

# Local Employment by Industries

This briefing explores the scale of local employment based in the Borough, focusing on business districts and key industries. Important growth sectors are analysed including the financial services, creative industries, information technologies and hospitality, leisure, travel and transport. In addition, the ‘low pay’ sector and manufacturing are considered in this briefing.

## Contents

Introduction .....	1
1 Local employment by industries .....	2
1.1 National and regional trends – UK and London .....	2
1.2 Analysis of employees and employment in Tower Hamlets .....	6
1.3 Employees and employment by industry .....	9
1.4 Local employment centres.....	15
1.5 Key sector analysis.....	23
1.6 Employment in ‘Low pay’ sectors .....	32
Appendices .....	34
Further information.....	39

## SUMMARY – Key facts

- **Employment:** In 2012 around 240,000 jobs were located in the Borough. The data indicates that employment grew by 15 per cent from around 209,000 in 2009.
- Tower Hamlets is the **fourth largest employment location** in London.
- **54 per cent of all employment** is located in the **Canary Wharf / Isle of Dogs area** accounting for around 129,000 jobs.
- Together, the **City Fringe and Canary Wharf / Isle of Dogs** area account for around **195,000 jobs** or 81 per cent of all employment in Tower Hamlets.
- The **majority of employment** is in the **financial & insurance industries** (30 per cent), **admin & support** (11 per cent), **professional services** (11 per cent), info & communication (9 per cent), health & social care (7 per cent) and education (6 per cent).
- Most **recent employment growth** between 2011 and 2012 was largest in **accommodations & food services, professional services** and the **human health sector**.
- Around **20 per cent of all employment** (total of 48,000) in Tower Hamlets is based in the **‘low pay’ sectors**.

## Introduction

Tower Hamlets has a long tradition of innovative business growth and original enterprise culture, it is home to Canary Wharf, one of the major financial centres in the world and is an entrepreneurial hotbed across the City Fringe to Fish Island.

We understand that business data is crucial to foster economic development, plan future growth and support local businesses effectively. In this paper, we present an update about employment data, offering insights into key industries in Tower Hamlets and the extent of employment in those industries.

This report discusses Business registration and employment survey (BRES) data published by the Office for National Statistics (ONS). BRES is the primary source of employee / employment estimates at a detailed regional and industrial level. The data allows comparisons of Tower Hamlets with the London region. Important growth sectors are analysed including the financial services, creative industries, information technologies and hospitality, leisure, travel and transport.

Employment analysed in this briefing is employment based in Tower Hamlets which can be taken by residents and non-residents.

The document makes the important distinction between **employees** and **employment**. The differences are small, but important.

- An *employee* is anyone aged 16 years or over that an organisation directly pays from its payroll(s).
- *Employment* figures are slightly higher than employee numbers because the data set includes employees + working proprietors. Working proprietors are sole traders, sole proprietors, partners and directors.

BRES data therefore includes self-employed workers as long as they are registered for VAT or pay-as-you-earn (PAYE) schemes. Excluded are self-employed people not registered for these, along with HM Forces and Government Supported trainees.

The most recent data in the document refers to September 2012, while robust trend data goes back to 2009 when the BRES data set was introduced and replaced the ONS Annual Business Inquiry.

