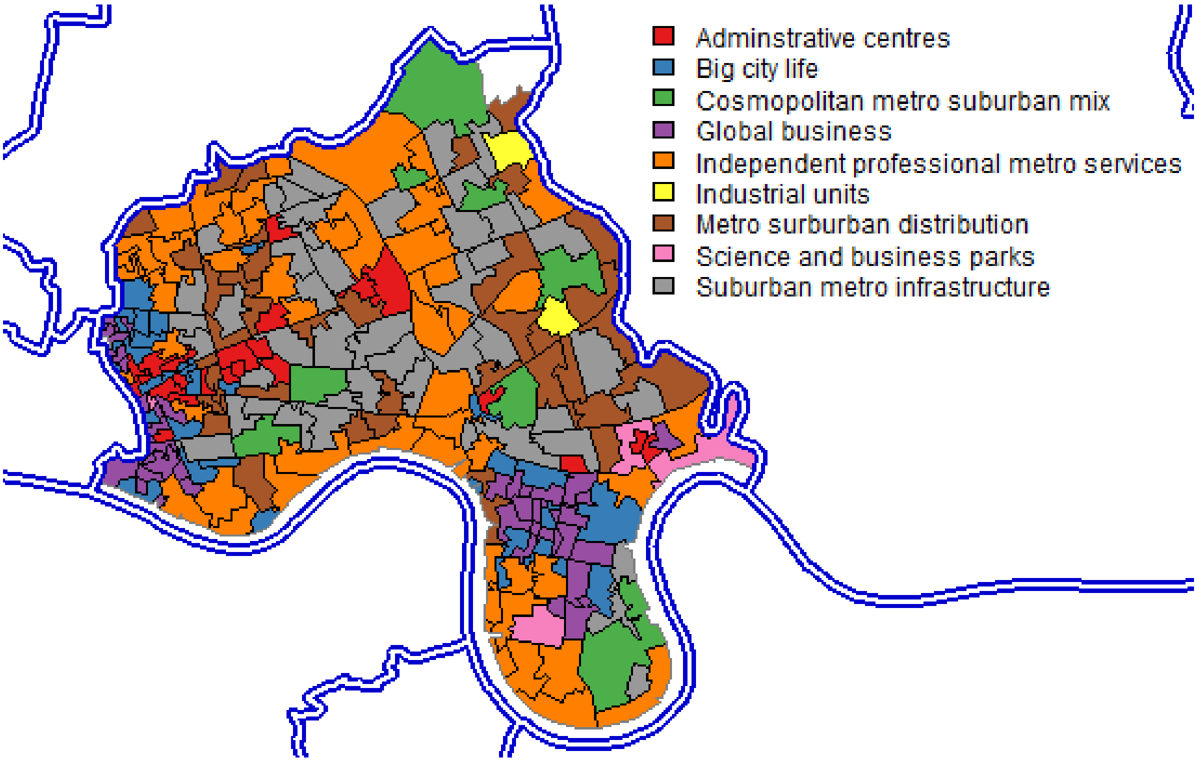


Source: ONS Business Register and Employment Survey
Note: Definitions based on Tower Hamlets Core Strategy areas, using best fit of Super Output Areas

A new classification based on jobs

This section examines the patterns within Tower Hamlets of a new classification of jobs based on the 2011 Census, grouping people who work in 'Workplace Zones' by not just the industry sector in which they work but also the occupation, qualification levels, the extent of international staffing, and other personal characteristics. These are mapped in Figure 4.

Figure 4: Classification of Workplace Zones, 2011 Tower Hamlets



Source: Cockings S, Martin D, Harfoot A (2015) A Classification of Workplace Zones for England and Wales (COWZ-EW), University of Southampton. http://cowz.geodata.soton.ac.uk/ Map data includes Ordnance Survey Opendata, Crown copyright, obtained under Open Government Licence

There are 247 Workplace Zones within Tower Hamlets. At the highest level of the classification, 42% of these are classed as "Top Jobs", and almost all the rest are "Metro Suburbs".

"Top Jobs" provide high status employment in business, industry and public service. The characteristics include: higher than average percentage of young females, high Black, Asian + European ethnicities, high percentages of Level 4 qualifications, high employees, high on ICT, Finance, Prof/Sci/Tech, high on Higher managerial and Lower managerial, low on routine occupations, high on travelling more than 20km to work, low on working from home/no fixed place, low on part time working.

The other areas in "Metro Suburbs" are divided into four subgroups, three large. These are "Metro suburban distribution", "independent professional metro services" and "Suburban metro infrastructure".

The "independent professional metro services" look similar to the "flat white economy", with higher status cosmopolitan professional services and self-employment. These have a multicultural workforce in which Black, Asian and European groups are all above average, as is self-employment. ICT, financial and insurance activities and professional services are all above the average, as are higher status occupations. Working from home or no fixed place and travel by public transport are all high. The areas with this workforce include much of the City Fringe and areas surrounding Canary Wharf, though present in much of the area.

The "Metro suburban distribution" subgroup are lower level jobs These are above average Black and Asian ethnicities and post-2001 EU accession countries in a workforce which is average in very many dimensions but in which transport and storage is the most prominent industry, wholesale and retail, accommodation and food services are also above average. This group is found mostly along the eastern edge of Tower Hamlets.

"Suburban metro infrastructure" has a multicultural workforce with above average levels of employment in education, health and social work activities and with lower managerial, administrative and technical occupations slightly above average.

Within the "Top Jobs" group, the dominant subgroup is "Global business", centred in the Canary Wharf area, but also found in the City Fringe. This group is characterised by concentration in ICT, finance and insurance, professional, scientific and technical activities. The workforce has above average levels of Black, Asian and European ethnicities and high percentages of Level 4 qualifications. It is dominated by the highest status managerial, administrative and professional occupations, with very high percentages travelling more than 20km to work by public transport. It occurs almost exclusively in London, where it is widespread in the City of London and Docklands, with only a very few WZs in the centres of other metropolitan cities.

Much of the rest of Tower Hamlets is composed of "Big city life" areas, providing services, with accommodation and food. The workforce has a high proportion of non-British workers, with above-average levels of female participation. Activity is spread across a range of industries with accommodation and food services in the largest proportion but also ICT, financial and insurance activities and other professional services. Many travel more than 20km to work by public transport.

"Big city life" areas are found interspersed through the City Fringe and Canary Wharf areas and in patches through the rest of the Borough.

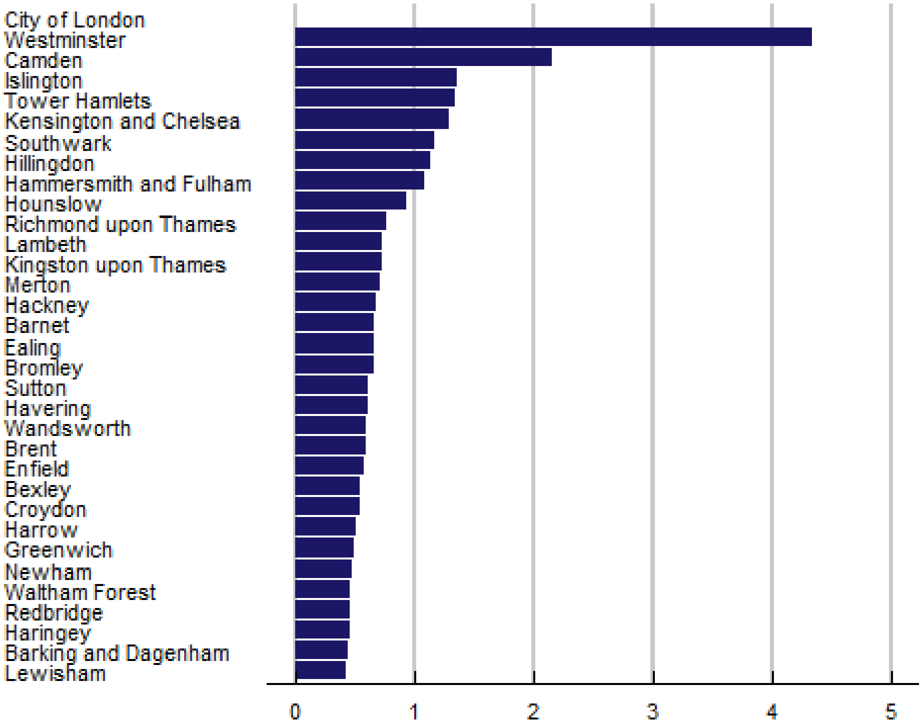
The remaining large group of "Top Jobs" is "administrative centres". These have a similar demographic, occupational status and qualification pattern to Global Business, but by sector are based in public administration.

Functional Economic Linkages

There is increasing recognition of the need to undertake economic analysis at the spatial level at which economic markets operate – referred to as 'functional economic market areas' (FEMAs). At one level, this correlates to labour (commuting) flows.

Tower Hamlets is a net importer of labour from a wide catchment area across London and the South East. At a basic level, it reflects that the borough provides a greater number of workplace jobs than it does resident working-age employees. Taken together, it means that the borough has a jobs density[2] of 1.34, the fifth highest in London after City of London, Westminster, Camden and Islington (Figure 5). In Figure 5, we have excluded the figure for the City of London (81.8) as it cannot be displayed on the same scale.

Figure 5: Jobs Density, 2013



Source: NOMIS/Inclusion analysis

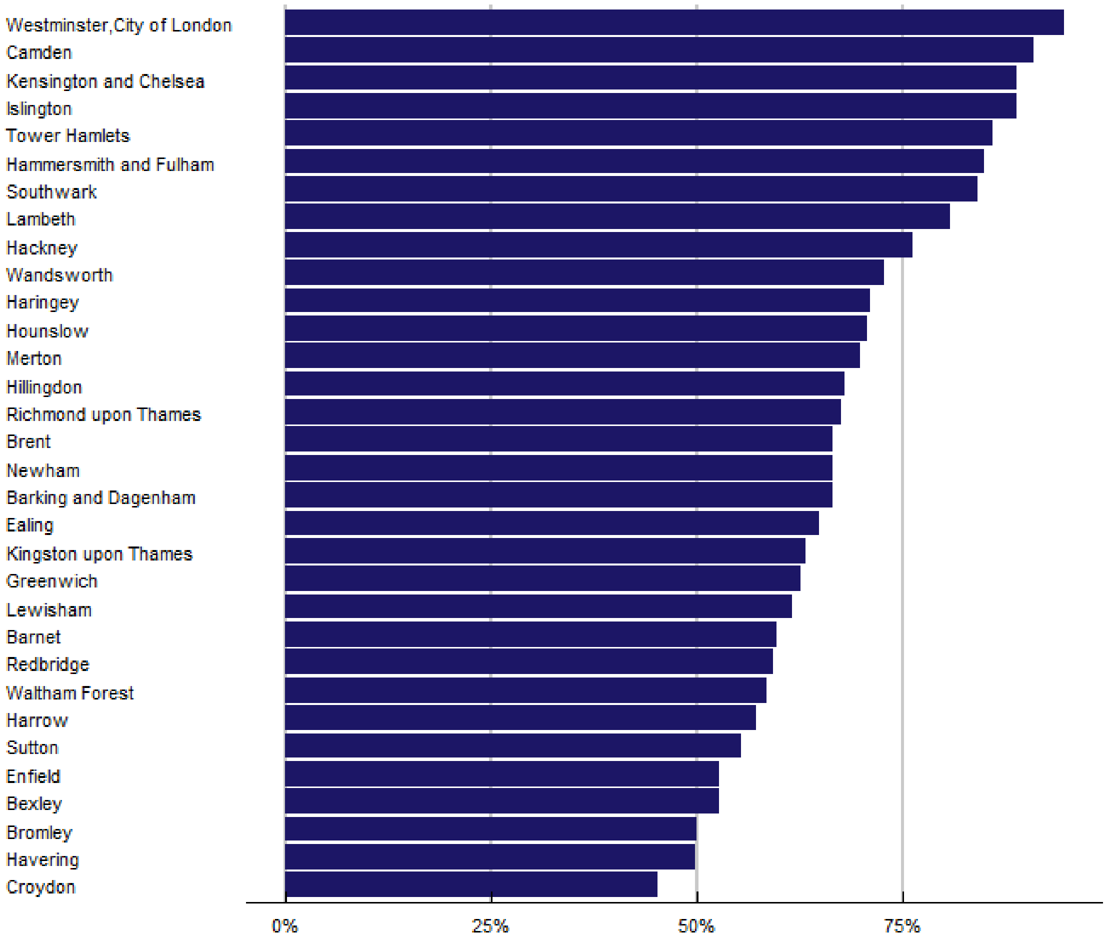
Based on the 2011 Census, about 14% of workplace jobs in Tower Hamlets are filled by local residents. More recent commuting data can be sourced from the Annual Population Survey (APS), but this is compiled on a different basis and is not directly comparable to the Census data.

[2] The numbers of jobs per resident of working age (16-64). A job density of 1.0 would mean that there is one job for every resident of working age.

The implication is that about 86% of workplace jobs within the Borough were filled by in-commuters in 2011. As Figure 6 illustrates, this was the fifth highest proportion of all London boroughs, and higher than the London average of 67%. It was however broadly comparable to other city fringe boroughs such as Islington.

The largest sources of in-commuters to Tower Hamlets include Newham (6% of commuters), Redbridge (5%), Southwark (4%), Hackney (4%), Greenwich (4%) and Wandsworth (4%) (Figure 7). Substantial numbers commute into Tower Hamlets from outside London, particularly from Essex. However, in Figure 7 we only show those authorities with 1% of commuters or more.

Figure 6: Proportion of Workplace Jobs filled by In-commuters



Source: 2011 Census/Inclusion analysis

At the same time, Tower Hamlets exports resident labour to adjoining London boroughs. While about a third of working residents (31%) work in the borough, Figure 8 indicates that the next most common workplaces for residents are the Cities of London and Westminster (jointly 30%) and Camden (7%). It emphasises that for a significant proportion of residents, employment opportunities outside of Tower Hamlets are more important than locally.

Figure 7: Tower Hamlets Commuting Flow: Commuting Inflows (% of inflows)

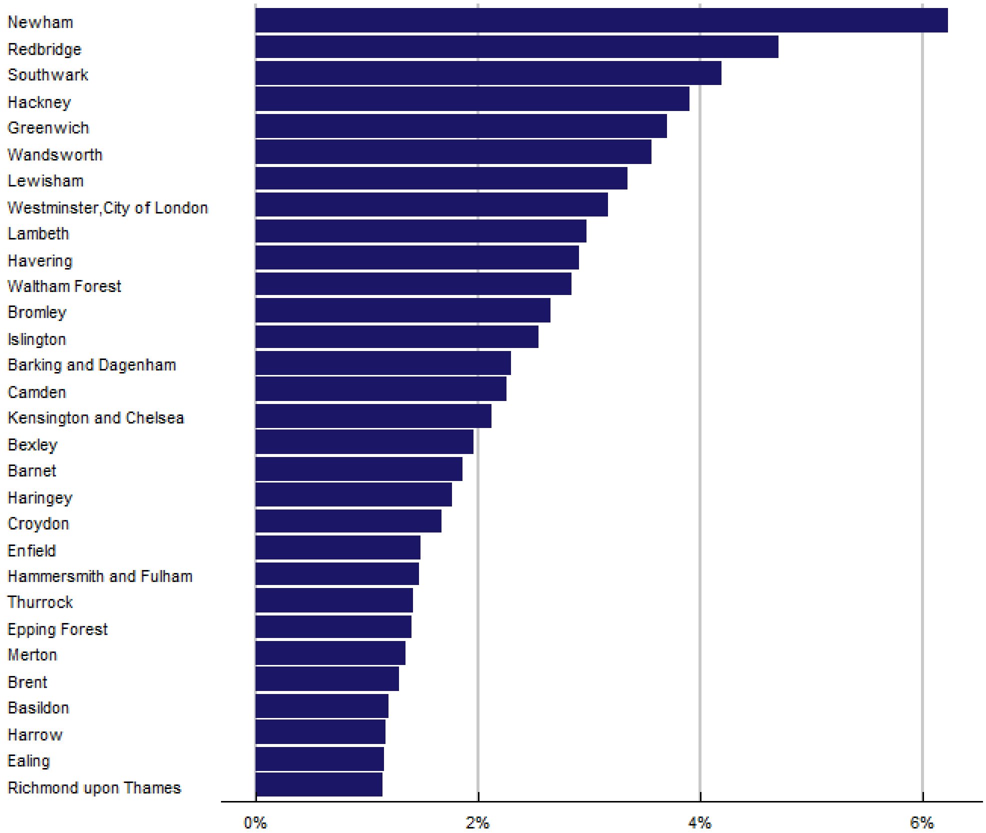
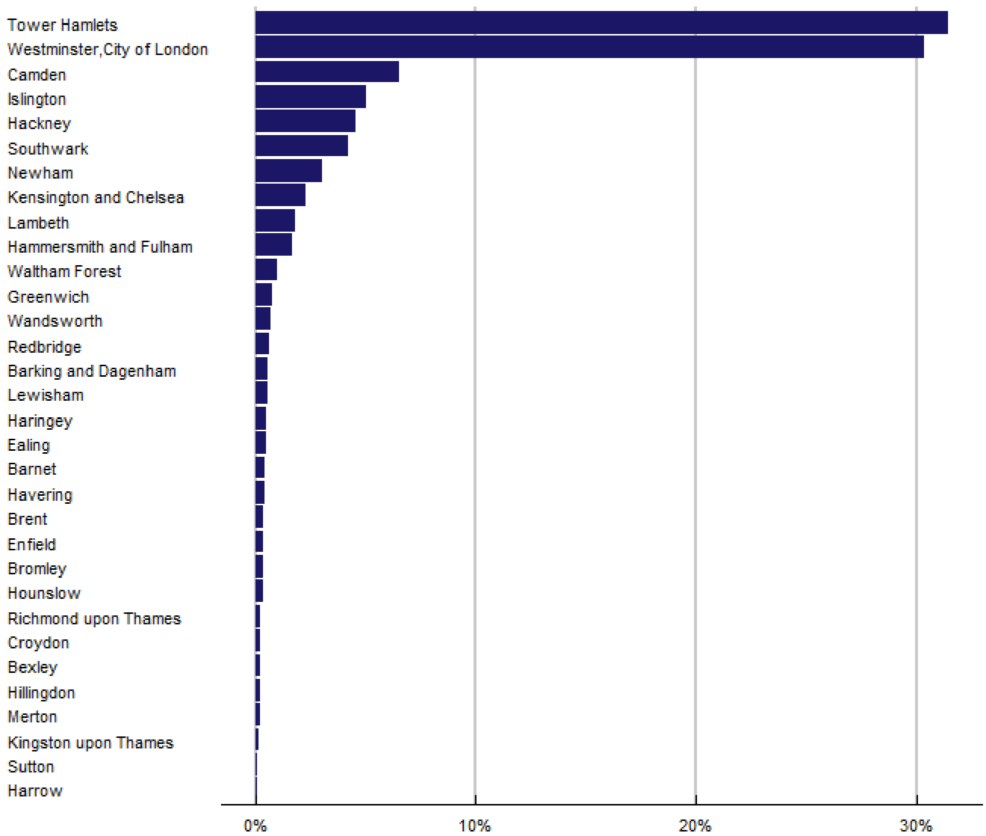


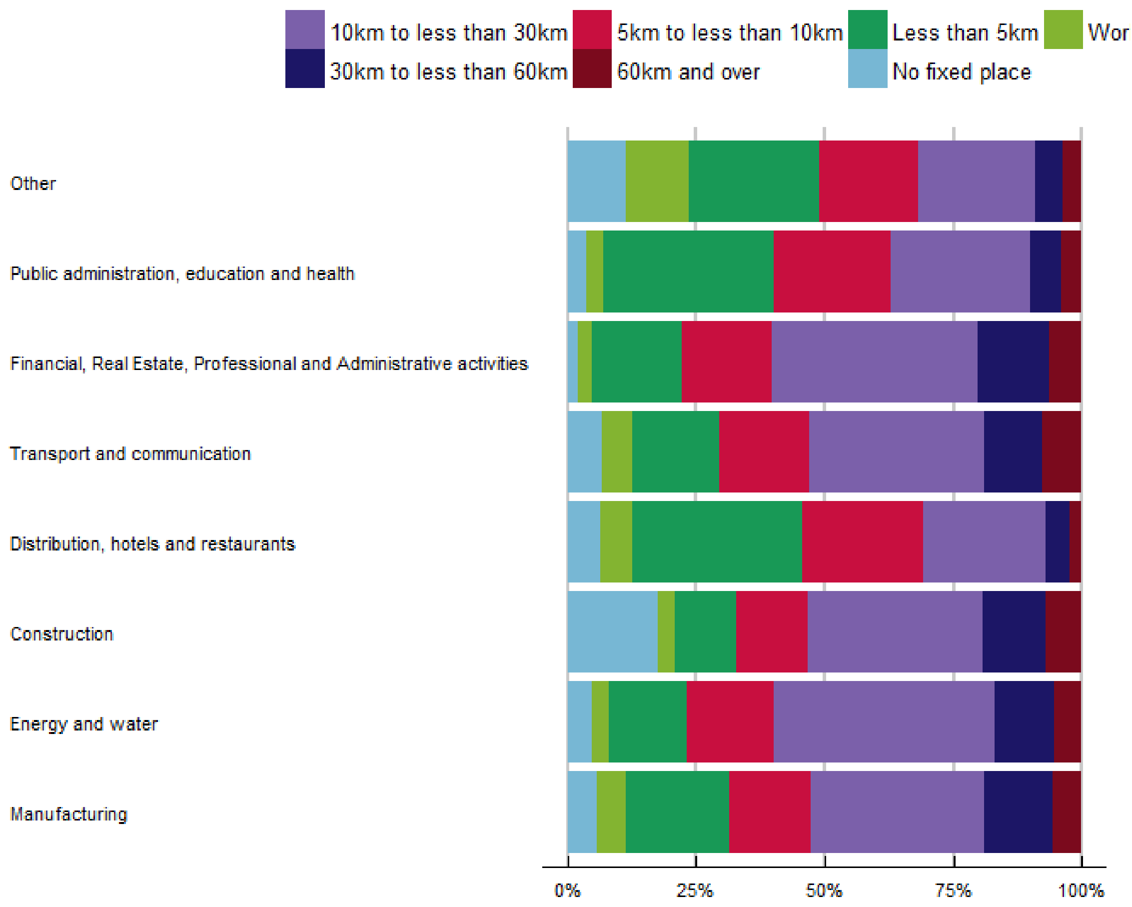
Figure 8: Commuting Outflows (% of residents in employment)



Source: 2011 Census / Inclusion analysis

This level of commuting exchange is typical in Central London boroughs, although there is also an important difference in the structure of resident and workplace employment, which determines which types of workers commute. Figure 9 illustrates the distances travelled by workers in Tower Hamlets by sector and Figure 10 shows the same by occupation group based on data from the 2011 Census (the latest available data). As pay is more closely linked to occupational level than to sector, we would expect clearer patterns of commuting distance by occupation than by sector.

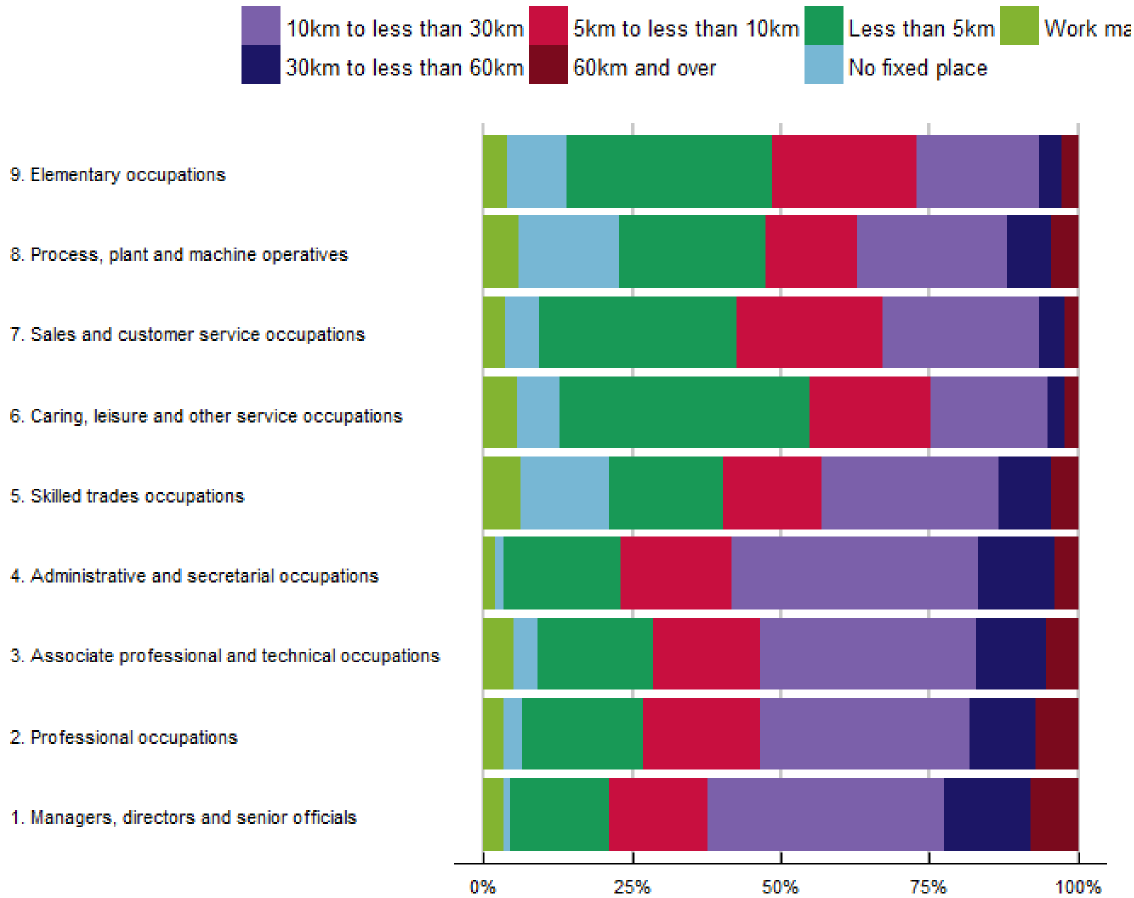
Figure 9: Commuting Flows by Industry Group, 2011



This emphasises the extent to which higher-level jobs in Tower Hamlets (managerial, professional and associate professional, and also administrative and secretarial) are dominated by people travelling 5km or more to work, which effectively means commuters. Lower level (and lower-paid jobs) are more local. However, even for the lowest occupational groups in Tower Hamlets, about 50% of workers travel 5km or over to work. When one looks at the sectoral breakdown, the pattern is less clear, because sectors include different proportions of each occupational class from managers down. The grouping of finance, professional and business activities is dominated by people travelling over 5km, but this is also true of the very small manufacturing and energy and water sectors. The opposite is the case for distribution, hotels and restaurants, where only 54% travel 5km or more to work.

It should be noted that this data relates to a snap-shot in time five years ago, and much has changed in terms of the residential base of Tower Hamlets in the meantime.

Figure 10: Commuting Flows by Occupation Group, 2011



Source: 2011 Census / Inclusion analysis

Indications and Issues

The situation:

- Almost 5% of London's total employment is concentrated in Tower Hamlets, a borough covering just over 1% of Greater London's land area. In overall terms, the borough's overall mix and representation of sectors is much closer to the characteristics of Central London than to the other Host Boroughs or East London as a whole.

- However, averages can be misleading, and the true picture is that effectively two ‘sub-economies’ operate in Tower Hamlets. Canary Wharf and the City Fringe (together accounting for about 75% of total jobs) exhibit the specialist jobs and sectors expected of an advanced service sector economy at the centre of a global city. The rest of the borough is considerably closer in terms of the types of jobs in East London more generally.
- One aspect that is relatively new is the growth of the 'flat white' economy in Tower Hamlets, particularly though not exclusively in the City Fringe, with small professional services and information technology service firms generating considerable value, and their associated support services.
- The Borough tends to import higher-qualified staff in some ‘high-value’ sectors from a wide catchment (perhaps inevitably given the specialist nature of the work), and tends to export less-qualified labour in ‘lower-value’ sectors to work in the surrounding boroughs. This situation will have undoubtedly changed as the borough’s resident workforce has evolved, but the basic metrics of significant importing of labour are likely to have remained since 2011.
- The wider role of the Tower Hamlets’ economy in supporting London’s global position goes beyond the simple metrics. Canary Wharf is functionally part of London’s Central Business District, playing a specialized role within it in relation to globally-oriented banking and financial institutions.

Issues:

- Canary Wharf has established itself as a high growth business location, at the heart of the global financial services industry, a sector which dominates the Tower Hamlets economy, and is critical to its future prosperity.
- The earlier disconnect between the jobs Tower Hamlets offers and the profile of its resident workforce has changed over the last 15 years since the 2001 Census. Much of the change has been demographic - both with the education system producing increasingly highly qualified residents and also migration into the Borough of higher qualified workers.
- The fact that effectively two ‘sub-economies’ operate in Tower Hamlets is unavoidable given the borough’s dual role as a (relatively new) part of the Central London economy, but against the backdrop of being a more traditional East London economy. Maintaining London as a global financial services hub (and the implications this has for Tower Hamlets) has been a priority for the Greater London Authority since its inception, and this position seems unlikely to change. Notwithstanding the recession, employment forecasts also expect the sector to drive future growth. Tower Hamlets must accept this, but also consider how best to manage the demands and expectations of the sector.

2. Economic Performance

This chapter provides a more detailed analysis of recent growth of the Tower Hamlets economy, and is structured as follows:

1 Employment growth and change;

2 Economic structure; and

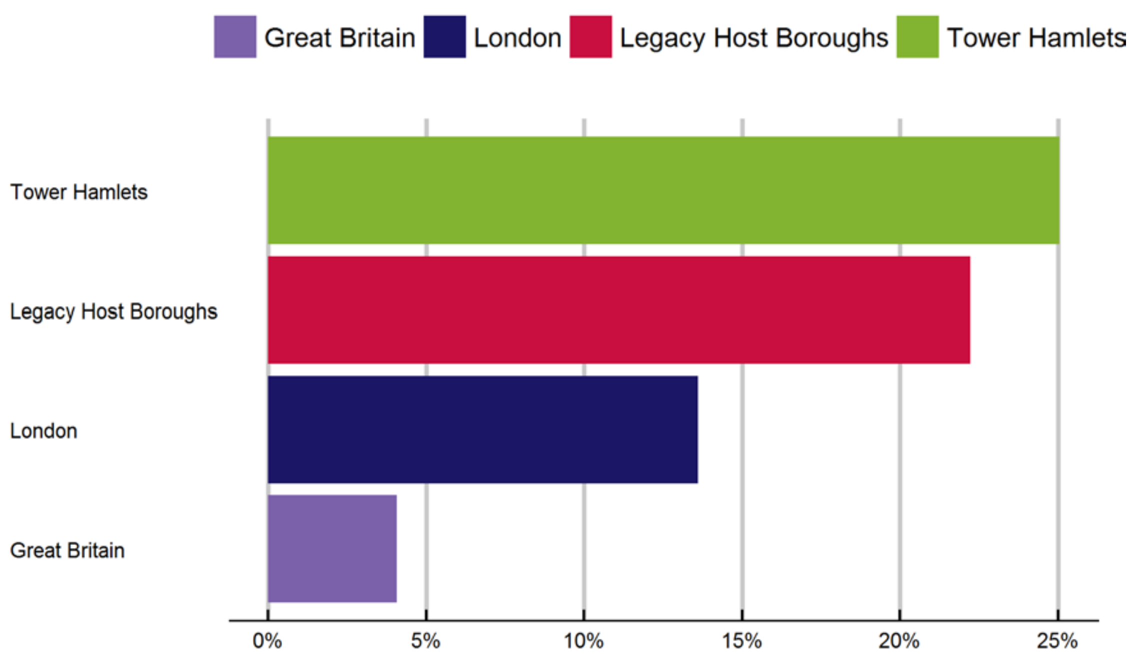
3 Review of key sectors.

Employment Growth and Change

Over the period 2009-2014, Figure 11 shows that total employment in Tower Hamlets expanded by 25%, higher than the average growth rates for the Six Legacy Host Boroughs sub-region (22%), and substantially higher than for London (14%) as a whole.

London accounts for over half of the total growth in employment since 2009 (in the Business Register and Employment Survey). The Legacy Host Boroughs are 21% of London's growth, and Tower Hamlets accounts for 43% of employment growth in the Legacy Host Boroughs.

Figure 11: Total Employment Change, 2009-2014

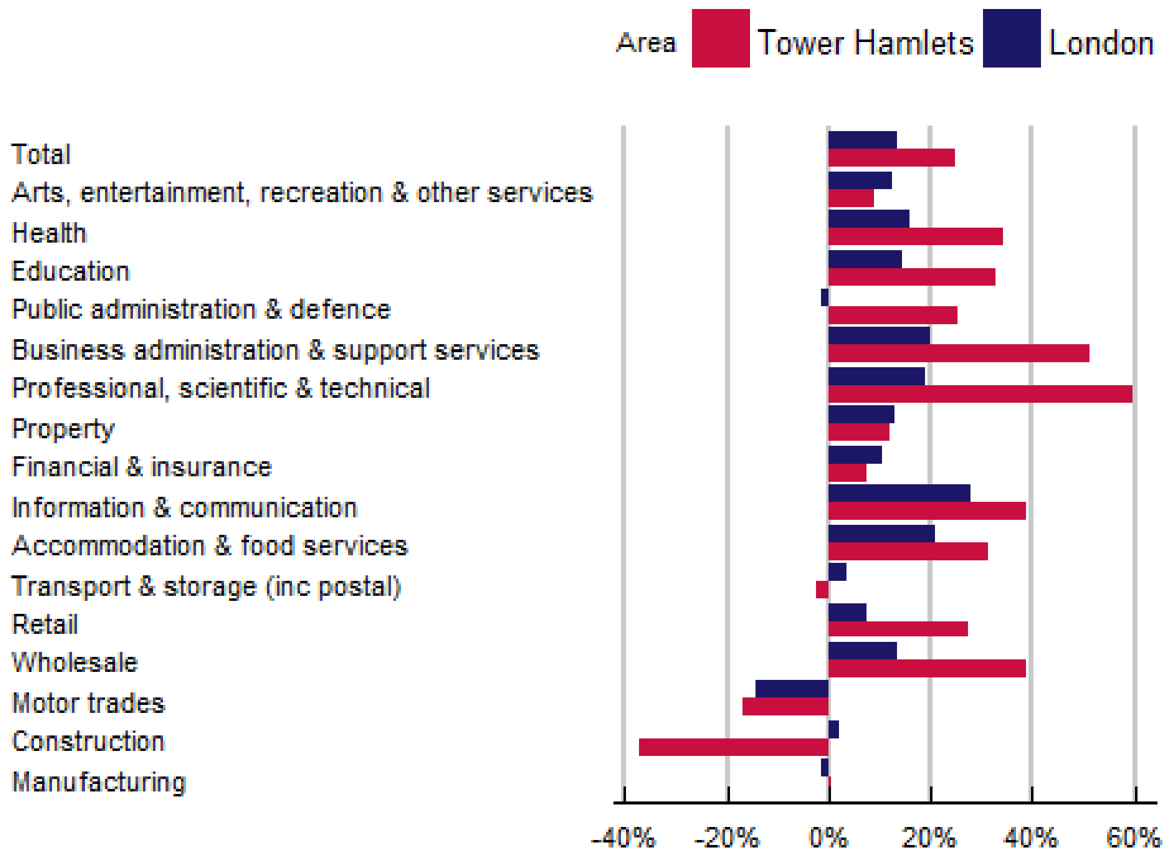


Source: ONS, Business Register and Employment Survey

As illustrated in Figure 12, professional and business support services have been the major driver of job growth in the borough over the past five years, recording a 60% increase in employment levels for professional services and 51% for business support services. This has been followed by information and communication (+39%). These rates of growth all exceeded the London average.

At the same time, overall employment declines were registered in motor trades (-17%) and construction (-37%), both at faster rates than the London average. Manufacturing in Tower Hamlets grew, but only represents 1.4% of total employment.

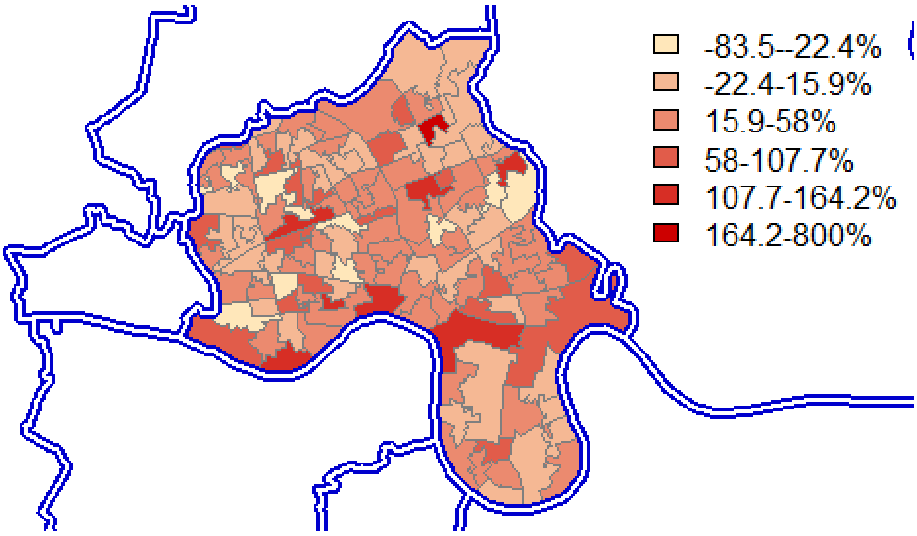
Figure 12: Tower Hamlets Sector Employment Growth, 2009-2014



Source: ONS, Business Register and Employment Survey

Reflecting this pattern of sectoral change, in spatial terms, Canary Wharf and the Isle of Dogs registered the highest employment growth. In the rest of the borough, the pattern has been more mixed (Figure 13).

Figure 13: Employment Growth 2009-2014 across Tower Hamlets



Source: ONS Business Register and Employment Survey

Earnings

Workers in Tower Hamlets are the second best paid in London, after the City of London. This second best position is maintained across the earnings distribution. For example, the lowest 20% of workers in Tower Hamlets are paid up to £22,466 a year. This £22,406 is the second highest level for the lowest 20% of workers among London Boroughs. The equivalent figure for London is £15,817 and for England, £11,570.

These figures include part-time workers, so part of the relatively high Tower Hamlets pay at the low end of the pay distribution for London may be due to the proportion and type of part-time jobs available. This includes the issue of whether Canary Wharf high-end jobs are open to flexibility for those wanting to work part-time.

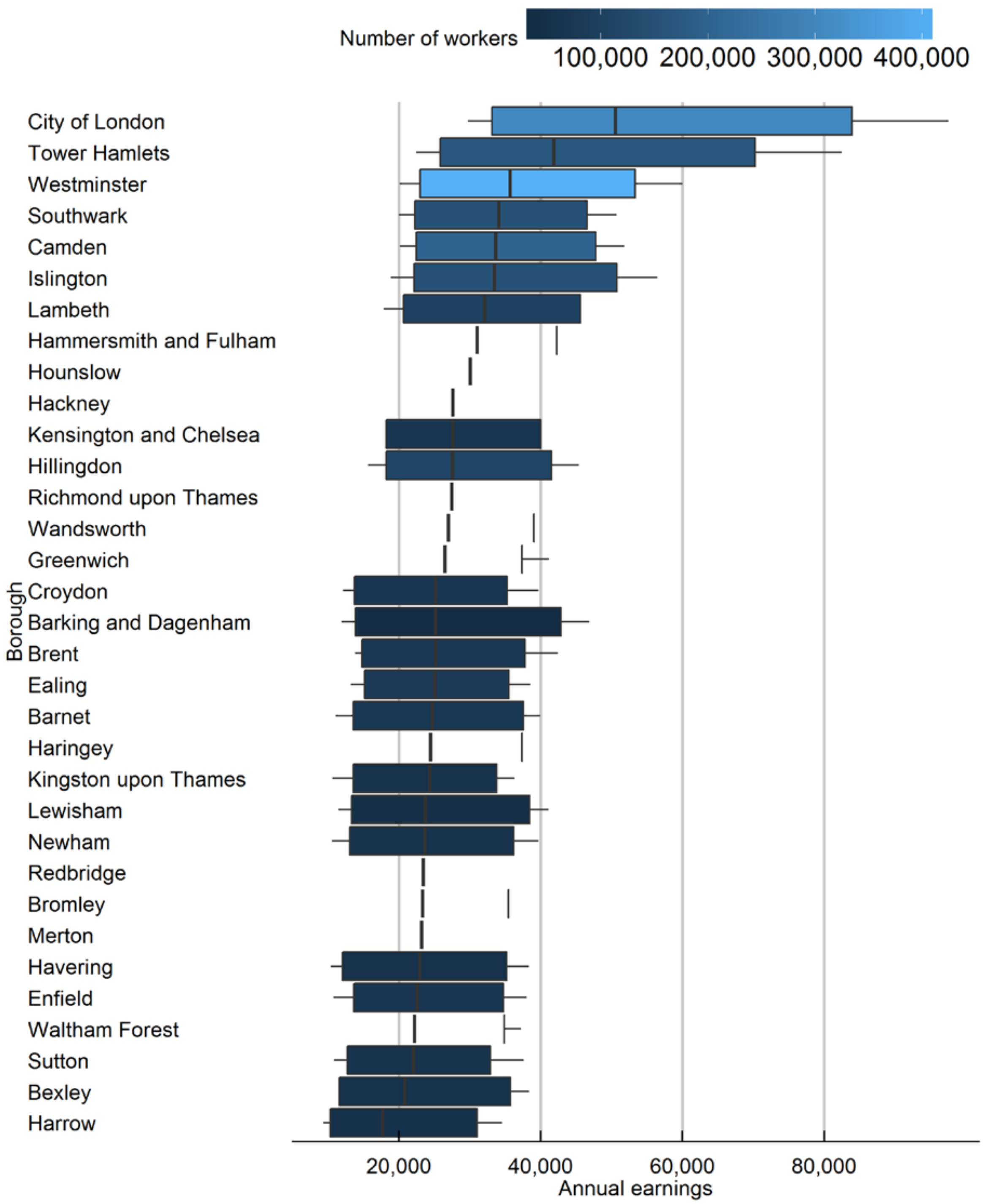
If we just looked at full-time workers, Tower Hamlets position as the second best paid Borough across the wage distribution continues to be the case.

Median pay in Tower Hamlets is £41,866 - that is - half of workers are paid above that sum and half below. The average is £61,198. This is pulled up by small numbers of very highly paid workers.

Figure 14 shows the distribution of annual earnings across the London Boroughs. The central bar shows the range within which the central 50% of workers are paid. The 'whiskers' to the left and right show the range of the next 10% of workers. The colouring is based on the number of employees covered. Tower Hamlets is, in this dataset, the sixth largest Borough by employment.

One of the features of Figure 14 is that 11 Boroughs do not have publishable results for the central 50% of workers. This is due to both small numbers of workers employed in the Borough and the range of survey responses. Estimates for the relevant numbers are not sufficiently certain for publication.

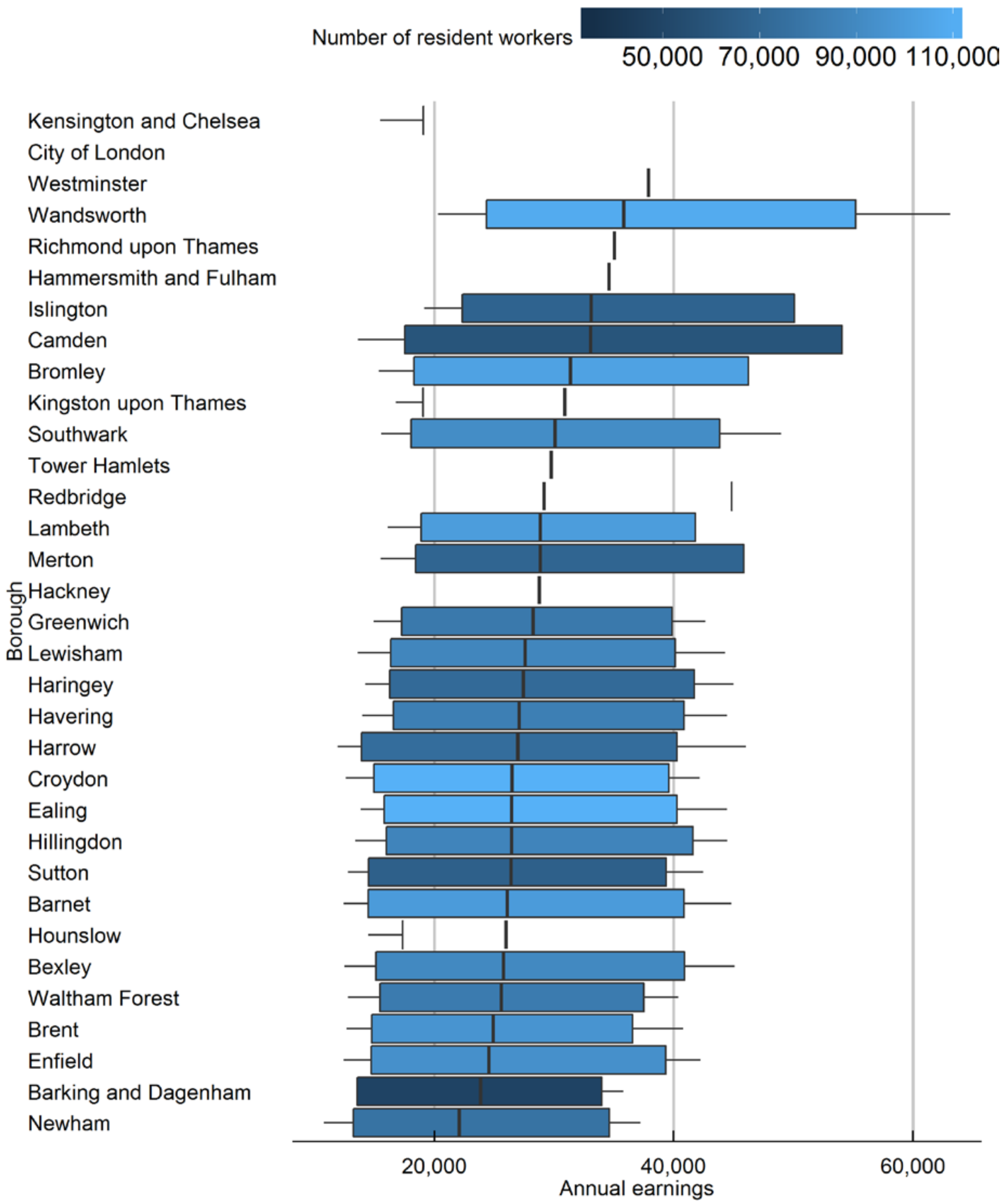
Figure 14: Annual earnings of workers in Tower Hamlets and London Boroughs, 2015



Source: Annual Survey of Hours and Earnings, ONS, 2015, data sourced from NOMIS

Figure 15 shows the equivalent picture for the earnings of residents of Tower Hamlets and other London Boroughs.

Figure 15: Earnings of residents in London Boroughs, 2015



Source: Annual Survey of Hours and Earnings, ONS, 2015. Data sourced from NOMIS

For residents, Tower Hamlets ranks significantly further down the London earnings ranking. At the median level, Tower Hamlets ranks 10th, and around that position across the earnings distribution. As with the pattern for employees in Tower Hamlets, this distribution includes full-time workers.

Tower Hamlets residents are paid (at the median) above residents of Redbridge, Lambeth, and Merton as well as well above the lowest paid Boroughs of Newham and Barking and Dagenham.

In Figure 15, we cannot define the position of the central 50% of Tower Hamlets resident workers. This is due to the survey being insufficiently large to generate a sufficient sample to define this group. We can, however, define the median resident worker as paid £29,778, and the average as £39,563. Both are well below the pattern for workers in Tower Hamlets. This pattern relates to receiving many in-commuters to highly paid jobs.

What does this mean for productivity?

The standard economic assumption is that the earnings level of a group of workers is equivalent to the marginal productivity of the least productive of the group. Earnings for this purpose include other elements of labour cost than simply pre-tax earnings. It includes National Insurance and employer pension contributions as well, and elements of pay that are not fully captured in a pay survey. However, many of these are in some way broadly proportional to pre-tax pay, so it is not a very large stretch to use pre-tax pay as a proxy for productivity.

Tower Hamlets workers are therefore, after the City of London, the second most productive in London. This means that Tower Hamlets workers are also the second most productive in the UK, as London has nine out of the top 10 earnings figures for local authorities.

These figures based on earnings are consistent with those for productivity discussed earlier.

Economic Structure

The economic structure in Tower Hamlets is very different from that in the rest of the country, and even from the rest of London.

Table 1 shows employment by sector in Tower Hamlets, London and England.

Table 1: Employment by sector, Tower Hamlets, London and England

Industry	Tower Hamlets	%	London %	England %
Agriculture, forestry & fishing	0	0	0	1.3
Mining, quarrying & utilities	800	0.3	0.6	1.1
Manufacturing	3,700	1.4	2.4	8.1
Construction	4,200	1.6	3.1	4.5
Motor trades	600	0.2	0.8	1.9
Wholesale	6,000	2.3	3.2	4.1
Retail	10,300	3.9	8.6	10
Transport & storage	5,200	2	4.7	4.5
Accommodation & food services	13,000	5	7.5	7
Information & communication	22,900	8.8	7.8	4.3
Financial & insurance	68,800	26.4	7.4	3.7
Property	5,200	2	2.4	1.9
Professional, scientific & technical	35,400	13.6	13.5	8.6
Business administration & support services	31,400	12	10.2	8.7
Public administration & defence	9,900	3.8	4.5	4.2
Education	16,900	6.5	8	9
Health	20,500	7.8	10.1	12.7
Arts, entertainment, recreation & other services	6,200	2.4	5.1	4.5
Column Total	261,200	100	100	100

Source: Business Register and Employment Survey, Office for National Statistics

Tower Hamlets has higher proportions of workers compared to England in: information and communication services (+4.5 percentage points), Finance and insurance (+22.7 percentage points), professional services (+5 percentage points) and business administration and support services (+3.3 percentage points). Property is marginally up on the national picture. In all other sectors, Tower Hamlets has a lower proportion of employees than the national pattern. The largest deficits in proportion are: manufacturing (-6.7 percentage points), retail (-6.1 percentage points) and health (-4.9 percentage points).