# 1 Local employment by industries

## 1.1 National and regional trends – UK and London

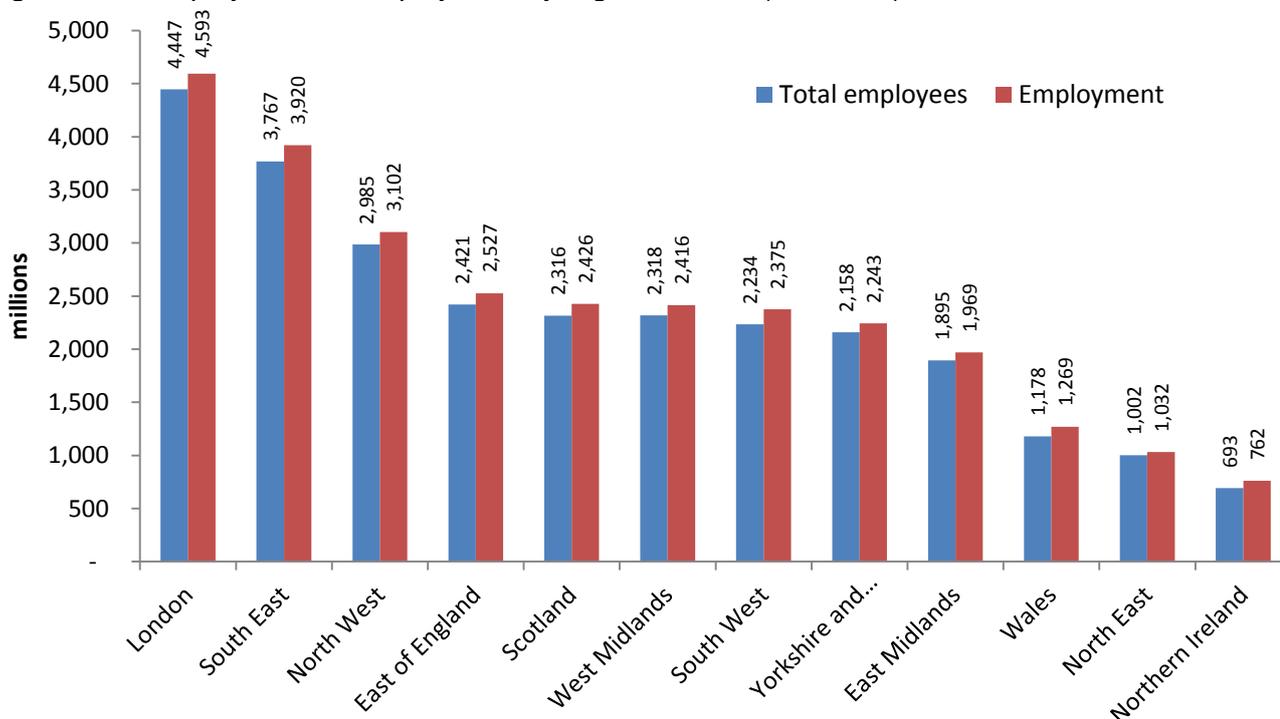
The Business registration and employment survey<sup>1</sup> counted approximately 27.4 million *employees* in the UK representing a 0.5 per cent increase between 2011 and 2012. While the number of full-time employees increased by only 30,000, the number of part-time employees increased by 96,000.<sup>2</sup>

The regions with the largest number of *employees* were London with 4.4 million (16.2 per cent of UK employees) and the South East with 3.8 million (13.7 per cent). Northern Ireland had the lowest number of employees with 0.7 million (2.5 per cent of UK employees) followed by the North East with 1 million (3.7 per cent) and Wales with 1.2 million (4.3 per cent). See Figure 1.

London had the largest percentage of full-time employees at 73 per cent while all other regions showed percentages of less than 70 per cent. The South West had the largest number of part-time workers at 37 per cent.

London's total *employment* (which includes employees and working owners) was 4.6 million, compared with 28.6 million in the UK.

Fig. 1: Total employees and employment by region in 2012 ( in million)



(Source: BRES 2012)

<sup>1</sup> Sources: ONS (Dec 2013): Briefing note - BRES 2012: Headline results.

<sup>2</sup> See BRES definition of employees and employment in appendix of the document.

*National trends by industry*

In 2012, the health sector had the largest number of employees, with 3.7 million (13.5 per cent of the UK total). The second largest sector was retail followed by education.

The agriculture, forestry & fishing sector had the smallest number of employees, with 212,000 (0.8 per cent of the whole economy).

The mining, quarrying and utilities industrial sector had the largest proportion of full-time employees, with 93 per cent while the retail sector had the largest percentage of part-time employees, with 58 per cent.

The industrial sector with the largest decrease in employees between 2011 and 2012 was public administration, which saw a fall of 36,000 employees. This follows a fall of 124,000 employees between 2010 and 2011. The Construction and manufacturing sectors showed a fall of 24,000 employees each.

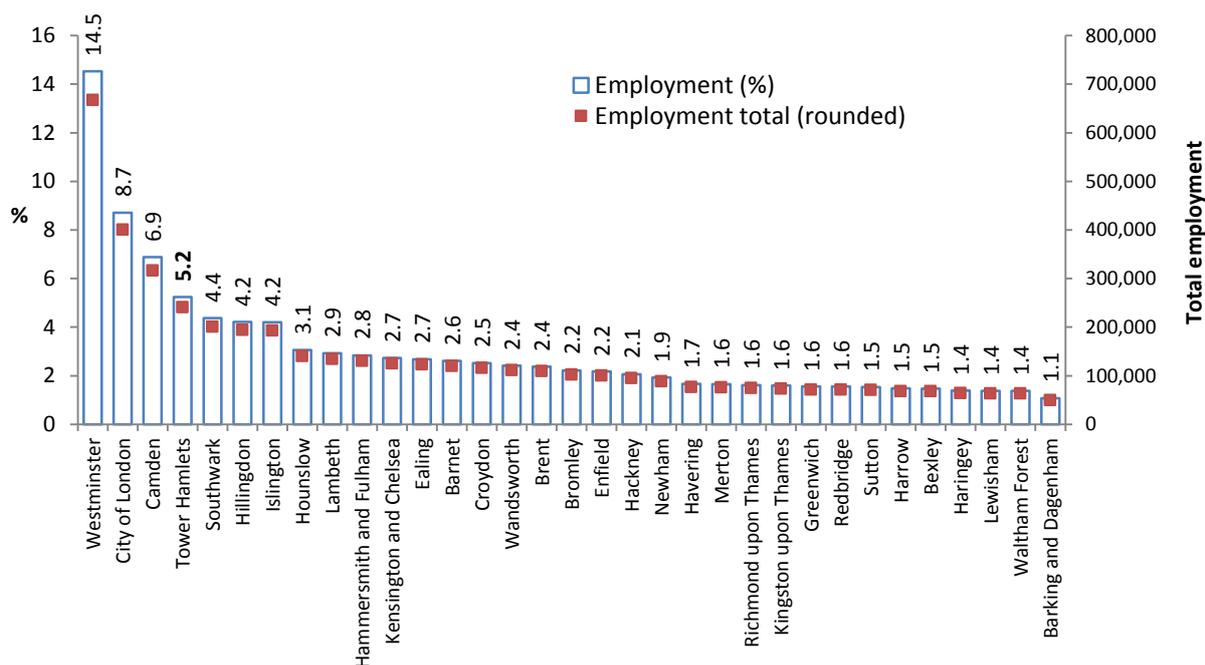
The industrial sector with the largest increase between 2011 and 2012 was the business administration and support service sector, which saw an increase of 71,000 employees. Other growth sectors in the UK were the health sector, professional, scientific & technical sector and property sector.

*Employment by London borough*

In September 2012, the BRES data registered 4,593,000 jobs in London. The City of Westminster had the largest employment numbers at 667,000 (14.5 per cent of London total), followed by City of London with 400,000 (8.7 per cent of London total), Camden (316,000 / 6.9 per cent) and Tower Hamlets (240,400 / 5.2 per cent). Tower Hamlets is the fourth largest employment location in London. In the UK, Westminster is the local authority with the largest number of employment.

The London boroughs with the lowest employment numbers were Waltham Forest (63,000 / 1.4 per cent) and Barking and Dagenham with 49,300 (1.1 per cent). See Figure 2.

Fig. 2: Total employment by borough and share of London employment in 2012 (total & %)