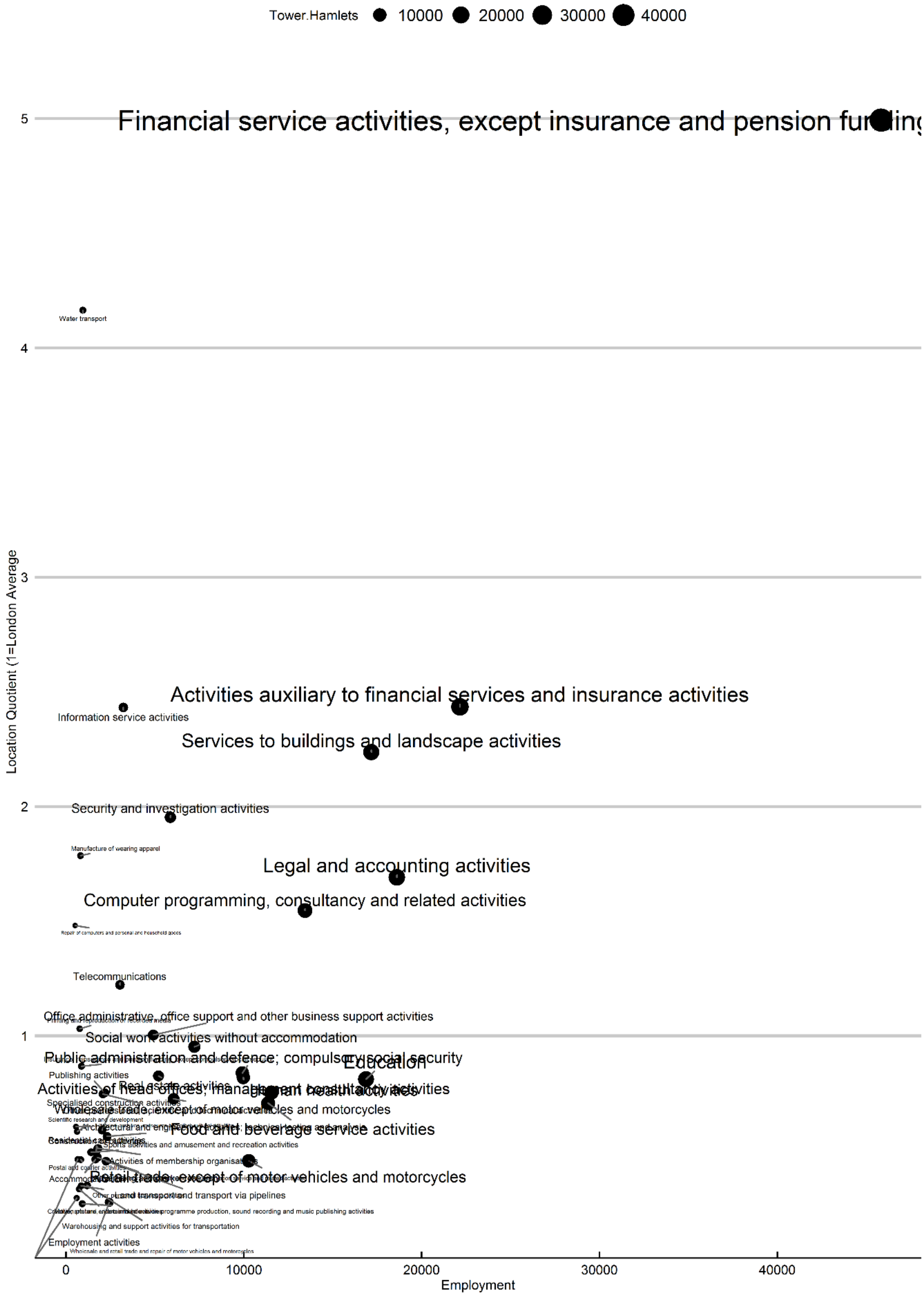
Some of these differences are London differences – where Tower Hamlets is more similar to the London pattern than to England. However, Tower Hamlets is substantially ‘up’ on the London pattern in finance and insurance, business administration and support services and information and communication services, and marginally in professional services. The largest negative difference from the London pattern is retail employment.

Figure 16 presents location quotient analysis for key sectors in Tower Hamlets compared to the London average. Sectors with a location quotient greater than 1 are over-represented against the London average, and those less than 1 are under-represented. The size of the text represents the number employed in the sector, as does the size of the bubble.

It confirms the high degree of representation in financial services (by far the largest sector) and some business service activities. This includes a number of related service industries, including lawyers and management consultants, all of which are over-represented in the borough compared with the London average. Also over-represented are information service activities, including newspaper content preparation.

Figure 16 also shows that there are a large number of smaller sectors where Tower Hamlets is under-represented compared to the London average. These are crowded into the lower left corner of the image. Larger sectors (large within Tower Hamlets) where Tower Hamlets is under-represented compared to London include: Retail, Food and beverage service, education, health and public administration and, perhaps more of a surprise, activities of Head Offices and management consultancy. Publishing activities are a smaller sector within this corner of the chart. The small size of publishing is largely related to the redefinition of publishing so that some of the activities are included in information services, for which Tower Hamlets is over-represented.

Figure 16: Sectoral Composition of the Tower Hamlets Economy, 2014



Source: ONS, Business Register and Employment Survey; Note: The location quotients are benchmarked against the London average

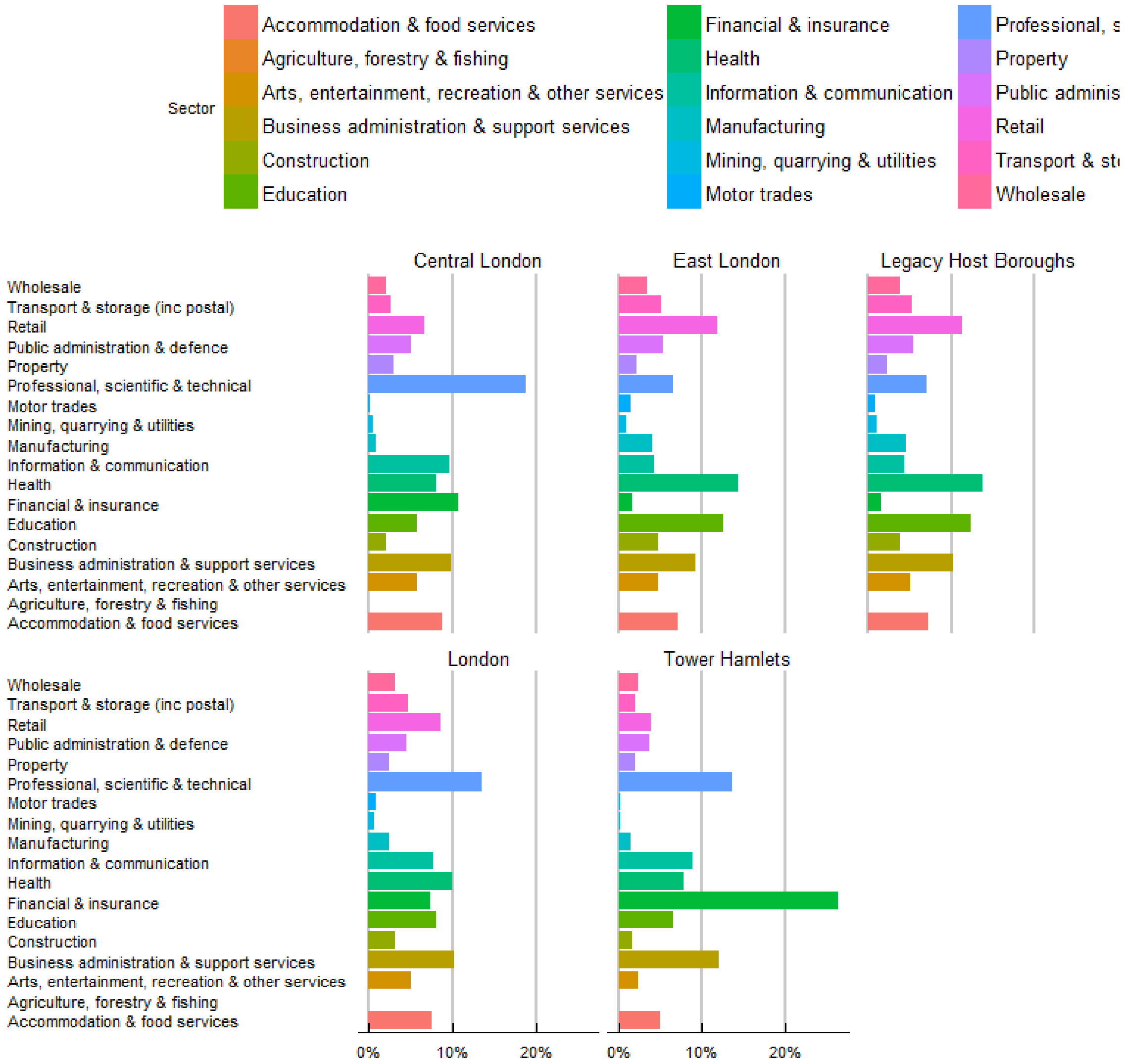
However, the location quotient analysis indicates that other service sectors not closely related to finance remain small by London standards, including employment/recruitment, architecture, engineering and IT. The retail sector is under-represented, as are public administration, construction, education, healthcare. However, this is likely to have more to do with the scale of the financial services sector overshadowing other economic activity, rather than any inherent weaknesses in these sectors.

The manufacturing sector now accounts for less than 4,000 jobs. Tower Hamlets has a very low proportion of manufacturing jobs, accounting for just 1.4% of the total, a lower figure than for London (2.4%) and all five other Legacy Host Boroughs (with an average of 4.5%).

Looking at the employment base as a whole, Tower Hamlets accounts for some 43% of the total number of jobs across the five Host Boroughs, demonstrating the large scale of the Borough's economy. Tower Hamlets' combined share of financial, IT and business services employment is even larger (Figure 17). In Tower Hamlets, these sectors account for about 55% of total employment, considerably higher than the five Legacy Host Boroughs' average of 37%; Hackney has the second highest representation in these sectors (33%). As noted above, Tower Hamlets is marginally under-represented in 'other services' when compared to the five Host Boroughs' average (4.4% and 5.7% respectively).

In terms of other sectors, Tower Hamlets has a lower proportion of public administration, education and health jobs (16.7%) compared to the five boroughs (26.5%), where the highest proportion exists within Greenwich (39%) – however, it is worth highlighting that these sectors collectively equate to some 34,100 jobs in Tower Hamlets. The proportion of tourism-related activities (which includes parts of the service sector) in Tower Hamlets (4.6%) is also lower than the Legacy Host Borough average (6.3%).

Figure 17: Employment by Sector in Tower Hamlets and Comparator Areas, 2014



Source: BRES/Inclusion analysis

Key Sectors

This section provides a more detailed overview of the main economic sectors in Tower Hamlets, in terms of:

- relative scale and importance to the local economy;
- relative performance in terms of employment growth;
- local representation compared to the other Host Boroughs and London average which indicates their relative degree of local competitive advantage;
- spatial distribution of jobs across the Borough; and
- locally-important sub-sectors present within Tower Hamlets.

The analysis is based on the latest (2014) Business Register and Employment Survey data using current (2007) SIC definitions, 2014 Business Counts from the IDBR to indicate number of local units. All figures are rounded, and references to the five Host Boroughs includes benchmarking of data with Barking and Dagenham, Newham, Hackney, Greenwich, Waltham Forest, as well as Tower Hamlets. Islington and Camden have also been included as potential 'city fringe' comparators.

It should be remembered that sector is defined by the main activity of the business, so manufacturing businesses may not be undertaking manufacturing within Tower Hamlets, but have a local unit (e.g. headquarters) within the Borough.

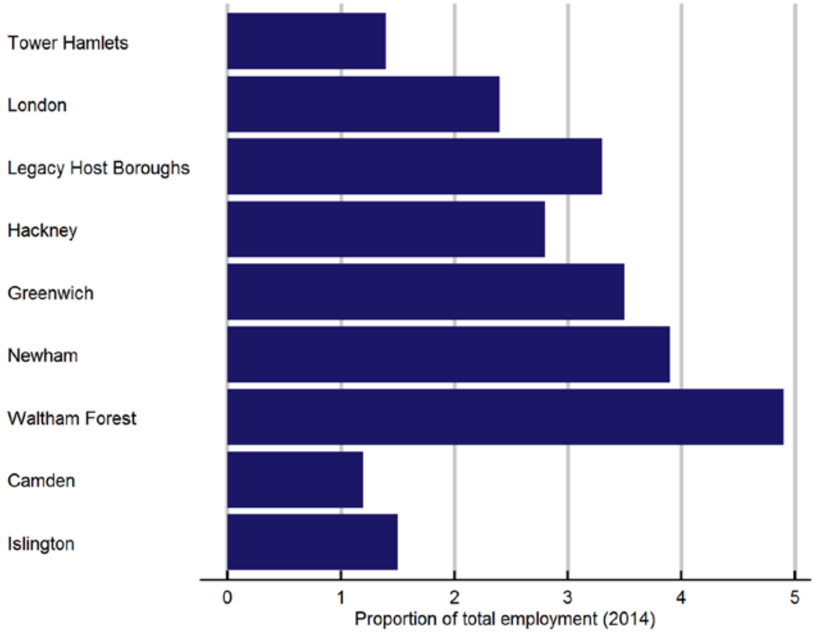
Summary

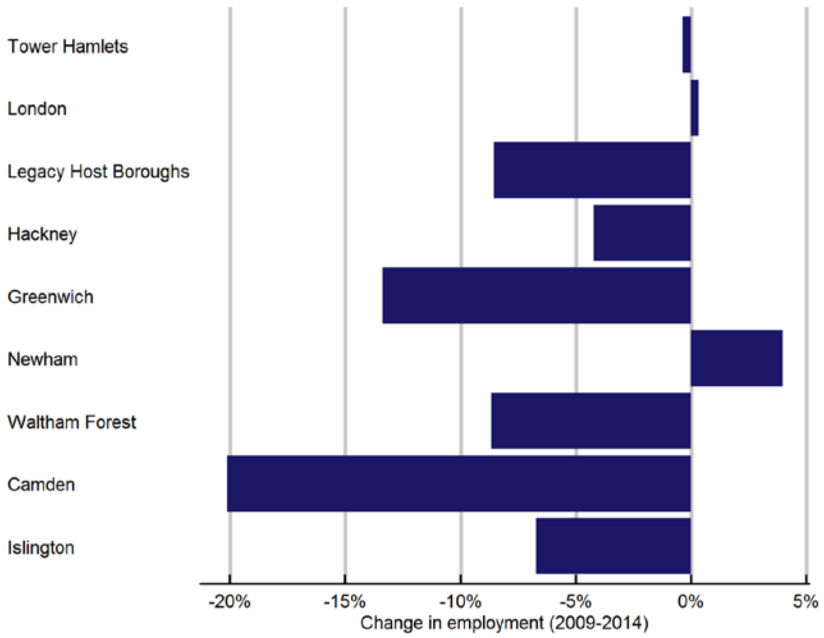
The largest growth since 2009 in employment in Tower Hamlets has not been in financial and insurance services (which still remains the largest sector at slightly less than double professional, scientific and technical services), but in the professional services group (up 13,000 to 35,400), business administration and support services (up 10,600 to 31,400) and information and communication services (up 6,400 to 22,900). The largest fall in employment from 2009 to 2014 was in construction.

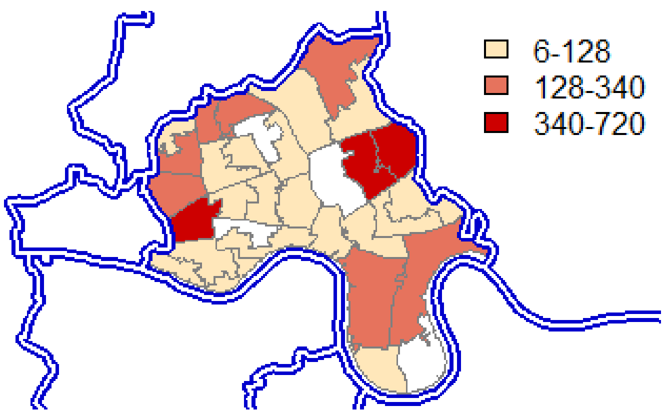
Manufacturing

- Total employees - 3,600
- Proportion of total employment - 1.4%
- Change in employment - 0
- Number of businesses (IDBR local units) - 600

Figure 18: Sector Profile: Manufacturing 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets







Source: BRES/Business demography/Inclusion analysis

The manufacturing sector accounts for 1.4% of total employment in Tower Hamlets, supporting about 3,600 jobs and 450 enterprises. The sector has seen virtually no overall change over the last five years. This is the smallest change in any comparator borough.

Manufacturing in Tower Hamlets supports a similar proportion of jobs to Camden and Islington, and markedly less than in London as a whole or the Host Boroughs.

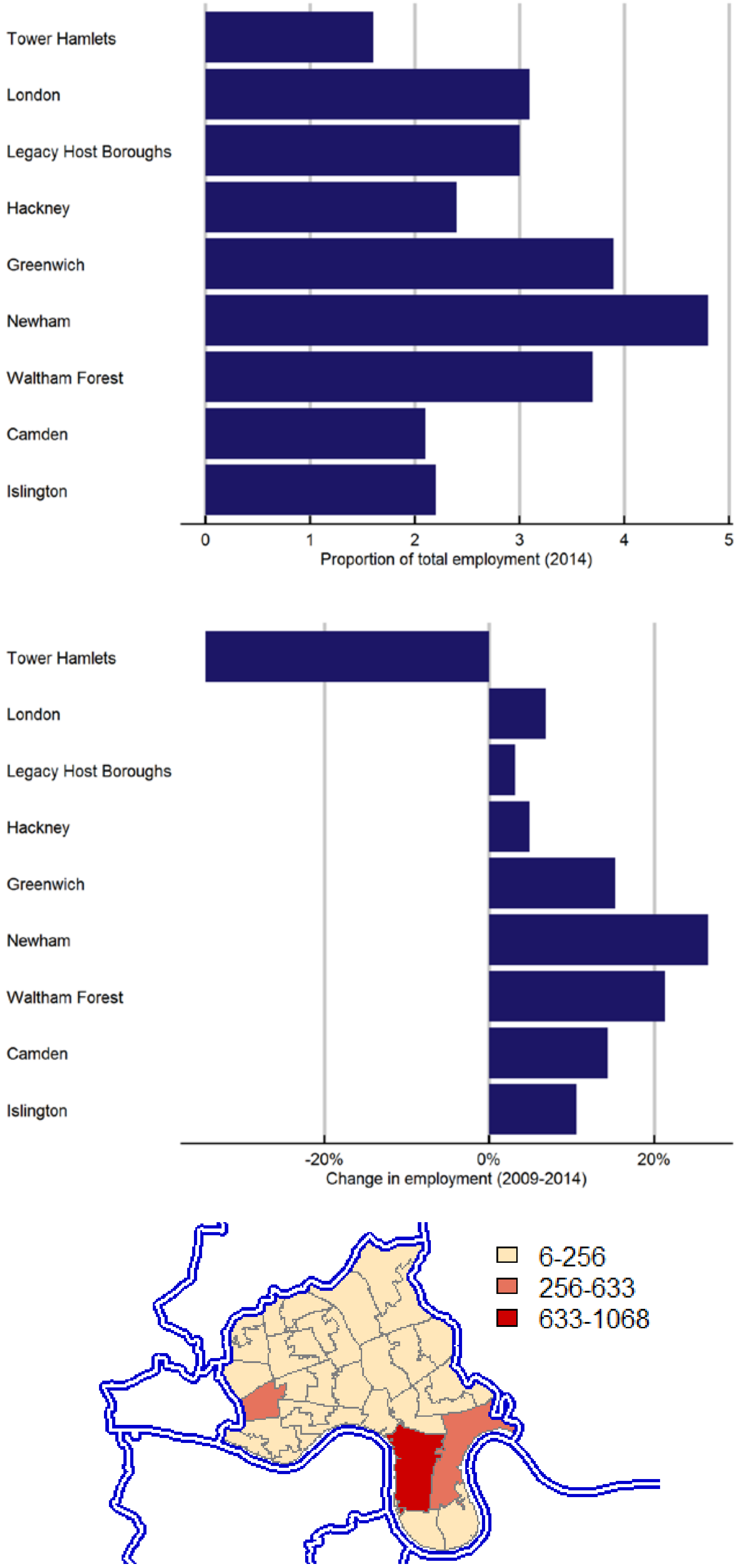
When mapping the concentrations of employment, we have deleted data where plotting it would be disclosive of individual employers, and have used the Middle Layer Super Output Area geography to minimise the extent of possible disclosure.

Construction

- Total employees - 4,100
- Proportion of total employment - 1.6%
- Change in employment - -2,200
- Number of businesses (IDBR local units) - 200

The construction sector in Tower Hamlets mainly comprises general construction and engineering activities, and specialist supporting trades such as electrical installation and plumbing. In total the sector accounts for nearly 4,100 employees, or 1.6% of total employment. It constitutes a relatively low level of employment compared to the other Host Boroughs. Construction in Tower Hamlets has contracted while it has grown in all the other comparator areas. However, as these figures are from employer sources, they include employees only. The very large number of self-employed in construction (who do not employ others) are not included in this data source.

Figure 19: Sector Profile: Construction 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets



Source: BRES/Business demography/Inclusion analysis

Wholesale Trades

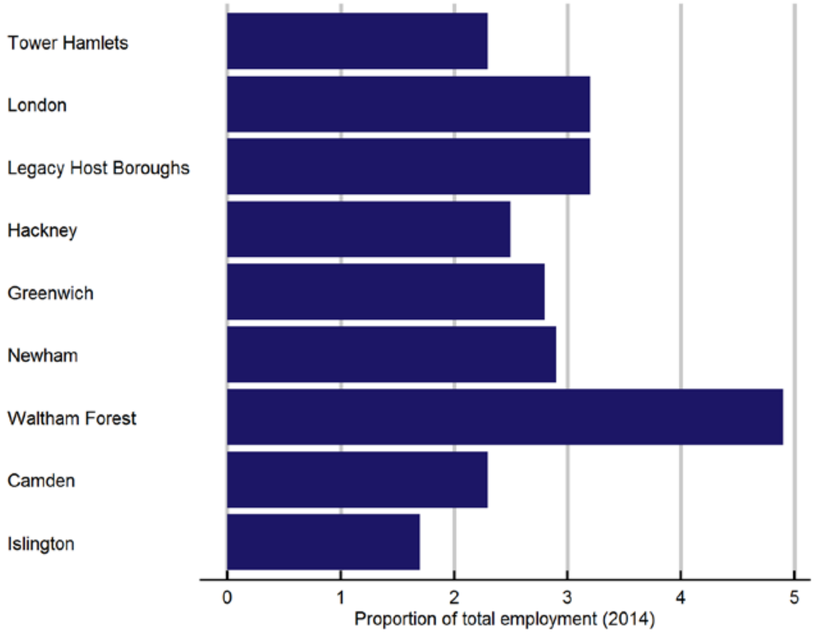
- Total employees - 5,900
- Proportion of total employment - 2.3%
- Change in employment - 1,700
- Number of businesses (IDBR local units) - 900

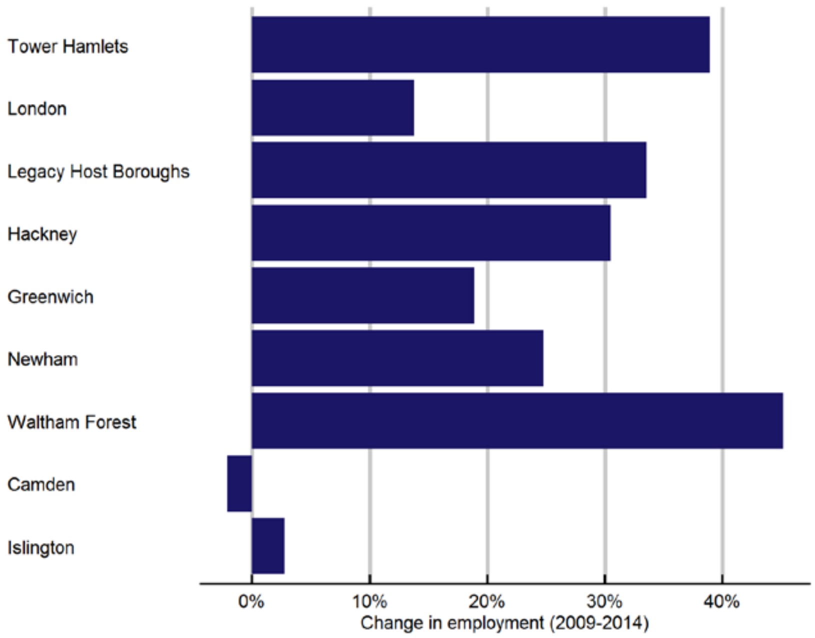
The wholesale sector (not counting retail) employees nearly 6,000 people in Tower Hamlets, 2.3% of total employment. The proportion of total employment is similar to the other City Fringe areas (Hackney, Camden and Islington) and smaller than that in remaining areas.

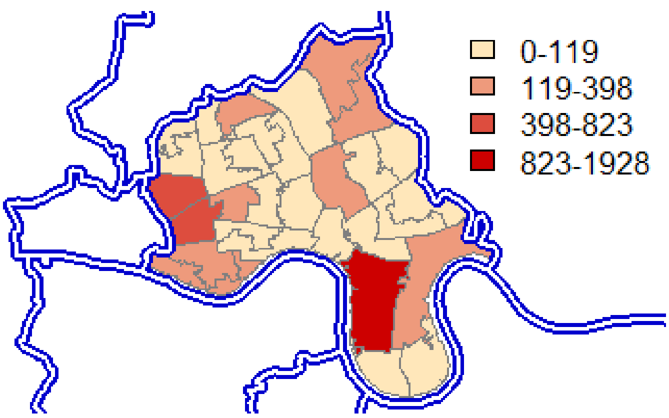
The wholesale sector has a large number (900) of businesses.

Wholesale employment has, however, grown substantially in Tower Hamlets, unlike Camden and Islington. Tower Hamlets has the second highest growth rate after Waltham Forest in wholesale employment.

Figure 20: Sector Profile: Wholesale 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets







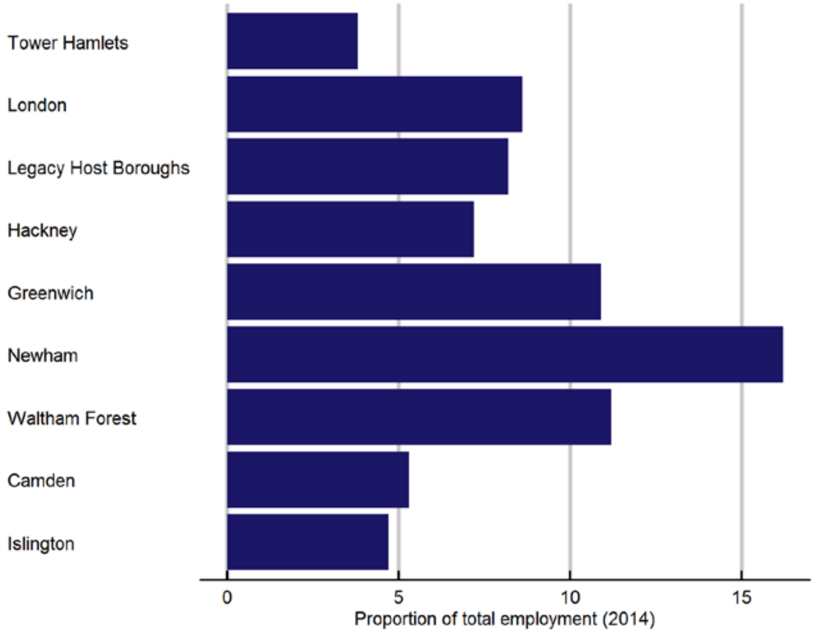
Source: BRES/Business demography/Inclusion analysis

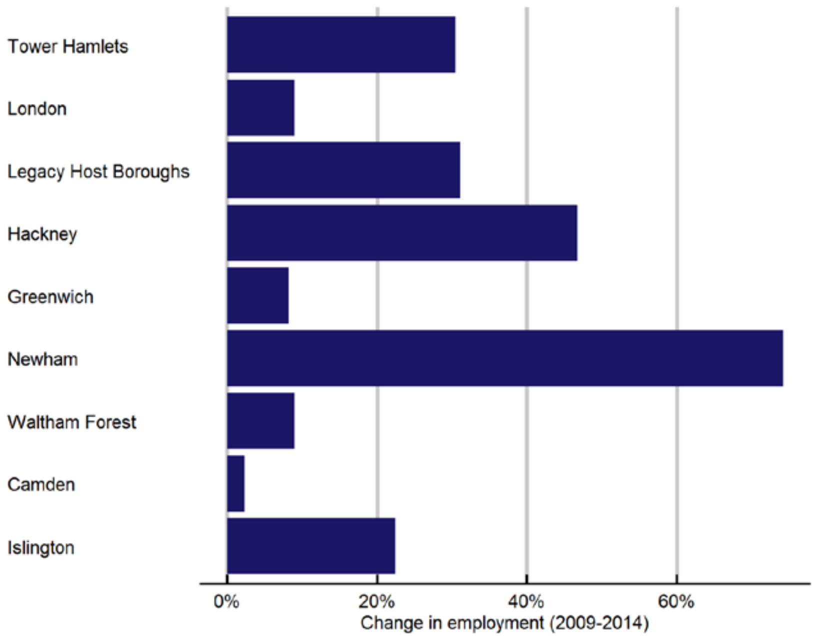
Retail Trades

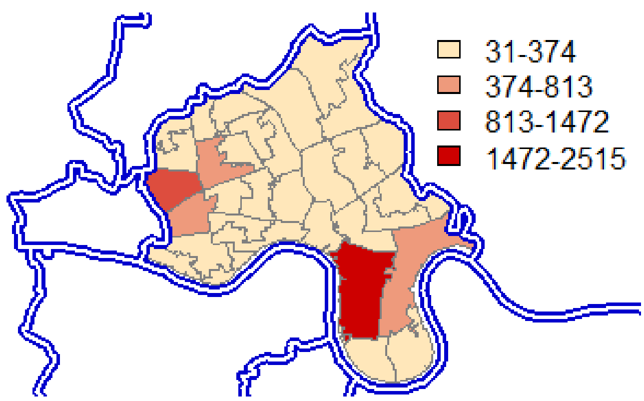
- Total employees - 9,900
- Proportion of total employment - 3.8%
- Change in employment - 2,300
- Number of businesses (IDBR local units) - 1,300

This sector supports about 9,900 jobs or 3.8% of total employment. Compared to the other Host Boroughs, the sector appears comparatively small as proportion of overall employment although it the absolute numbers of employees are actually similar, and supports some 1,300 enterprises. It has grown strongly over the five years, but still stands at a similar proportion to Camden and Islington.

Figure 21: Sector Profile: Retail 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets







Source: BRES/Business demography/Inclusion analysis

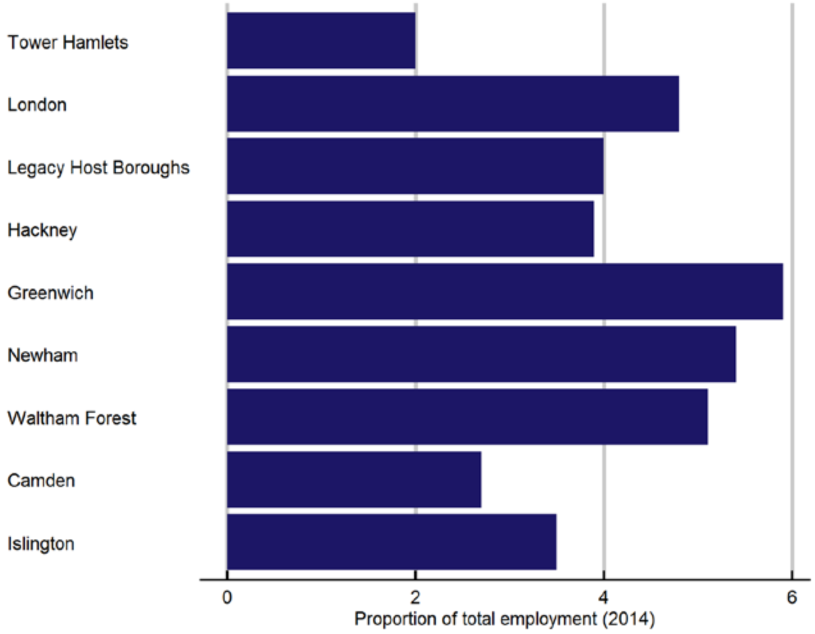
Transport, Storage and Communications

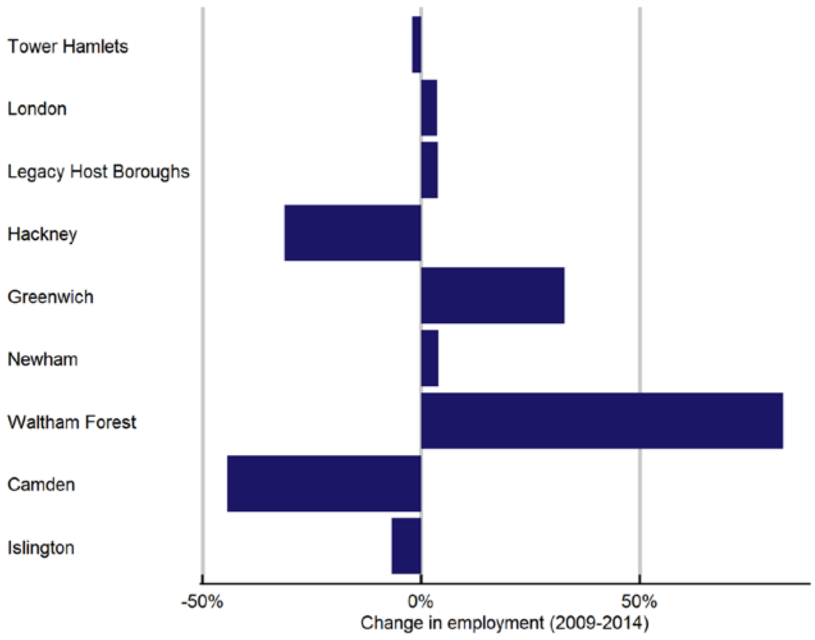
- Total employees - 5,100
- Proportion of total employment - 2%
- Change in employment - -100
- Number of businesses (IDBR local units) - 400

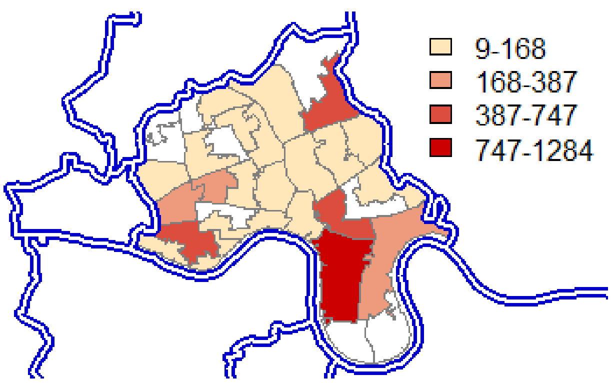
This sector supports about 5,100 jobs in Tower Hamlets, equivalent to 2% of total employment. The sector has shown very little change on 2009.

Compared with the previous Local Economic Assessment, the change in classification has removed telecommunication businesses into the Information and communications sector. This has reduced the apparent size of the sector, but it is now more definitively 'transport' businesses.

Figure 22: Sector Profile: Transport, storage and communications 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets







Source: BRES/Business demography/Inclusion analysis

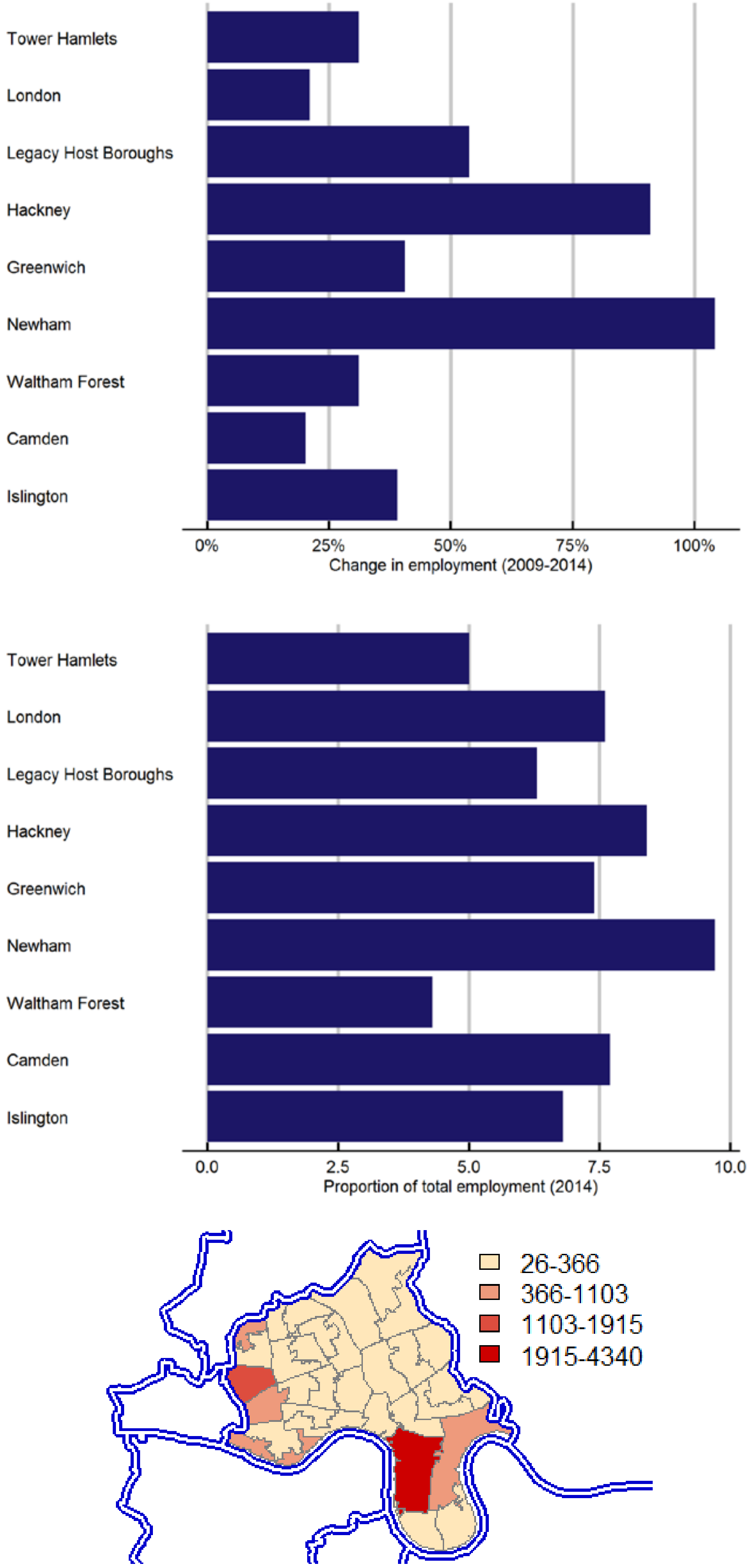
Accommodation & food services

- Total employees - 12,700
- Proportion of total employment - 5%
- Change in employment - 3,000
- Number of businesses (IDBR local units) - 1,000

The "Accommodation & food services", or hotels and restaurants, sector employs 12,700 people in Tower Hamlets, equivalent to 5% of employment, and supports nearly 1,000 enterprises or local units. It has been a significant growth sector, registering growth of over 30% over the past five years, higher than the London average but lower than the growth in the Host Boroughs as a whole. Employment in Newham in this sector has more than doubled.

While the proportion of employment is similar to the other Host Boroughs, Tower Hamlets has the largest actual number of jobs in this sector (the next largest are Newham with 9,100 and Hackney both with 8,600 jobs).

Figure 23: Sector Profile: Accommodation and food services 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets



Source: BRES/Business demography/Inclusion analysis

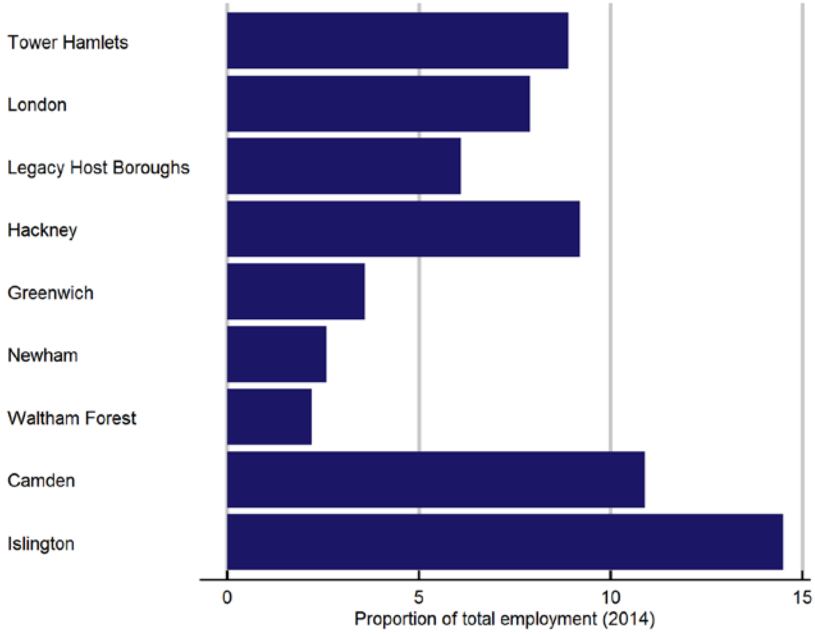
Information and Communication services

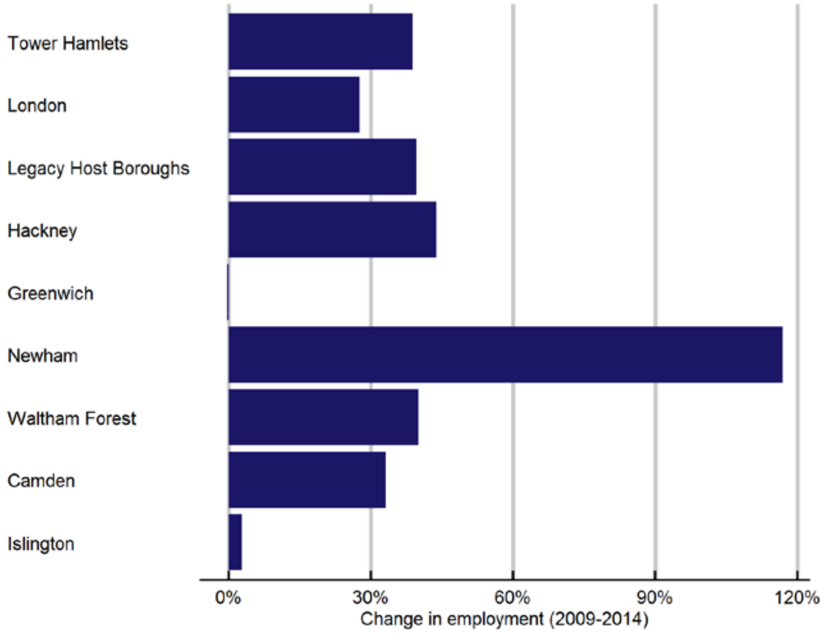
- Total employees - 22,800
- Proportion of total employment - 8.9%
- Change in employment - 6,400
- Number of businesses (IDBR local units) - 2,300

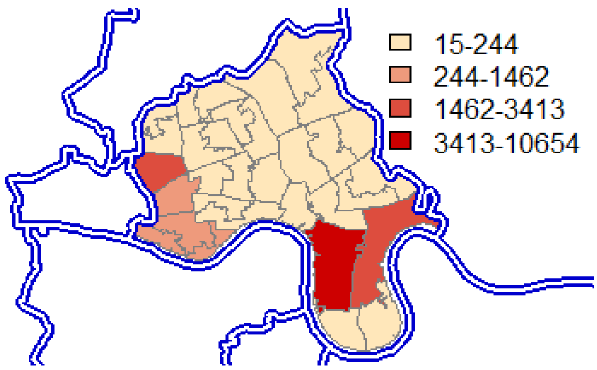
Information and communication includes the media content generation services such as journalism, information technology, and telecommunication services, all of which are significant to Tower Hamlets. There are 22,800 employees in information and communication in Tower Hamlets, 8.9% of total employment. The sector has been growing significantly, and has increased by 6,400 over the last five years. There are 2,300 businesses in the information and communications sector in Tower Hamlets.

Tower Hamlets has a similar proportion of employment in this sector to Hackney, and lower than that for Camden and Islington. The other Host Boroughs have markedly lower proportions in this sector. However, growth is more even (except Greenwich, where employment has fallen, and Newham, where it has more than doubled). The overall Host Boroughs growth is 40%, almost the same as Tower Hamlets' 39%.

Figure 24: Sector Profile: Information and communication services 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets







Source: BRES/Business demography/Inclusion analysis

Finance and insurance

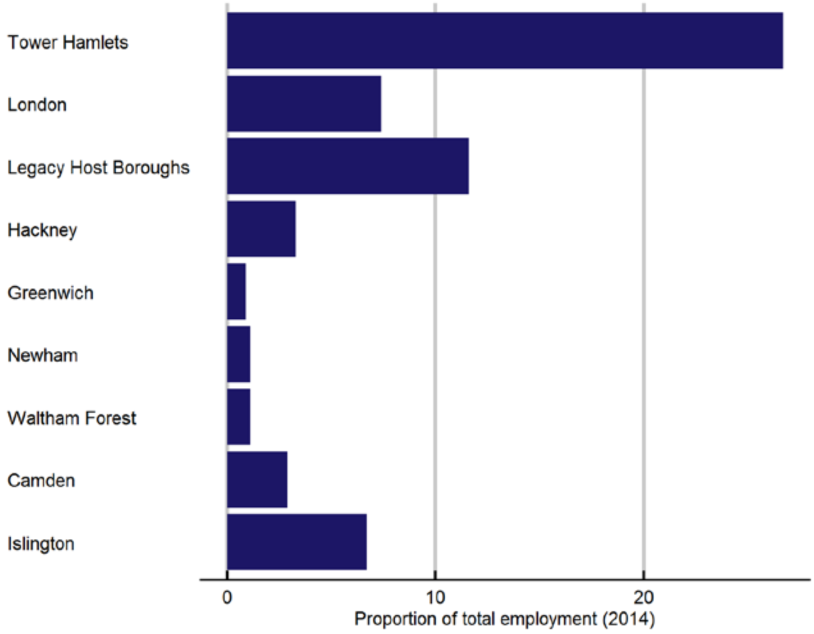
- Total employees - 68,600
- Proportion of total employment - 26.7%
- Change in employment - 4,900
- Number of businesses (IDBR local units) - 600

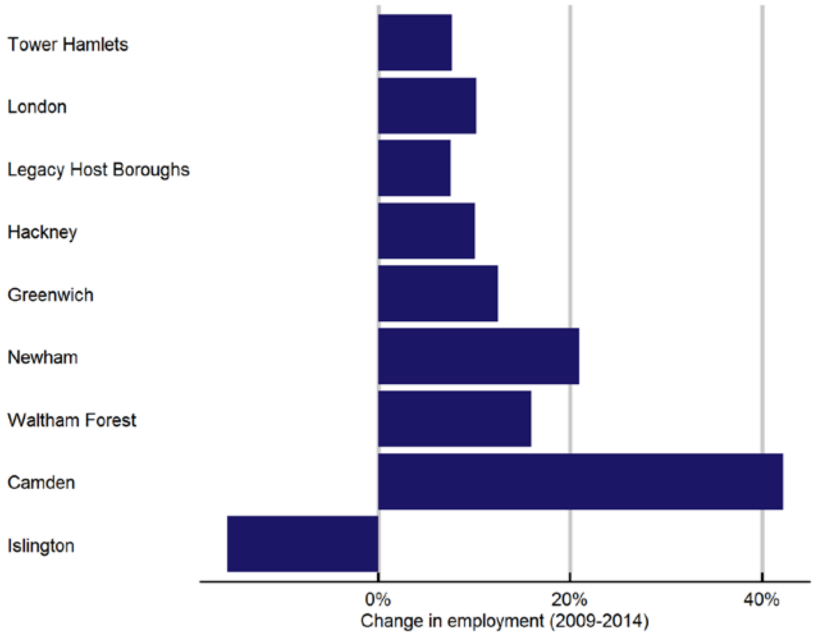
This is, by far, the largest single sector of employment within Tower Hamlets, accounting for 69,000 jobs and about 27% of total employment. However, growth over the last five years has been slower, with much of the growth occurring in related businesses rather than finance and insurance businesses themselves.