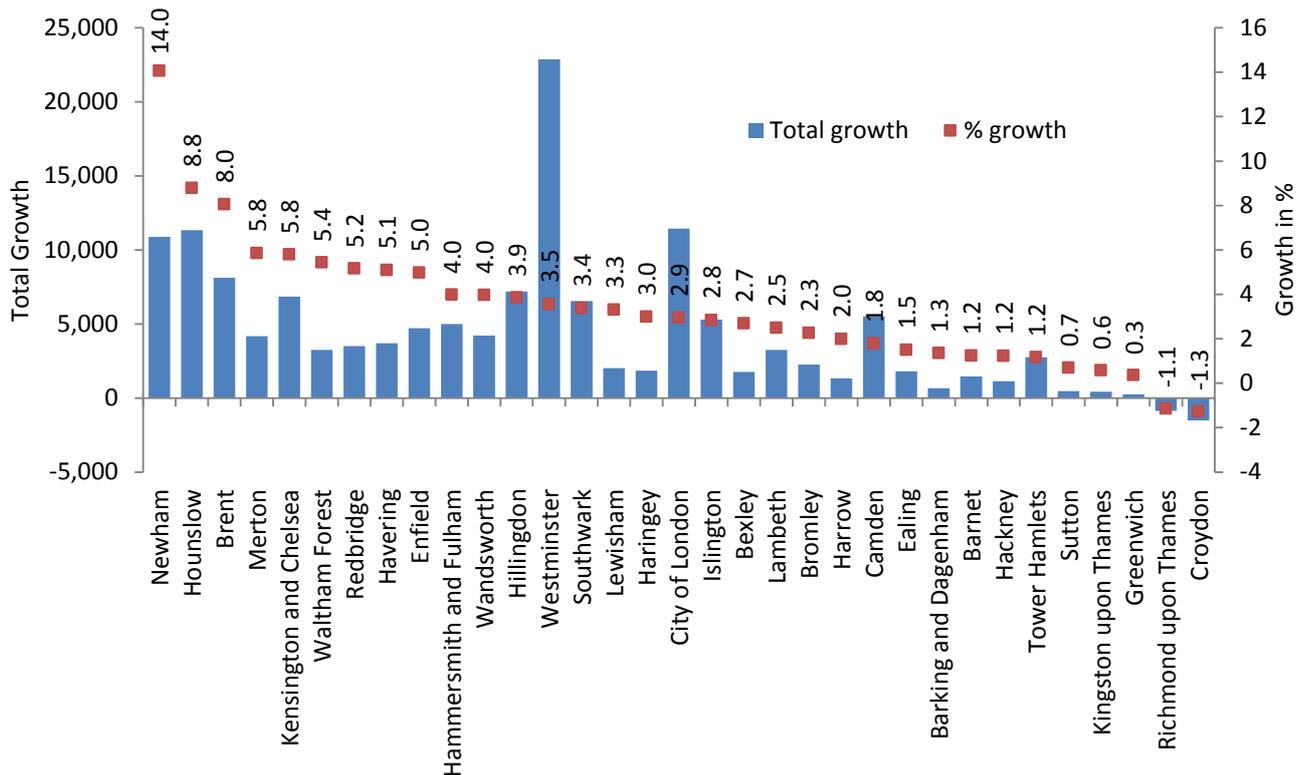
(Source: BRES 2012, total employment rounded)

*Employment change in London between 2011 and 2012*

Employment between 2011 and 2012 has increased in all London boroughs with the exception of Croydon and Richmond.

The boroughs Newham (14 per cent), Hounslow (8.8 per cent) and Brent (8 per cent) showed the strongest percentage growth while the City of Westminster and City of London added the largest amount of jobs in total numbers. See Figure 3.

Fig. 3: Employment change in London Boroughs (Total and %) 2011 to 2012



(Source: BRES 2012)

*What are the largest sectors in London?*

In terms of employment provision, the dominating sectors in London are professional, scientific & technical activities, wholesale & retail and admin & support services, closely followed by health & social work, education and financial & insurance activities. See Table 1.

In 2012, the ‘professional, scientific and technical activities’ sector had the largest employment numbers in London, with 596,600 (12 per cent of employment in London). This sector saw an increase of around 18,600 jobs between 2011 and 2012 (3.2 per cent growth). The increase was similar to the London employment growth rate, as some other sectors grew faster in London.

BRES data suggests that substantial growth in total numbers and growth rate took place in the sectors: construction (16.9 per cent), manufacturing (10 per cent), accommodation & food services (8.6 per cent), real estate activities (7.5 per cent, health & social work (7.3 per cent), education (5.5 per cent) and transport & storage (4.9 per cent).

However, employment in information and communication, public admin and electricity & gas sectors were lost.

## Local employment by industries

Table 1: Employment by sector in London 2011 & 2012 and change (total and %)

Industrial sectors	2011	2012	Change (Total)	Change (%)
Professional, scientific and technical activities	578,300	596,900	18,600	3.2
Wholesale and retail trade; repair of motor vehicles, motorcycles	569,200	578,500	9,300	1.6
Administrative and support service activities	459,900	466,800	6,900	1.5
Human health and social work activities	428,900	460,300	31,400	7.3
Education	351,800	371,000	19,200	5.5
Financial and insurance activities	357,900	360,000	2,100	0.6
Accommodation and food service activities	314,700	341,800	27,100	8.6
Information and communication	332,900	319,100	-13,800	-4.1
Transportation and storage	210,100	220,300	10,200	4.9
Public administration and defence; compulsory social security	224,400	216,000	-8,400	-3.7
Construction	135,400	158,300	22,900	16.9
Arts, entertainment and recreation	126,700	130,300	3,600	2.8
Real estate activities	110,500	118,800	8,300	7.5
Manufacturing	102,600	113,000	10,400	10.1
Other service activities	117,400	111,500	-5,900	-5.0
Water supply; sewerage, waste management and activities	17,400	19,200	1,800	10.3
Electricity, gas, steam and air conditioning supply	7,300	5,400	-1,900	-26.0
Mining and quarrying	3,000	4,500	1,500	50.0
Agriculture, forestry and fishing	900	1,500	600	66.7
<b>London total</b>	<b>4,449,500</b>	<b>4,593,400</b>	<b>143,900</b>	<b>3.2</b>

(Source: BRES 2012, Results rounded to the nearest 100)

### What is the largest sub sector in London?<sup>3</sup>

The BRES data helps to understand the enormous business and employment diversity in London. The data shows that the majority of existing business sub sectors are represented in London. Out of 620 options to classify an industry, around 540 sub sectors of industrial activity can be found in London. This diversity stretches from hospital activities, the largest 4 digit sub sector with 178,800 jobs, to the smallest niche sectors like freshwater aquaculture, casting light metals or glue manufacturing.

The table below shows the largest employment sectors in London. It is noticeable that some of those are in low pay sectors (see chapter 1.6 for more information about low pay industries) indicating large income inequalities between sectors like monetary intermediations or restaurant & food services and legal activities or retail & cleaning.

Table 2: Largest sub sectors by total employment in London 2012

Sub sectors (4 digit SIC code)	Total employment
8610 : Hospital activities	178,800
5610 : Restaurants and mobile food service activities	171,700
6419 : Other monetary intermediation	141,600
8520 : Primary education	138,800
7820 : Temporary employment agency activities	119,500
4711 : Retail sale in non-specialised stores	117,600
7022 : Business and other management consultancy activities	110,000
6910 : Legal activities	103,000
8411 : General public administration activities	101,600
8121 : General cleaning of buildings	97,200

(Source: BRES 2012, Results rounded to the nearest 100)

<sup>3</sup> Sub sector is defined by the 4 digit Standard industrial classification (SIC) code

### 1.2 Analysis of employees and employment in Tower Hamlets<sup>4</sup>

This section focuses on the overview employee and employment figures in the borough. The jobs described are all based with employers in Tower Hamlets but are taken by residents and non-residents.

As mentioned above, there are differences between the term Employee and Employment.

- An **Employee** is anyone aged 16 years or over that an organisation directly pays from its payroll(s).
- **Employment** figures are slightly higher than employee numbers because the data set includes Employees + working proprietors. Working proprietors are sole traders, sole proprietors, partners and directors.<sup>5</sup>

This distinction explains the *employee* figure of 235,900 and employment of 240,400 in Tower Hamlets. However, employee data allows the analysis of part and full time working patterns discuss later here. While this is not possible with employment figures, we focus mainly on employment figures because they include employees and working proprietors.

#### 1.2.1 Total number of employees and employment

Tower Hamlets has a long history as a centre of employment. While white collar jobs in Canary Wharf have replaced blue collar jobs in the docks and the city fringe area has outgrown its original definition, employment growth has been the overall experience in the last decade.

##### *Employees*

The number of employees has increased from 233,000 in 2011 to around 235,900 in 2012 an increase of 1.2 per cent which was below the London average of 3.2 per cent.