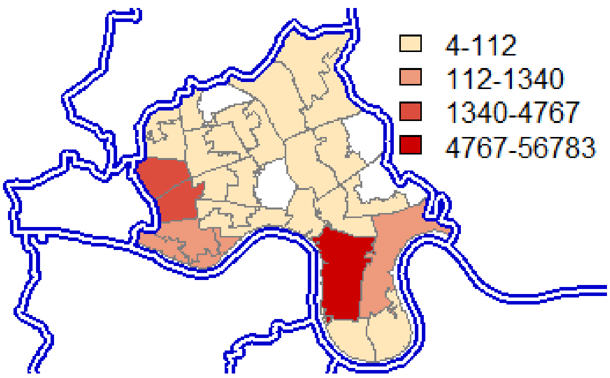
This is not surprising given the presence (and growth) of the Canary Wharf financial centre within the borough. Comparisons of the borough's employment in this sector with the other Host Boroughs, and even with the London average, are almost academic.

Given the size of the sector, the number of enterprises may appear comparatively low. However, it confirms the picture of a smaller number of large employers, as is typical of the major financial institutions.

Figure 25: Sector Profile: Finance & insurance 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets







Source: BRES/Business demography/Inclusion analysis

Professional, scientific & technical services

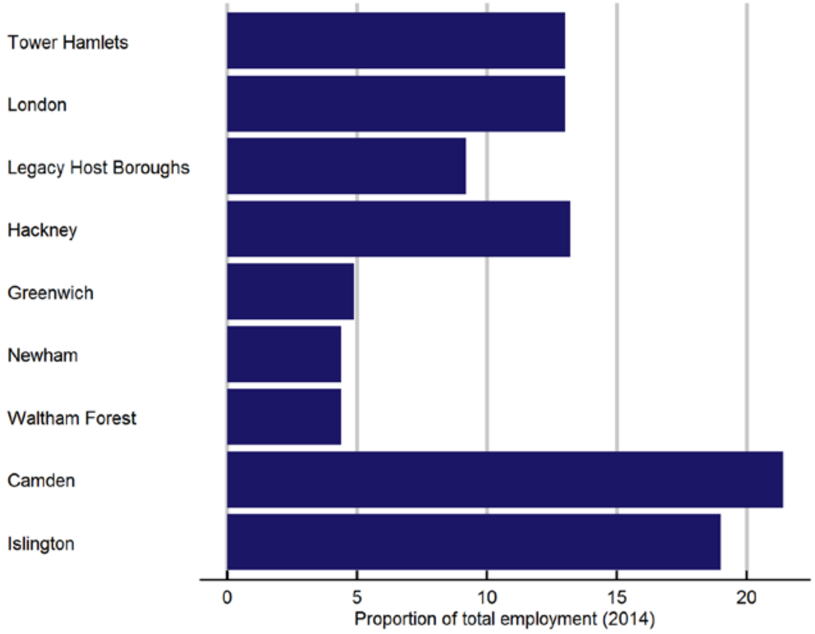
- Total employees - 33,400
- Proportion of total employment - 13%
- Change in employment - 13,000
- Number of businesses (IDBR local units) - 3,100

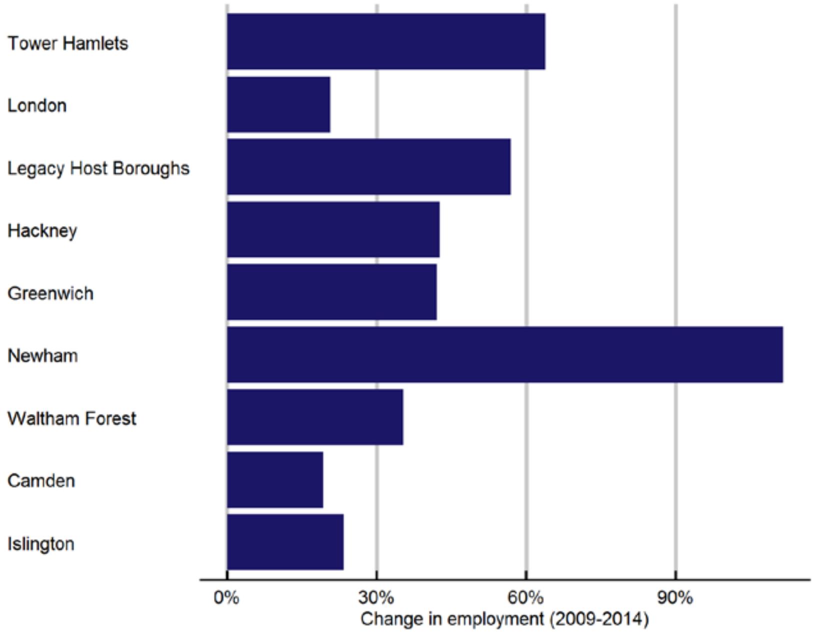
Professional, scientific and technical services are the second largest sector in Tower Hamlets for employment, though, at 33,400 employees and 13% of employment, only half the size of finance and insurance. The sector is growing fast - in Tower Hamlets by 64% over the last five years. Tower Hamlets has now caught up to the London average proportion of employment.

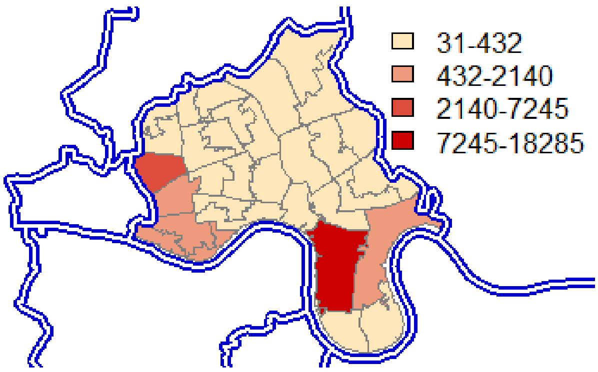
This sector includes legal firms and management consultancies as well as a very large number of smaller firms. While the average size of businesses in finance and insurance is 114, for those in professional (etc.) services its just 11. The sector is, however, composed of high-value services, while the lower value supporting services are in the following section.

The Tower Hamlets professional services group as a proportion of employment is similar to that for London as a whole and Hackney, lower than Camden and Islington and markedly higher than the remaining Host Boroughs. However Newham is showing higher growth from a low base.

Figure 26: Sector Profile: Professional, scientific and technical services 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets







Source: BRES/Business demography/Inclusion analysis

Business administration & support services

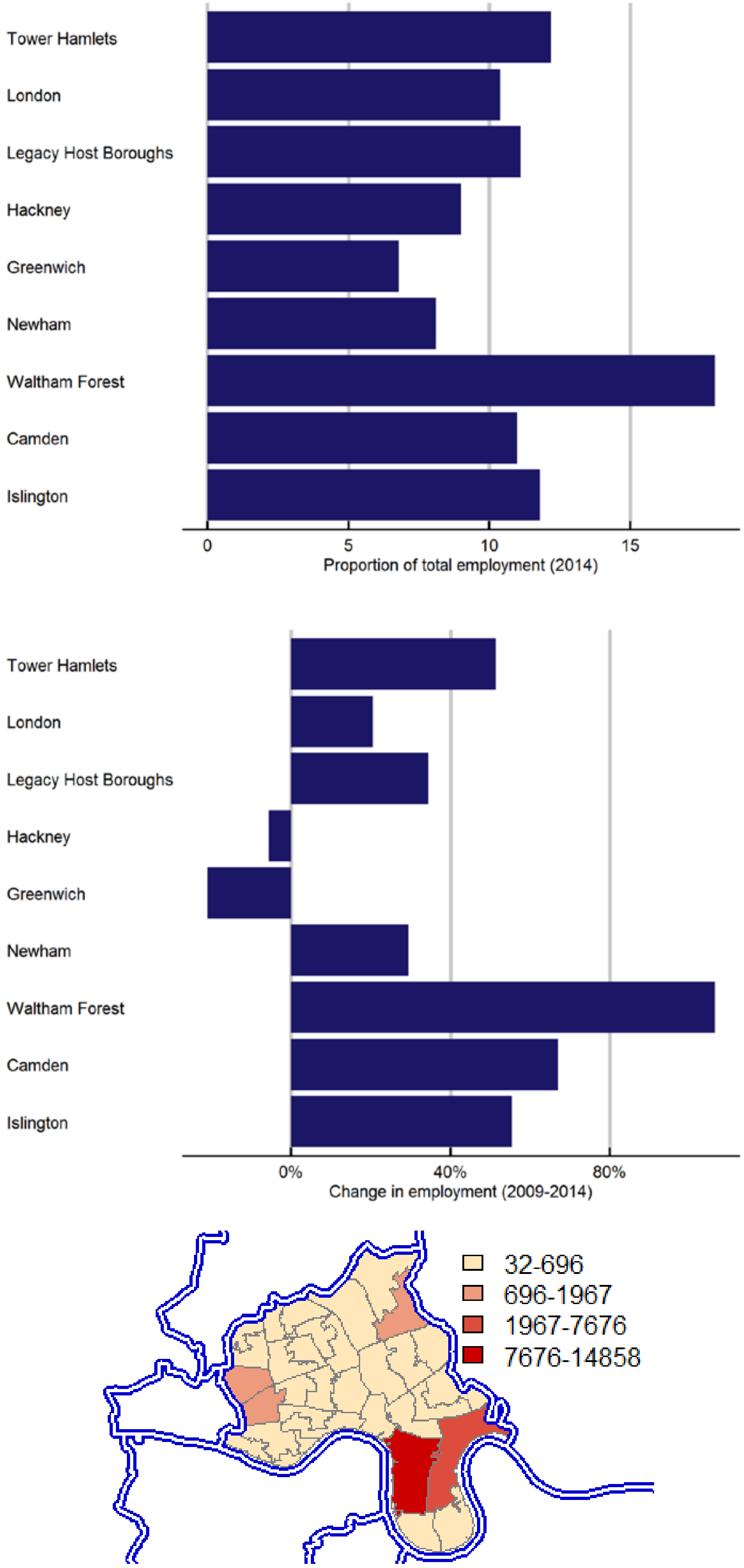
- Total employees - 31,300
- Proportion of total employment - 12.2%
- Change in employment - 10,600
- Number of businesses (IDBR local units) - 1,300

Business administration & support services are the third largest sector in Tower Hamlets for employment, though, at 31,300 employees and 12% of employment, just smaller than professional services. The sector is growing fast - in Tower Hamlets by 51% over the last five years.

These are typically low value, outsourced, services. The largest single sub-sector is cleaning services, with 12,600 employees, 4.8% of all Tower Hamlets employment. The second largest sub-sector is security services, with 5,800 employees, 2.3% of Tower Hamlets employees. Both these sub-sectors are larger in employment terms than manufacturing, in Tower Hamlets.

Tower Hamlets has a slightly larger proportion of jobs in business administration and support services than London or most of the comparator areas, with the exception of Waltham Forest. Waltham Forest also shows higher growth.

Figure 27: Sector Profile: Business administration and support services 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets



Source: BRES/Business demography/Inclusion analysis

Public Administration

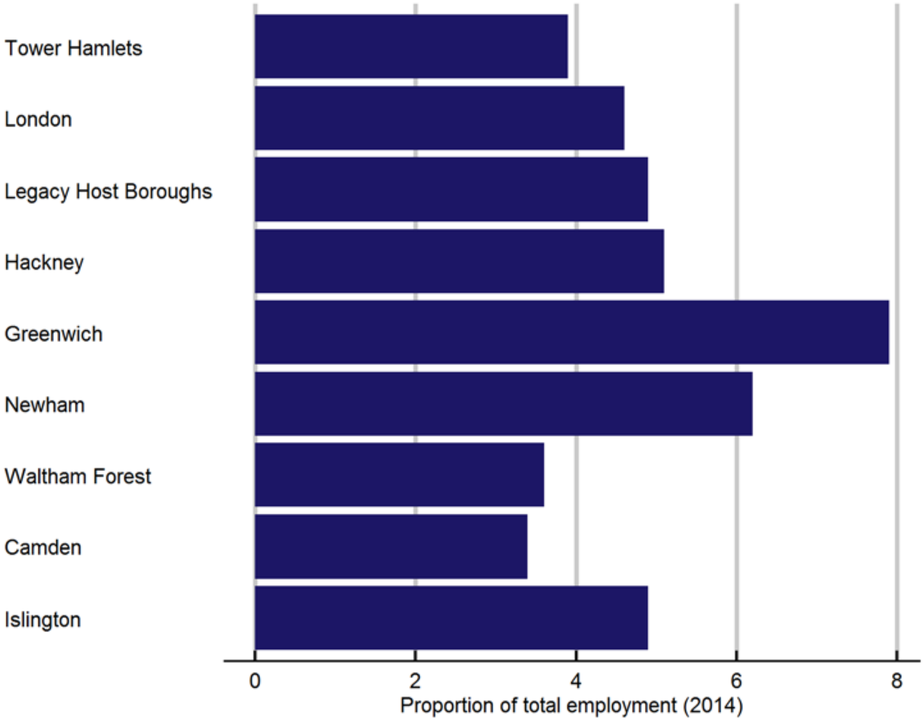
- Total employees - 9,900
- Proportion of total employment - 3.9%
- Change in employment - 2,000
- Number of businesses (IDBR local units) - 100

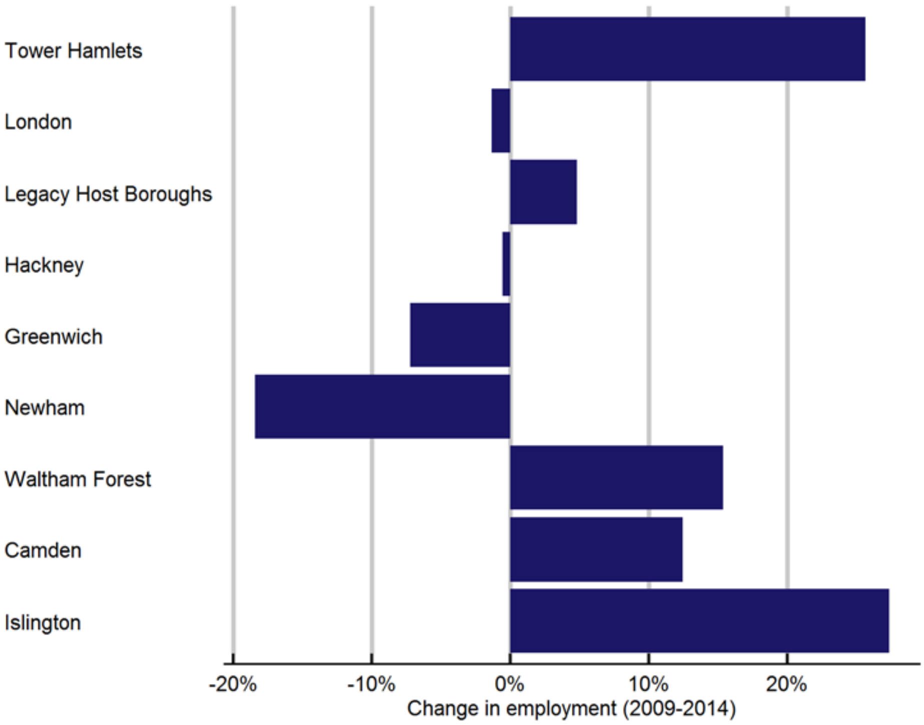
The public administration sector accounts for about 9,900 jobs in Tower Hamlets, equivalent to just under 4% of total employment. This level of representation is below the London average (4.6%) and significantly below some other Host Boroughs such as Greenwich and Newham (8% and 6% respectively), although it is important to note that in absolute job terms, Tower Hamlets has the largest public sector job base. The size of the sector is, however, much smaller than in Camden or Islington.

It is also a sector which has grown considerably in Tower Hamlets over the past decade, by 26%. Some of this growth is likely to be due to the growth in financial regulation since the financial crisis of 2008. The Financial Conduct Authority is located within Tower Hamlets.

Because there are a small number of public administration organisations operating in Tower Hamlets, the ONS regard their locations as possibly disclosive, and therefore no map is provided.

Figure 28: Sector Profile: Public Administration 1: Proportion of total employment; 2: Change in employment 2009-14





Source: BRES/Business demography/Inclusion analysis

Education

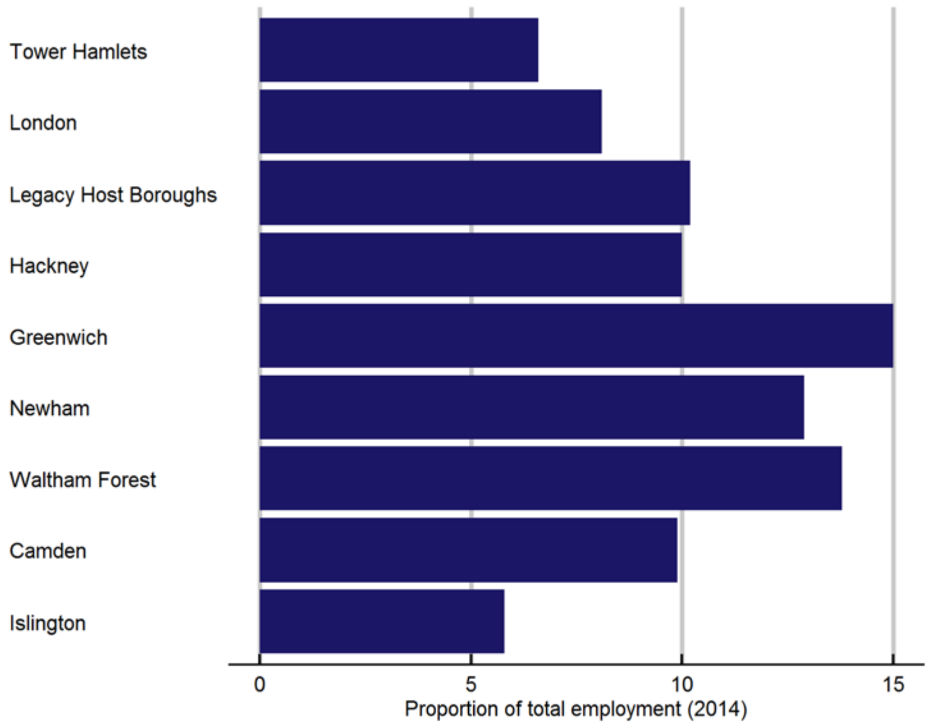
- Total employees - 16,800
- Proportion of total employment - 6.6%
- Change in employment - 4,200
- Number of businesses (IDBR local units) - 400

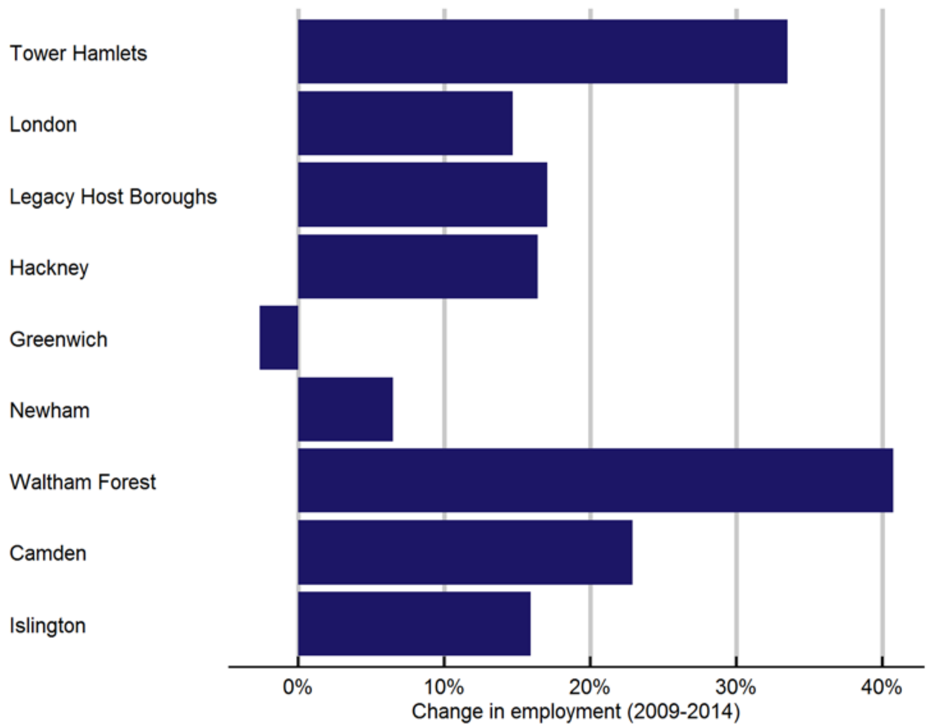
This sector supports about 16,800 jobs in Tower Hamlets, equivalent to 6.6% of total employment, and supports 400 employers. The sector has grown by about a third over the past five years, although the sector is still under-represented both compared to other Host boroughs and the London average.

The largest single sub-sector in employment terms is higher education, accounting for some 6,400 jobs, or nearly 40% of the sector total. This is followed by primary (4,700 jobs) and secondary (3,900 jobs), with lower levels of employment in other sectors.

Because there are a small number of large education providers operating in Tower Hamlets, the ONS regard their locations as possibly disclosive, and therefore no map is provided.

Figure 29: Sector Profile: Education 1: Proportion of total employment; 2: Change in employment 2009-14





Source: BRES/Business demography/Inclusion analysis

Health and Social Work

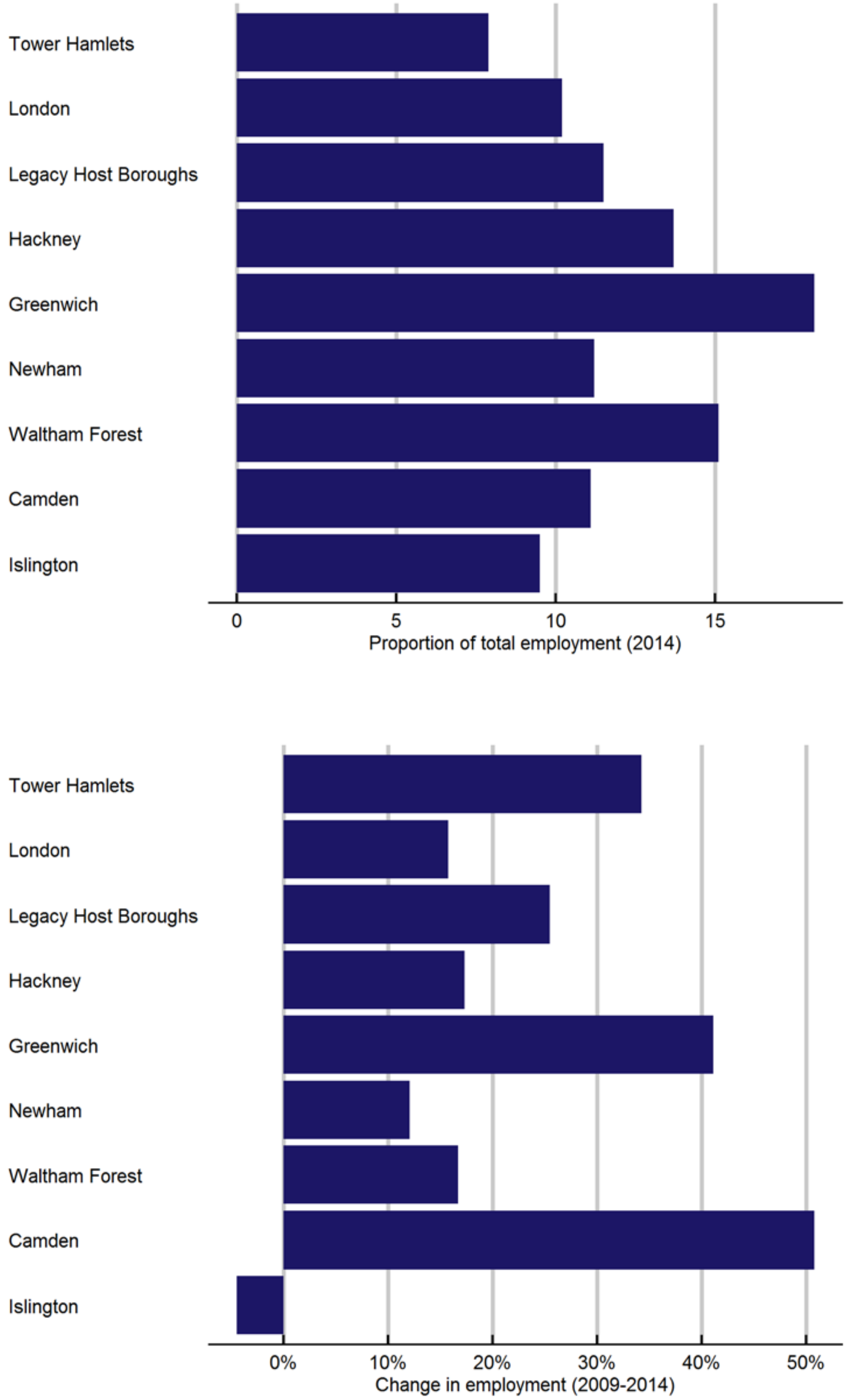
- Total employees - 20,200
- Proportion of total employment - 7.9%
- Change in employment - 5,200
- Number of businesses (IDBR local units) - 700

This sector supports about 20,200 jobs in Tower Hamlets, equivalent to about 8% of total employment, and supports 700 employers. The sector has registered strong growth over the past five years, but remains under-represented in the borough compared to the other Host Boroughs and London average.

Because there are a small number of large health organisations operating in Tower Hamlets, the ONS regard their locations as possibly disclosive, and therefore no map is provided.

The largest sub-sector relates to employment in the borough's hospitals, which account for about 40% of total jobs.

Figure 30: Sector Profile: Health and social work 1: Proportion of total employment; 2: Change in employment 2009-14



Source: BRES/Business demography/Inclusion analysis

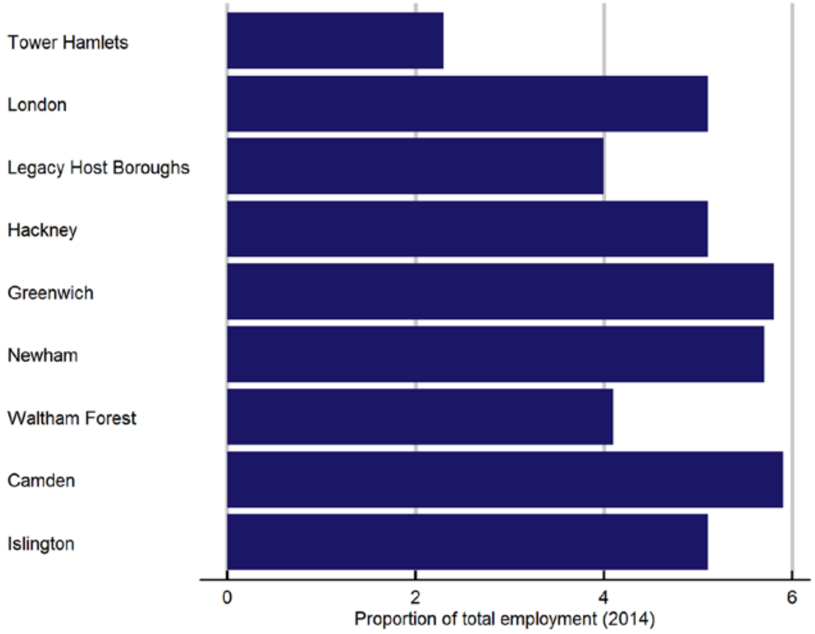
Arts, entertainment, recreation & other services

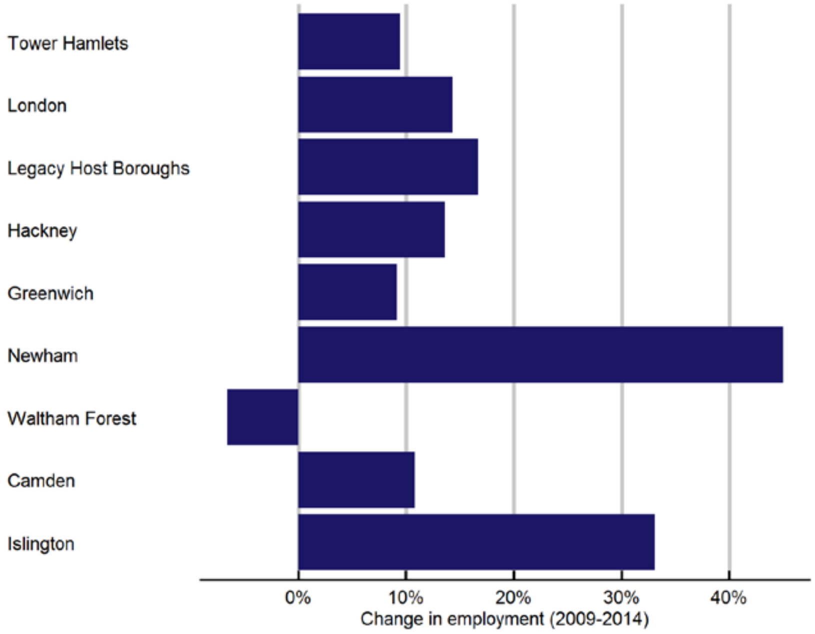
- Total employees - 6,000
- Proportion of total employment - 2.3%
- Change in employment - 500
- Number of businesses (IDBR local units) - 1,000

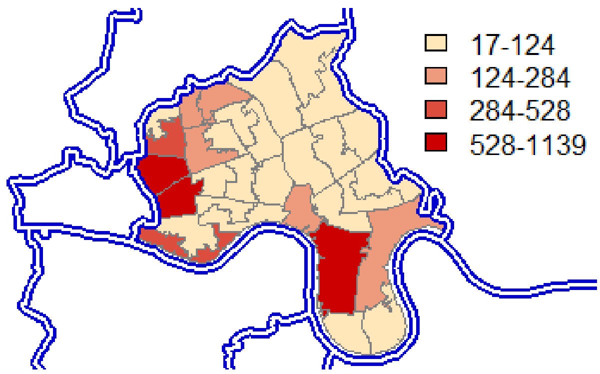
This sector supports about 6,000 jobs in Tower Hamlets, equivalent to about 2.3% of total employment. It has been a significant growth sector for the Borough, although is still under-represented as a proportion of total employment compared to other Host Boroughs and the London average. In particular, the sector comprises a much smaller proportion of employment than in the other City Fringe borough comparators of either Islington or Camden. Tower Hamlets has an established creative sector mostly concentrated around the City Fringe in the west of the borough.

There are about 1,000 employers in this sector.

Figure 31: Sector Profile: Arts, entertainment, recreation & other services 1: Proportion of total employment; 2: Change in employment 2009-14; 3: Location within Tower Hamlets







Source: BRES/Business demography/Inclusion analysis

Issues and Indications

The situation:

- Tower Hamlets functions as a major centre of employment in London – it is the largest and fastest growing part of the Legacy Host Boroughs sub-region.
- Financial and both professional and other business services is the core of the borough's economy. Together they are the largest sectors in employment terms, and have been the major growth sector.
- In terms of other sectors, the proportions of employment are substantially lower than in other east London Boroughs. However, whether this in under-representation may simply be due to the very large number of finance, professional and business service jobs. Mathematically, all other sectors therefore form smaller proportions of total employment than in areas without this concentration of employment. Employment decline has been underway in manufacturing.

Issues:

- As noted above, Tower Hamlets effectively has two 'sub-economies' operating in parallel. While financial and business services have driven the borough's considerable economic expansion growth in other sectors has been less impressive and more traditional industries have declined. To what extent can, and should, the Borough seek to achieve a more balanced model of growth in the future? Or, should it concentrate on further development of information technology and professional services that have formed such a large proportion of recent growth, counteracting the previous growth of financial services?
- While financial and business services are well provided for (for example Canary Wharf and Wood Wharf, Aldgate), planning for the needs of other sectors is likely to become a more important in the future. This will be particularly important in the context of increasing competition from elsewhere, such as Stratford.

3. Skill Needs and Future Demand for Labour

The demand for labour

The most recent sets of relevant forecasts of employment demand come from the Greater London Authority (2015) forecasts for Boroughs and Sectors (Working Paper 67), Greater London Authority (2015) analysis and forecasts for the Central Area Zone and Northern Isle of Dogs (Working Paper 68) and the UK Commission on Employment and Skills (UKCES) Working Futures (2013).

The UKCES forecasts do not (in this version) produce information at a lower geographical level than Local Enterprise Partnership, which in this case is London as a whole.

UKCES forecasts are 2012-based and extent to 2022, while the GLA forecasts are 2014-based and extend to 2036.

The overall headline totals for the two forecasts differ considerably. The UKCES forecasts a growth in London employment of 8% from 2012 to 2022, while the equivalent for the GLA forecasts are a growth of 13%.

The Working Futures forecasts include the implications for occupations and for skill requirements and also replacement demand. The GLA forecasts are less detailed in these respects.

Methods

Both these sets of forecasts are predominantly sector and trend-based. This poses questions in relation to the nature of corporate organisation as much as the location of employment growth.

Both sets of forecasts are based on employment trends derived from the ONS Business Register and Employment Survey (as used earlier in this report), but with different sets of constraining factors. The Working Futures forecasts are produced for UK nations and LEP areas within England using a standard methodology. They use sector/occupation and sector/qualifications cross-tabulations to derive occupation and qualification patterns within their forecast. The Working Futures forecasts are constrained to overall totals consistent with overall employment forecasts such as those produced by a range of economic forecasters.

The GLA forecasts use the same base data for sectors, but add information from the planning system on developments that could house employment, and are not constrained to UK level employment forecasts.

Growth sectors

The two largest growth sectors for London (and also Tower Hamlets) in the recent past have been professional, scientific and technical services on the one hand and business administration and support services on the other. Both of these groups could be characterised as including substantial 'outsourced services' elements. There have been trends towards outsourcing a wide range of service elements in both the private and public sectors, resulting in the substantial growth of these specialist organisations. It may be that this trend towards companies concentrating on core competencies and outsourcing service functions will continue.

The important point from the discussion in the last paragraph is that the need for the functions supplied by the outsourced services sectors continue regardless of whether the functions are provided in-house or outsourced. There may however be efficiency gains from either set of corporate structures.

GLA Economics

The GLA forecasts employment in Tower Hamlets increasing from the 2014 261,000 to 323,000 in 2022 and 465,000 in 2036. This is a growth of 78% in Tower Hamlets, compared with 14% in London as a whole. Tower Hamlets therefore increases from 5.5% of total London employment in 2014 to 8.6% in 2036.

These forecasts are trend-based - and in the case of Tower Hamlets, this means the trend since 1981. The sum of all Borough forecasts are constrained to the London sector-based forecast. However, this process did not result in reducing the forecast for Tower Hamlets.

GLA Economics notes that these forecasts are not the ones used in the recently published "Further Amendments to the London Plan". The forecasts used for that purpose started out using a similar methodology but were then 'triangulated' with forecasts for transport accessibility and for workplace capacity.

In the case of Tower Hamlets, transport accessibility for the major employment centres in the City Fringe and in the Northern Isle of Dogs is expected to increase substantially with the opening of Crossrail in 2017-18, and therefore is not likely to constrain employment growth in areas accessible from those sites.

The overall London forecasts from GLA Economics are sector-based and are constrained in ways that may have impact for Tower Hamlets.

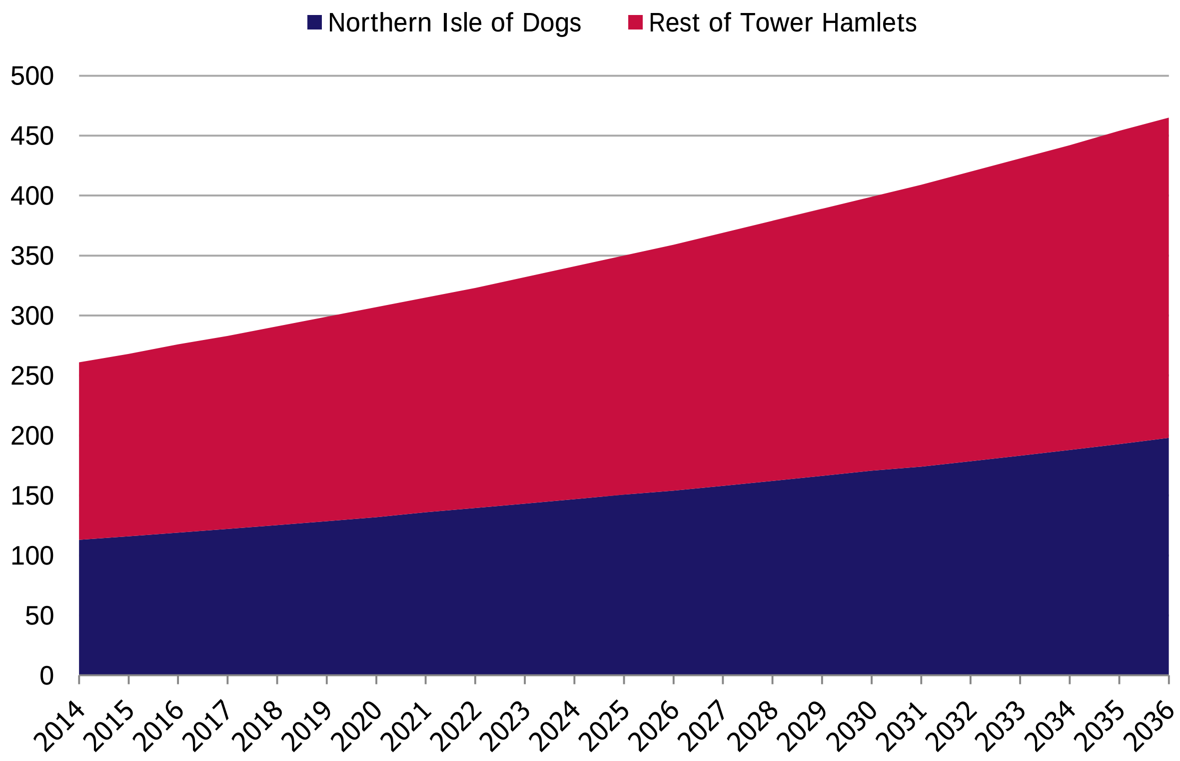
The GLA forecasts for Financial and insurance activities are for a decline in employment (of -0.12% a year), based on trend.

However, some of this forecast decline is probably taken up with changes in the structure of these businesses including uses of professional service, business service and information service contractors. All three of these groups are forecast to show large increases of more than 1% per year, but all are reduced below trend. In particular, professional services are included at only 1/5 of the most recent trend from 2009-2011 (but 4/5 of 1984-2011 trend).

Some of these judgements included in the forecast are based on substantial change in the sectors concerned - for example the media sector that grew in the 1980s in Tower Hamlets was based on print technologies (even if revolutionising those), and is converging now with broadcast media with content distribution via broadband technologies. The imperfect classifications used to describe these changes necessarily cause problems for trend-based forecasting.

The separate GLA forecasts for the Northern Isle of Dogs (NIOD) imply a very slightly lower rate of growth in the NIOD area than in the remainder of Tower Hamlets. However, the GLA forecasts for the Central Area Zone (which includes the City Fringe in Tower Hamlets), do not break out separately the forecasts for the Tower Hamlets City Fringe or it's 1 km fringe area.

Figure 32: Greater London Authority employment forecasts for Tower Hamlets (total) and the Northern Isle of Dogs



Source: Greater London Authority Updated employment projections for London by sector and trend-based projections by borough, Melisa Wickham, Working Paper 67 and Working Paper 68

UKCES Working Futures

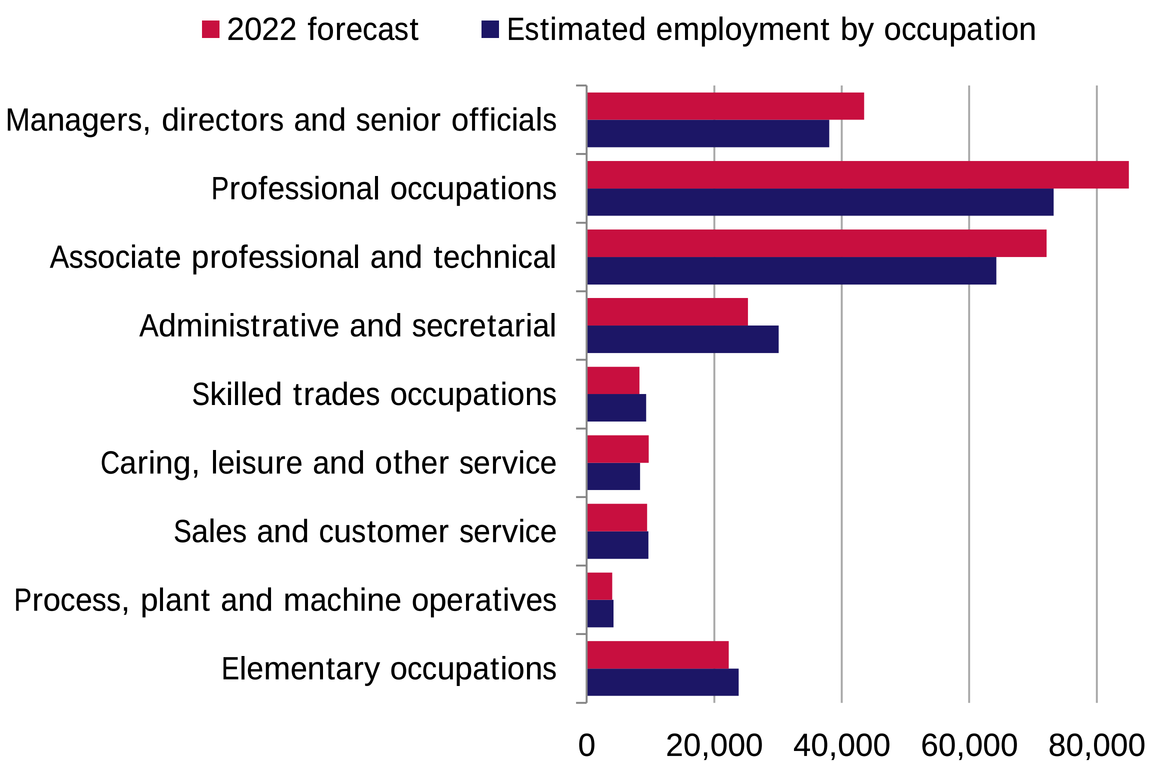
The Working Futures forecasts employment by sector, by occupation and by skill level. However, the local area tables are only for London as a whole. We have estimated the occupational change based for jobs in Tower Hamlets based on the sectoral pattern of jobs in the Borough. These feed through into the skills demand as the pattern of qualifications by occupation shows a much clearer gradient than does a simple sectoral analysis.

Occupational change

The largest occupational groups in Tower Hamlets are the three higher-end groups of managers, professionals and associate professionals, plus administrative and secretarial occupations and elementary occupations.

The forecasts show continued growth in the three higher-end groups, with the only lower-skilled occupation group showing growth being caring occupations and leisure and personal services occupations.

Figure 33: Working Futures forecasts by occupation, applied to Tower Hamlets

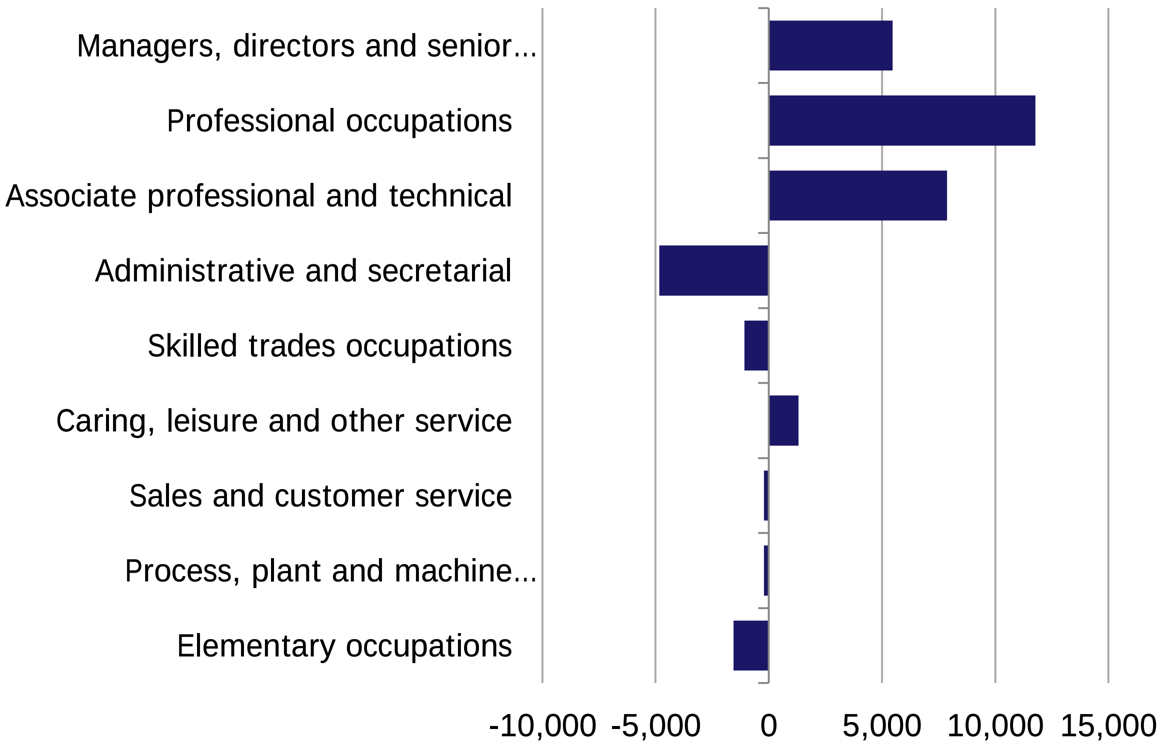


Source: UKCES Working Futures 2012-2022/ Inclusion analysis.

Shown as changes, the rises in the top three occupation groups are very much larger than all the other changes.

The methods we have used to derive Tower Hamlets trends compared to the Working Futures published London estimates mean that **the proportionate growth in each occupation in Tower Hamlets is the same as in London**. However, the out-turn numbers growth differs because Tower Hamlets has a different starting position compared with London as a whole. Tower Hamlets is already ahead of London as a whole in the higher-level occupational groups that are forecast to grow fastest, and has seen a recent increase in care staff (an area where Inner London has previously been under-represented) so that a forecast continued rise seems plausible.

Figure 34: Change in the number of jobs by occupation group from 2014 to 2022



Source: UKCES Working Futures 2012-2022/ Inclusion analysis.

The largest growth is in professional occupations, followed by associate professional occupations. Both of these groups are largely occupied by graduates, with increasing numbers of the professional occupations having higher degrees. A proportion of people working in these jobs have come through the former route of A levels followed by professional qualifications, a route which is being revived through Higher Apprenticeships. However, the numbers of newly qualified people entering high-level jobs without going via a university degree is as yet very small.

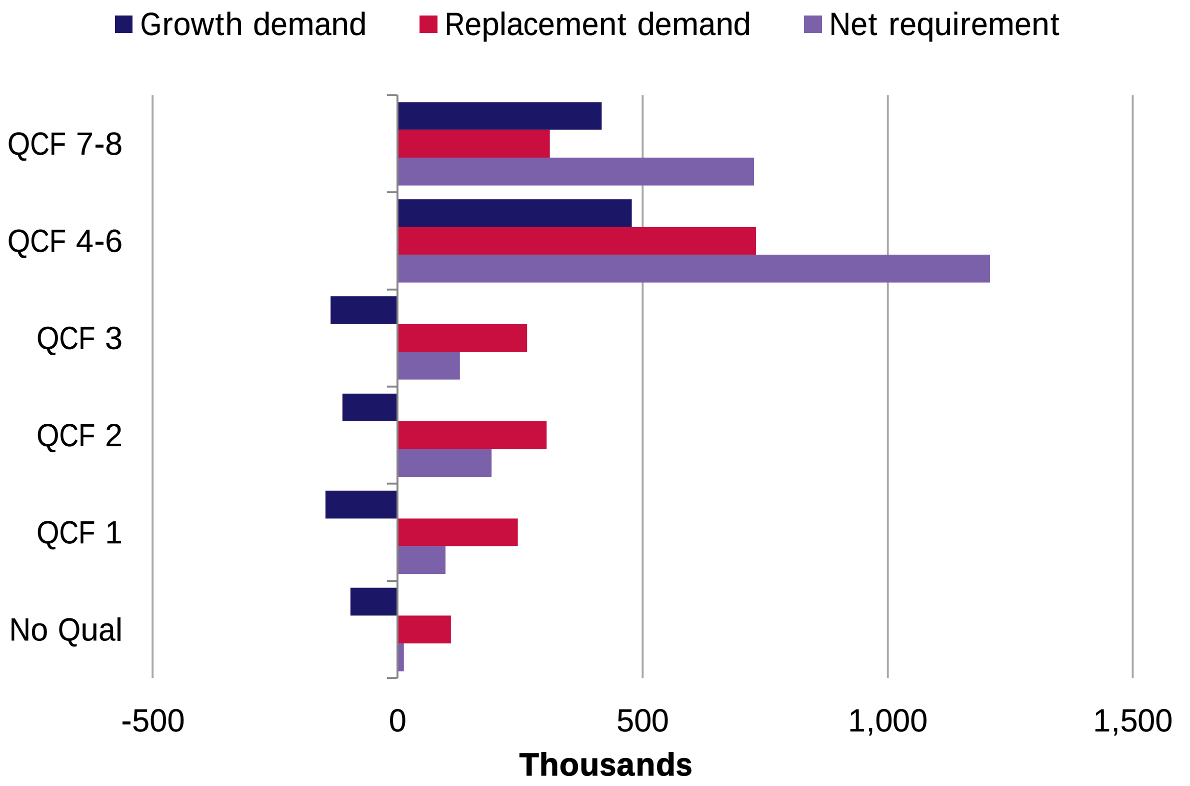
Skills requirements

The Working Futures forecasts indicate clearly that 'growth demand' for skills is entirely for higher qualified people - from QCF Level 4 (for example Foundation Degrees) and up, with larger increases for people qualified to postgraduate levels (including professional qualifications).

In the Working Futures forecasts, the demand for lower levels of qualifications arises from "replacement demand".