##### *Employment*

In 2011 around 237,700 jobs were located in the Borough. The data indicates that employment grew again by 1.2 per cent to approximately 240,400 in 2012. The growth was below the London average of 3.3 per cent.

##### *Change in Tower Hamlets between 1995 to 2012*

This section brings together four employment measurements to show change over time in the borough using Annual employment survey (AES) and Annual business inquiry (ABI) data (now discontinued) and two BRES data sets.

Figure 3 shows the unique growth in the Tower Hamlets economy since 1995. While the AES in 1995 registered around 109,000 jobs, by 2012 around 240,400 jobs were counted. This growth represents an enormous employment growth of around 120 per cent, outperforming average growth in London (39 per cent) and the growth rate of any other London Borough. While Tower Hamlets growth rates were exceptional, only the City of London created a comparable amount of employment (around 139,000 jobs)<sup>6</sup> in the same period.

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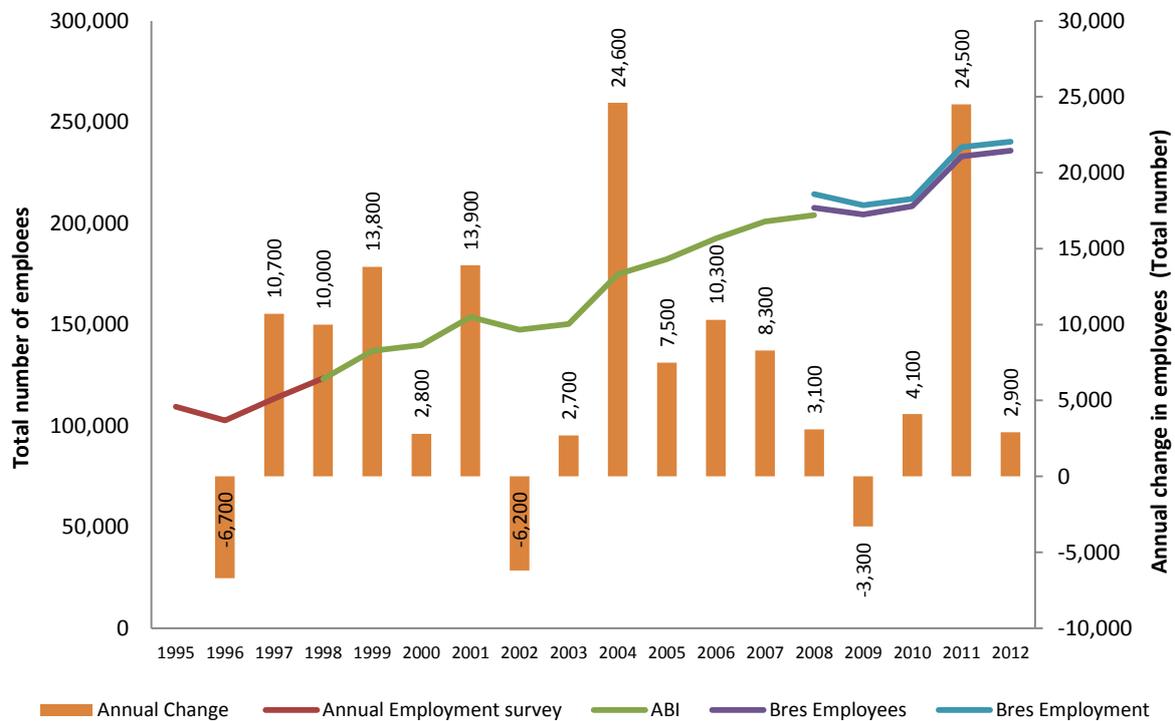
<sup>4</sup> Figures in this report have been rounded to protect confidentiality. As a result, totals may not necessarily equal the sum of the categories, and the sum of the lower geographies may not equal the higher geographies.

<sup>5</sup> See full definition in Appendix 2

<sup>6</sup> Comparing AES 1995 data and BRES Employment figure 2012

Figure 4 also shows temporary job losses in Tower Hamlets, which can be linked to economic downturns in 2001/2002 and 2008/09.