Working Futures expects, for London as a whole, a total requirement from both growth and replacement of 2.4 million workers up to 2022. 1.9 million of these are at qualification levels 4 and above. The remaining 400,000 are at Levels 3 and below. The Working Futures spreadsheets (available from UKCES), include a module for producing variant replacement demand estimates. We have not undertaken a re-modelling of replacement demand, but would caution that we believe that the Working Futures base forecasts for replacement demand may be over-optimistic for a net requirement for mid to low skilled jobs.

Figure 35: Working Futures forecasts for London by qualification level

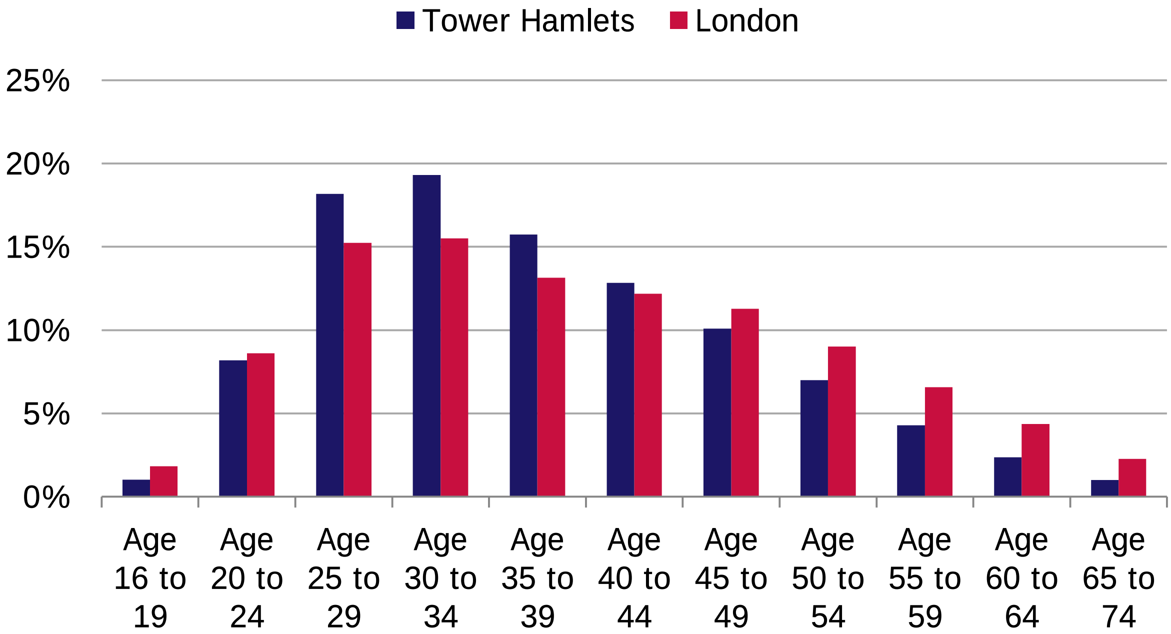


Source: UKCES Working Futures 2012-2022/ Inclusion analysis.

Replacement demand arises from the replacement of people leaving the labour market. The major source of people leaving the labour market is retirement. Other sources of exit include various forms of migration (out of Tower Hamlets), and various forms of career break.

The workforce in Tower Hamlets has a younger age profile than that for London as a whole, both reflecting the rapid growth of employment in Tower Hamlets and the employment practices of Tower Hamlets firms. This means that Tower Hamlets has only 8% of its workforce reaching State Pension Age by 2022 (the Working Futures horizon) compared to 13% for London as a whole. Looking forward to 2036 (the GLA horizon), the proportion of the workforce reaching State Pension Age is nine percentage points lower than that for London as a whole. Therefore, replacement demand arising from retirements is unlikely to be as large as that across London as a whole.

Figure 36: Age profiles of the workforce in Tower Hamlets and London



Many of these sources of replacement demand have been the subject of policy change. Firstly, state pension ages are rising, initially for women, but later for all, over the forecast period. Secondly, changes to maternity and paternity leave and flexible working arrangements have meant that taking a voluntary career break on having children is less common. Thirdly, the Government has changed the regulations on immigration, with the aim of reducing net migration. All these factors are likely to affect the extent to which replacement demand occurs.

A further complicating factor affecting replacement demand for skills is that retirements can be an opportunity for organisational change within firms, so that like-for-like replacements may be not be as common as expected.

Indications & Issues

Projections of future demand vary significantly, but it is clear that there will be many new jobs created within the borough over the next decade.

Even excluding the creation of new jobs, there will be considerable demand for employees because of natural wastage in the form of retirement and mortality (i.e. replacement demand), although we believe that some of the projections for replacement demand may be over-stated.

Although there will be opportunities for individuals joining the labour market in elementary occupations, over time these opportunities will likely become fewer.

There will also be considerable competition for elementary jobs in Tower Hamlets from the increasing numbers of students and other young people who are moving in to Tower Hamlets. They will often be working part-time in elementary jobs in restaurants, pubs and clubs, who serve a similar (or very slightly older) clientele, something that may appeal to employers in those sectors..

The challenge for residents is to gain the appropriate skills so that they are able to access the high-skilled occupations that will be in greater demand rather than the declining numbers of lower-skilled jobs.

Issues

Modelling future demand for labour requires assumptions about growth and the general economic environment, and those assumptions affect the result.

What is much more certain is which occupations will grow and which will decline, and what personal skills will be in demand. Which sectors they will be classified in depends as much on financial engineering (a Tower Hamlets speciality) as on the jobs that people are doing.

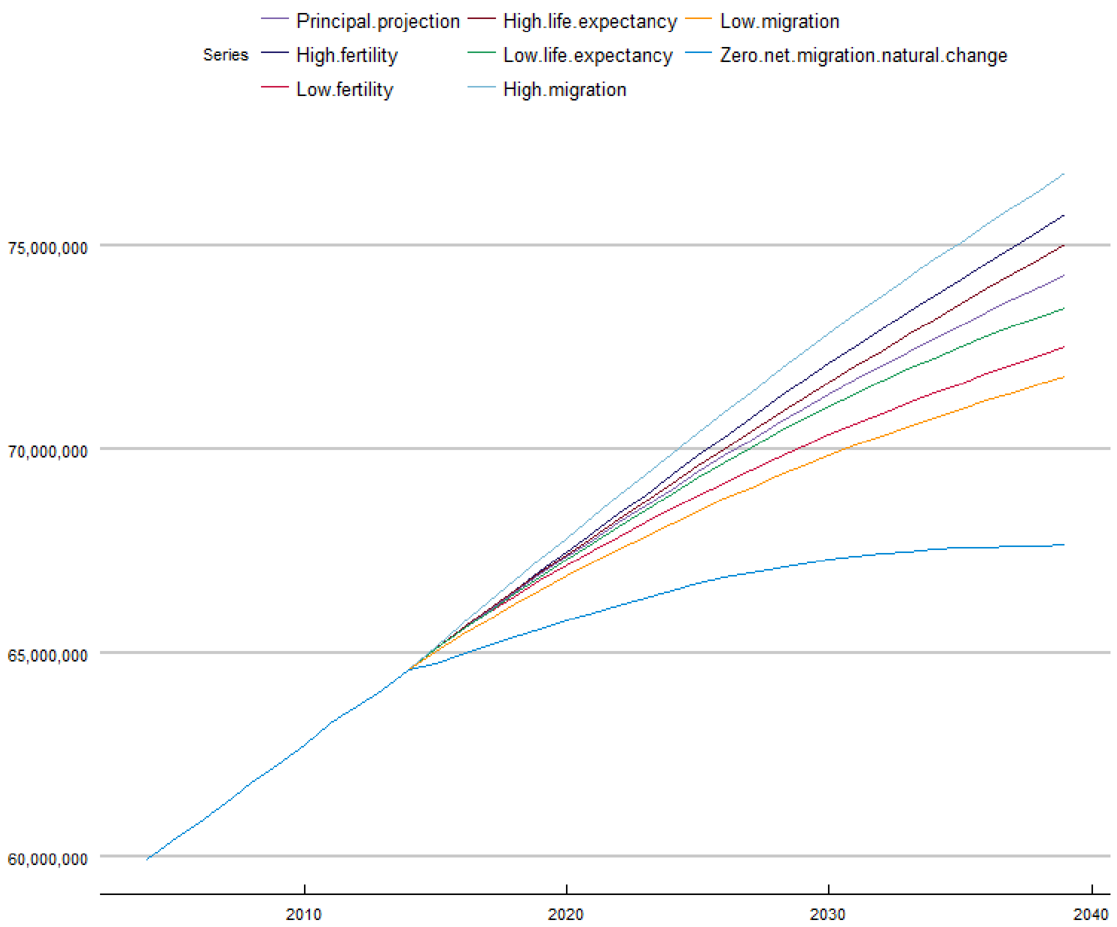
4. People and Population Change

This section looks at the changes to and characteristics of the people of Tower Hamlets, notably in terms of the recent and projected growth in population in the borough and the levels of inequality and deprivation found within the borough.

Natural increase in population derives from both increasing longevity and changes in birth numbers. Layered on top of this is the contribution from both migration internal to the UK and international migration.

The Office for National Statistics has produced visualisations of the impact of different assumptions on longevity, fertility and migration on UK population projections. This is reproduced in Figure 37. All these factors affecting population growth will affect the growth of the population in Tower Hamlets, with the addition of changes in the housing stock and its usage.

Figure 37: Variant population projections for UK



Source: Office for National Statistics 2015

The future success of the financial district based around Canary Wharf is likely to be linked to openness of the UK to recruiting the highest talent available globally. However, political pressures have led to demands for net migration in the low tens of thousands or effectively zero.

Population projections are required for long-term physical and service planning, but are inherently very unreliable. The projections included here are therefore informative but unlikely to be definitive.

The projections produced by the Greater London Authority (GLA) include, in some variants, known and projected housing developments. The physical development of the housing stock both constrains and permits population change. The estimates from the Office for National Statistics do not take account of housing plans and are based on trends in underlying demographic patterns. The GLA projections quoted are those based on the 2013 Strategic Household Land Availability Assessment (SHLAA).

Reconciling Estimates

As with many dynamic urban areas both inside and outside London, gaining an accurate picture of current and future levels of population in the borough is challenging. Population projections nationally have been changing dramatically based on changing patterns of both natural increase and of migration. The projections shown here fall within a narrow range, with two variant GLA projections as the outer bounds. These variants are based on (a) the use of short-term migration trends, which produces higher estimates, and (b) longer-term migration estimates, with lower estimates.

Population

A summary of the base and projected position is set out below in Figure 38. In general terms, the estimates of current local population vary between 282,800 and 293,400, whilst projections of population in 2036 vary between 330,500 through to 375,600 (the GLA's High projection). For households, the estimates vary between 92,000 to 100,995 currently, and 121,000 and 147,000 in 2026.

Recent central projections from the ONS and CLG are very similar to the GLA's projections based on short term migration trends. The GLA's projections based on longer term trends in migration are markedly lower. If projections were produced on a zero net migration basis, these would be lower still.

The CLG's sub-national projection for household numbers is the highest of the three available projections. It departs from the GLA's short term migration based projection (including the SHLAA) in 2020.

Figure 38: Population projections for Tower Hamlets from different bodies

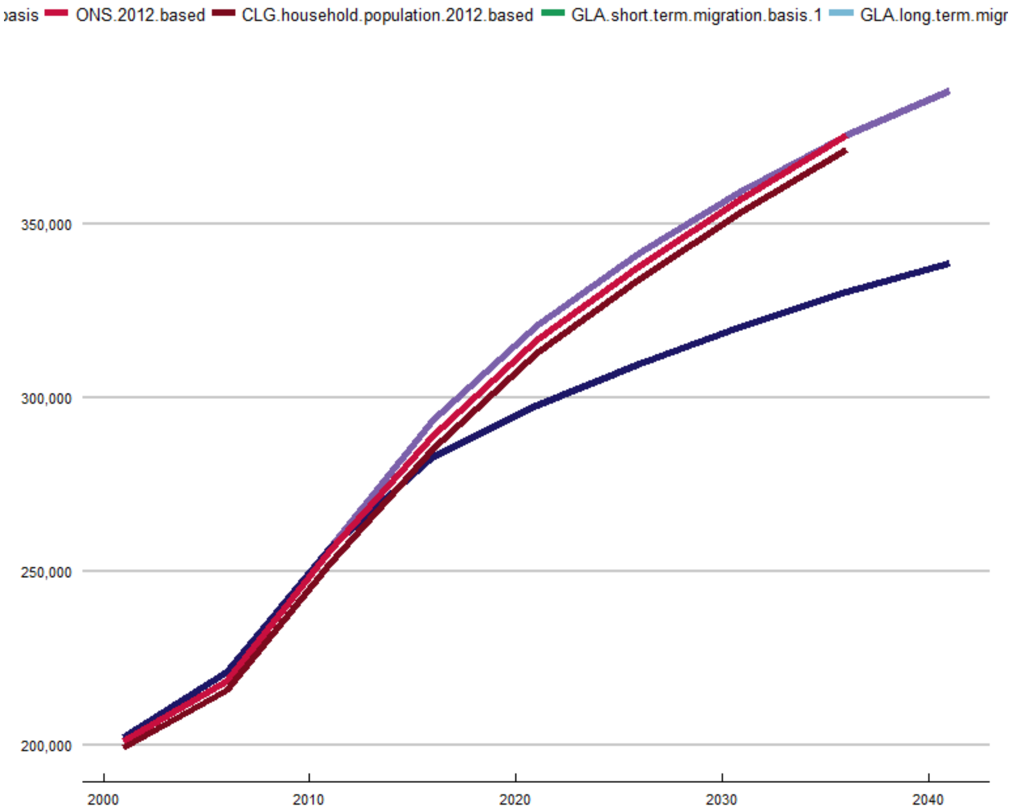
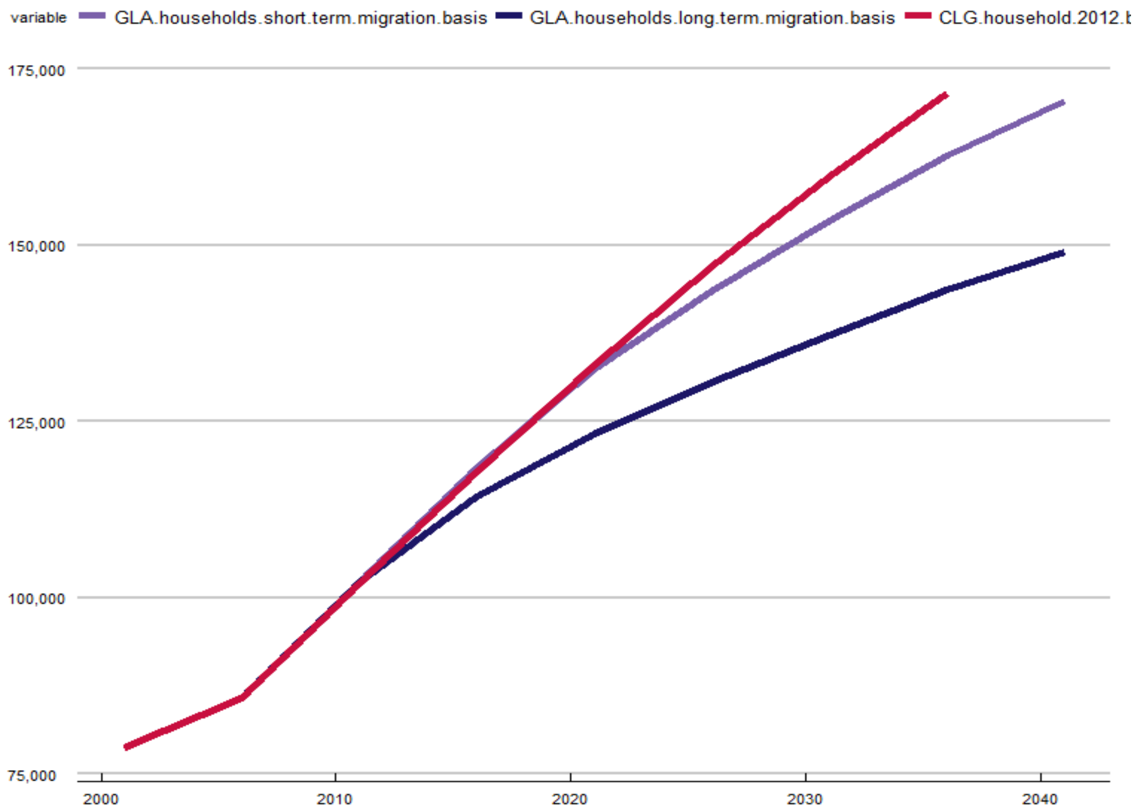


Figure 39: Household projections for Tower Hamlets from different bodies



Source: Various as identified / Inclusion analysis

Population Change

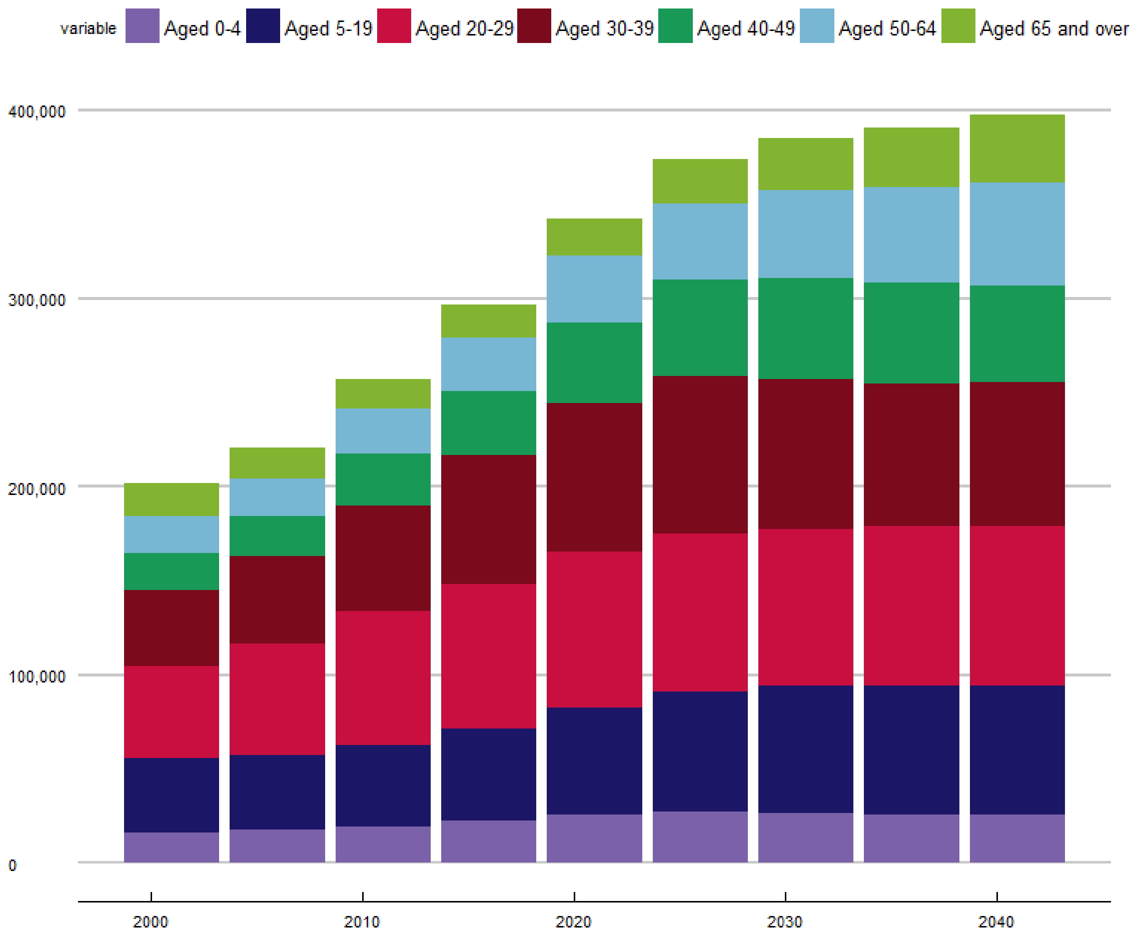
Population projections suggest growth of 80,000-130,000 people from 2011 to 2041, mostly from natural change, implying an increase of up to 90,000 in the working-age population. Up to 30,000 of this growth is likely to have already taken place, given the projections to 2016.

These figures show that the population of Tower Hamlets is expected, under most assumptions, to **rise by around 50% by 2041** (from 2011). The lowest forecast (the GLA long-term migration basis) implies a 32% population growth from 2011 to 2041. The shorter-run ONS and CLG forecasts are consistent with the 50% population growth.

Because households have been getting smaller, and this trend is forecast to continue, the projections for the numbers of households show **increases in household numbers of 67% (GLA short-term migration basis) and 68% (CLG to 2036) down to 46% (GLA long-term migration basis)**.

These population increases are very large, and, if confirmed, will require significant change to the housing stock in Tower Hamlets over the period to 2041.

Figure 40: Population Change 2011-2041



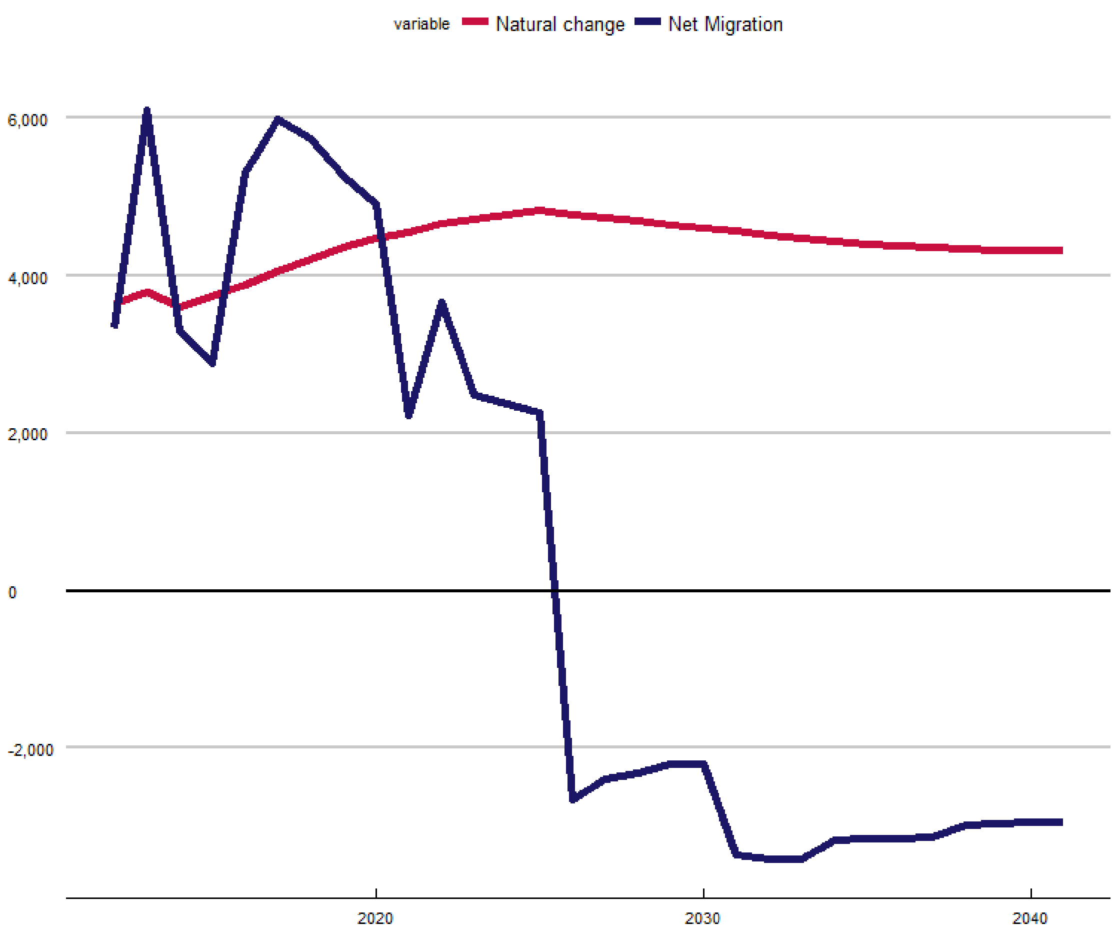
Source: GLA / Inclusion analysis

Figure 41 below shows that the components of population growth 2011-2015 (based on GLA Projections data) have averaged around 7,500 additional people per annum. Just over half of this has been from net migration (internal to UK and international), with the reminder from natural increase.

Natural change (births less deaths) is expected to rise up to a peak increase of 4,800 in 2025, before decreasing after that. At the same time, net migration is expected to turn sharply negative, continuing with a negative influence for the remainder of the forecast period.

It should be remembered that migration can fluctuate markedly year to year. Analysis of recent migration patterns (based on ONS and DWP data) is considered later in this document.

Figure 41: Components of population change 2012-2041



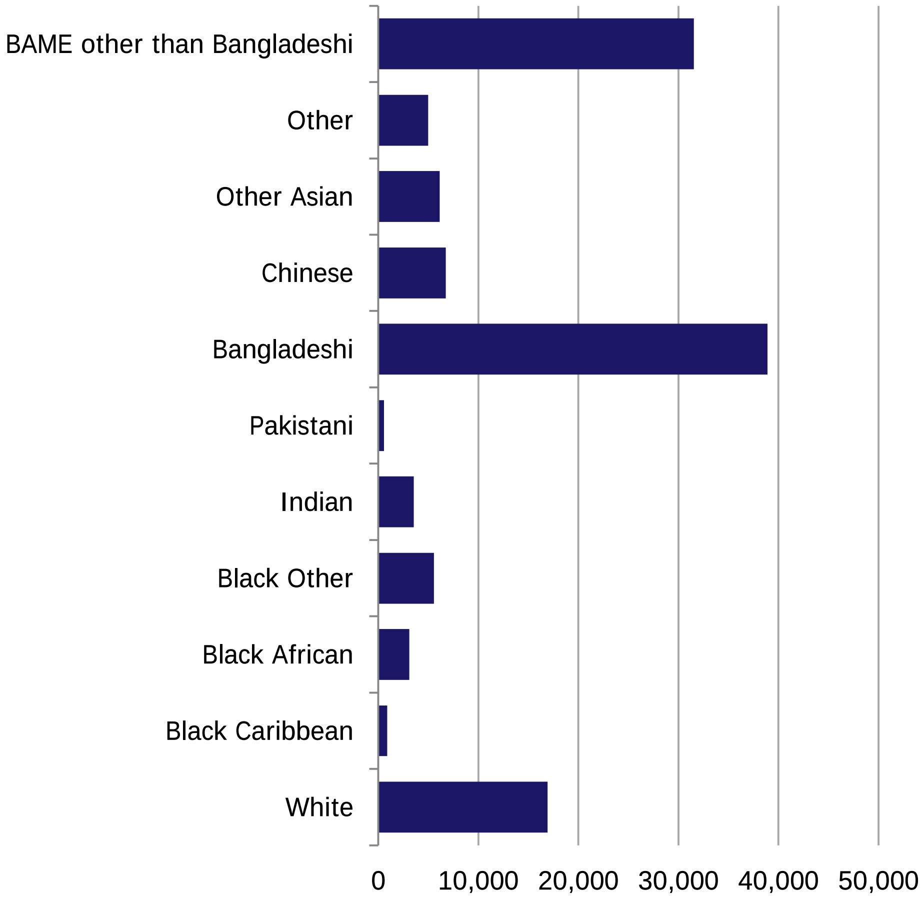
Source: GLA / Inclusion analysis

The change in net migration shown in the GLA projections from 2025 onwards looks remarkable.

It should be remembered that this is net migration into and out of Tower Hamlets and not international migration only. Domestic migration is a major component. In the case of Tower Hamlets, the change in the Borough population associated with residence by highly paid people working in Canary Wharf and similar global businesses is only part of the pattern of change. Tower Hamlets is now clearly participating in the pattern of movement that has long been visible in Islington and Lambeth of students and young professionals moving into inner London for study and in their early career, and moving out to the 'home counties' when they form a family. The balance between this pattern and Tower Hamlets participation in international migration flows (arguably more traditional for Tower Hamlets) is hard to predict with any certainty, along with the domestic migration flows out towards East London and Essex among lower income groups.

It is likely that the continued pre-eminence of Canary Wharf as a centre for global business will depend to a major extent on the UK being able to recruit top global talent. Current government policies are not, however supportive of this role beyond a narrow group. Tightening of controls on international migration are a concern for Tower Hamlets for many reasons both social and economic, but support of the ability for Canary Wharf employers to recruit globally is important.

Figure 42: Population Growth 2014-2041 by Ethnicity



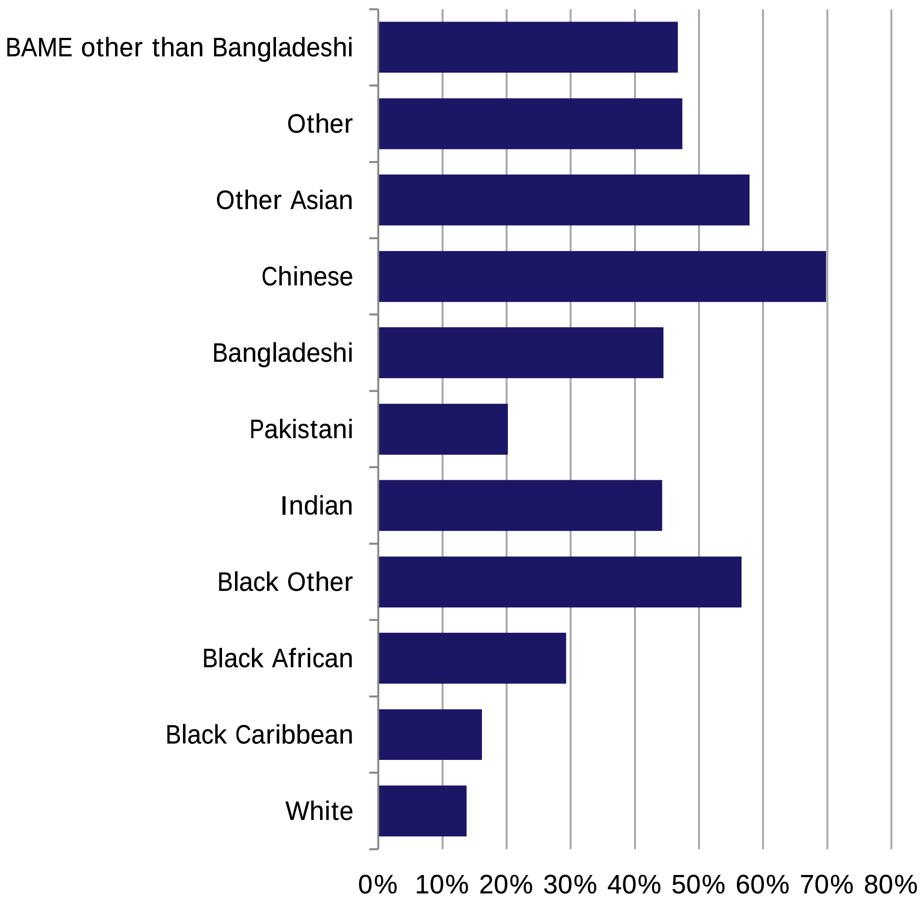
Source: GLA/Inclusion analysis

Although future projected population growth is spread across all but one of the main ethnic groups present in Tower Hamlets, the largest communities (white and Bangladeshi) inevitably make up the majority of growth (see Figure 42). A combination of the economic and housing circumstances across different ethnicities means that future housing needs flowing from this will differ. Figure 43 shows that proportionate growth is highest for the BAME groups other than Bangladeshi.

The ‘white’ group here includes those who in more detailed statistics are included as ‘other white’, including many with origins in the USA, France, Germany, Ireland and eastern Europe, etc.

However, all these projections are highly uncertain. The projections for the larger groups are more soundly based in current demographic trends of age structure, fertility and changing patterns of longevity.

Figure 43: Percentage Population Growth 2014-2041 by Ethnicity



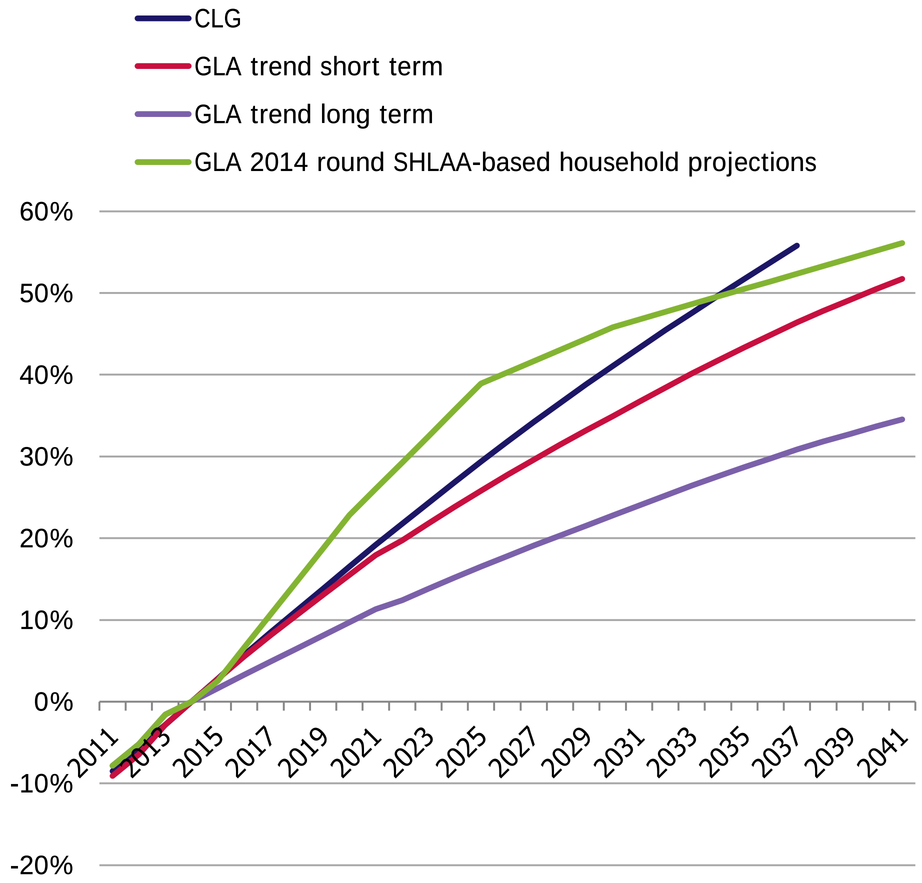
Source: GLA/Inclusion analysis

Household Growth

Household projections produced by the GLA and the CLG set out potential implications of a range of demographic factors on the number of households in the borough. Population growth in Tower Hamlets is accompanied by major increases in the number of households - projected by the GLA to be up by between 35% and 56% from 2014 to 2041. This would see the number of households increasing from 110,000-112,000 in 2014 to 149,- 173,000 in 2041.

The CLG projections, which extent to 2037 rather than 2041, are the highest of the projections in the latter period. In the period up to 2025 the GLA's Strategic Housing Land Availability Assessment projections are higher, but in the later period the trend reduces substantially. This reduction in trend is likely to be related to the GLA forecasts for net migration (Borough-based) becoming negative in this time frame.

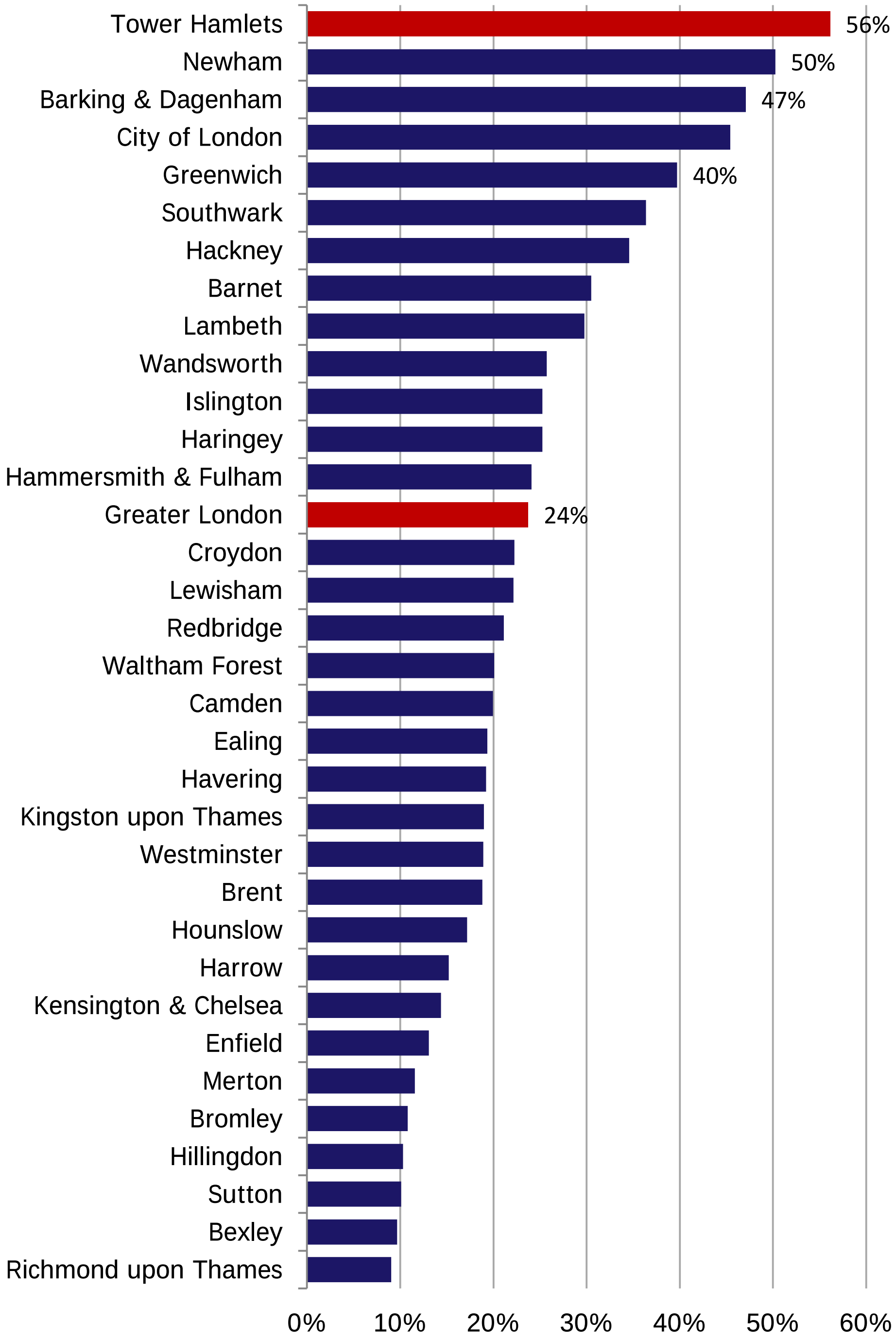
Figure 44: Increase in Household Projections 2014-2041



Source: GLA Household Projections and CLG Household projections

At a borough level, this scale of projected increase is well in excess of that experienced anywhere else in London except Newham and Barking & Dagenham, demonstrating how Tower Hamlets faces a scale of potential growth (with its associated implications) that is very unusual even in a London context, and will inevitably give rise to economic changes. See Figure 45 below:

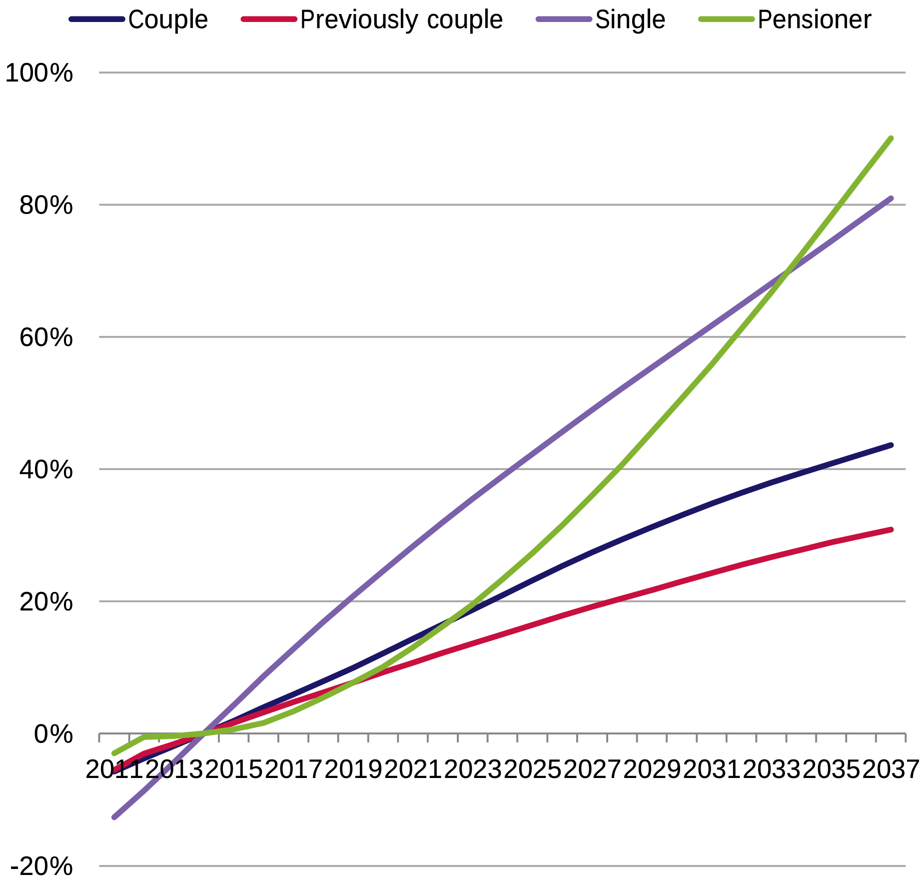
Figure 45: % Household Growth 2014-2041 by London Borough



Source: GLA Household Projections 2014 SHLAA based

Household growth is projected to be accompanied by significant changes in certain types of household as illustrated in Figure 46 below.

Figure 46: Changes in households by household type



Source: CLG Household Projections

Like many localities, single person households are expected to grow by over 80% in the period 2014 to 2037. The increase in pensioner households projected by CLG is even larger than this at a 90% increase, although some pensioner households will be included in each of the household type categories.

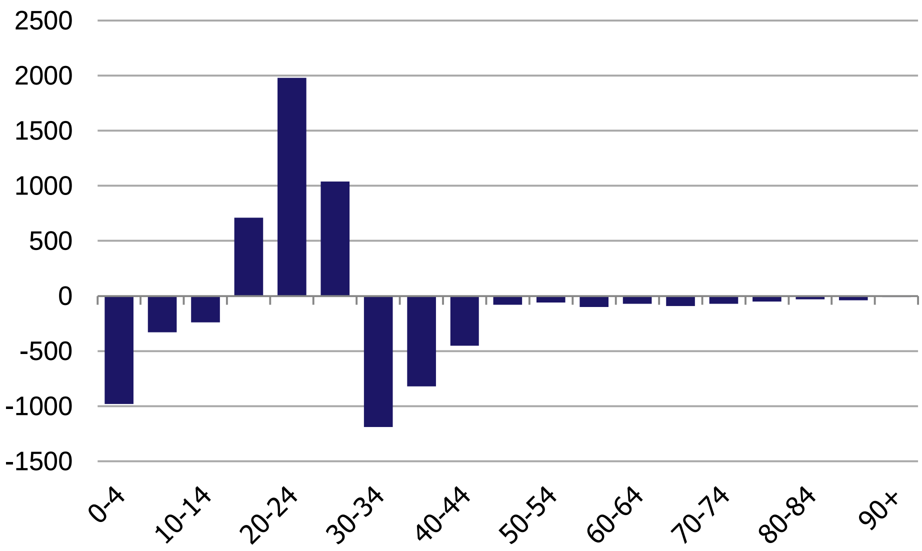
The projected change in single person and multi-person households has implications for affordability, tenure and type of housing because average single income households will tend to have a lower purchasing power than double income households.

Some single person households will be those in the financial and business services sector who make up some of the higher earners in the borough. The implications of the life-cycle moves of this population are significant. if it is assumed that they are unlikely to live in Tower Hamlets long-term, but move in early in their career and move out to leafier suburbs when they have families, this impacts on the need for education provision (and the types of education provision).

Migration Flows

The pattern of migration internal to the UK is that Tower Hamlets receives young adults and exports all other age-groups. Figure 47 shows this pattern in absolute numbers, showing the 'net flow' of moves in less moves out.

Figure 47: Tower Hamlets Domestic Migration Flows 2014 by age

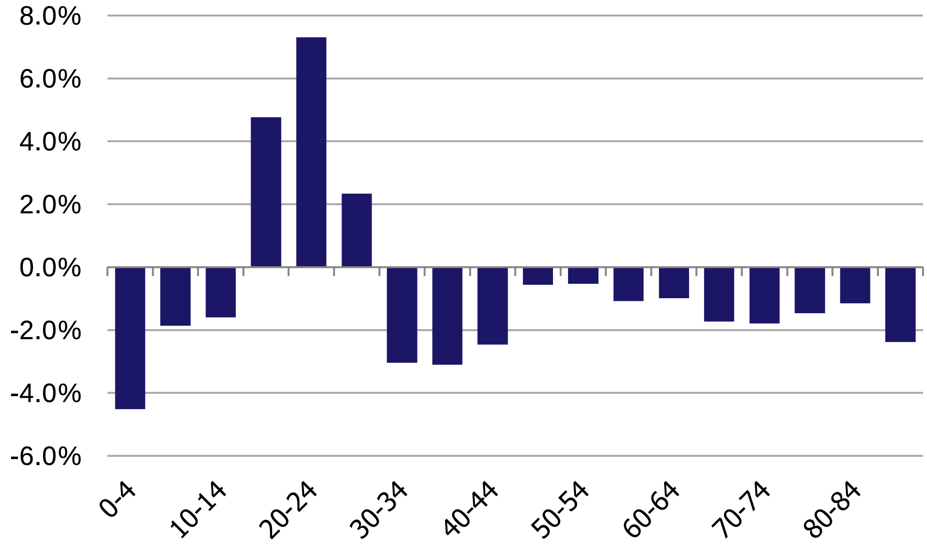


Source: ONS /Inclusion analysis

Figure 48 shows the same data as percentages of the relevant population age-group. The age-group where internal migration net flows turn positive is the 15-19 age-group. This is likely to be students moving in to Tower Hamlets, both to higher education institutions located in the borough and those living in Tower Hamlets and studying at other institutions. These students will be resident both in purpose-built student accommodation and in private rented accommodation.

The largest age-group for net flows is the 20-24 year old group, including both continuing students and early career workers. The 25-29 year old age -group continues to show net growth, but is much lower as a proportion of the population.

Figure 48: Internal migration net flow by age (% of age-group)



Source: ONS Internal Migration estimates, Mid-year population estimates, Inclusion analysis.

These patterns of internal migration by age are similar to those of other Inner London boroughs with in-migration by students and early career professionals, with moves out in their 30s with family formation.

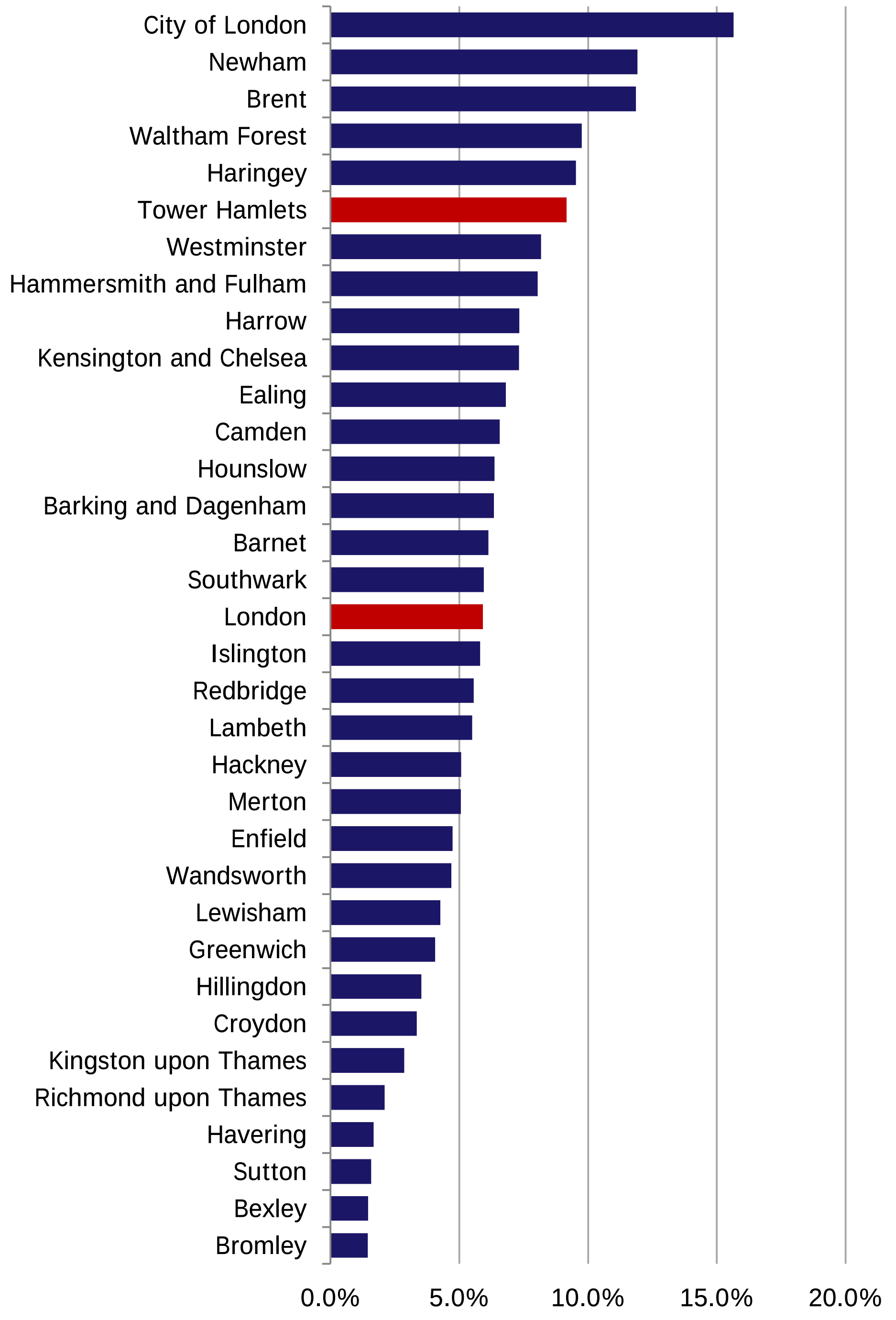
Data on the flow of international migration is assessed by the International Passenger Survey, through the National Insurance registrations, as well as through the identification of foreign workers in the Labour Force Survey. Each of these differs and has its own limitations. For longitudinal analysis, the National Insurance Number (NINo) registrations provide a reasonable basis for looking at the way in which the pattern of international in-migration has changed (although it does not provide 'out-flows') and for comparing Tower Hamlets with other boroughs. The figures by Year of Registration are based on the date of registration i.e. after the NINo application and allocation process has been completed. This may be a number of weeks or months after arriving in the UK.

Figure 49 below compares the number of NINo's in Tower Hamlets with other London boroughs. This highlights that Tower Hamlets has one of the higher rates of NINo registrations in the latest year. Clearly, part of the factors driving the location of international migrants is the desire to seek locations with existing concentrations of existing nationalities/origins, and so boroughs with higher levels of ethnic diversity (e.g. Brent) will see higher rates of registration in years with higher levels of international in-migration.

The flows of international immigrants as recorded by national insurance registrations in Tower Hamlets do not show a slow-down. The latest figures show an increase. However, net migration depends on the balance between the inflows and emigration – which is measured much more poorly for international migrants. Therefore, despite tightening of immigration controls by the Coalition Government and the current Conservative administration, population projections that assume a slow-down in immigration may be on the low side.

The very large growth in population projected above could therefore be a low estimate. However, the question of whether this population growth would be physically accommodated within the current boundaries of Tower Hamlets seems more open than the numbers who may seek to live in the borough.

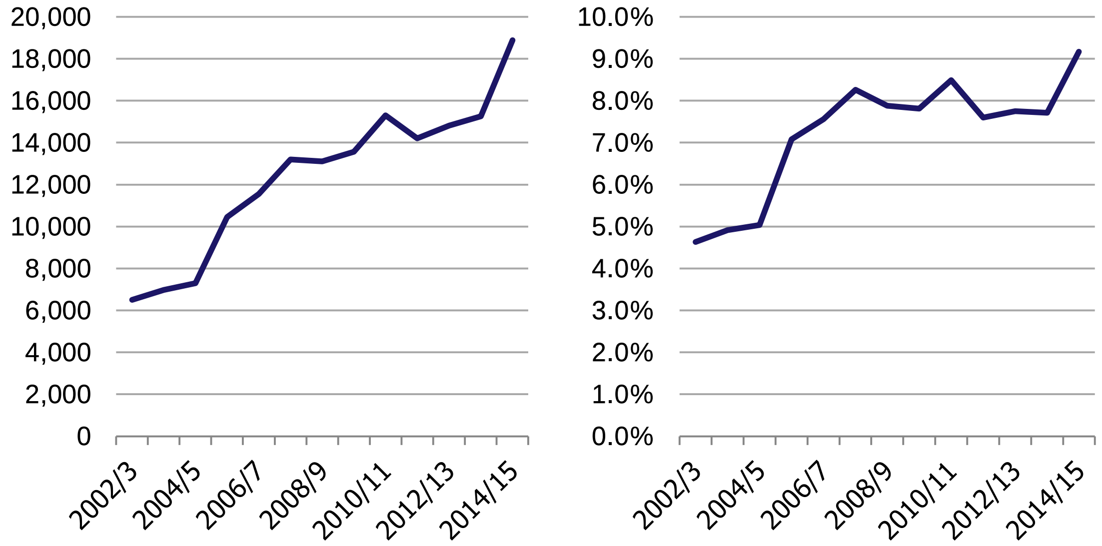
Figure 49: NINo Registrations 2014/15 (total and as a % of Working Age Population)



Source: DWP / Inclusion analysis

Figure 50 shows how this rate of registration has changed over the period 2002/3-2014/15 (noting that NINo registration might take place some months after the arrival of the migrant). In general terms, the number of NINo migrants nearly tripled from 6,500 to 19,000 per annum (note: this does not capture international out-flows so is not a net figure). It does not account for moves within the UK after initial registration. People who arrive from other countries and apply for their National Insurance number in Tower Hamlets do not always remain in Tower Hamlets.

Figure 50: Tower Hamlets NINo Registrations 2002-2014 (total and as a % of Working Age Population)



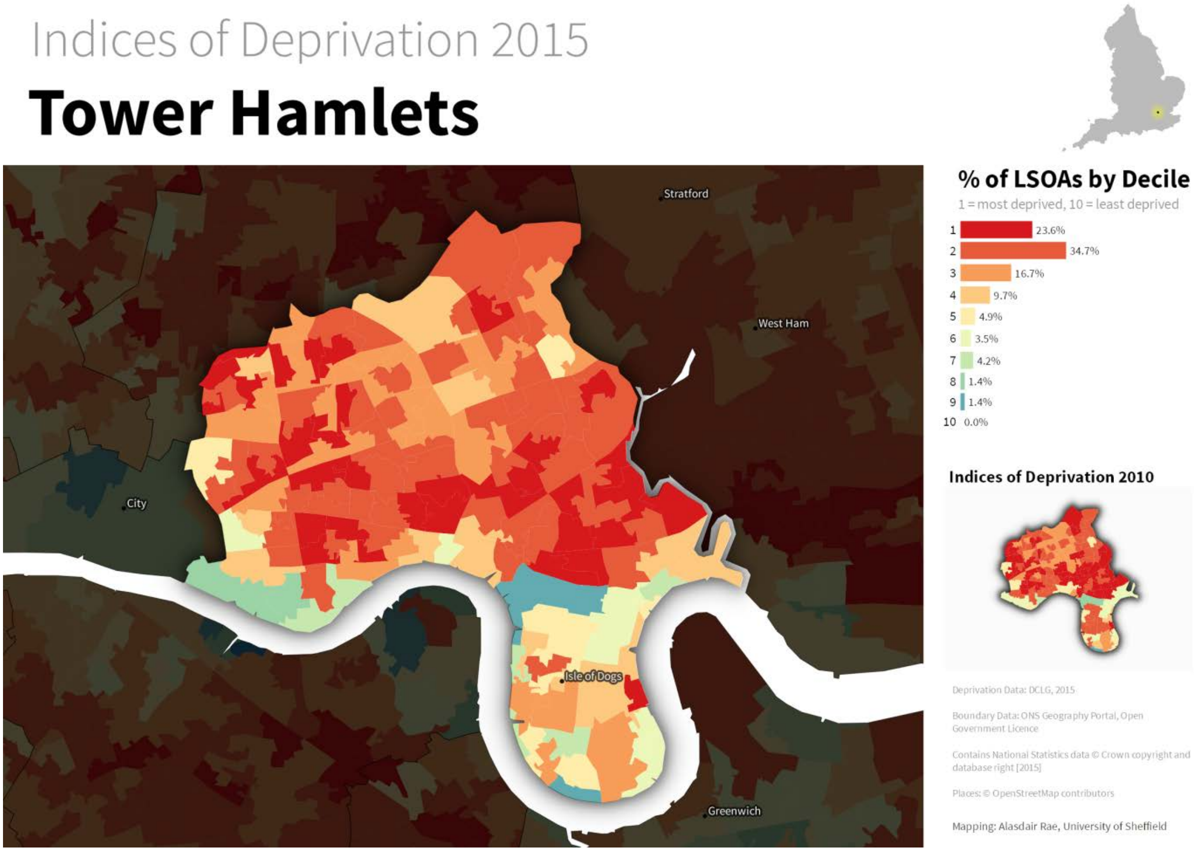
Source: DWP / Inclusion analysis

Deprivation

Since the production of the Booth Map a great deal has occurred within the borough, but a lot has remained the same. The 2015 Indices of Deprivation (IMD) rank Tower Hamlets the 24th most deprived borough in the country, and the third most deprived borough in London. Clearly despite the huge amounts of resource, both money and time, that have been put into the borough, Tower Hamlets remains a place where deprivation is very real and inequality a pressing issue.

Figure 51 shows the pattern of deprivation across Tower Hamlets in the Index of Deprivation for 2015. The inset shows the map for 2010, and a comparison shows that some areas in the Isle of Dogs and in the City Fringe area have moved away from the extremes of deprivation. We have included this map from Alasdair Rae of the University of Sheffield, who has, very kindly, mapped all local authorities in a similar way and made the maps available freely from his website.

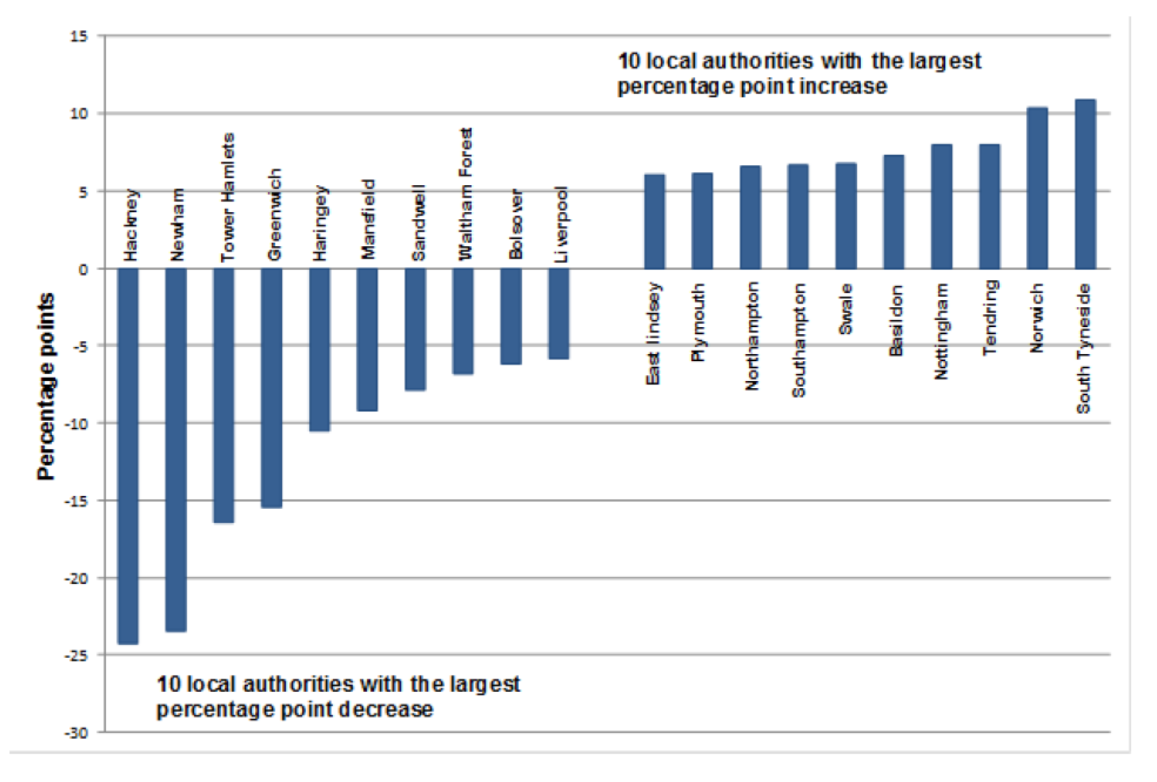
Figure 51: Indices of deprivation 2015 (with inset 2010 pattern)



Headline findings

The 20 most deprived local authorities are largely the same as found for the 2010 Index, but the London Boroughs of Hackney, **Tower Hamlets**, Newham and Haringey have **become relatively less deprived** and no longer feature in this list (where local authorities are ranked on the proportion of neighbourhoods in the most deprived 10 per cent nationally).

Chart 6: 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 respectively



Source: The English Indices of Deprivation 2015, Statistical Release, DCLG, September 2015 – Chart as presented in release

It is notable that there were four London Boroughs (Hackney, Tower Hamlets, Newham and Haringey) among the 20 most deprived local authorities based on this summary measure 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.

Tower Hamlets is ranked 24th on this measure according to the 2015 Index, but was ranked 7th most deprived based on the 2010 Index (and 3rd most deprived based on both the 2004 Index and 2007 Index).

Seven of the 10 local authority districts with the highest levels of income deprivation among older people are in London. **Tower Hamlets is the most deprived district with regard to income deprivation among both children and older people.**

The Extent Measure

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.

On this measure, six London boroughs rank among the most deprived 10 per cent of local authorities according to the Index of Multiple Deprivation 2015. Notably, **Tower Hamlets remains among the three most deprived local authorities on this measure**, and the outer east London borough of Barking and Dagenham has become relatively more deprived, moving from 20th to 9th most deprived since the 2010 Index.

Inequality

Inequality – typically measured through the prevalence of deprivation – has existed within East London for a long time. The 1898 poverty map produced by Charles Booth showed a pattern of deprivation, and therefore inequality, in the capital not dissimilar to now, with a concentration of deprived communities beginning to be formed to the east of the City.

With the significant changes in the make-up of the borough described above, Tower Hamlets evolved from a deprived borough to a deprived borough with an expanding oasis of wealth. The dynamic between the 'haves' and 'have-nots' has been played out ever since. This is most obviously manifest in the polarisation of incomes, with Figure 52 showing the income distribution for the borough. The range of incomes within the Borough is large. The area with the lowest income (equivalised for family size and composition) has just 37% of the income of the highest income area. This is the same as saying that the income in the highest income area is 271% of that in the lowest income area.

This inequality is greater than that for original income from earnings and benefits. For original income, the area-based inequality is the highest area having 239% of the income of the lowest income area. After taxes, the net incomes are **more** equal, with the income of the highest income area being 200% of that in the lowest income area.

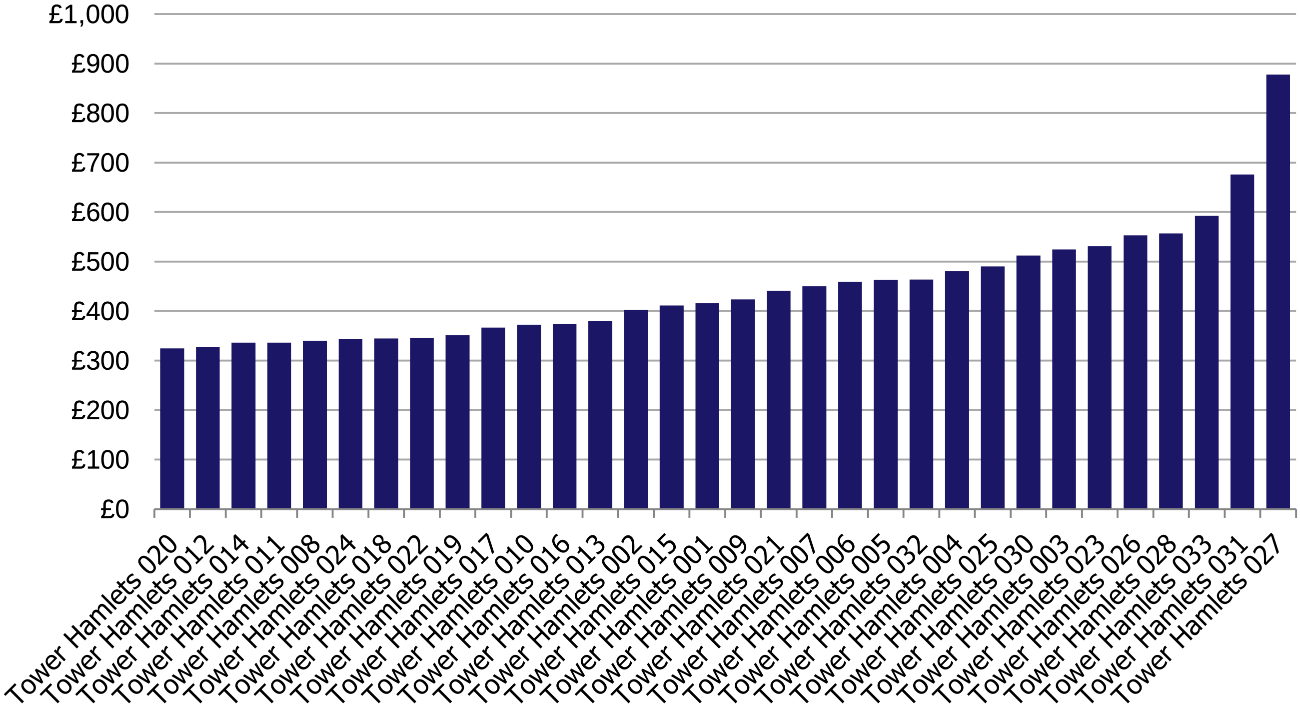
When family structure is added into the formula, inequality increases to 235%, almost back to that before the impact of taxes. This shows that the lower income areas are housing larger families.

The largest increase to the impact of inequality is when rents, mortgage payments, and other housing hosts are considered. Adding in these factors increases the range of incomes by area to 271%.

It is important to recognise that the inequality (i.e. the gap between the top and the bottom earners) – the 'missing middle' - is a function of the increase in the number of high earners at the top, rather than a growth in the number of lower earners, so in that sense, inequality has not grown as a result of the deprivation situation worsening – quite the contrary.

The information in Figure 52 is presented by the Office for National Statistics (ONS) using the 'Middle level Super Output Area' geography (MSOA). There are 31 MSOAs in Tower Hamlets. This is a Census geography that is intended to remain constant between Censuses, and, unlike Wards, will not have impacts of Boundary Commission changes. We have presented the information in bar chart form (rather than a map) so that the extent of inequality is visible, whereas in a map the choice of scale would determine how much inequality is seen.

Figure 52: Income Distribution 2011/12 by MSOA within Tower Hamlets (Weekly net income after housing costs)



Source: ONS Small area model-based Income estimates. Equalised data takes account of household size and composition and its impact on household budgets

Diversity issues

This summary presents the main findings of a series of research briefings on diversity in Tower Hamlets, based on Census 2011 data, all sourced from:

Residents by country of birth, Research Briefing 2013-06, September 2013[3] - Key findings

In 2011, 43 per cent of the Tower Hamlets population were born outside the UK. This is the 9th highest percentage nationally (out of 348 areas) but is about average for Inner London where 42 per cent of residents were born outside the UK.

The migrant population in Tower Hamlets is hugely diverse and includes older residents who migrated to London decades ago alongside more recent arrivals: 28 per cent were long established residents who arrived in the UK twenty or more years ago (before 1991); 18per cent arrived between 1991 and 2000; and over half (54 per cent) arrived between 2001and 2011. The majority migrated to the UK as young adults or children.

The Census identified Tower Hamlets residents born in over 200 different countries. Those born in Bangladesh are, by far, the largest migrant group in the borough, numbering 38,877 residents and comprising 15 per cent of the borough's population. Tower Hamlets has the largest Bangladeshi population in England and Wales – both in terms of ethnicity and country of birth. First generation Bangladeshi residents make up just under one half of the borough's 'ethnically' Bangladeshi population.

In addition to Bangladesh, the Census identified a further 20 migrant groups with significant populations of more than 1,000. The largest were from: India, China, Italy, France, Somalia, Ireland, Poland, Australia, Germany, the US and Spain – each numbering between 2,000-4,000 residents, and comprising 1-2 per cent of the borough's population.

The Tower Hamlets population grew by 30 per cent between 2001 and 2011- the fastest rise in England. Over this period, the population also became more diverse: the percentage of the borough's population who were born outside the UK increased from 35 to 43 percent between 2001 and 2011.

In Tower Hamlets, the most significant population growth was among European migrants: the number of residents born in European countries (other than the UK) almost trebled in size between 2001 and 2011 - from 10,269 up to 29,363, a rise of 186 per cent. European migrants now comprise 12 per cent of the borough's population, up from 5 per cent in 2001.

3

http://www.towerhamlets.gov.uk/lgnl/community_and_living/borough_profile/research_and_briefings/diversity.aspx

Ethnicity in Tower Hamlets, Research Briefing 2013-01, February 2013 - Summary findings

More than two thirds (69 per cent) of the borough's population belong to minority ethnic groups (ie not White British): 55 percent belong to BME (Black and Minority Ethnic) groups and a further 14 per cent are from White minority groups.

The borough's three largest groups are the Bangladeshi, White British and 'Other White' populations. Considered together, people from these three ethnic groups make up around three-quarters of the Tower Hamlets population.

The Bangladeshi population makes up almost one third (32 per cent) of the borough's population – considerably larger than the proportion across London (3 percent) or England (under 1 per cent). Tower Hamlets has the largest Bangladeshi population in England.

White British residents comprise 31 percent of the borough's population, far lower than the percentage nationally (80 per cent).Tower Hamlets has the fifth lowest proportion of White British residents in England. Newham and Brent had the lowest rates (17 and 18 per cent respectively).

Tower Hamlets has a smaller proportion of Black residents compared to the London average(7 vs. 13 per cent).

Language in Tower Hamlets Research Briefing 2013-02, April 2013

The Census records information about the main language used by residents – which is intended to capture a person's first or preferred language. In Tower Hamlets, English and Bengali are the two most commonly used languages: two thirds (66 per cent) of residents use English as their main language and 18 per cent use Bengali (which includes Sylheti and Chatgaya).

The remaining 16 per cent of residents cite a wide variety of other European and international languages. After English and Bengali, the largest language groups in Tower Hamlets are: Chinese, French, Spanish, Italian and Somali – each used by between 1-2 per cent of the population. In total, the Census identifies at least 90 different languages (or groups of languages) being used in the borough.

Tower Hamlets has a relatively high proportion of residents who use a main language other than English: 34 per cent compared with 22 per cent across London and 8 per cent nationally –the third highest percentage in England, after both Newham and Brent.

As well as spoken languages, the Census provides data on use of Sign Language. In Tower Hamlets, 117 residents used sign language, 91 of whom used British Sign Language.

Recent research, by the GLA, has compared the degree of linguistic diversity across areas using the Simpsons Diversity Index - a measure which considers both the mix and size of language groups in different areas. Tower Hamlets emerges as the 4th most linguistically diverse area in England and Wales on this measure, after Newham, Brent and Ealing.

Tower Hamlets remains unique with regard to its high proportion of Bengali speakers - 18 percent compared with 3 per cent across Inner London and less than one per cent nationally. Tower Hamlets has the largest number, and proportion of, Bengali speakers in England.

The proportion of residents who cite Bengali as their main language is lower than the proportion of the population that are ethnically Bangladeshi (18 vs. 32 per cent) - indicating that many Bangladeshi residents use either English, or another (non-Bengali) language, as their main language.

Religion in Tower Hamlets 2011 Census Update (Factsheet 2015-02) - Summary

Tower Hamlets has the highest percentage of Muslim residents in England and Wales – 38 per cent compared with a national average of 5 per cent. Conversely, the borough has the lowest proportion of Christian residents nationally: 30 per cent compared with a national average of 59 per cent.

Between 2001 and 2011, the most significant changes in the borough's faith profile include a fall in the proportion of Christian residents (39 to 30 per cent) and a rise in the percentage with no religion (14 to 21 per cent) – these changes broadly reflect national trends over the same period. The proportion of the population that are Muslim has risen from 36 to 38 per cent.

5. Labour market

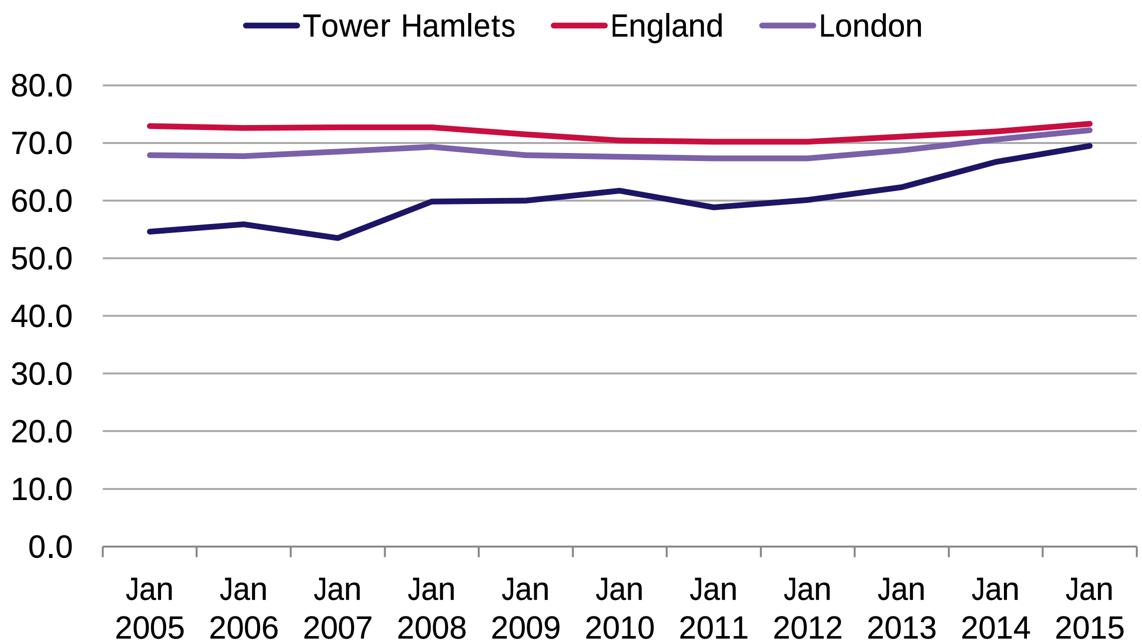
This chapter identifies the demand for labour within Tower Hamlets, covering:

- An overview: historical trends by sector and by occupation
- Scale of current demand: hard to fill vacancies
- Characteristics of demand: focusing on skills gaps

Historical trends

The employment rate (the proportion of working age residents who are employed) has risen substantially over the last ten years. In the year to June 2005, 54.6% of Tower Hamlets working age residents were in paid work. In the year to June 2015, this had risen to 69.5%, an improvement of nearly 15 percentage points.

Figure 53: Employment rates 2005-2015 for Tower Hamlets, London and England

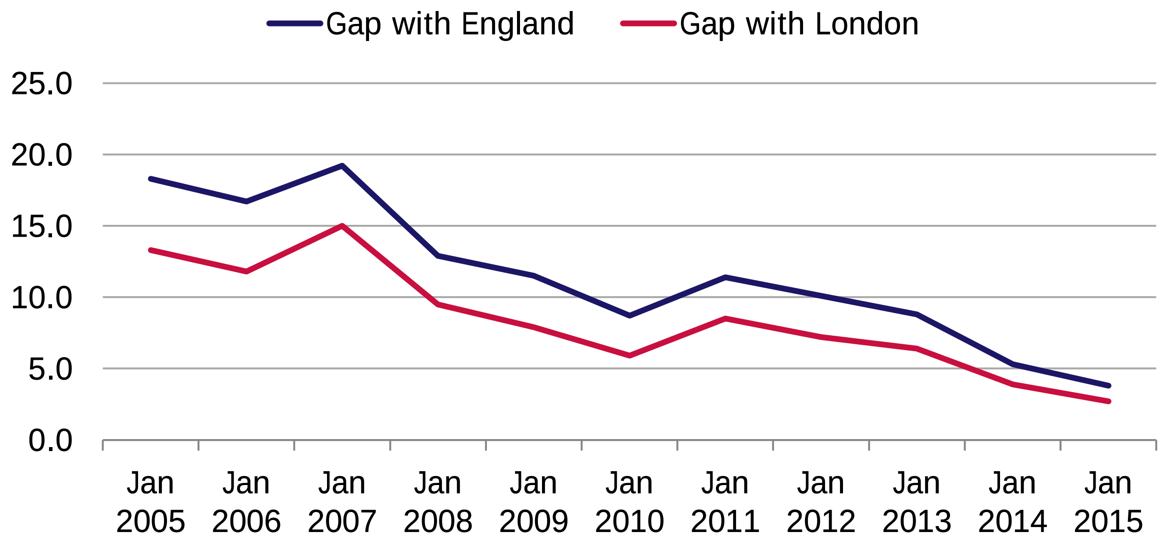


Source: Annual Population Survey, NOMIS

As Figure 53 indicates, the change in Tower Hamlets occurred while employment rates in England and in London varied in a narrower range. The latest England figure shown is the highest recorded, though in the period up to 2010 the ‘working age’ definition was different (excluding women aged 60-64) and therefore figures published in 2005-7 before the recession were slightly higher than current estimates.

Figure 54 shows the gap between Tower Hamlets employment rates and those for London and for England. This shows a trend fall in the gap between Tower Hamlets and the other areas. If the trend continues, it is possible that Tower Hamlets will have a higher employment rate than in the rest of the country.

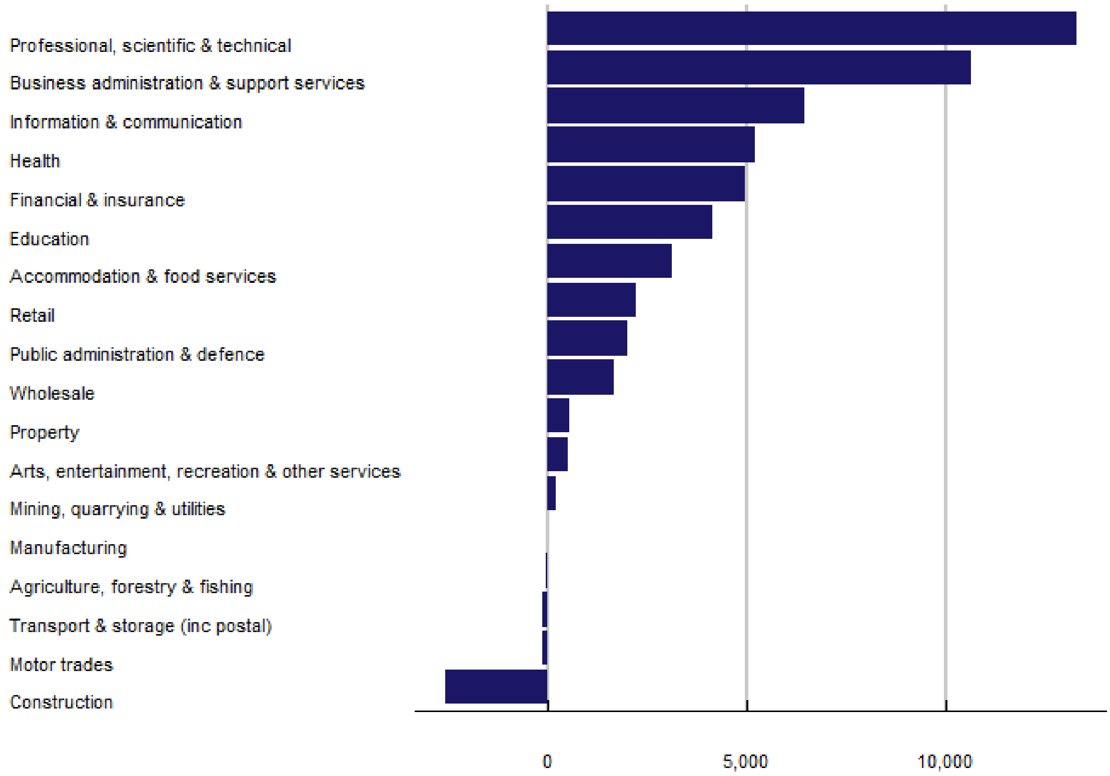
Figure 54: Gap between Tower Hamlets employment rates and comparators



Source: Annual Population Survey, NOMIS

Employment opportunities within Tower Hamlets have grown significantly. The number of jobs increasing from 105,000 in 1991, to 204,000 jobs in 2008 and 261,000 in 2014. Figure 55 below shows that the greatest employment growth within the borough over the last 5 years has been in professional services, lower level business support services and information & communication.

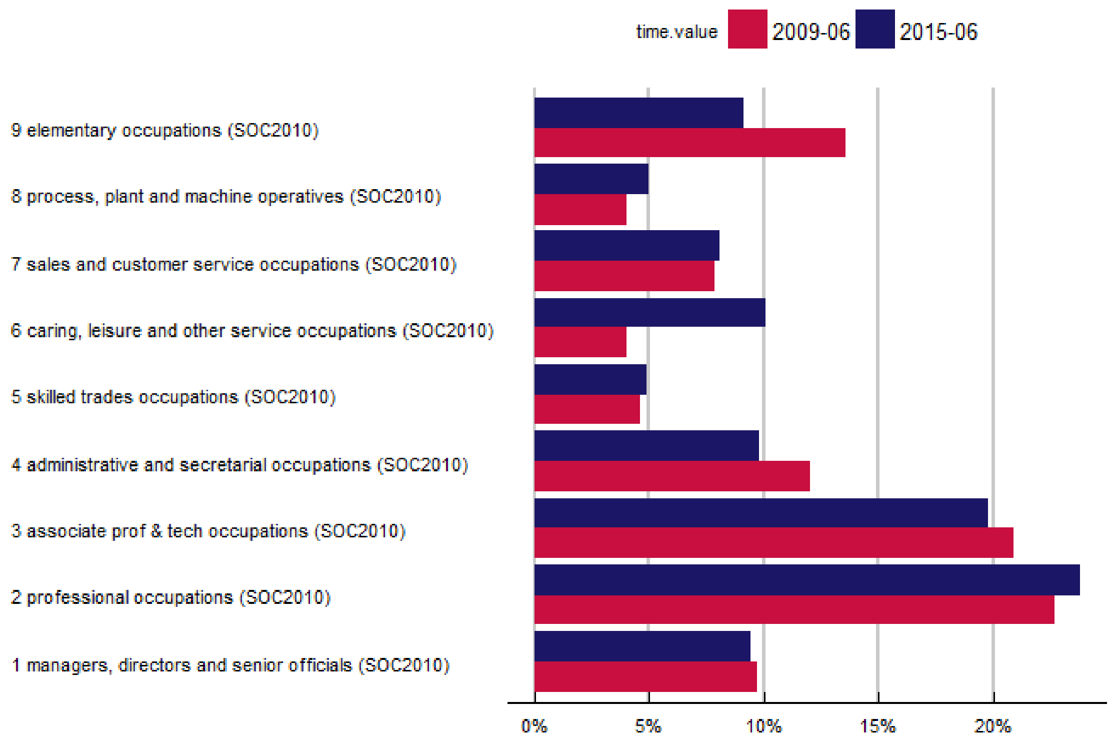
Figure 55: Tower Hamlets Employment Growth 2009-2014



Source: Business Register and Employment Survey 2009 and 2014, ONS

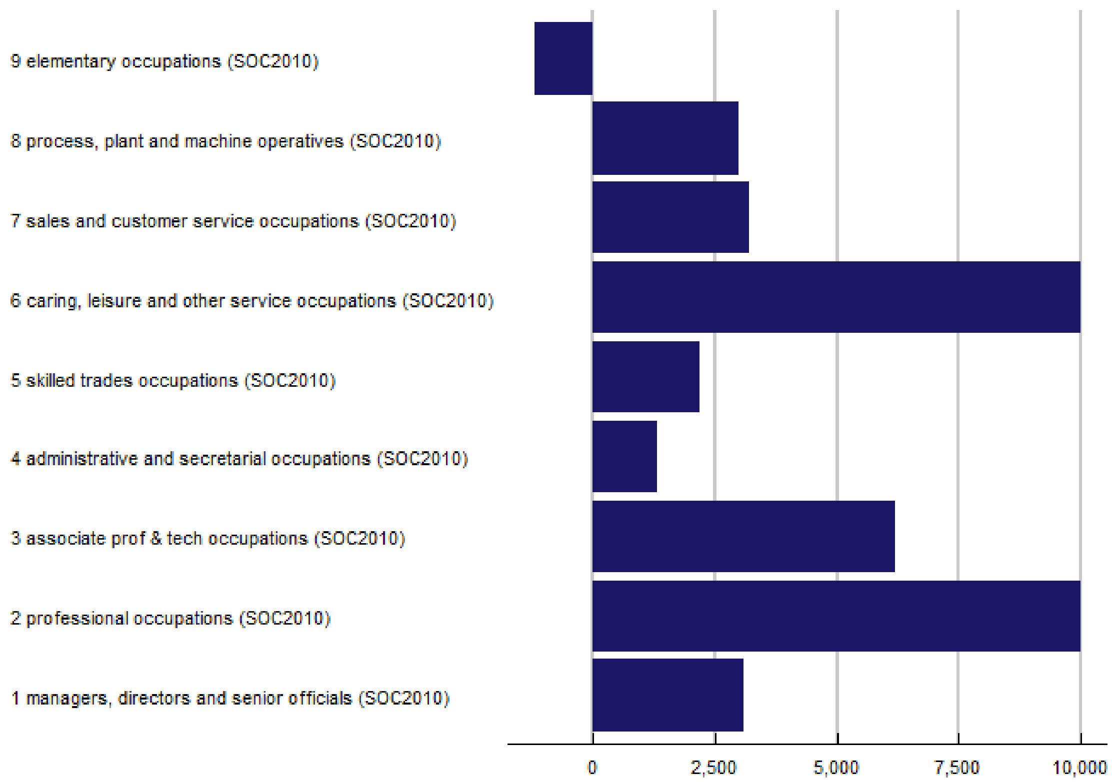
Over half of working residents (53%) are employed (as either employees or self-employed) in the three highest skilled occupations. This proportion has remained relatively static since 2010. The largest changes since the last report are growth of over 8,000 each in Associate Professional and Professional jobs, followed by just under 8,000 in Caring, leisure etc. occupations. This group has doubled in size since the last report. There has been smaller growth in other low-skilled occupations, but falls as a proportion of employment. Administrative and clerical occupations have fallen in absolute terms

Figure 56: Percentage of residents employed in different occupations 2009-2015 within Tower Hamlets



Source: Annual Population Survey 2008-09, 2014-2015

Figure 57: Change in numbers of residents employed in different occupations



Source: Annual Population Survey 2008-09 , 2014-2015

Table 2 shows these changes in table form. While the largest numerical changes are in professional occupations and associate professional occupations as well as Caring etc. occupations, by percentage change the caring etc. occupations have more than doubled and process, plant and other machine operatives (including drivers) has doubled. Administrative and secretarial occupations have fallen in absolute and percentage terms. However, these percentage changes are affected by 'base effects' – the number of people employed in that occupation in 2008-09. The smaller occupation groups are likely to show larger volatility (percentage rises and falls) than the larger ones purely due to random changes in survey response as much as underlying trends. The numeric changes may provide a better estimate of trend.

Table 2: Employment in Tower Hamlets by occupation 2015 and change 2009-2015

Occupation	Employment 2015	Change 2009-15	Percent change
Managers, directors and senior officials	14,400	3,000	26.3%
Professional occupations	31,900	8,500	36.3%
Associate prof & tech occupations	29,000	8,900	44.3%
Administrative and secretarial occupations	13,600	-100	-0.7%
Skilled trades occupations	8,200	2,800	51.9%
Caring, leisure and other service occupations	13,100	7,900	151.9%
Sales and customer service occupations	12,000	2,400	25.0%
Process, plant and machine operatives	6,200	3,100	100.0%
Elementary occupations	14,600	1,500	11.5%

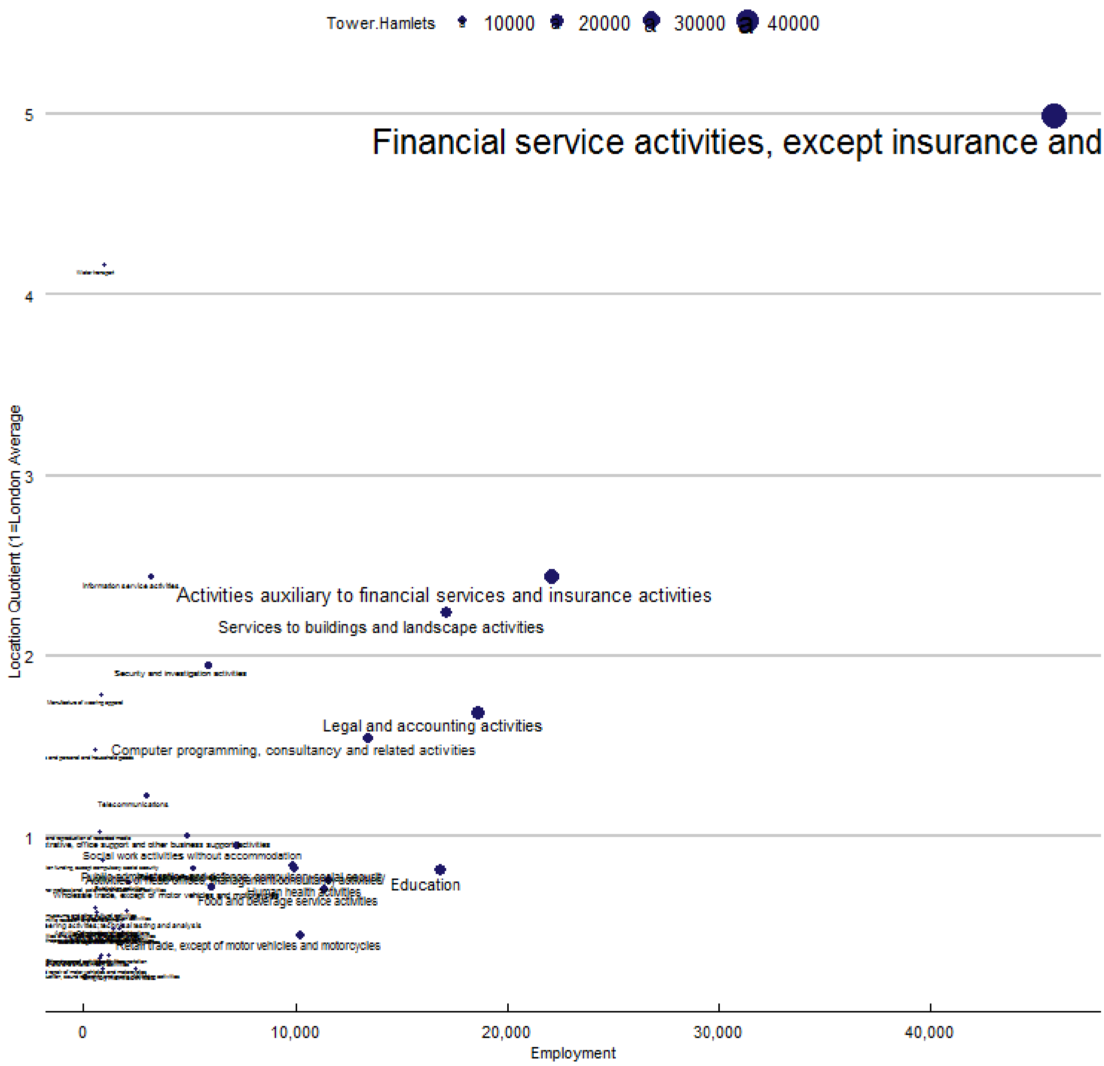
Source: Annual Population Survey 2008-09, 2014-2015

Current employment

'Financial, IT and other business activities' now provide over half of employment in the borough (55%), compared to 35% in London as a whole. 'Public administration, education and health' is the second largest sector, providing 17% of employment (compared to 23% in London) and 'distribution, hotels and restaurants' now provides 12% of employment . The proportion of employment, as well as any change over time, may not apply equally to all aspects named in the category.

Figure 58 below illustrates the scale and proportion of representation within Tower Hamlets compared to the London average.

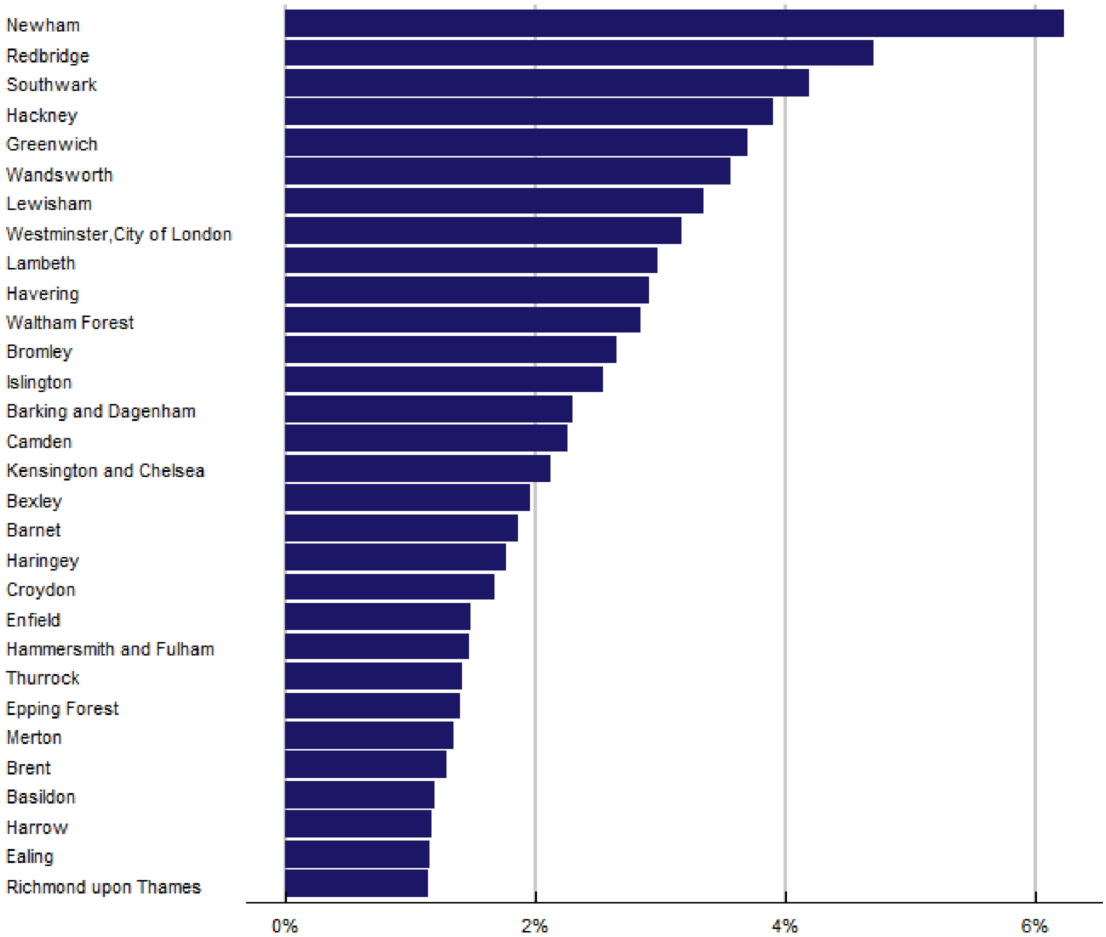
Figure 58: Size and predominance of sectors within Tower Hamlets compared to the London average



Source: Annual Business Inquiry 2014 (Inclusion analysis)

There are many more jobs than working-age residents in Tower Hamlets and it has one of the highest job densities in the country (1.4 jobs per working-age population). However high levels of unemployment and worklessness still persist. As highlighted later, this partly reflects the suitability of local residents to take these jobs, but it also illustrates the level of commuting in and out of the borough. Less than a third (31%) of working residents work in the borough with the rest working outside it: 25% commute to the City, 13% to Westminster and 7% to Southwark4. The net result of all commuting flows is that residents account for just 15% of all those working in Tower Hamlets5 .

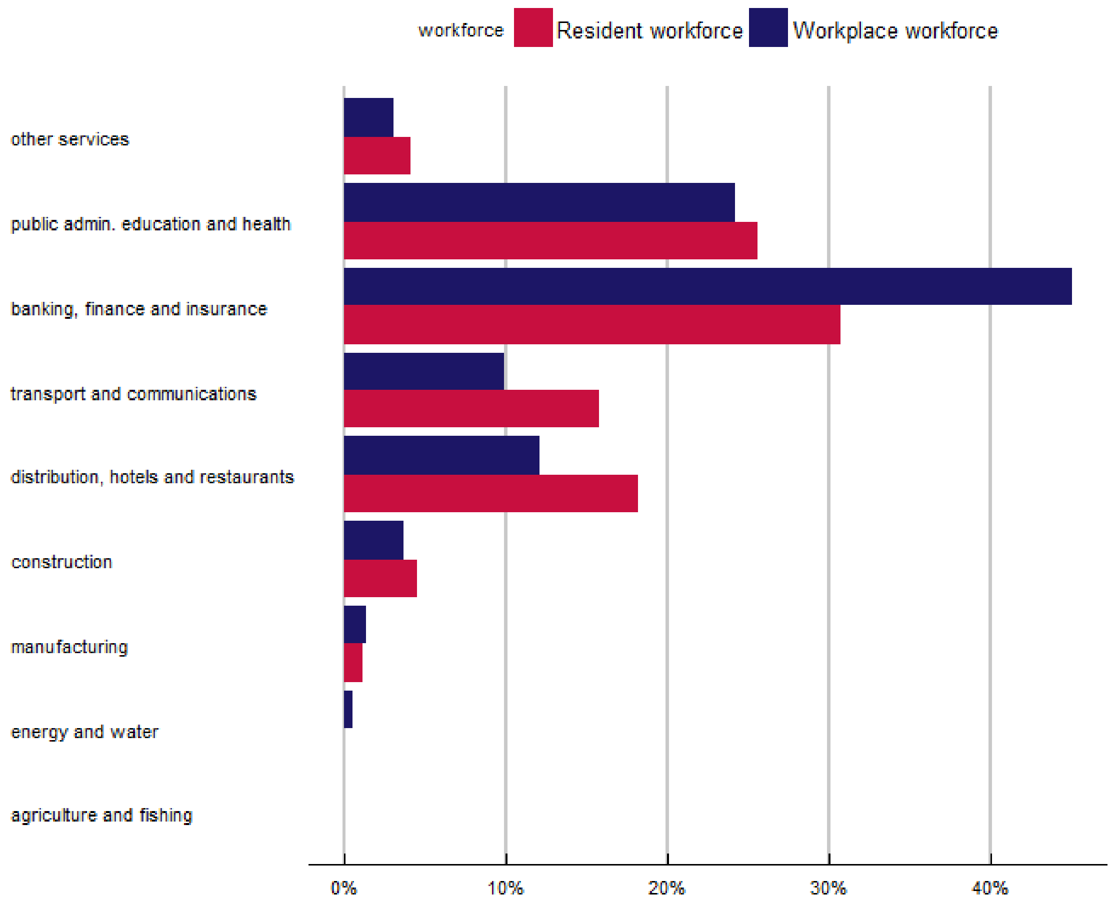
Figure 59: Out-commuting flows



Source: Census 2011

The influence of commuting is highlighted in figure 60 which shows the disparity between the resident workforce and the workplace workforce by industry.