Fig. 4: Total employment change in Tower Hamlets over time 1995 to 2012



(Source: NOMIS, Annual Employment Survey, ABI, BRES)

### 1.2.2 Full / Part time split employees

Information about full and part time employees is relevant for various reasons. For example, part time work can be a route into full time employment, it can help to develop work experience, supports students while in education and can help those with caring responsibilities balance home and work.

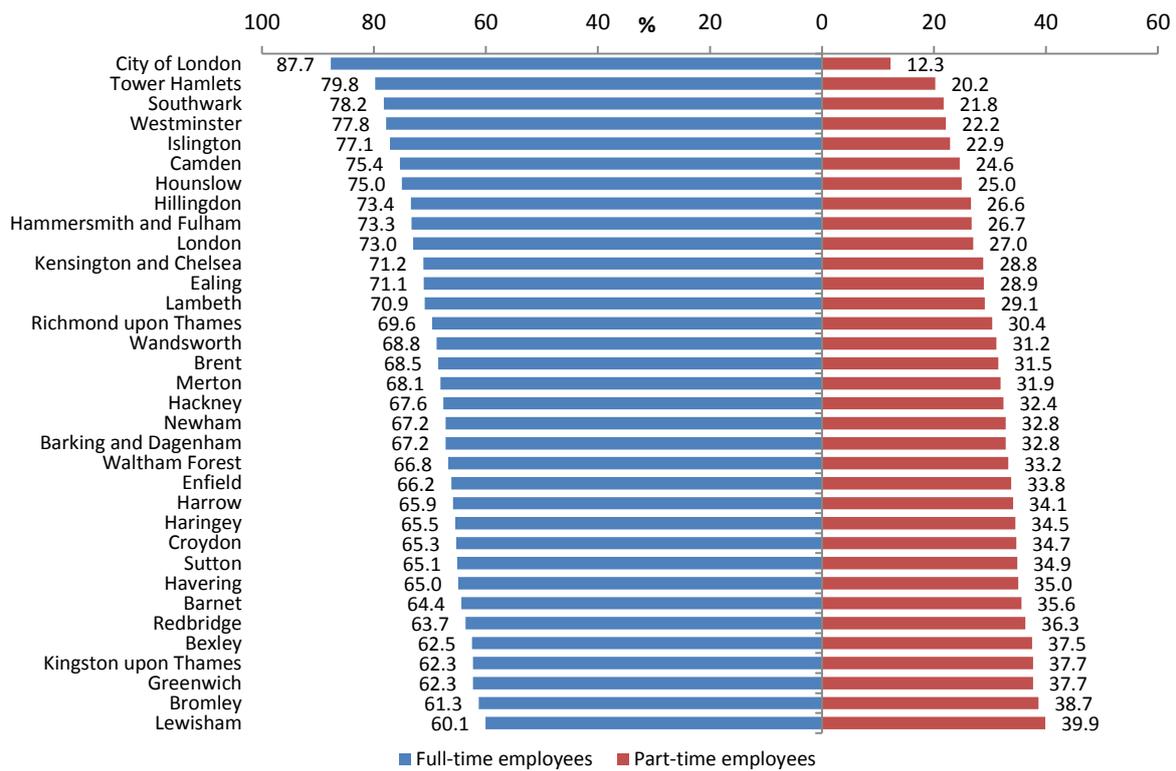
It is common that some industries are more accustomed to part time work because of the sectors unique character for example the hospitality sector. Generally, working full time is seen as the most desirable form of employment to achieve economic stability. However, it can create difficulties around care responsibilities, child care etc.

Statistically full-time employees are those working more than 30 hours per week while part-time employees are those working 30 hours or less per week.

The overall split between full and part time in Tower Hamlets in 2012 was 79.8 per cent to 20.2 per cent compared to a London average of 73 per cent to 27 per cent.

Interestingly, Tower Hamlets has the second lowest rate of part time employees in London. Only the City of London has a lower proportion of part time employees (12.6 per cent). It becomes clear , that the character of part time and full time employment is strongly influenced by the industries located in an area.