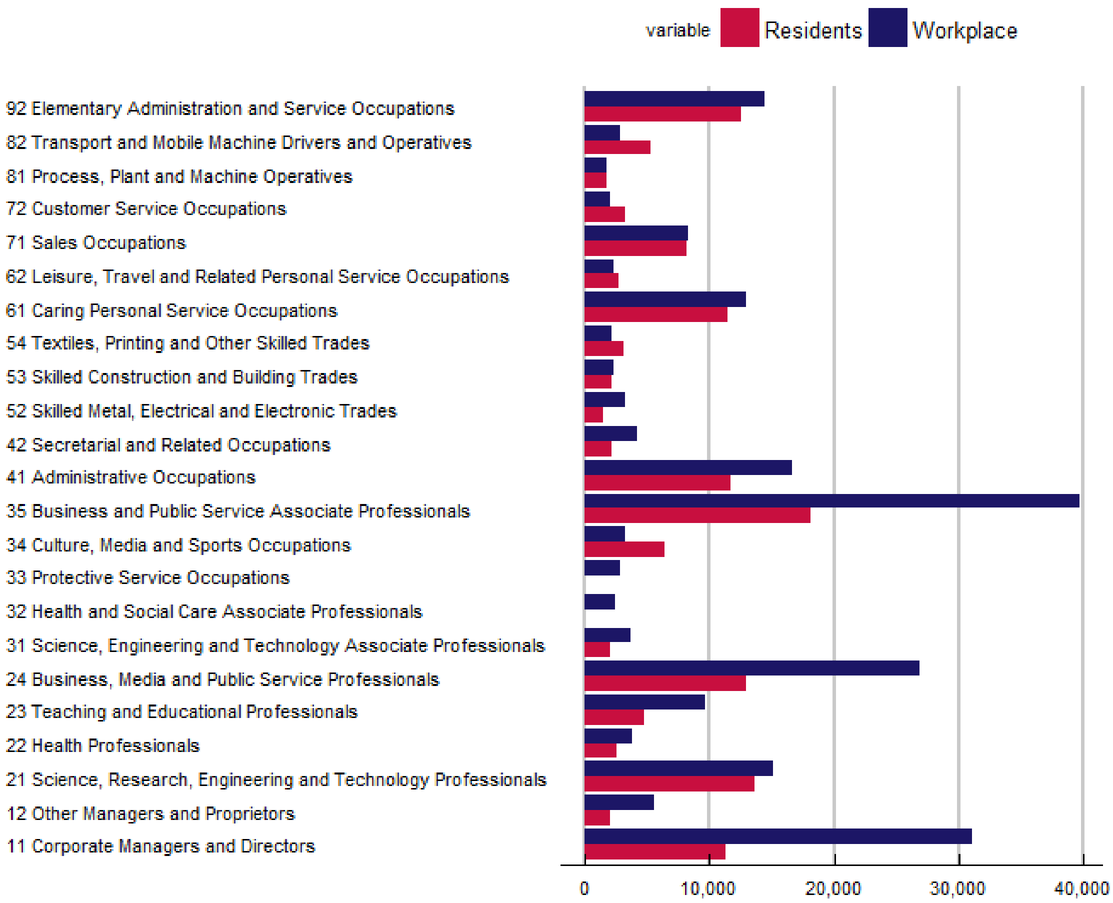
Figure 60: % of the Tower Hamlets workforce and residents employed in each sector



Source: Annual Population Survey 2014-2015

Figure 61 shows the pattern of resident and workplace employment by occupation. It shows that, for most occupation groups, there is net in-commuting. The exceptions are culture, media and sports occupations, among higher level occupations, textile trades, personal service and customer service occupations and drivers. However, for some higher level occupations, net commuting is very small. The Science, Research, Engineering and Technology Professionals group - where nationally 55% are IT and telecommunications professionals - have net commuting at 11% of residents in that group.

Figure 61: Employment in Tower Hamlets by detailed occupation, and residents' employment



Source: Annual Population Survey 2014-2015

Current vacancies

The 2013 UK Employer Skills Survey (ESS) reports that nearly one fifth of employers (11%) had vacancies at the time of the survey, lower than the London (19%) and England (14%) average. The vacancies represented 3% of employment, slightly higher than the 2% in England and the same as London.

The number of hard to fill vacancies in Tower Hamlets (and skill shortage vacancies out of the hard to fill vacancies) were too small to report. For London, 7% of employers had at least one hard to fill vacancy, and 6% had at least one skill shortage vacancy.

Jobcentre Plus vacancies ceased to be produced in November 2012 when Universal Jobmatch was introduced to replace the previous Jobcentre Plus system. Since then, local level vacancy figures have not been published from official sources.

Skills gaps

Employers are described as having a 'skills gap' where they have staff who they believe to be not fully proficient at their job11. In the 2013 UKESS, 14% of employers in Tower Hamlets reported skills gaps amongst their existing workforce, which is lower than the London (16%) and national (17%) averages. Although care should be taken because of the sample size.

Although the sample size for Tower Hamlets is small the 2013 UKESS survey suggests the most common skills gaps are related to problem solving skills (71% of those with skills gaps identified this). The next most common skills gaps, identified by over 50%, were planning and organisation skills, customer handling skills, advanced IT or software skills, oral communication skills, team working skills, and strategic management skills. These reflect the pattern of jobs within Tower Hamlets, where "customers" requiring handling are as likely to be in international finance as in shops.

In response around 60% of Tower Hamlets employers with skills gaps intend to increase their training and/or supervision of staff.

Work-readiness of young people

90 Tower Hamlets employers reported recruiting higher education leavers, 47 reported recruiting 17-18 year olds from either college or school, and 19 reported recruiting 16 year old school leavers. As expected from the occupational pattern, the numbers of employers who recruit those under higher education is relatively small, and may be unrepresentative.

The Employer Skills Survey does not report anything beyond the base numbers for those recruiting 16 year olds. They do, however, report on those recruiting 17-18 year olds and those recruiting higher education leavers.

Employers do not report poor education or lack of literacy/numeracy skills among their recruits – only 1% have complaints, below the national average. Where Tower Hamlets does attract responses from employers relates more to:

Lack required skills or competencies – 15% compared to national 7% and London 10%

Poor attitude/personality or lack of motivation – 17% compared to national 11% and London 13%

Lack of working world/life experience – 20% compared to national 14% and London 17%

Tower Hamlets' figures are elevated but consistent with patterns in neighbouring Boroughs such as Newham, Southwark, Greenwich and Hackney. London as a whole shows similar patterns, but to a lesser extent.

These patterns may reflect (or be caused by – the direction of causation is uncertain) the overall employment pattern whereby young people in London (and Tower Hamlets) enter the labour market later than in other areas, because they have remained participating in education longer. At the same time, the decline in what the UKCES calls 'Saturday jobs' means that they are less likely to have accrued experience in paid work while studying than elsewhere in the country.

An alternative possibility is that local employers have higher standards of expectation than in other areas. One reason for suggesting this is that the responses relating to higher education leavers show similar elevated patterns for the same factors, in London and Tower Hamlets.

11% of Tower Hamlets employers report recruits from higher education lacking skills and competencies, compared to 5% nationally and 7% in London.

12% report such recruits lacking working world/life experience in Tower Hamlets, compared with 8% nationally (the same in London).

Indications & Issues

The occupational balance is continuing to change. Higher end occupations are continuing to grow. The largest single shift since 2010 is the growth of care work both within the Borough and for Borough residents.

Meanwhile, the number in elementary occupations such as cleaning and bar work actually fell. Administrative and secretarial occupations are also declining.

Issues

Residents' occupations are becoming less varied. There are more residents working within elementary occupations and at the other end of scale as professional and managers. The occupational structure is in-effect losing the middle ground and hollowing out. If this trend continues income inequality between residents may increase.

Like London as a whole, employers within the borough have skills gaps resulting in them not reaching their economic potential. However, the labour market open to Tower Hamlets residents is not simply composed of employers in Tower Hamlets. The Council may want to ensure that training, learning and development providers serving local residents understand what London employers require by facilitating the relationship between providers and employers, including, in particular, local employers.

6. Economic inclusion

The Workless Population – An overview

This chapter provides an overview of the workless population within Tower Hamlets covering:

- Economic activity and inactivity rates;
- The characteristics of workless benefit claimants, including disaggregation by age and duration of claim;
- The geography of worklessness; and
- The barriers the workless face in re-entering the labour market.

Defining the workless

The ‘workless’ population are people of working age who do not have a job. The great majority of those without work want a job, though many are not looking for work as they are looking after children or have health problems that limit what they can do. The analysis below sets out what the data reveals about all those who are workless.

Introduction

The employment rate for those of working age is 69.4%, 2.8 percentage points lower than the London average (72.2%) and 4.1 percentage points lower than the UK (73.5%) average. 17.5% of those of working age are economically inactive and (say that they) do not want a job. This is down 9 percentage points from 26% in 2010 Assessment.

Employment rates for men (78.1) are similar to the London and UK average (78.3% nationally and 78.9% in London), but rates for women (60%) are much lower than London (65.6%) and the UK (68.8%). This is because just under quarter of women of working age (23.7%) - down from over a third in 2010, are economically inactive and do not want a job. This is far below Newham (32%) but is higher than the London (23%) and UK (22%) average.

Those from ethnic minorities have lower employment rates than those from white backgrounds. The employment rate for Pakistani/Bangladeshi men is 63.5% compared with 84% for white males. However, since the previous assessment, the employment rate for Pakistani/Bangladeshi men has risen slightly faster than for white men, by 2.9 percentage points compared to 2.2.

Employment rates for women are substantially lower than for men, but have been increasing rapidly. The employment rate for Pakistani/Bangladeshi females has risen by 11.1 percentage points to 37.3% since 2009. There was a faster rise for white women, of 13.8 percentage points to 77.7%

8.9% of the working age economically active are unemployed, nearly 50% higher the UK average (6.0%) and a little higher than London (8.6%).

In August 2015 the unemployment benefit claimant rate (as a proportion of population) was 2.4%. This is higher than the London average of 2.0% and England (1.8%). These figures are based on including Universal Credit claimants who are out of work in the figures. In August 2015, 13.1% of unemployed claimants in Tower Hamlets were on Universal Credit, compared with 3.3% in London and 11% in England.

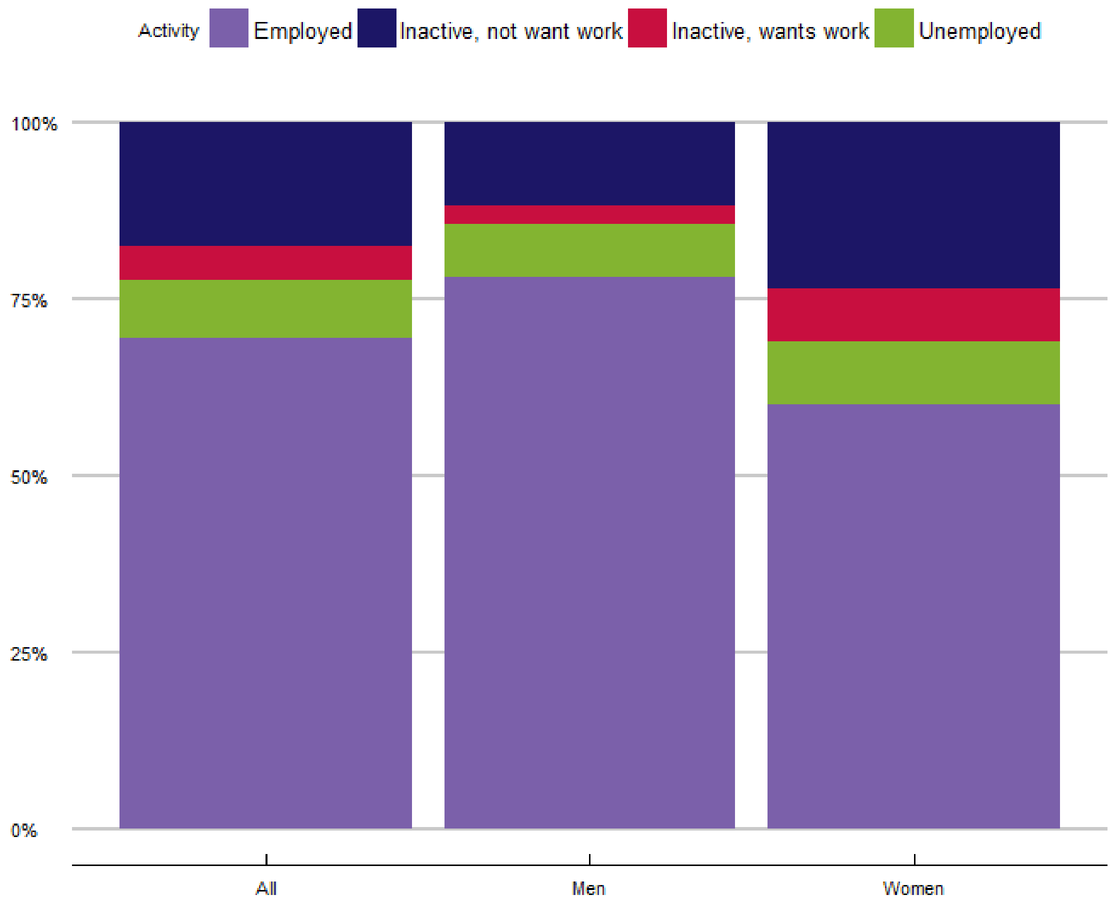
The paragraphs below explore and analyse these factors in more detail.

Economic Activity

The employment rate at 69.4% is now only 2.8 percentage points lower than London at 72.2%. Unemployment is higher among women than men, which is a turn-round from the previous assessment. In addition to unemployment among women, a high proportion of women classed as inactive also want work - 7.5% of the female population.

The employment rate for men, at 78.0%, is only 1.4 percentage points lower than that for London at 79.4%. The employment rate gap for women is higher, at 5.0 percentage points. For both men and women, there has been a substantial closing of the employment rate gap with London.

Figure 62: Economic activity of working age population



Source: Annual Population Survey, 2014-15

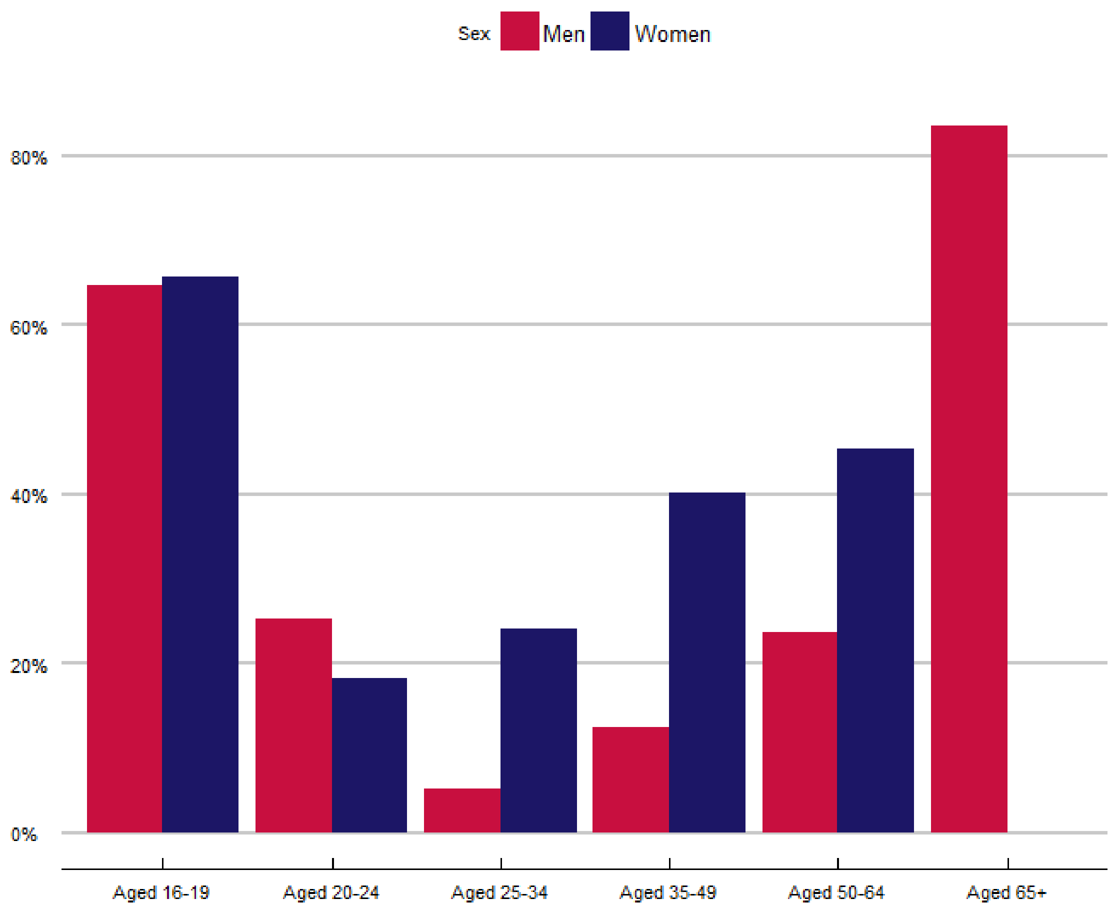
The economically inactive

Through the Annual Population Survey (APS) it is possible to disaggregate 'economically inactive' for both sexes by age. However, due to the nature of the APS, confidence levels vary significantly, in some cases as poor as 20%, indicating that the statistics may be very inaccurate. Consequently no robust data is available for any smaller area than the borough as a whole.

32% of women are economically inactive within the borough compared to 14% of men. The variance between women and men is most stark at age 35-49 where the difference is approximately 28%. This partly reflects women leaving the labour market while caring for a family. However given that economic inactivity rates increase from 20-24 onwards it would seem that only a small proportion of them return to the labour force after raising their family. Since the last assessment, the age-group with the largest gap in activity rates is now older than before (when it was the 25-34 year olds). There seems to be a generational shift, with younger cohorts of women being more attached to the labour market.

Inactivity amongst the young follows from participating in education (and not working or seeking work at the same time). Figures for economic inactivity for 65+ women are insignificantly different from 100% and are not shown.

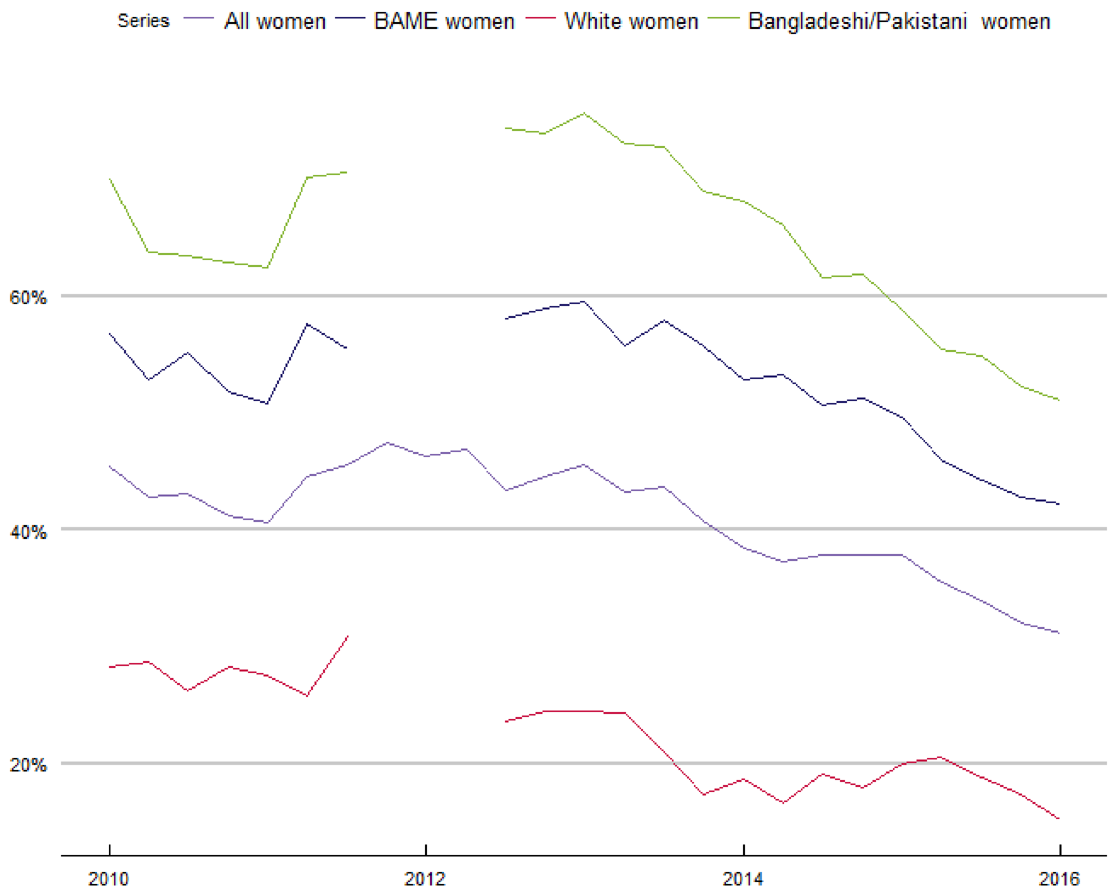
Figure 63: Economic inactivity rates within Tower Hamlets, by sex and age



Source: Annual Population Survey, 2015

It is also possible to disaggregate by ethnicity (although again, in some cases the confidence level is around 20% indicating that the statistics may be very inaccurate). Figure 64 shows that almost half of Bangladeshi female residents are economically inactive compared to less than one in six of White female residents. Inactivity among all groups of women is showing a clear downward trend, which is particularly evident for Bangladeshi/Pakistani women, where inactivity has fallen by nearly 25 percentage points, compared with 15 percentage points for white women.

Figure 64: Economic inactivity rates for women within Tower Hamlets, by ethnicity

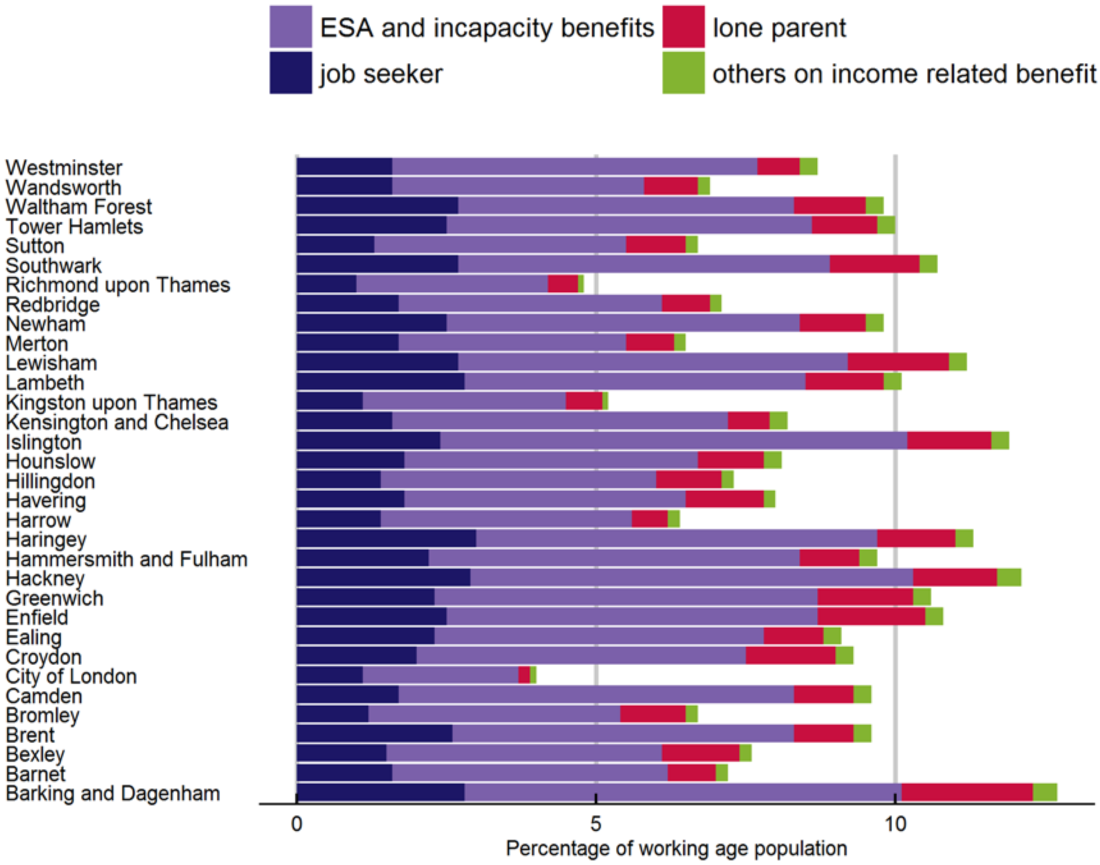


Source: Annual Population Survey, 2010-2015

A statistical overview of worklessness

The overall scale of worklessness (benefit claims) within Tower Hamlets has fallen substantially since 2013, after remaining at a similar level of 27-28,000 for the previous decade or more. Currently there are 10.1% of residents claiming an out-of-work benefit within the borough (this is the 10th highest proportion in London).

Figure 65: Percentage of working age population claiming an out-of-work benefit, February 2015

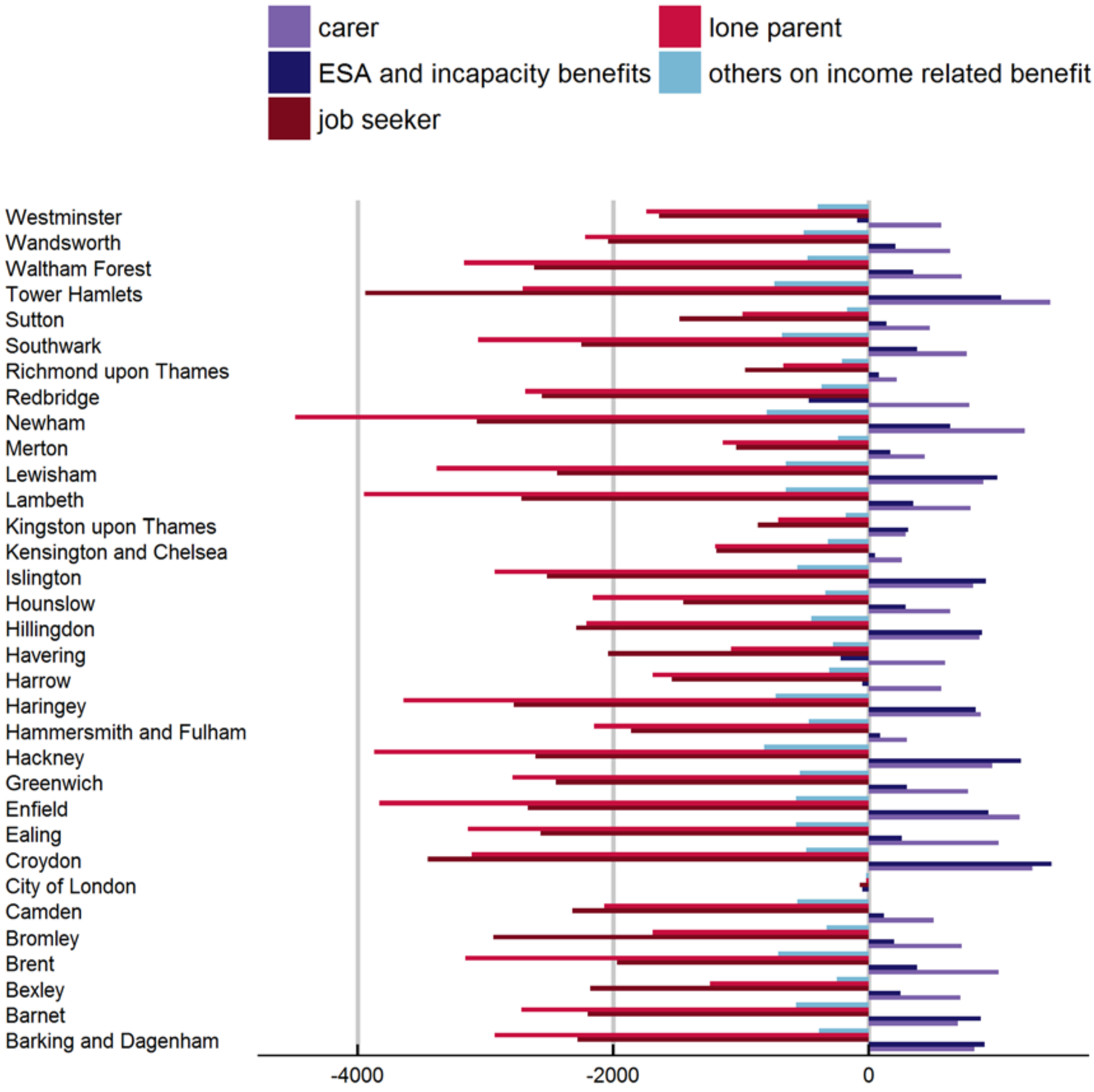


Source: DWP working age data Feb 2015

Characteristics

Since 2009, numbers on both ESA/IB and Carer's Allowance have increased, while those for Jobseeker's Allowance and lone parents (on Income Support) have decreased substantially, as have the others on Income-related benefit (who are largely Pension Credit claimants). In Tower Hamlets the growth of 1,420 in Carer's Allowance claims outstrips the growth of 1,040 in ESA and IB claims over since February 2009. These figures are before the expansion of Universal Credit claims since March 2015. Lone parents who claim Jobseeker's Allowance (following the limit on claiming Income Support to those with a youngest child aged under 5) are included in the Jobseeker's Allowance group.

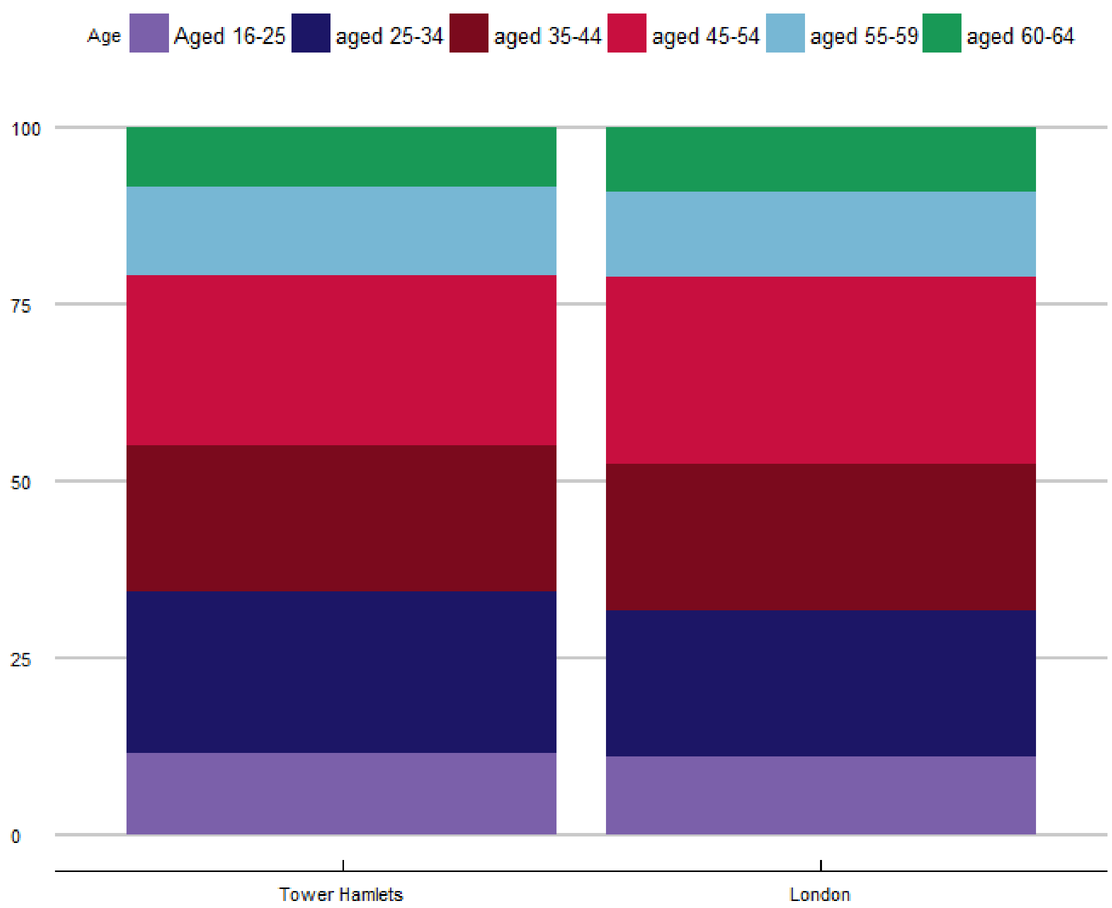
Figure 66: Change 2009 to 2015 in scale of working age workless benefit population, by benefit type



Source: DWP working age data Feb 2009 and Feb 2015

In general London boroughs have a similar age profile of claimants e.g. 11.4% of all claimants in Tower Hamlets are aged 15-24 compared to a London average of 10.9%.

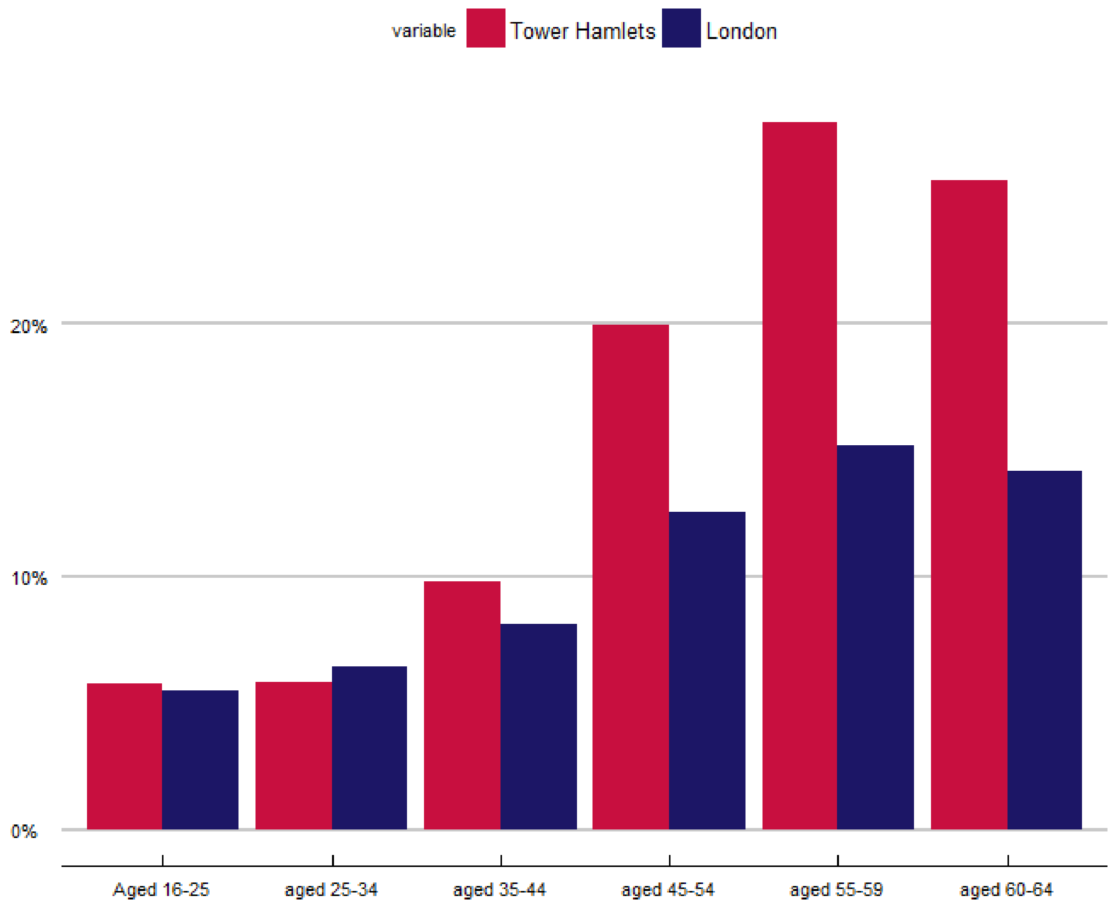
Figure 67: Workless benefit claimants by age-group, Tower Hamlets and London



Source: DWP working age claimants Feb 2015, Mid-year population estimates 2014

The incidence of worklessness varies considerably for different age bands: 6% of borough residents aged 25-34 are claiming an out-of-work benefit (lower than the London average), while more than a quarter of residents aged 55-59 are claiming an out-of-work benefit, far above the London figure.

Figure 68: Proportion of age group, claiming an out-of-work benefit

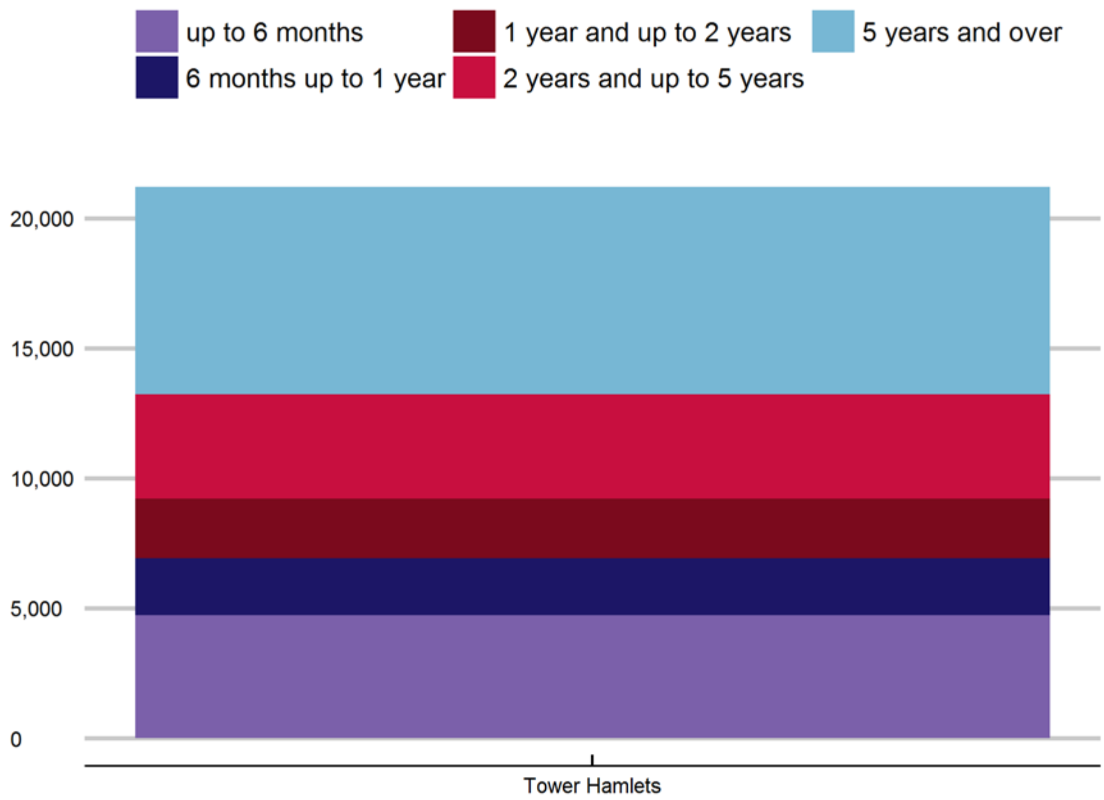


Source: DWP working age claimants Feb 2015, Mid-year population estimates 2014

In terms of duration of claim the borough follows the London average. Figure 69 shows that around two thirds of those on an out-of-work benefit have been out of work for over a year. Generally the longer someone is out-of-work the more difficult it is for them to compete successfully to gain a job.

The way that DWP counts durations on benefits has been changed by both welfare reforms and changes to the way in which programmes such as the Work Programme impact on benefit durations. Reassessment of Incapacity Benefit claimants has broken their claim, so durations are counted from the start of their ESA claim. Similarly, lone parents who have moved onto JSA as their children have reached 5 are counted from the start of their JSA claim. On the other hand, previous programmes, such as Employment Zones or the New Deals, involved a break in claim in moving onto provision. This does not happen with the Work Programme.

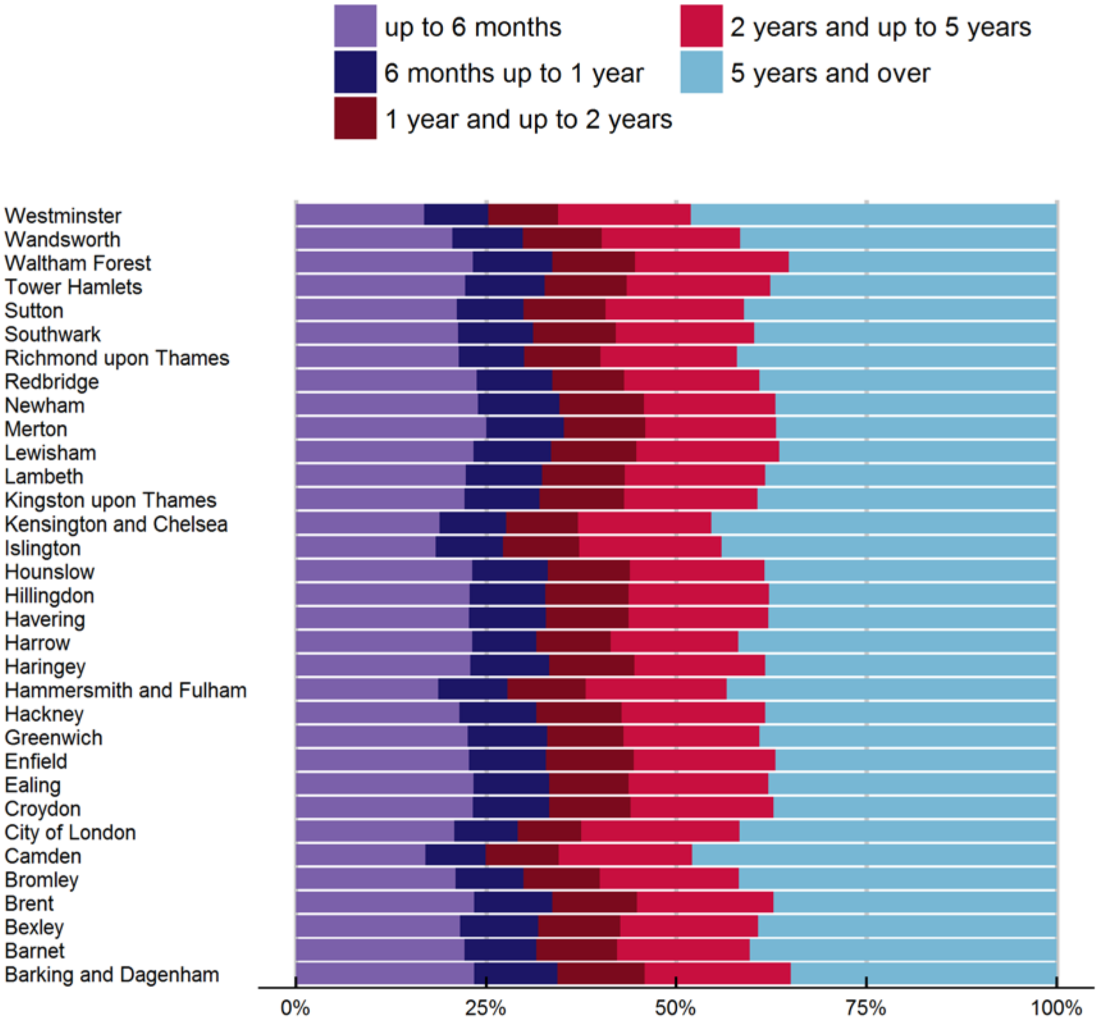
Figure 69: Proportion of out-of-work claimants out of work by duration (to scale)



Source: DWP Working Age Benefits data, February 2015

When claimants are disaggregated into their benefit type this picture varies. These differences are explored in following chapters.

Figure 70: Durations on benefits by Borough



Source: DWP working age population statistics, Feb 2015

Impacts of welfare reform

Inclusion was commissioned by Tower Hamlets Council[4] to assess the impacts of welfare reform on residents in the spring of 2014. The study conducted thirty-five face-to-face interviews with residents who had been affected by reforms, and 12 in-depth interviews and four workshops with representatives from Council agencies and voluntary organisations delivering support and advice services.

[4] Inclusion (2014) The impacts of welfare reform on residents in Tower Hamlets, Pippa Lane, Afzal Rahman and Tony Wilson, May 2014, on behalf of Tower Hamlets Council http://cesi.org.uk/publications/impacts-welfare-reform-residents-tower-hamlets

Financial impacts

The Government's welfare reforms will - by 2015 - have an estimated cumulative reduction of around £68 million per year in Tower Hamlets, which is in the top 10% of impacts nationwide. This will mean that households claiming benefit will be on average £1,670 per year (£32 per week) worse off than would have been the case without reform. This impact will be felt by around 40,600 households in Tower Hamlets, around 45% of all households of working age. Just over half of these (20,800 households) will be households where someone is in work.

The impacts of reform on residents

The study identified three key groups who were affected by welfare reform in Tower Hamlets. These were:

Households where one or more members were disabled – more likely to be smaller, older and white British, but including some larger Bangladeshi families. Most had been out of work for some time and were often affected by multiple reforms – often reassessment of Incapacity Benefit and the size criteria in social housing.

Lone parent households – mostly with three or more children, almost all long-term residents with strong social networks and usually not in work. Affected by a range of reforms including the benefit cap, LHA changes and loss of entitlement to Income Support. Many were desperate to work but had limited skills, experience and support.

Households in the private rented sector – most of those interviewed had been evicted as a result of shortfalls due to LHA reforms, most were young families with children, from Somali or Bangladeshi communities. Many of these were now in temporary accommodation. There was a mix of working and non-working households.

Impact of sanctions

There has been a strong upward trend in the number of residents being sanctioned. The total number of sanction referrals, and the number of sanctions resulting in an adverse decision, has both risen more than six-fold since 2005-06. Anecdotal evidence suggests that many of those referred for sanction leave benefit before a decision is made.

Impacts on demand for support

Almost universally, organisations reported that demand for services had increased. This was across diverse services and for a range of issues. The reforms that were reported as creating the largest increases in demand for support were:

- Cuts to Local Housing Allowance (LHA) leading to evictions from the private rented sector
- Lone parents moving into work due to the Benefit Cap or claiming Jobseeker's Allowance
- Work Capability Assessment decisions
- Changes to Housing Benefit for those in the social rented sector

It is likely that demand for these services will rise further after the introduction of Universal Credit.

Responding to welfare reform

Economising

All residents were economising. The two main ways were through using less gas and electricity and spending less money on food. Many residents reported taking radical action that was having a significant effect on their standard of living – for example no longer using any heating, or only using heating at the very coldest times when their children were home.

Borrowing money

It was very common for residents to report that they had borrowed money, but only one respondent reported taking out a payday loan. Almost always residents had borrowed money from family and friends. In most cases, residents borrowed small but regular amounts which was rarely repaid.

Not paying bills

This was less commonly reported than borrowing money, and those residents who did disclose debts often had large debts. It may be that debt is more common than indicated by this research. Residents typically put off paying water bills, mobile phone bills and gas and electricity bills. It was common for residents affected by changes to Housing Benefit to have built up rent arrears.

Changing circumstances – employment

Those who reported looking for work fell into three broad groups: those who had been moved onto Jobseeker's Allowance from an inactive benefit; those affected by the benefit cap; and working families in private rented accommodation. Almost all respondents had significant barriers to work and employability support needs. Some had sought employment support through Jobcentre Plus or the Work Programme but had tended not to be satisfied with this. Most of these residents required intensive support including ESOL, basic skills and work experience.

The role of additional financial support

Nearly 5,000 Discretionary Housing Payments were made by Tower Hamlets Council during 2013-14, benefiting 2,500 households with an average award of over £600. The vast majority (90 per cent) of DHP spend went towards supporting residents hit by the Bedroom tax or the Benefit Cap. Overall, 80% of all households affected by the Benefit Cap in March 2014 had also received a DHP award.

Recommendations

The report set out recommendations for how to build on work that the Council had already done to support residents in understanding potential impacts and sources of support, grouped around four themes.

- Identification - identifying, and then prioritising, those in crisis now or at risk in the future
- Engagement - using the right channels to ensure that households understand and can access the support available
- Co-ordination - ensuring a common and joined-up approach to delivering support
- Targeted delivery - supporting residents to manage and mitigate the impacts of reform

The geography of worklessness

There are two aspects to the geography of worklessness: simply mapping it, and recognising that living in an area with a high workless population can compound the problem, for example because fewer neighbours have the contacts to help someone else get a job.

Figure 71 shows the number of people claiming an out-of work benefit. There are four geographical concentrations:

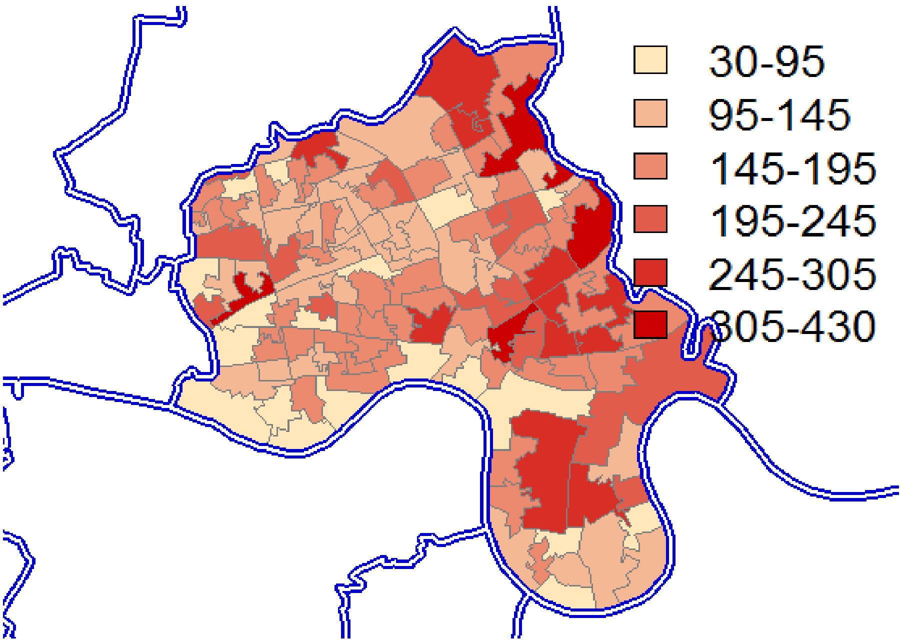
1 In the north-east of the borough starting to the east of Victoria Park extending down into Bow, there is a large number of people claiming a workless benefit.

2 In the west there are large numbers of workless residents in the south of Spitalfields extending into the west of Whitechapel and the southern half of Shoreditch. This concentration has weakened since the previous assessment.

3 There is a central concentration of worklessness on the border between Limehouse, Stepney and Bow Common as well as a concentration encapsulating much of Poplar and extending north into the east of Bow Common.

4 The final concentration in terms of counts of workless individuals occurs in the east and south of the borough beginning in Leamouth, extending south-west through the east of Blackwall and Canary Wharf, finishing with a concentration in northern and central Millwall with a small but significant concentration in the east of Cubitt Town.

Figure 71: Number of working age population claiming an out-of-work benefit



Source: DWP benefit claimants - working age clients for small areas, Feb 2015

Barriers to the labour market

Workless residents as a group face multiple barriers hindering them from finding work. These include:

- The institutional benefits trap
- Low skill levels
- Poor language skills

- Poor health
- Psychological barriers
- Poor transport links
- Local barriers

Many people face multiple barriers, which reinforce each other and make return to work harder to achieve.

In this analysis we concentrate on the unemployed and benefit claimants. The extent to which these are affected by each of the barriers is difficult to determine from DWP benefit statistics, which only include information on, for example, poor health, for those who claim a health-related benefit such as Employment and Support Allowance. For the other barriers, DWP either considers that they would not exist in Tower Hamlets (such as transport, when JSA requires people to look for work within 90 minutes travel – so most of London is available) or are things the DWP is already taking action on, such as Universal Credit, which guarantees that claimants will be better off in work (and the contrary, worse off out of work).

The Workless Population – The unemployed

The unemployed are those who are not in employment but are looking for work. Many are eligible for Job Seekers Allowance and are categorised as claimants, but many do not claim JSA (or Universal Credit). The latest ONS estimates for 'model-based unemployment' for Tower Hamlets show 13,900 unemployed on average in the year to March 2015. Over the same period, the average number of JSA and UC claimants in Tower Hamlets was 6,152. The claimant number is less than half the total unemployed. Later claimant figures show the number falling. Between April and July 2015, there were under 5,000 JSA or workless Universal Credit claimants in Tower Hamlets. The trends in the overall unemployment figure including those who do not claim are unknown.

The importance of this is that unemployed people who are not claiming Jobseeker's Allowance are not receiving support to get a job. Some of them may be claiming other benefits such as Employment and Support Allowance or Income Support where 'work preparation' is required for some claimants, but this cannot be assumed.

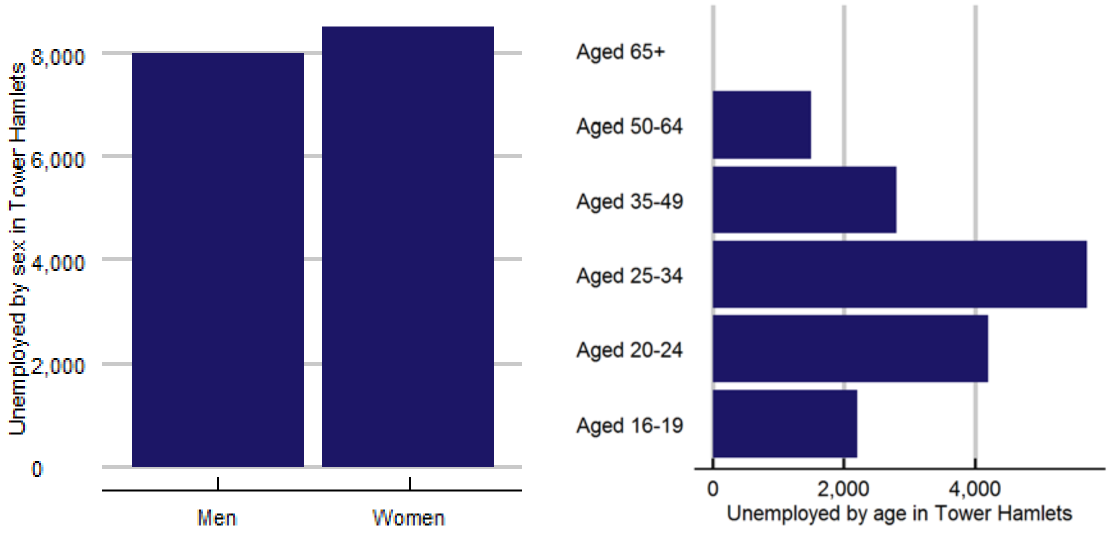
In addition to the figures just quoted, the Office for National Statistics produces figures derived from the Annual Population Survey, these enable a breakdown by age and gender, while the 'model-based' figures that they recommend only provide headline totals. The latest APS figure is 16,400, compared to the model-based 13,900 and claimants 5,007 (August 2015).

Unemployed

There are 13,900 residents within the borough who are looking for work (or 16,400 in the APS data). The unemployment rate is 8.9%, compared to 6.7% in London and 6.0% in the UK.

Figure 72 below disaggregates the ILO unemployed by gender and age. The data is from a survey and has been rounded. The majority of the ILO unemployed are women, which is a major change from the last local economic assessment. 39% of the unemployed are under 25, which is similar, but a small decrease, from the previous assessment.

Figure 72: The unemployed within Tower Hamlets



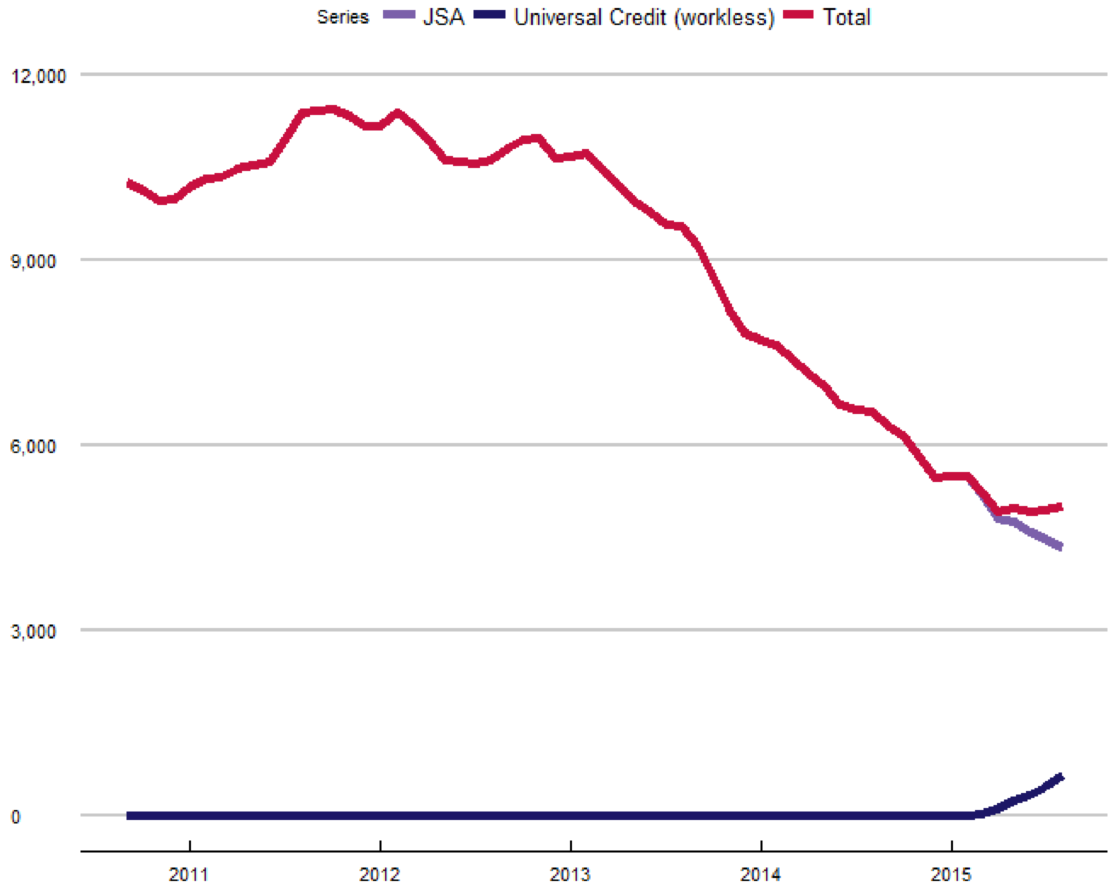
Source: Annual Population Survey, April 2014-March 2015

JSA Claimants

The number of JSA claimants has been falling steadily since 2013. However, adding in Universal Credit workless claimants shows that the fall in claimants stopped at the same time as Universal Credit started in Tower Hamlets jobcentres. This may be a coincidence

In August 2015 there were 4,352 residents claiming Jobseekers Allowance and 655 workless claimants of Universal Credit within the borough.

Figure 73: Claimant count, 2010 to 2015

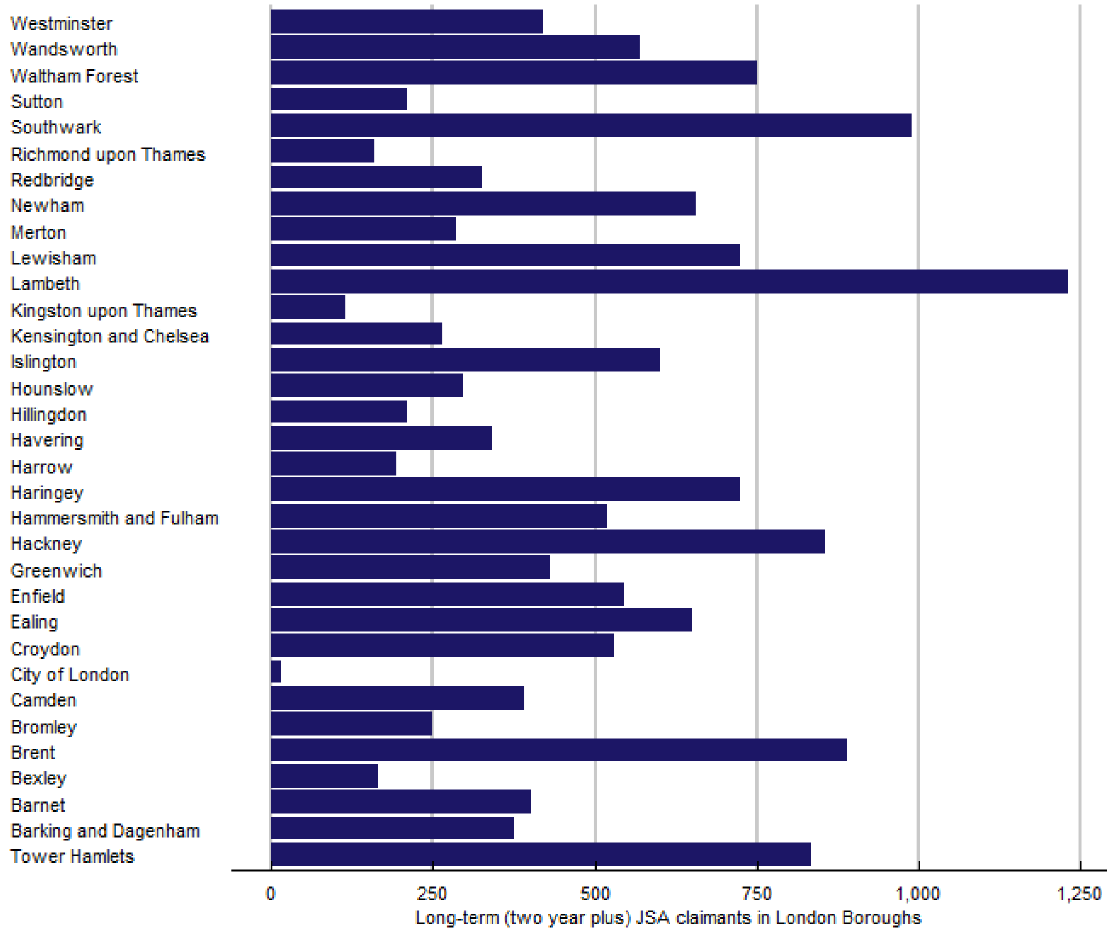


Source: DWP claimant count

A breakdown of JSA claimants by duration shows some interesting differences between the London boroughs. There are currently 860 claimants who have been claiming for two years or more. This is much the same as the 880 reported in the 2010 Assessment. However, because the JSA count has fallen so far, it is a very much larger proportion of the count (20%) than the 8.5% reported then. There are several reasons for this, one of which is a change in the statistical treatment of claimants on programmes. Under the original New Deals (and later Employment Zones) which were in place until the Work Programme started in 2011, claimants on programme were not included in the JSA count. This reduced the proportion of long-term claimants. Under the Work Programme, participants only leave JSA if they leve benefit, for example, to a job. For these reasons, figure 74 shows the absolute number of long-term JSA claimants (over two years) in each Borough.

The number of long-term JSA claimants in Tower Hamlets is the fifth largest in London.

Figure 74: Claimants unemployed for 2 years or more, by borough



Source: DWP claimant count August 2015

Both welfare reform and the change in the JSA numbers have impacted on the age distribution of claimants. The proportion of JSA claimants who are young has fallen dramatically - in the last report 43% of claimants were under 29, whereas now 32% are. However, this excludes the over 500 young people who claim Universal Credit in Tower Hamlets jobcentres.

At the same time, the changing requirements on lone parents mean that the JSA population now includes a much larger proportion of women, and women who are older than the young men who used to dominate the JSA count. Lone parents are very much less likely to be prioritised for Universal Credit (as they may have Housing Benefit claims).

Older claimants (50 and over), now make up 25% of JSA claimants in Tower Hamlets. This is very similar to the proportion in London. There are over 1,000 JSA claimants aged 50 and over in Tower Hamlets.

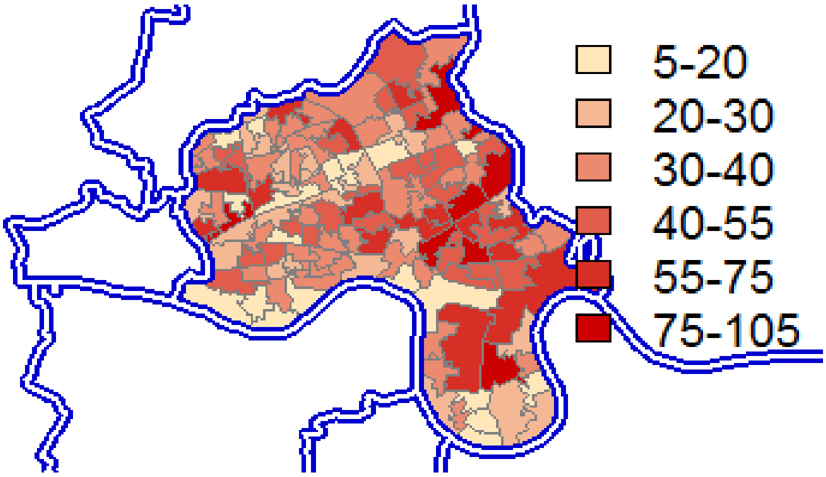
The incidence of claiming JSA varies considerably in different age bands:

- Aged 15-19: 5% claiming JSA (London, 3%)
- Aged 20-29: 7% claiming JSA (London, 5%)
- Aged 30-39: 4% claiming JSA (London, 4%)
- Aged 40-49: 8% claiming JSA (London, 5%)
- Aged 50-59: 9% claiming JSA (London, 4%)
- Aged 60 and over: 1% claiming JSA (London, 1%)

A breakdown of claimants by ethnicity (only available for the claimant count) shows a large amount of White and Bangladeshi residents claiming JSA. Bangladeshi residents have a proportionately higher claimant rate than the White population. However, it is Black African residents who are more likely to be claiming JSA than any other ethnic group.

Figure 75 shows the spatial distribution of JSA claimants. The locations mirror those found in the general assessment of out-of-work claimants.

Figure 75: Concentrations of Jobseeker's Allowance Claimants 2015: Super Output Area Level



Source: DWP JSA benefit claimants - working age clients for small areas, Feb 2015

JSA claimants do not face any additional barriers preventing entry in to the labour market beyond the generic ones (for Tower Hamlets) already outlined.

JSA claimant data cannot conveniently be mapped against housing tenure, but there is undoubtedly some correlation between the two.

Indications & Issues

While JSA claimants are mostly men, this is not true for the unemployed as a whole, where women are in the majority. Men are more likely to be unemployed and claiming Jobseekers Allowance than women.

Possibly reflecting the high number of middle-aged men who are unemployed, Tower Hamlets has the highest proportion of JSA claimants who have been claiming for over 2 years within London.

The Workless Population – Lone parents

Many lone parents are in work. Nationally, the employment rate for lone parents has reached the highest figure on record at 64.4%.

Nevertheless, there are significant numbers of lone parents claiming benefits in Tower Hamlets.

In Feb 2015, there were 3,080 lone parents claiming either Income Support or Jobseeker's Allowance in Tower Hamlets. 78% of these were claiming Income Support, and the remaining 22% Jobseeker's Allowance.

The lone parents claiming Jobseeker's Allowance were 13% of all JSA claimants in Tower Hamlets. This is above the national average of 11% of JSA claimants being lone parents, but below that for many other London Boroughs. In Newham, 15% of JSA claimants are lone parents, and in Barking and Dagenham 17%.

Starting in 2008, the rights of lone parents to claim Income Support solely on the grounds of being a lone parent have been curtailed in a series of moves. Before then, lone parents could claim Income Support until their youngest child was 16. This age has now been reduced so that lone parents with a youngest child aged 5 are expected to seek work and are unable to claim Income Support unless, for example, their child has a disability and is paid a disability benefit with a care component.

Many of the lone parents who moved onto JSA have found work. As a result, the total number of lone parents on the two benefits in Tower Hamlets is around 50% of the 2010 level.

However, the lone parents who have found work are highly dependent on support for childcare and receive large sums in tax credits.

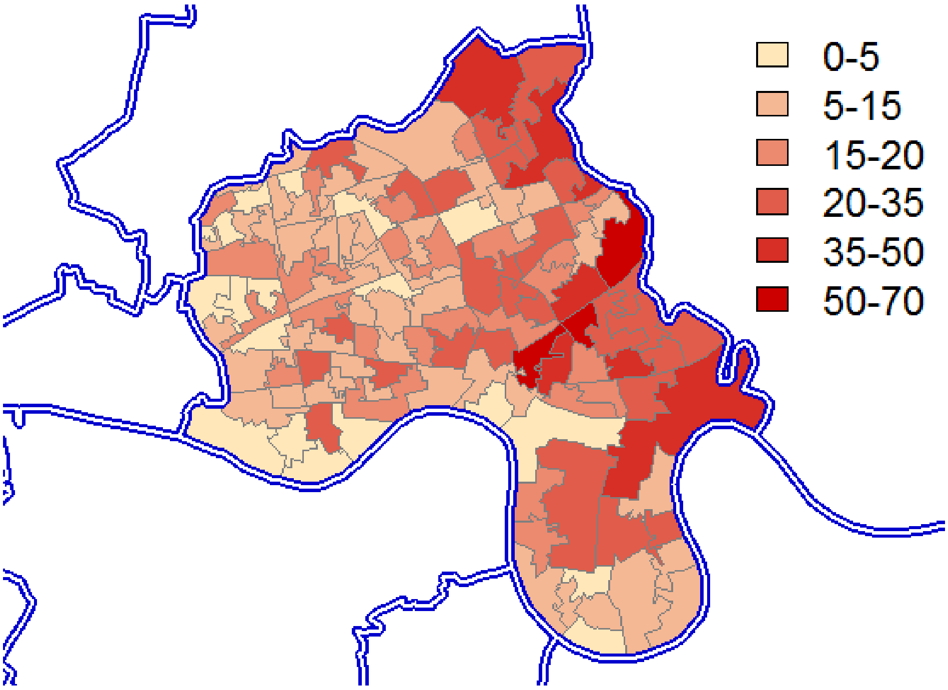
Many work part-time around their children's school hours. This means that wrap-around childcare can be critical in enabling lone parents to sustain work.

The JSA regime for lone parents has adjustments so they do not have to look for full-time work. In 2013-4, HMRC recorded that 2,900 in-work lone parent families in Tower Hamlets received Tax credits.

Workless lone parents may have low skills, but this is not always true. It is rather more the case that well-qualified lone parents do work, but often in jobs that allow part-time working and are well below the skills that they possess. This means that lower-skilled lone parents are less able to access these part-time jobs.

The spatial concentration of Income Support lone parents differs from the other workless groups. Lone parents are concentrated towards the east of the Borough.

Figure 76: Number of working-age population claiming Income Support as lone parents



Source: DWP benefit claimants - working age clients for small areas, Feb 2015

Indications & Issues

The number of workless lone parents on benefits is decreasing.

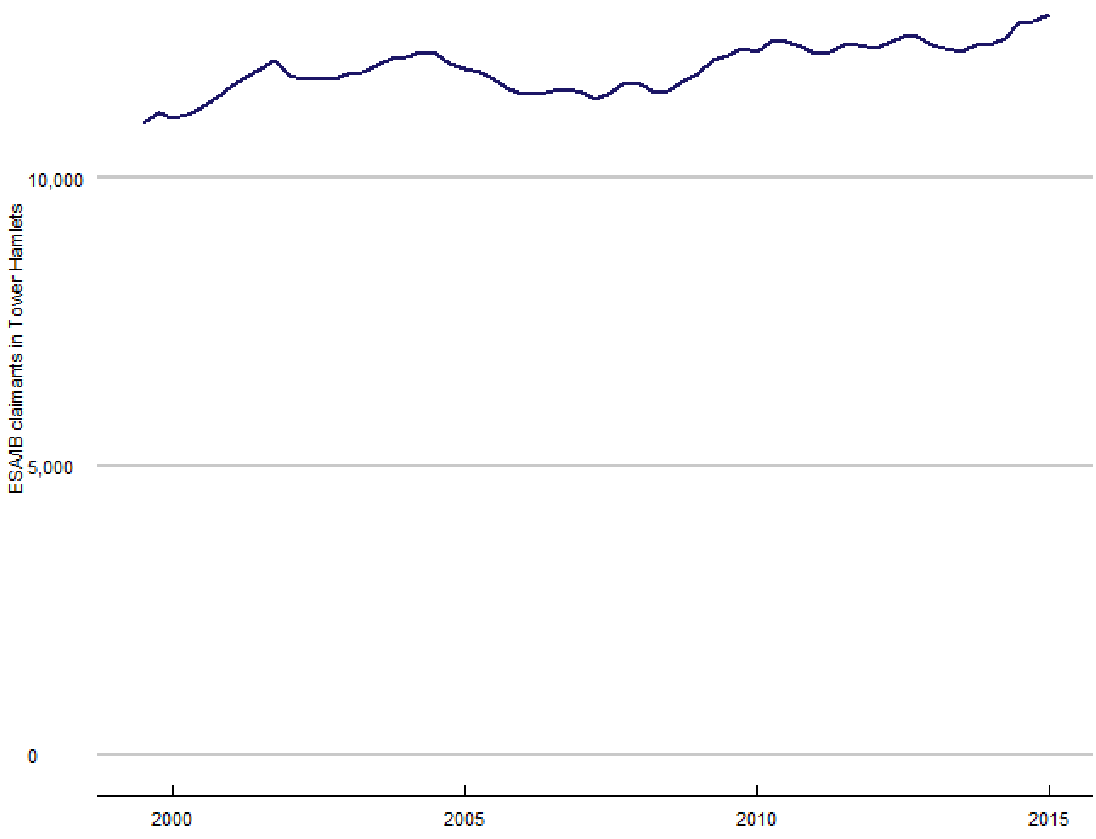
Lone parents face particular barriers in accessing the labour market. The most obvious barrier is availability and cost of childcare. Formal childcare is expensive, particularly in London. There is a lack of jobs that allow lone parents flexibility to fulfil their parenting responsibilities and use their skills to the full making it difficult for lone parents to access the labour market.

This was also the conclusion in a University of Bath report for DWP Work and well-being over time, lone mothers and their children. This research found that flexibility is paramount for mothers and to ensure this flexibility mothers were often working part-time and school hours, and developing and maintaining strong social networks for informal childcare. Indeed, even once in work their opportunities typically remain constrained by their need for flexibility.

The current proposals in relation to tax credits and Universal Credit (in Autumn 2015) sharply reduce the financial incentive for lone parents to work. However, the negative incentive of a Jobseeker's Allowance regime that requires intensive jobsearch may mean that high levels of employment are maintained, largely to the benefit of HM Treasury and marginally to the lone parents

The Workless Population – Employment and Support Allowance and Incapacity Benefit claimants

Figure 77: Number of ESA and IB claimants within Tower Hamlets, 1999-2015



Source: DWP working age client group

In February 2015 there were 12,840 residents claiming Employment and Support Allowance (including IB and SDA). This is an increase from 12,200 in February 2010 and 10,940 in August 1999. Over the period since the 2010 assessment, most Incapacity Benefit Claimants have been reassessed to see whether they should be eligible for Employment and Support Allowance. The health-related test for Employment and Support Allowance is intended to both be tougher than the test for Incapacity Benefit and involve identification of those who are more likely to move into work with support (the Work Related Activity Group).

Figure 79 shows how the numbers on ESA/IB in Tower Hamlets have been affected by the benefit changes. Within an overall fairly stable total, there have been major changes underneath.

The numbers in the ESA Work-Related Activity Group (some of these are referred to the Work Programme) have been reducing and were 1,920 in February 2015. The Support Group, who may volunteer for employment support but are not required to do so, has seen the largest growth.

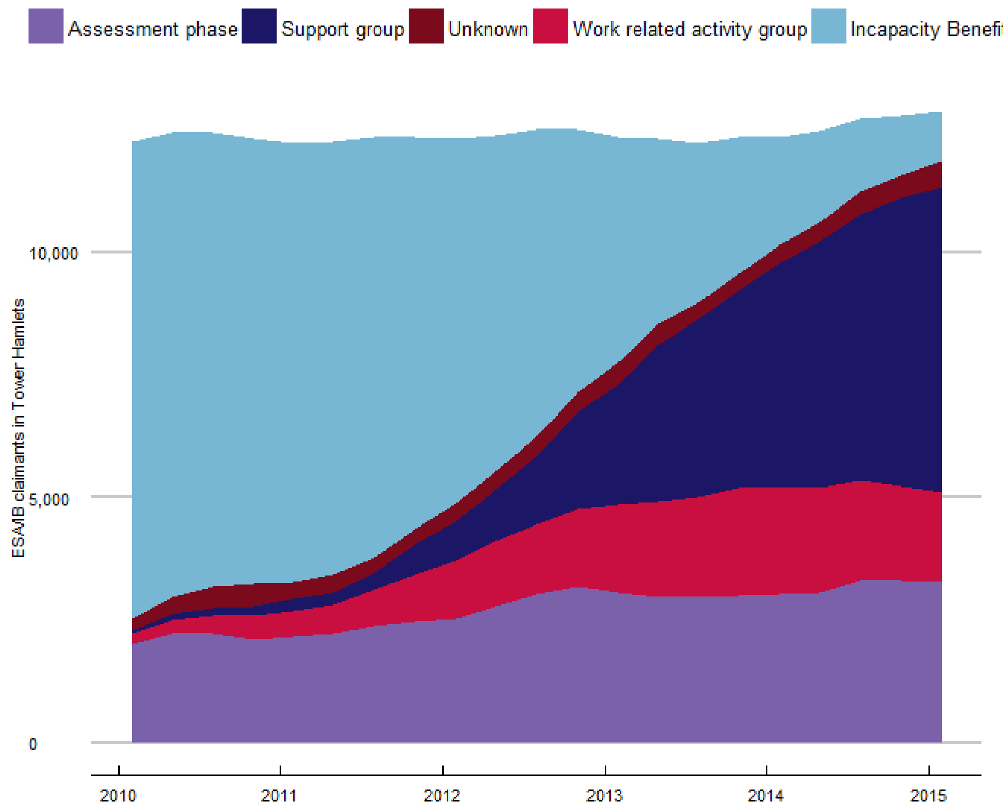
In the latest few quarters, the rise in the total has been affected by backlogs for the Work Capability Assessment building up. With the move to a new contractor in April 2015, it is expected that the size of the assessment group (those not yet assessed) will reduce, and the remaining Incapacity Benefit claimants will also be assessed for ESA.

Incapacity Benefit used to have high proportions of long-term claimants. The reassessment process into Employment and Support Allowance has broken those claims. Therefore, the numbers of long-term ESA claimants says more about when the assessment process took place than their total period on benefits. Therefore, we do not feel it would be representative to show durations of ESA claimants. The combined 'working age' benefits only show duration of the current benefit not a series of continuous benefits, therefore we are temporarily unsighted on durations on all benefits.

6.1% of the working age population of Tower Hamlets are claiming Employment and Support Allowance or the legacy Incapacity Benefit. This is lower than 11 other London Boroughs, but higher than Newham, Lambeth and Brent as well as less deprived Boroughs.

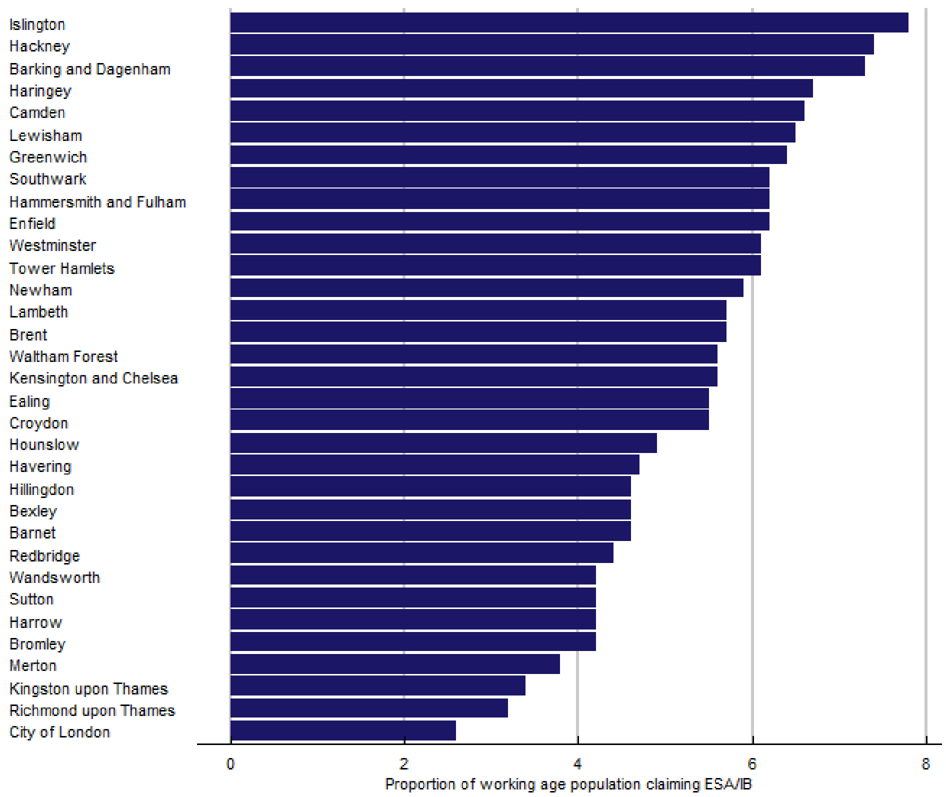
Using the DWP breakdown of ESA/IB claimants by age we can see that the proportion of claimants per age group is higher than the London average or than the Host Boroughs. This is particularly true for those aged over 45.

Figure 78: ESA and IB claimants in Tower Hamlets by ESA and IB group, 2010-2015



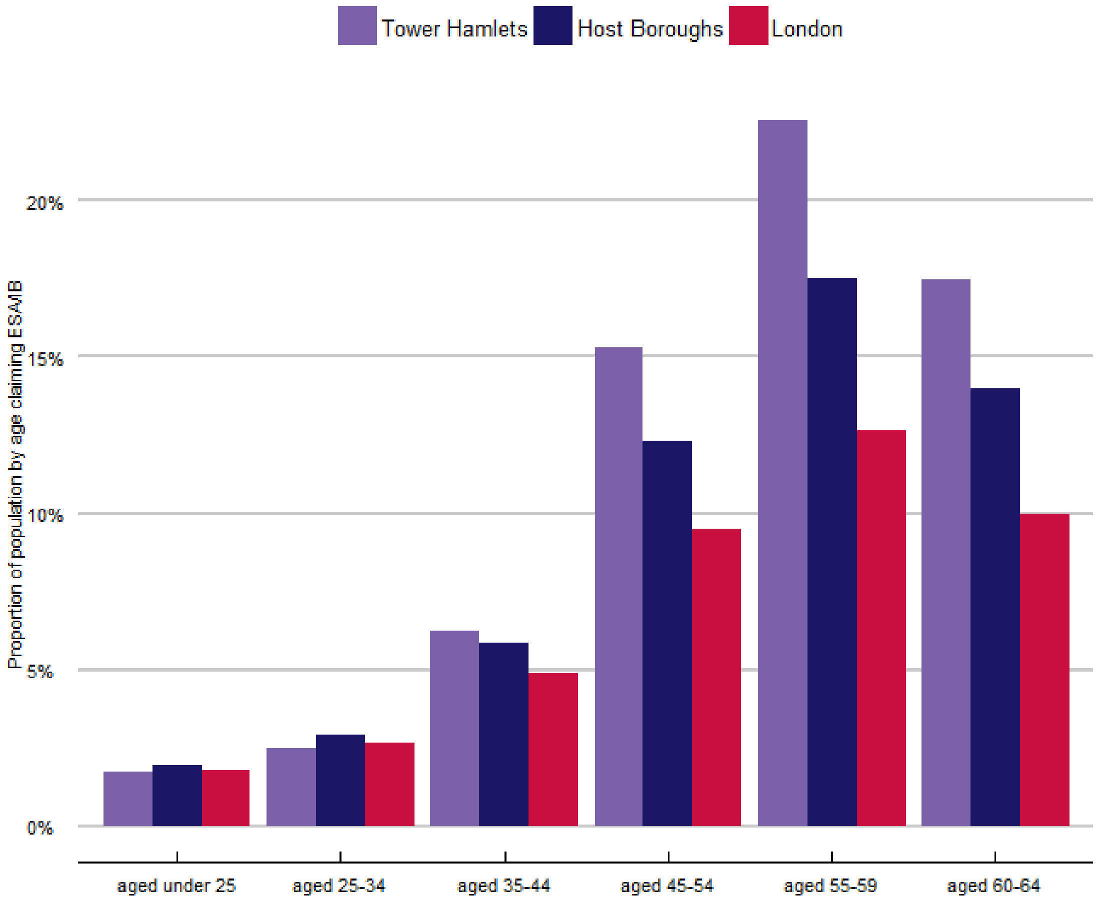
Source: DWP working age client group

Figure 79: ESA/IB claimant proportions in London Boroughs



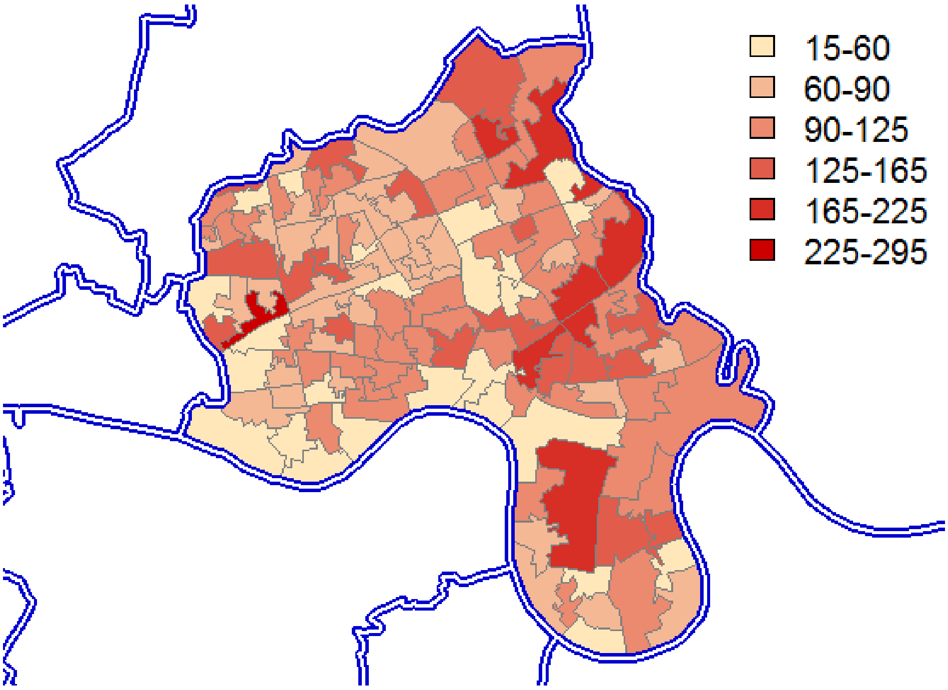
Source: DWP working age statistics, Feb 2015

Figure 80: ESA / IB claimant proportions by age



Source: DWP working age statistics, Feb 2015, ONS Mid-year population estimates, 2014

Figure 81: Concentrations of Employment & Support Allowance / IB claimants

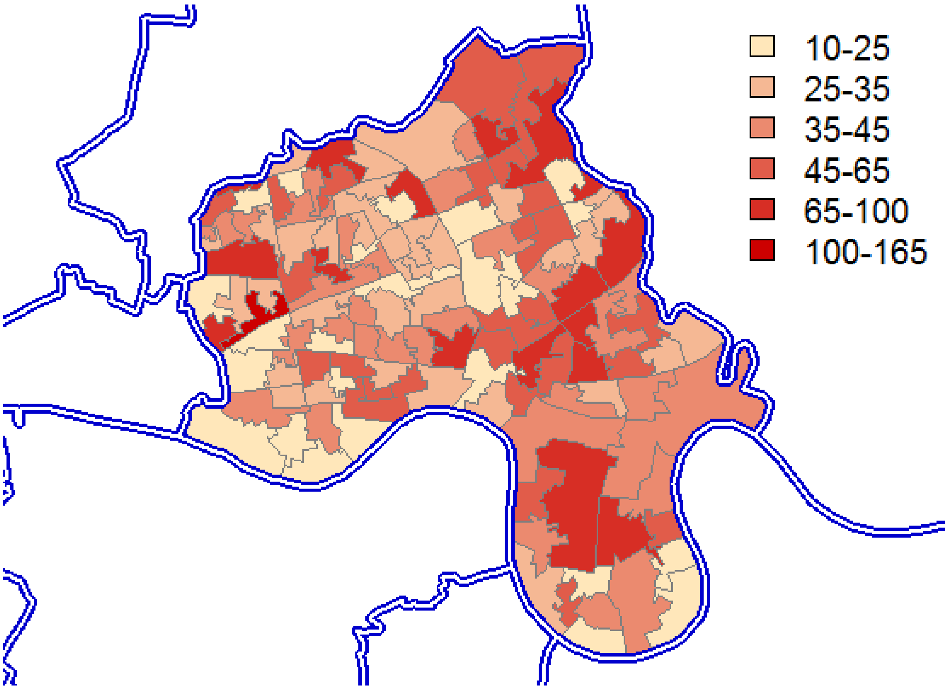


Source: DWP working age client group, Feb 2015

Unlike the previous maps detailing the spatial concentration of out-of-work benefit claimants and JSA claimants there is less of a pattern to ESA claimants. Areas with high IB claimants are relatively isolated, although there are concentrations running along Whitechapel Road, further north into Spitalfields and within Fish Island.

The most common reason for claiming Employment and Support Allowance is poor mental health (which is imprecisely defined, but ranges from the most serious psychological conditions to stress). Currently 45% of ESA claimants have poor mental health (an increase from 34% in 1999). IB claimants' claiming due to poor mental health is mapped below. It shows a significantly different geography to Figs 64 and 74 above, the overarching impression being that there is no pattern.

Figure 82: Number of ESA claimants, claiming due to poor mental health



Source: DWP working age client group, Feb 2015

Indications & Issues

In February 2015, 12,840 residents were claiming Employment and Support Allowance and related benefits. ESA is largely a benefit for older working age people, though there are substantial numbers of younger claimants. Within each age-group, Tower Hamlets has a higher proportion of the population claiming ESA than either London or the Host Boroughs.

ESA claimants typically face multiple and complex barriers to finding work. Studies regularly find that many want to work, but at present reported attitudes to looking for work are affected by DWP's benefit regime. Those on the Work Related Activity Group are required to prepare for returning to work, and are likely to be referred to the Work Programme.

The welfare reforms affecting this group of claimants have seen the total numbers of claimants in Tower Hamlets remaining almost unchanged (or rising slightly) while the overwhelming majority have been through the Work Capability Assessment and are now ESA claimants rather than Incapacity Benefit claimants.

The changes to benefits mean that we do not have a clear idea how many of the ESA/IB claimants are long-term claimants for five years or more, as they have been assessed for ESA in the relatively recent past and therefore become short-term ESA claimants. The further planned change to Universal Credit (which may be delayed for this group until the Jobseeker's Allowance group has transferred onto UC), will impact on our levels of knowledge of their needs.

The Government's major initiative to assist ESA claimants into work is the Work Programme. DWP statistics do not give a clear idea of its performance for Tower Hamlets ESA claimants, but for London, less than 6% of the ESA new claimants group have achieved a three-month 'job outcome' in their first year of the programme in the most recent year's data, and just over 10% do so through their overall participation. While this may compare well with previous programmes, it is distinctly lower than expected at the start of the programme.

In Central London, a new programme, 'Working Capital' is being implemented to assist Work Programme leavers who are ESA claimants into work. This does not cover Tower Hamlets. A range of programmes are being developed in different areas to help those ESA claimants who have completed the Work Programme.

Issues

The Government intends to halve the disability employment rate gap, which means approximately 1 million more disabled people being in work at any time across the country.

It is expected that the successor to the Work Programme may make a more determined attempt to ensure that disabled people do work, and that some lessons from the Work Programme may be learned. However, the Work Programme will be in place until March 2017 for referrals, and for direct service provision until 2019 (2021 for in-work support), so the successor programme(s) to the Work Programme will take some time to have an effect.

The successive benefit changes and changes to eligibility assessments for these health-related assessments (including Universal Credit to come) have caused and are likely to continue to cause support needs.

7. Places within Tower Hamlets

Places within Tower Hamlets

This section looks at selected Places within Tower Hamlets, including areas of economic distinctiveness and the Town Centres, which play a key economic role within the borough.

The Geography of Tower Hamlets

The geography of the borough reflects the legacy of its historic evolution, significantly reshaped to respond to new social and economic conditions – most notably the rebuilding of (predominantly social) housing post 1945 and the transformation of the former docks into a world financial centre.

Sub-borough Area Analysis

This section provides sectoral economic analysis for five selected sub-areas of the borough, which were chosen due to their economic importance or distinctivenessand are compared with the Tower Hamlets economy as a whole (using employment by sector in 2014). The sub-areas are:

- Bethnal Green;
- Canary Wharf;
- Fish Island;
- Spitalfields / Aldgate; and
- Whitechapel.

A new classification based on jobs

We have mapped the areas based on a new classification of jobs based on the 2011 Census, grouping people who work in 'Workplace Zones' by not just the industry sector in which they work but also the occupation, qualification levels, the extent of international staffing, and other personal characteristics.

There are 247 Workplace Zones within Tower Hamlets. At the highest level of the classification, 42% of of these are classed as "Top Jobs", and almost all the rest are "Metro Suburbs".

"Top Jobs" provide high status employment in business, industry and public service. The characteristics include: higher than average percentage of young females, high Black, Asian + European ethnicities, high percentages of Level 4 qualifications, high employees, high on ICT, Finance, Prof/Sci/Tech, high on Higher managerial and Lower managerial, low on routine occupations, high on travelling more than 20km to work, low on working from home/no fixed place, low on part time working.

The other areas in "Metro Suburbs" are divided into four subgroups, three large. These are "Metro suburban distribution", "independent professional metro services" and "Suburban metro infrastructure".

The "independent professional metro services" look similar to the "flat white economy", with higher status cosmopolitan professional services and self-employment. These have a multicultural workforce in which Black, Asian and European groups are all above average, as is self-employment. ICT, financial and insurance activities and professional services are all above the average, as are higher status occupations. Working from home or no fixed place and travel by public transport are all high. The areas with this workforce include much of the City Fringe and areas surrounding Canary Wharf, though present in much of the area.

The "Metro suburban distribution" subgroup are lower level jobs These are above average Black and Asian ethnicities and post-2001 EU accession countries in a workforce which is average in very many dimensions but in which transport and storage is the most prominent industry, wholesale and retail, accommodation and food services are also above average. This group is found mostly along the eastern edge of Tower Hamlets.

"Suburban metro infrastructure" has a multicultural workforce with above average levels of employment in education, health and social work activities and with lower managerial, adminstrative and technical occupations slightly above average.

Within the "Top Jobs" group, the dominant subgroup is "Global business", centred in the Canary Wharf area, but also found in the City Fringe. This group is characterised by concentration in ICT, finance and insurance, professional, scientific and technical activities. The workforce has above average levels of Black, Asian and European ethnicities and high percentages of Level 4 qualifications. It is dominated by the highest status managerial, administrative and professional occupations, with very high percentages travelling more than 20km to work by public transport. It occurs almost exclusively in London, where it is widespread in the City of London and Docklands, with only a very few WZs in the centres of other metropolitan cities.

Much of the rest of Tower Hamlets is composed of "Big city life" areas, providing services, with accommodation and food. The workforce has a high proportion of non-British workers, with above-average levels of female participation. Activity is spread across a range of industries with accommodation and food services in the largest proportion but also ICT, financial and insurance activities and other professional services. Many travel more than 20km to work by public transport.

"Big city life" areas are found interspersed through the City Fringe and Canary Wharf areas and in patches through the rest of the Borough.

The remaining large group of "Top Jobs" is "administrative centres". These have a similar demographic, occupational status and qualification pattern to Global Business, but by sector are based in public administration.

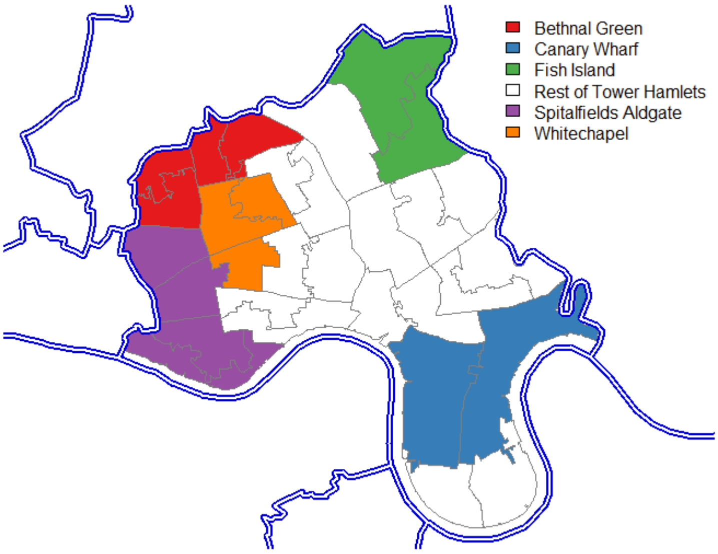
Note on geographies

The sub-areas have been defined in relation to Middle Level Super Output Areas (2001 version), because the UK Business Counts data has that as the lowest level of availability. The ONS has, over time, tightened up very considerably on the elimination of disclosure of information in relation to specific firms and individuals, so detailed local level information is not as easily available as before.

Different data sources are available on different small area geographies, including both 2001 and 2011 census Middle level super output areas and Lower Level Super Output areas, and 2011 census Workplace Zones. The 2011 Census increased the number of Lower level Super Output Areas in Tower Hamlets, following the population increase, however, this new geography has so far only been used for Census information, while benefits and business count data is published on the 2001 small area geography. The maps below use the appropriate geography for the dataset on a best-fit basis.

Figure 84 below shows the sub-areas with their Lower Super Output Areas (LSOAs) selected for review.

Figure 83: Map of Tower Hamlets showing the sub-areas



Source: Ordnance Survey Opendata, Crown copyright, obtained under Open Government Licence

The change in sectors by firms and employment from 2010-2015 is set out in Figures 85 and 86 below. These provide a snapshot over only a short period of time and indicate some noticeable shifts across both sectors and areas.

Figure 84: Percentage change in broad sectors by number of firms (local units) for sub areas and borough as a whole, 2010-15

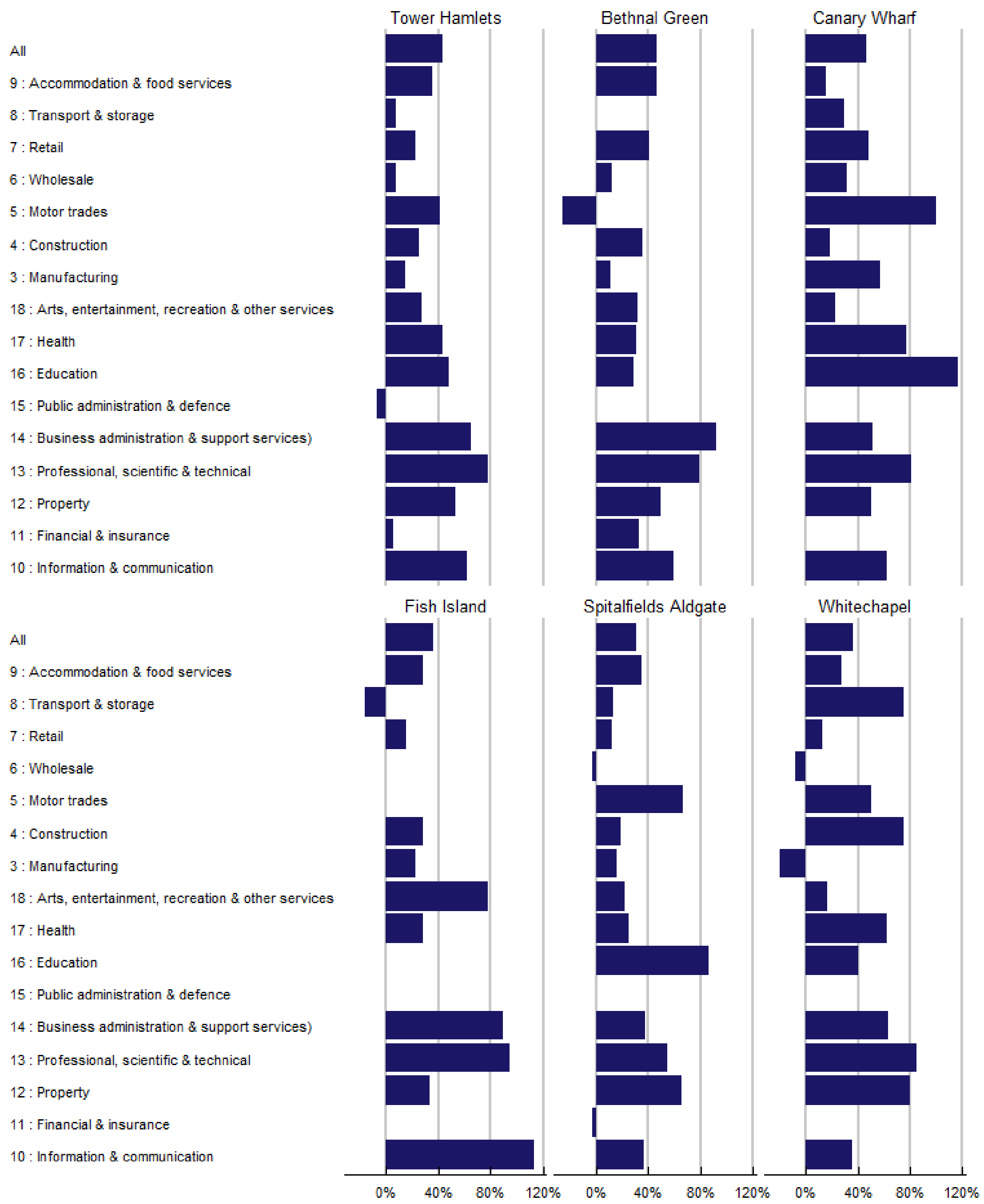
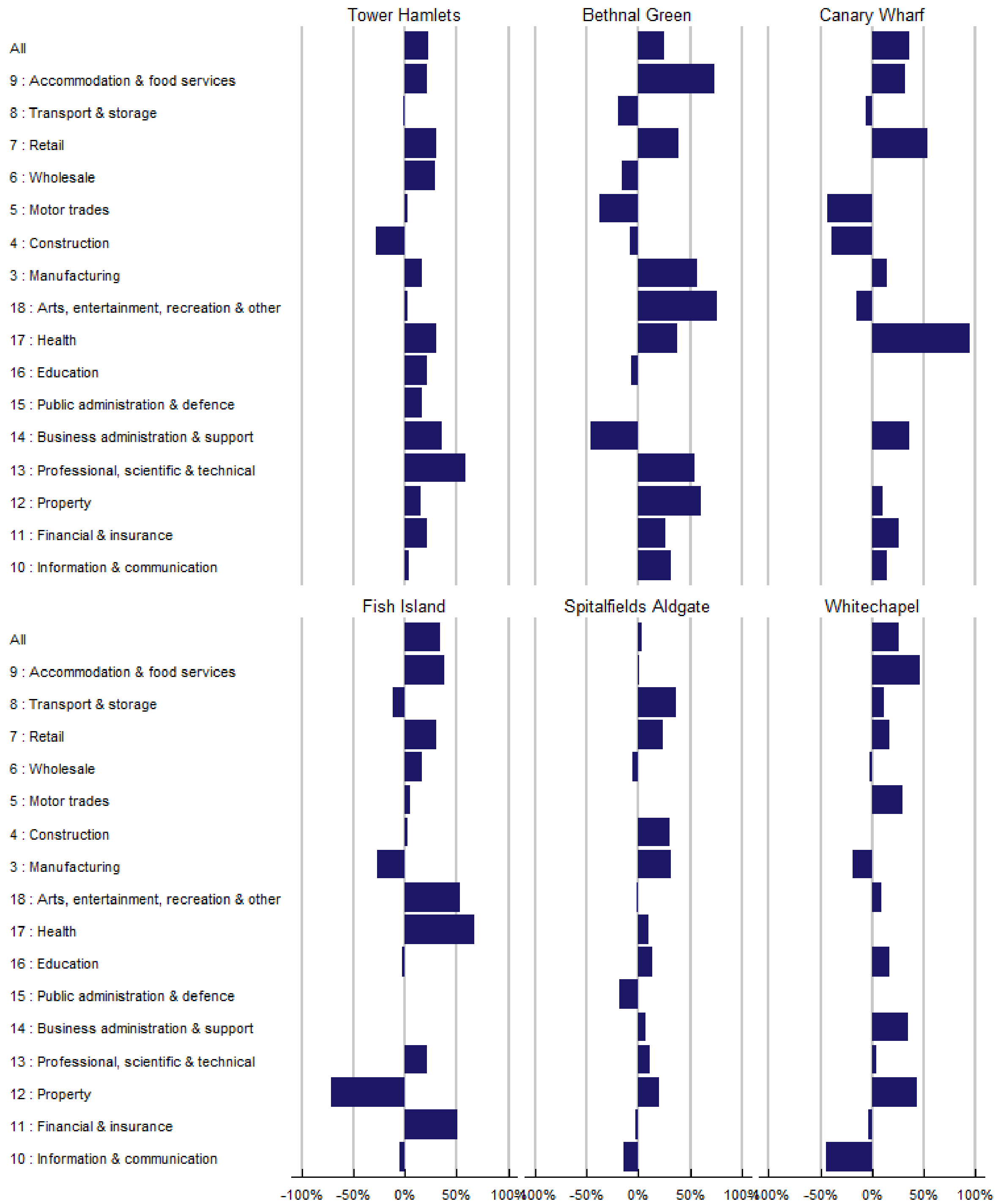


Figure 85 shows the change in the number of businesses by sector in each area. We have used a 'local unit' definition of businesses that includes local branches of chains.

The largest increases in businesses across Tower Hamlets as a whole have been in information & communication businesses, professional, scientific and technical services and (lower level) business administration and support services. These changes are widely spread across our five areas, with Fish Island showing the largest increase in information and communication businesses, and quite a high increase in professional, scientific and technical businesses.

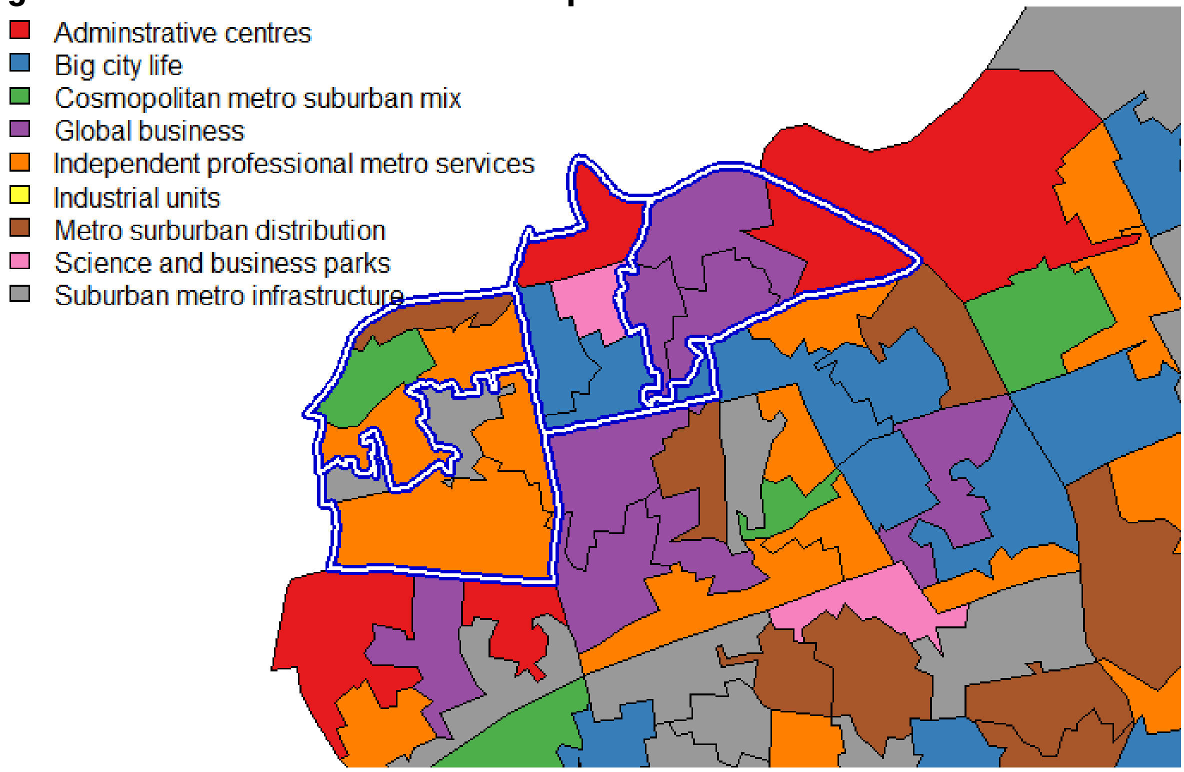
Figure 85: Percentage change of employment in broad sectors for sub areas and borough as a whole, 2010-15



Source: BRES/Inclusion analysis

Bethnal Green

Figure 86 Bethnal Green in the Workplace Zone classification



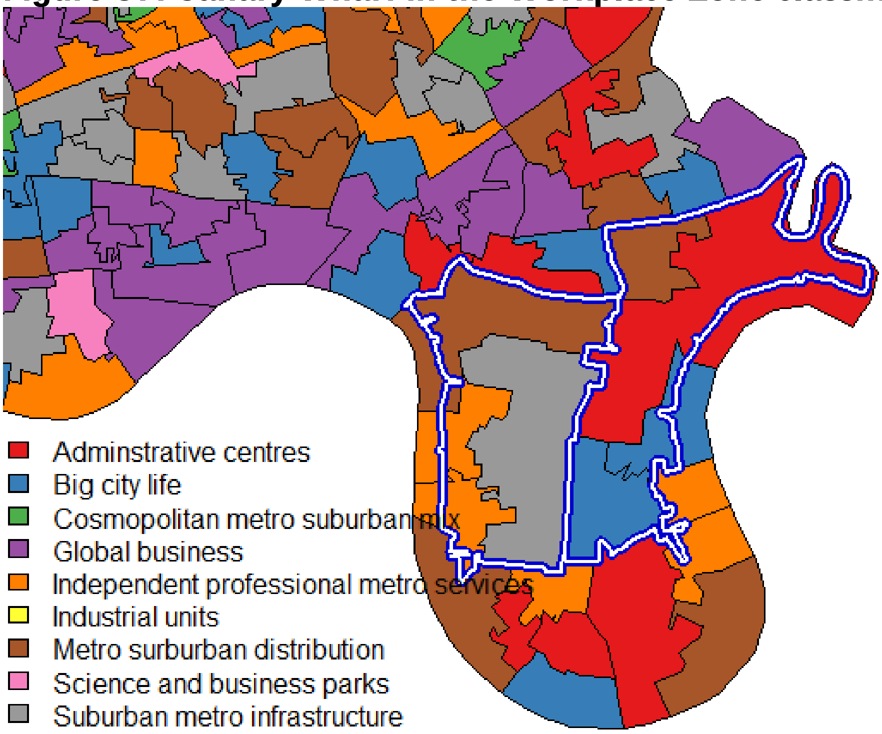
Source: Cockings S, Martin D, Harfoot A (2015) A Classification of Workplace Zones for England and Wales (COWZ-EW), University of Southampton. http://cowz.geodata.soton.ac.uk/ Map data includes Ordnance Survey Opendata, Crown copyright, obtained under Open Government Licence

Bethnal Green is dominated by "Independent professional metro services", with significant areas covered by "Metro suburban distribution" and "Suburban metro infrastructure". These three groups (and the "Cosmopolitan metro suburban mix") form part of the "Metro suburbs" supergroup, which therefore covers most of Bethnal Green. In Tower Hamlets where the top jobs supergroup is present (in Canary Wharf and in the City Fringe), the metro suburbs supergroup is generally found in a ring outside of these top jobs.

Canary Wharf

Canary Wharf is the UK's second largest business district, a key actor in London' Business District and the borough's most significant employment centre.

Figure 87: Canary Wharf in the Workplace Zone classification



Source: Cockings S, Martin D, Harfoot A (2015) A Classification of Workplace Zones for England and Wales (COWZ-EW), University of Southampton. http://cowz.geodata.soton.ac.uk/ Map data includes Ordnance Survey Opendata, Crown copyright, obtained under Open Government Licence

Canary Wharf is dominated by "Top jobs", with "Global business" in the centre, surrounded by associated "Big City Life" areas with accommodation and food services. Outside this area is a ring of "independent professional metro services". The "Science and business parks" and "Administrative centres" are also "Top jobs" but are located in discrete areas rather than in rings around the "Global business" centre.

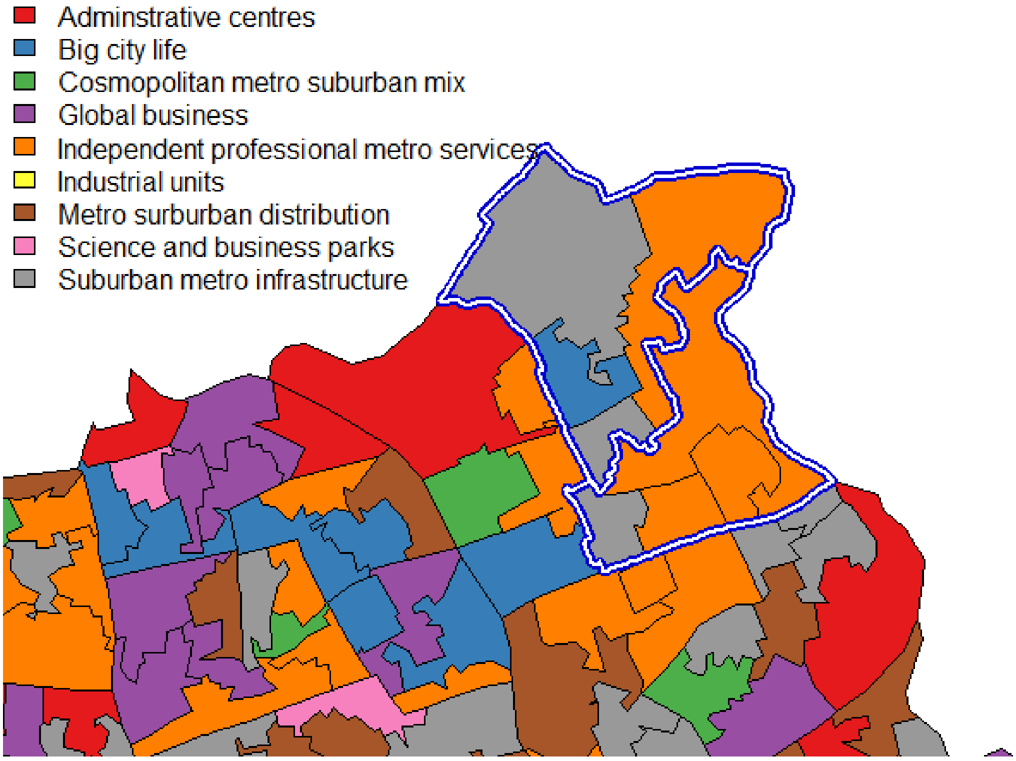
The map includes the relevant portions of the river out to the mid-line, but the selected MSOA boundaries do not.

Fish island

Fish Island in the North-East of the borough borders the Queen Elizabeth Olympic Park, and as part of the Olympic Fringe, is one of the areas being focused on in the Legacy Masterplan Framework.

The Workplace Zones data derives from the 2011 Census, and therefore depicts the characteristics of employment within Fish island just before the culmination of Olympics preparation and before legacy transformations.

Figure 88: Fish Island in the Workplace Zone classification



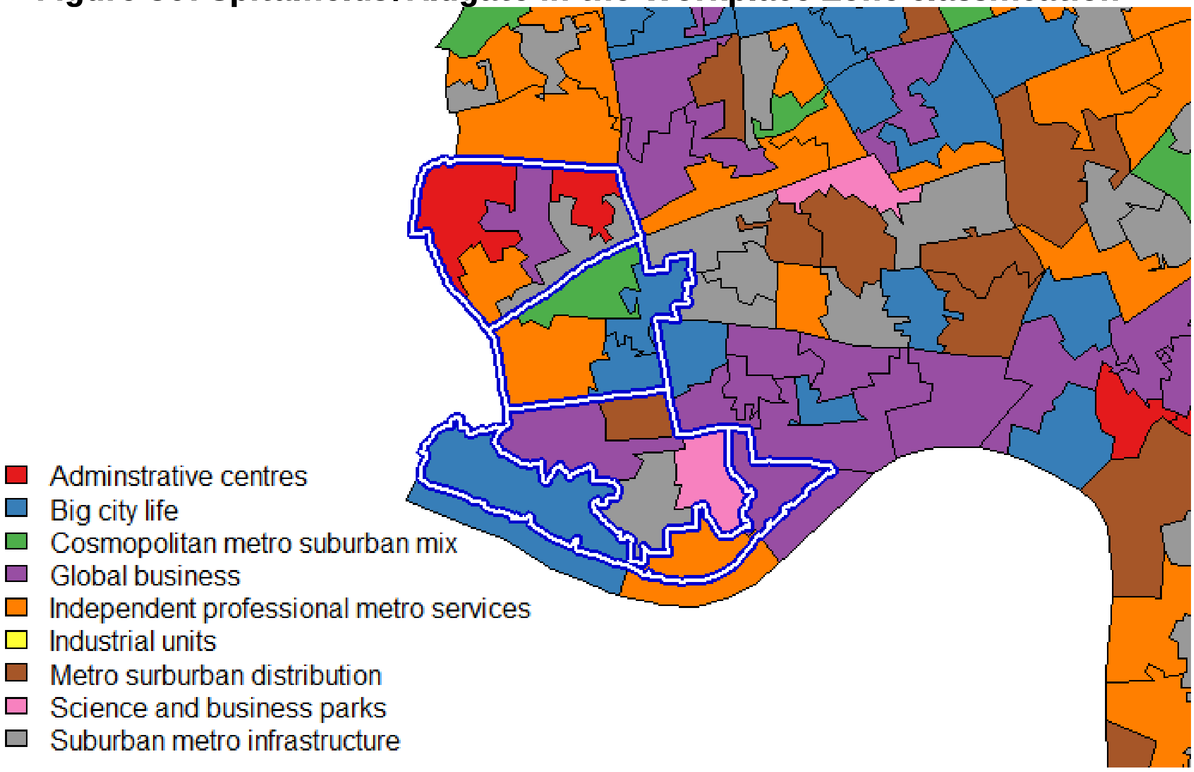
Source: Cockings S, Martin D, Harfoot A (2015) A Classification of Workplace Zones for England and Wales (COWZ-EW), University of Southampton. http://cowz.geodata.soton.ac.uk/ Map data includes Ordnance Survey Opendata, Crown copyright, obtained under Open Government Licence

Fish island itself is dominated by lower level activities within the Metro suburbs supergroup. The higher value "Independent professional metro services" run up to the edge of Fish Island but do not cross over into it. Fish Island has substantial areas in the "Cosmopolitan metro suburban mix" group that is summarised as ethnically mixed self-employed with no fixed place of work in construction, transport and storage.

Spitalfields / Aldgate

The Spitalfields / Aldgate sub-area incorporates the City Fringe and is significant both in terms of population and economic activity, as a gateway to the City of London, and as the location of historical attractions such as Brick Lane and the redeveloped Spitalfields Market that are such a great asset of the borough.

Figure 89: Spitalfields/Aldgate in the Workplace Zone classification



Source: Cockings S, Martin D, Harfoot A (2015) A Classification of Workplace Zones for England and Wales (COWZ-EW), University of Southampton. http://cowz.geodata.soton.ac.uk/ Map data includes Ordnance Survey Opendata, Crown copyright, obtained under Open Government Licence

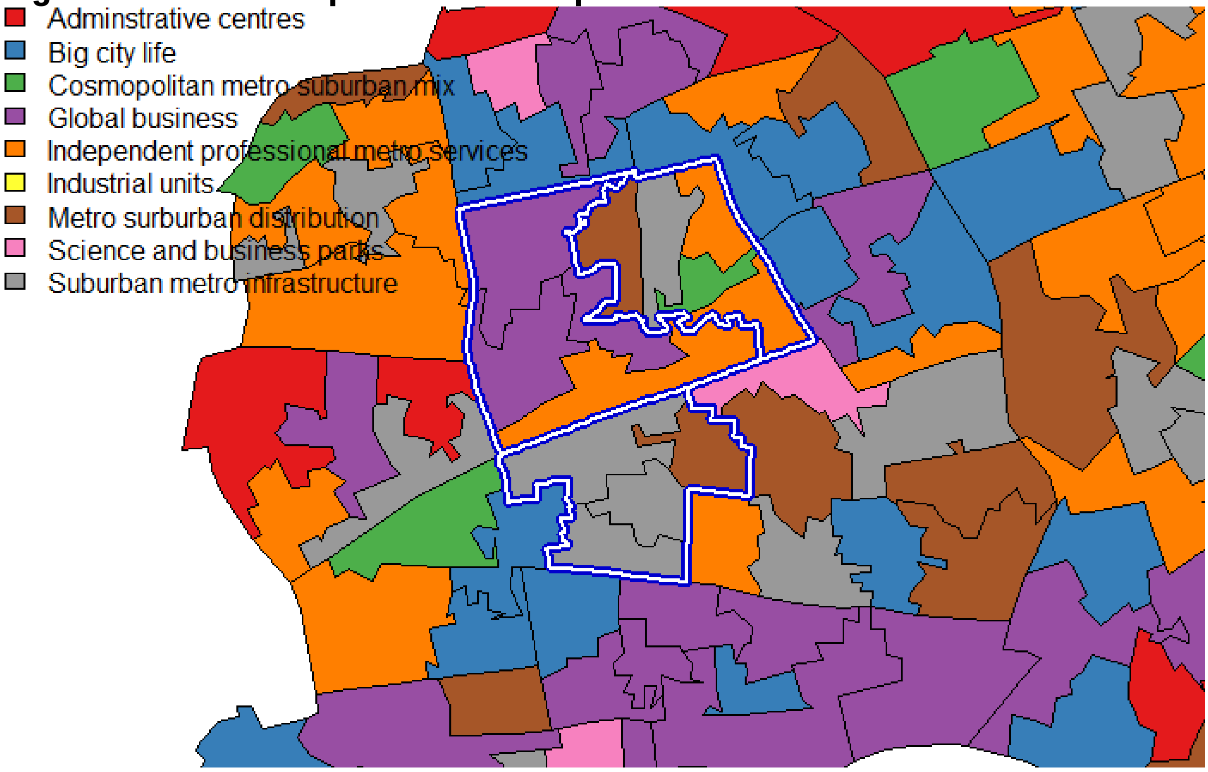
The Spitalfields/Adgate area is dominated by "Global business" activities, surrounded by "Big city life" areas with restaurants etc. The "Big City life" areas are also serving much of the rest of central London, something with is less the case for the equivalent areas surrounding Canary Wharf. The area also has significant areas in the "Administrative centres" group of Top jobs.

In the east of the area there are supporting activities in distribution and infrastructure.

Whitechapel

Whitechapel is located in the centre of the borough, and abuts Spitalfields /Aldgate in its western part. However, the activities undertaken in Whitechapel, as shown by the Workplace Zones analysis, are very different.

Figure 90: Whitechapel in the Workplace Zone classification



Source: Cockings S, Martin D, Harfoot A (2015) A Classification of Workplace Zones for England and Wales (COWZ-EW), University of Southampton. http://cowz.geodata.soton.ac.uk/ Map data includes Ordnance Survey Opendata, Crown copyright, obtained under Open Government Licence

Whitechapel only contains Top jobs in the Administrative centres group (centred on the London Hospital). It has some areas in which Independent professional metro services dominate, but the bulk of the Whitechapel area is composed of lower level jobs in the Metro suburban distribution and the suburban metro infrastructure groups.

Discussion

Tower Hamlets is home to substantial centres for high-value global business activities sited predominantly in Canary Wharf and in the Spitalfields/Aldgate area.

These areas are surrounded and interspersed with "Big City Life" restaurants, bars and other venues for recreation, together with accommodation services needed to support the global business roles. These activities both support the global business role and put substantial value into the Tower Hamlets economy. Such activities in the Spitalfields/Aldgate area serve the whole of Central London as well as neighbouring global business.

Both of these groups are systemically important functions for Tower Hamlets to support and grow.

The largest proportion of the 247 workplace zones in Tower Hamlets are "independent professional metro services", comprising small but high value businesses in professional service areas such as IT, and smaller organisations in finance and insurance. These are largely graduate level jobs, with high proportions of EU-origin professionals from the EU prior to expansion, as well as high proportions of A10 (EU expansion) workers. This group, however, is notably low in white British workers while average in Bangladeshi/Pakistani/Indian workers.

Independent professional metro services fit in many ways within the concept of East London Tech City, (or Silicon Roundabout) which extends from Old Street through Shoreditch into Bethnal Green. However, the grouping is not confined to IT (though this may be its core), and it is extending through workplaces in much of Tower Hamlets.

These activities produce a substantial contribution to economic growth, but do pose issues for the Council. Enabling local people to take part in and develop high-value professional services will be key.

Annex 1: Tables

Table 3: Central, East and Legacy Host Boroughs Comparisons of employment structure, 2014 (Figure 3)

Sector	Central London	East London	Legacy Host Boroughs	London	Tower Hamlets
Accommodation & food services	8.7%	7.1%	7.3%	7.5%	5.0%
Agriculture, forestry & fishing	0.0%	0.0%	0.0%	0.0%	0.0%
Arts, entertainment, recreation & other services	5.8%	4.8%	5.1%	5.1%	2.4%
Business administration & support services	9.8%	9.2%	10.2%	10.2%	12.0%
Construction	2.1%	4.9%	3.9%	3.1%	1.6%
Education	5.7%	12.5%	12.3%	8.0%	6.5%
Financial & insurance	10.8%	1.7%	1.6%	7.4%	26.4%
Health	8.0%	14.4%	13.7%	10.1%	7.8%
Information & communication	9.7%	4.3%	4.4%	7.8%	8.8%
Manufacturing	0.8%	4.2%	4.5%	2.4%	1.4%
Mining, quarrying & utilities	0.4%	1.0%	1.0%	0.6%	0.3%
Motor trades	0.2%	1.4%	0.9%	0.8%	0.2%
Professional, scientific & technical	18.9%	6.5%	7.0%	13.5%	13.6%
Property	2.9%	2.2%	2.2%	2.4%	2.0%
Public administration & defence	5.0%	5.4%	5.5%	4.5%	3.8%
Retail	6.7%	11.8%	11.3%	8.6%	3.9%
Transport & storage (inc postal)	2.6%	5.2%	5.2%	4.7%	2.0%
Wholesale	2.1%	3.4%	3.8%	3.2%	2.3%

Source: ONS, Business Register and Employment Survey

Note: Central London includes Camden, City of London, Islington, Kensington and Chelsea, Lambeth, Southwark, Wandsworth and Westminster; Legacy Host Boroughs includes Barking and Dagenham, Greenwich, Hackney, Newham and Waltham Forest

Table 4: City Fringe, Canary Wharf and Rest of Borough Employment Structure, 2014 (Figure 4)

Sector	Canary Wharf	City Fringe	Rest of Tower Hamlets	Tower Hamlets
Accommodation & food services	3.6%	8.0%	5.4%	5.0%
Agriculture, forestry & fishing	0.0%	0.0%	0.0%	0.0%
Arts, entertainment, recreation & other services	1.0%	4.6%	3.5%	2.3%
Business administration & support services	15.9%	7.2%	8.1%	12.2%
Construction	1.0%	1.8%	2.8%	1.6%
Education	1.9%	4.5%	19.0%	6.6%
Financial & insurance	40.9%	19.1%	0.9%	26.7%
Health	1.7%	6.9%	23.0%	7.9%
Information & communication	9.8%	12.2%	3.8%	8.9%
Manufacturing	0.3%	1.7%	3.6%	1.4%
Mining, quarrying & utilities	0.2%	0.0%	0.7%	0.3%
Motor trades	0.0%	0.3%	0.6%	0.2%
Professional, scientific & technical	12.9%	21.7%	5.8%	13.0%
Property	1.8%	1.4%	2.5%	1.9%
Public administration & defence	3.9%	1.5%	5.8%	3.9%
Retail	2.2%	4.7%	6.9%	3.8%
Transport & storage (inc postal)	1.2%	1.9%	4.0%	2.0%
Wholesale	1.6%	2.6%	3.7%	2.3%

Source: ONS Business Register and Employment Survey
Note: Definitions based on Tower Hamlets Core Strategy areas, using best fit of Super Output Areas

Table 5: Jobs density, 2013 (Figure 5)

	Jobs density
Camden	2.15
City of London	81.79
Hackney	0.67
Hammersmith and Fulham	1.08
Haringey	0.45
Islington	1.36
Kensington and Chelsea	1.29
Lambeth	0.72
Lewisham	0.41
Newham	0.47
Southwark	1.17
Tower Hamlets	1.34
Wandsworth	0.59
Westminster	4.35
Barking and Dagenham	0.44
Barnet	0.66
Bexley	0.54
Brent	0.58
Bromley	0.65
Croydon	0.53
Ealing	0.65
Enfield	0.57
Greenwich	0.48
Harrow	0.50
Havering	0.60
Hillingdon	1.13
Hounslow	0.93
Kingston upon Thames	0.72
Merton	0.70
Redbridge	0.45
Richmond upon Thames	0.76
Sutton	0.61
Waltham Forest	0.45

Source: NOMIS/Inclusion analysis

Table 6: Proportion of workplace jobs filled by in-commuters, 2011 (Figure 6)

Area	Jobs	Borough residents	Commuters	Commuters % of jobs
Barking and Dagenham	43,647	14,650	28,997	66.4%
Barnet	89,244	36,031	53,213	59.6%
Bexley	54,602	25,876	28,726	52.6%
Brent	81,732	27,338	54,394	66.6%
Bromley	81,922	41,000	40,922	50.0%
Camden	250,615	23,151	227,464	90.8%
Croydon	88,324	48,412	39,912	45.2%
Ealing	97,801	34,302	63,499	64.9%
Enfield	78,599	37,198	41,401	52.7%
Greenwich	63,391	23,759	39,632	62.5%
Hackney	79,498	18,889	60,609	76.2%
Hammersmith and Fulham	106,523	16,192	90,331	84.8%
Haringey	52,461	15,155	37,306	71.1%
Harrow	50,193	21,485	28,708	57.2%
Havering	63,709	31,928	31,781	49.9%
Hillingdon	143,012	45,948	97,064	67.9%
Hounslow	105,269	31,030	74,239	70.5%
Islington	149,075	16,858	132,217	88.7%
Kensington and Chelsea	97,921	10,964	86,957	88.8%
Kingston upon Thames	56,946	20,982	35,964	63.2%
Lambeth	107,906	20,718	87,188	80.8%
Lewisham	53,500	20,625	32,875	61.4%
Merton	55,011	16,588	38,423	69.8%
Newham	74,050	24,781	49,269	66.5%
Redbridge	54,141	22,053	32,088	59.3%
Richmond upon Thames	57,322	18,671	38,651	67.4%
Southwark	157,768	25,310	132,458	84.0%
Sutton	53,852	23,989	29,863	55.5%
Tower Hamlets	216,232	30,488	185,744	85.9%
Waltham Forest	52,000	21,581	30,419	58.5%
Wandsworth	87,897	23,925	63,972	72.8%
Westminster, City of London	917,068	49,438	867,630	94.6%

Source: 2011 Census/Inclusion analysis

Table 7: Tower Hamlets Commuting Flow: Commuting inflows (% of inflows)

Area	Commuters into Tower Hamlets Area	% of commuters
Newham	11,592	6.2%
Redbridge	8,766	4.7%
Southwark	7,802	4.2%
Hackney	7,259	3.9%
Greenwich	6,884	3.7%
Wandsworth	6,632	3.6%
Lewisham	6,228	3.4%
Westminster,City of London	5,897	3.2%
Lambeth	5,540	3.0%
Havering	5,416	2.9%
Waltham Forest	5,282	2.8%
Bromley	4,946	2.7%
Islington	4,741	2.6%
Barking and Dagenham	4,279	2.3%
Camden	4,192	2.3%
Kensington and Chelsea	3,955	2.1%
Bexley	3,656	2.0%
Barnet	3,461	1.9%
Haringey	3,287	1.8%
Croydon	3,109	1.7%
Enfield	2,758	1.5%
Hammersmith and Fulham	2,734	1.5%
Thurrock	2,630	1.4%
Epping Forest	2,621	1.4%
Merton	2,516	1.4%
Brent	2,405	1.3%
Basildon	2,240	1.2%
Harrow	2,182	1.2%
Ealing	2,154	1.2%
Richmond upon Thames	2,121	1.1%

Source: 2011 Census/Inclusion analysis

Table 8: Commuting outflows (% of residents in employment)

Area	Number of Tower Hamlets residents in work	% of Tower hamlets residents in work
Tower Hamlets	30,488	31.5%
Westminster,City of London	29,376	30.3%
Camden	6,315	6.5%
Islington	4,891	5.0%
Hackney	4,410	4.6%
Southwark	4,057	4.2%
Newham	2,973	3.1%
Kensington and Chelsea	2,211	2.3%
Lambeth	1,720	1.8%
Hammersmith and Fulham	1,633	1.7%
Waltham Forest	943	1.0%
Greenwich	739	0.8%
Wandsworth	700	0.7%
Redbridge	638	0.7%
Barking and Dagenham	561	0.6%
Lewisham	552	0.6%
Haringey	494	0.5%
Ealing	467	0.5%
Barnet	445	0.5%
Havering	430	0.4%
Brent	386	0.4%
Enfield	367	0.4%
Bromley	360	0.4%
Hounslow	322	0.3%
Richmond upon Thames	248	0.3%
Croydon	219	0.2%
Bexley	215	0.2%
Hillingdon	201	0.2%
Merton	197	0.2%
Kingston upon Thames	122	0.1%
Sutton	118	0.1%
Harrow	114	0.1%

Source: 2011 Census/Inclusion analysis

Table 9: Commuting flows by Industry Group, 2011

	10km to less than 30km	30km to less than 60km	5km to less than 10km	60km and over	Less than 5km	No fixed place	Work mainly at or from home
Manufacturing	33.5%	13.3%	16.0%	5.7%	20.0%	5.6%	5.8%
Energy and water	43.1%	11.7%	16.7%	5.2%	15.3%	4.7%	3.3%
Construction	33.9%	12.2%	13.9%	7.1%	11.9%	17.4%	3.6%
Distribution, hotels and restaurants	23.9%	4.7%	23.3%	2.3%	33.2%	6.3%	6.3%
Transport and communication	34.2%	11.2%	17.3%	7.7%	16.9%	6.8%	6.0%
Financial, Real Estate, Professional and Administrative activities	40.0%	13.8%	17.8%	6.3%	17.5%	2.2%	2.4%
Public administration, education and health	27.3%	5.9%	22.5%	4.0%	33.1%	3.7%	3.4%
Other	22.8%	5.3%	19.3%	3.6%	25.6%	11.4%	12.0%

Source: 2011 Census / Inclusion analysis

Table 10: Commuting flows by occupation group, 2011

	10km to less than 30km	30km to less than 60km	5km to less than 10km	60km and over	Less than 5km	No fixed place	Work mainly at or from home
Managers, directors and senior officials	39.8%	14.5%	16.7%	8.1%	16.4%	1.3%	3.3%
Professional occupations	35.2%	11.1%	19.9%	7.0%	20.4%	3.0%	3.4%
Associate professional and technical occupations	36.4%	11.9%	18.0%	5.2%	19.4%	4.2%	5.0%
Administrative and secretarial occupations	41.3%	13.1%	18.6%	3.8%	19.9%	1.4%	1.8%
Skilled trades occupations	29.8%	8.8%	16.7%	4.4%	19.3%	14.7%	6.3%
Caring, leisure and other service occupations	19.7%	3.0%	20.3%	2.1%	42.0%	7.2%	5.7%
Sales and customer service occupations	26.3%	4.4%	24.5%	2.2%	33.3%	5.6%	3.8%
Process, plant and machine operatives	25.1%	7.6%	15.4%	4.4%	24.7%	17.0%	5.8%
Elementary occupations	20.5%	3.8%	24.3%	2.8%	34.7%	9.9%	3.9%

Source: 2011 Census / Inclusion analysis

Table 11: Total employment change, 2009-2014

	Jobs in 2009	Jobs in 2014	% change
Tower Hamlets	208,900	261,200	25.0%
Great Britain	27,858,200	28,989,300	4.1%
London	4,272,700	4,853,600	13.6%
Legacy Host Boroughs	541,100	661,400	22.2%

Source: ONS, Business Register and Employment Survey

Table 12: Tower Hamlets sector employment growth 2019-2014

	Tower Hamlets	London
Manufacturing	0.4%	-1.3%
Construction	-37.4%	2.1%
Motor trades	-17.0%	-14.2%
Wholesale	38.8%	13.6%

	Tower Hamlets	London
Retail	27.5%	7.7%
Transport & storage (inc postal)	-2.3%	3.6%
Accommodation & food services	31.5%	20.9%
Information & communication	39.0%	28.0%
Financial & insurance	7.7%	10.8%
Property	12.0%	13.1%
Professional, scientific & technical	59.9%	19.1%
Business administration & support services	51.2%	20.1%
Public administration & defence	25.7%	-1.3%
Education	32.8%	14.3%
Health	34.2%	15.9%
Arts, entertainment, recreation & other services	9.1%	12.7%
Total	25.0%	13.6%

Source: ONS, Business Register and Employment Survey

Table 13: Sector profile: Manufacturing: Proportion of total employment

	Manufacturing % of total employment
Camden	1.2%
Greenwich	3.5%
Hackney	2.8%
Islington	1.5%
Newham	3.9%
Tower Hamlets	1.4%
Waltham Forest	4.9%
London	2.4%
Legacy Host Boroughs	3.3%

Source: ONS, Business Register and Employment Survey

Table 14: Sector Profile: Manufacturing: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	-20.1%
Greenwich	-13.4%
Hackney	-4.2%
Islington	-6.7%
Newham	4.0%
Tower Hamlets	-0.4%
Waltham Forest	-8.7%
London	0.3%
Legacy Host Boroughs	-8.6%

Source: ONS, Business Register and Employment Survey

Table 15: Sector Profile: Construction: Proportion of total employment

Area	Construction % of total employment
Camden	2.1%
Greenwich	3.9%
Hackney	2.4%
Islington	2.2%
Newham	4.8%
Tower Hamlets	1.6%
Waltham Forest	3.7%
London	3.1%
Legacy Host Boroughs	3.0%

Source: ONS, Business Register and Employment Survey

Table 16: Sector Profile: Construction: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	14.4%
Greenwich	15.3%
Hackney	4.9%
Islington	10.6%
Newham	26.5%
Tower Hamlets	-34.4%
Waltham Forest	21.3%
London	6.9%
Legacy Host Boroughs	3.1%

Source: ONS, Business Register and Employment Survey

Table 17: Sector Profile: Wholesale: Proportion of total employment

Area	Wholesale % of total employment
Camden	2.3%
Greenwich	2.8%
Hackney	2.5%
Islington	1.7%
Newham	2.9%
Tower Hamlets	2.3%
Waltham Forest	4.9%
London	3.2%
Legacy Host Boroughs	3.2%

Source: ONS, Business Register and Employment Survey

Table 18: Sector Profile: Wholesale: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	-2.1%
Greenwich	18.9%
Hackney	30.5%
Islington	2.7%
Newham	24.8%
Tower Hamlets	39.0%
Waltham Forest	45.1%
London	13.8%
Legacy Host Boroughs	33.6%

Source: ONS, Business Register and Employment Survey

Table 19: Sector Profile: Retail: Proportion of total employment

Area	Retail % of total employment
Camden	5.3%
Greenwich	10.9%
Hackney	7.2%
Islington	4.7%
Newham	16.2%
Tower Hamlets	3.8%
Waltham Forest	11.2%
London	8.6%
Legacy Host Boroughs	8.2%

Source: ONS, Business Register and Employment Survey

Table 20: Sector Profile: Retail: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	2.3%
Greenwich	8.2%
Hackney	46.7%
Islington	22.4%
Newham	74.1%
Tower Hamlets	30.5%
Waltham Forest	9.0%
London	9.0%
Legacy Host Boroughs	31.1%

Source: ONS, Business Register and Employment Survey

Table 21: Sector profile: Transport and storage: Proportion of total employment

Area	Transport % of total employment

Area	Transport % of total employment
Camden	2.7%
Greenwich	5.9%
Hackney	3.9%
Islington	3.5%
Newham	5.4%
Tower Hamlets	2.0%
Waltham Forest	5.1%
London	4.8%
Legacy Host Boroughs	4.0%

Source: ONS, Business Register and Employment Survey

Table 22: Sector profile: Transport and storage: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	-44.4%
Greenwich	32.7%
Hackney	-31.3%
Islington	-6.7%
Newham	3.9%
Tower Hamlets	-2.0%
Waltham Forest	82.7%
London	3.7%
Legacy Host Boroughs	3.8%

Source: ONS, Business Register and Employment Survey

Table 23: Sector Profile: Accommodation & food services: Proportion of total employment

Area	Accommodation % of total employment
Camden	7.7%
Greenwich	7.4%
Hackney	8.4%
Islington	6.8%
Newham	9.7%
Tower Hamlets	5.0%
Waltham Forest	4.3%
London	7.6%
Legacy Host Boroughs	6.3%

Source: ONS, Business Register and Employment Survey

Table 24: Sector profile: Accommodation and food services: Change in employment 2009-14

Area	Change in employment 2009-2014
Camden	20.1%
Greenwich	40.5%
Hackney	90.9%
Islington	39.0%
Newham	104.2%
Tower Hamlets	31.1%
Waltham Forest	31.1%
London	21.0%
Legacy Host Boroughs	53.8%

Source: ONS, Business Register and Employment Survey

Table 25: Sector profile: Information and communications services: Proportion of total employment

Area	Information % of total employment
Camden	10.9%
Greenwich	3.6%
Hackney	9.2%
Islington	14.5%
Newham	2.6%
Tower Hamlets	8.9%
Waltham Forest	2.2%
London	7.9%
Legacy Host Boroughs	6.1%

Source: ONS, Business Register and Employment Survey

Table 26: Sector profile: Information and communications services: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	33.2%
Greenwich	-0.4%
Hackney	43.7%
Islington	2.6%
Newham	116.9%
Tower Hamlets	38.7%
Waltham Forest	40.0%
London	27.6%
Legacy Host Boroughs	39.5%

Source: ONS, Business Register and Employment Survey

Table 27: Sector profile: Finance & Insurance services: Proportion of total employment

Area	Finance & Insurance % of total employment
Camden	2.9%
Greenwich	0.9%
Hackney	3.3%
Islington	6.7%
Newham	1.1%
Tower Hamlets	26.7%
Waltham Forest	1.1%
London	7.4%
Legacy Host Boroughs	11.6%

Source: ONS, Business Register and Employment Survey

Table 28: Sector Profile: Finance & Insurance services: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	42.1%
Greenwich	12.5%
Hackney	10.1%
Islington	-15.8%
Newham	20.9%
Tower Hamlets	7.6%
Waltham Forest	16.0%
London	10.2%
Legacy Host Boroughs	7.5%

Source: ONS, Business Register and Employment Survey

Table 29: Sector profile: Professional, scientific and technical services: Proportion of total employment

Area	Professional services % of total employment
Camden	21.4%
Greenwich	4.9%
Hackney	13.2%
Islington	19.0%
Newham	4.4%
Tower Hamlets	13.0%
Waltham Forest	4.4%
London	13.0%
Legacy Host Boroughs	9.2%

Source: ONS, Business Register and Employment Survey

Table 30: Sector profile: Professional, scientific & technical services: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	19.3%
Greenwich	42.0%
Hackney	42.6%
Islington	23.3%
Newham	111.4%
Tower Hamlets	63.8%
Waltham Forest	35.3%
London	20.6%
Legacy Host Boroughs	57.0%

Source: ONS, Business Register and Employment Survey

Table 31: Sector profile: Business administration and support services : Proportion of total employment

Area	Business services % of total employment
Camden	11.0%
Greenwich	6.8%
Hackney	9.0%
Islington	11.8%
Newham	8.1%
Tower Hamlets	12.2%
Waltham Forest	18.0%
London	10.4%
Legacy Host Boroughs	11.1%

Source: ONS, Business Register and Employment Survey

Table 32: Sector profile: Business administration and support services : Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	67.0%
Greenwich	-21.1%
Hackney	-5.6%
Islington	55.4%
Newham	29.5%
Tower Hamlets	51.4%
Waltham Forest	106.4%
London	20.5%
Legacy Host Boroughs	34.5%

Source: ONS, Business Register and Employment Survey

Table 33: Sector profile: Public administration: Proportion of total employment

Area	Public administration % of total employment
Camden	3.4%
Greenwich	7.9%
Hackney	5.1%
Islington	4.9%
Newham	6.2%
Tower Hamlets	3.9%
Waltham Forest	3.6%
London	4.6%
Legacy Host Boroughs	4.9%

Source: ONS, Business Register and Employment Survey

Table 34: Sector profile: Public administration : Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	12.4%
Greenwich	-7.2%
Hackney	-0.6%
Islington	27.4%
Newham	-18.4%
Tower Hamlets	25.7%
Waltham Forest	15.4%
London	-1.4%
Legacy Host Boroughs	4.8%

Source: ONS, Business Register and Employment Survey

Table 35: Sector profile: Education : Proportion of total employment

Area	Education % of total employment
Camden	9.9%
Greenwich	15.0%
Hackney	10.0%
Islington	5.8%
Newham	12.9%
Tower Hamlets	6.6%
Waltham Forest	13.8%
London	8.1%
Legacy Host Boroughs	10.2%

Source: ONS, Business Register and Employment Survey

Table 36: Sector profile: Education: Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	22.9%
Greenwich	-2.6%
Hackney	16.4%
Islington	15.9%
Newham	6.5%
Tower Hamlets	33.5%
Waltham Forest	40.7%
London	14.7%
Legacy Host Boroughs	17.1%

Source: ONS, Business Register and Employment Survey

Table 37: Sector profile: Health, social work & social care : Proportion of total employment

Area	Health % of total employment
Camden	11.1%
Greenwich	18.1%
Hackney	13.7%
Islington	9.5%
Newham	11.2%
Tower Hamlets	7.9%
Waltham Forest	15.1%
London	10.2%
Legacy Host Boroughs	11.5%

Source: ONS, Business Register and Employment Survey

Table 38: Sector profile: Health, social work & social care : Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	50.8%
Greenwich	41.1%
Hackney	17.3%
Islington	-4.5%
Newham	12.0%
Tower Hamlets	34.2%
Waltham Forest	16.7%
London	15.7%
Legacy Host Boroughs	25.5%

Source: ONS, Business Register and Employment Survey

Table 39: Sector profile: Arts, entertainment, recreation & other services : Proportion of total employment

Area	Arts etc. % of total employment
Camden	5.9%
Greenwich	5.8%
Hackney	5.1%
Islington	5.1%
Newham	5.7%
Tower Hamlets	2.3%
Waltham Forest	4.1%
London	5.1%
Legacy Host Boroughs	4.0%

Source: ONS, Business Register and Employment Survey

Table 40: Sector profile: Arts, entertainment, recreation & other services : Change in employment 2009-2014

Area	Change in employment 2009-2014
Camden	10.8%
Greenwich	9.2%
Hackney	13.6%
Islington	33.1%
Newham	45.0%
Tower Hamlets	9.5%
Waltham Forest	-6.6%
London	14.3%
Legacy Host Boroughs	16.7%

Source: ONS, Business Register and Employment Survey