Fig. 5: Full and Part time employees by London borough 2012 (%)



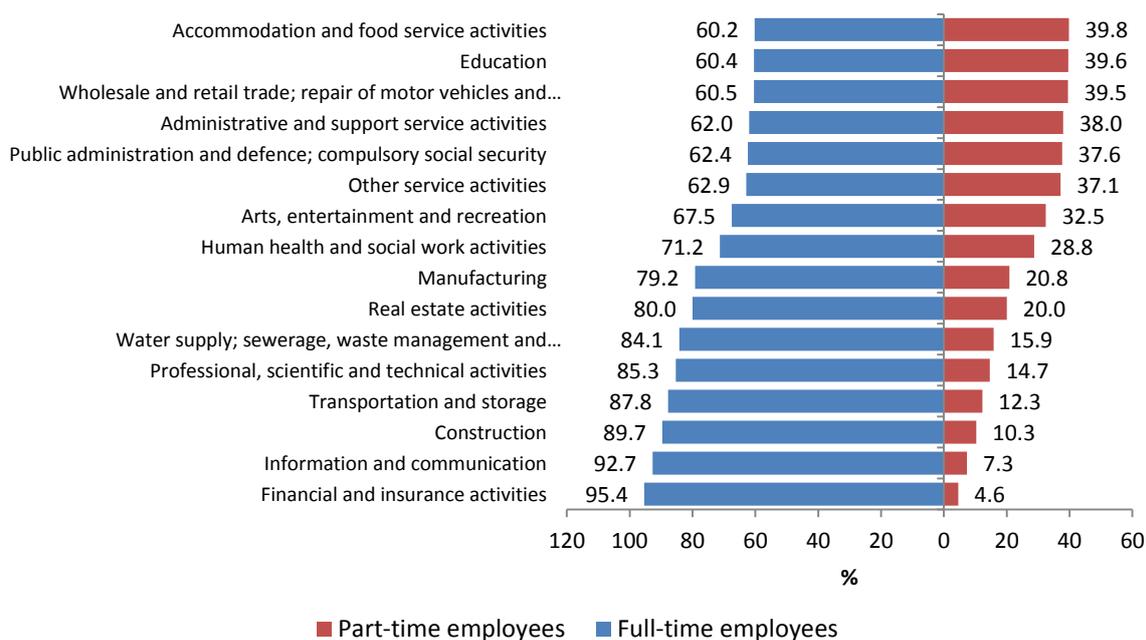
(Source: BRES 2012)

In Tower Hamlets, the number and proportion of part time employment has increased between 2011 and 2012. Most interestingly, the total increase of employment was based on growth in part time employment of around 10 percent or 4,600 jobs. In the same time period, full time employment decreased by around 1,600. The growth of part time employment reflects the national trend.

In Tower Hamlets, the sectors with the highest proportion of part time employees are accommodations & food services (39.8 per cent), education (39.6 per cent), wholesale & retail (39.5 per cent) and admin support (38 per cent) and public admin (37.6 per cent).

The sectors with a majority of full time employees are finance & insurance (95.4 per cent), ICT (92.7 per cent), construction (89.7 per cent) and transport & storage (87.8 per cent). For more information see Figure 6.

Fig. 6: Full / Part time employees in Tower Hamlets by industrial sector (%) in 2012



(Source: BRES 2012)

### 1.3 Employees and employment by industry<sup>7</sup>

Chapter 1.3 provides an overview of the main sectors creating the majority of jobs in the borough. A detailed analysis by specific industrial sectors can be found in section 1.6 focusing on financial services, creative industries, information, communication & telecommunication, hospitality and manufacturing.

#### 1.3.1 Employees and employment by main industries

##### *Employees*

The majority of employees in Tower Hamlets are working in financial and insurance industries (30.8 per cent / 72,600), admin & support activities (11.3 per cent / 26,500), professional, scientific & technical activities (10.2 per cent / 24,000), information & communication (9.1 per cent / 21,400), health & social work (7.3 per cent / 17,300), education (6.5 per cent / 15,300) and wholesale and retail (5.7 per cent / 13,400). See figure below.

##### *Employment*

The overall structure of employment is very similar to the employee numbers by industry. Employment figures are just slightly above the employee figures because *Employment* figures includes employees + working proprietors.

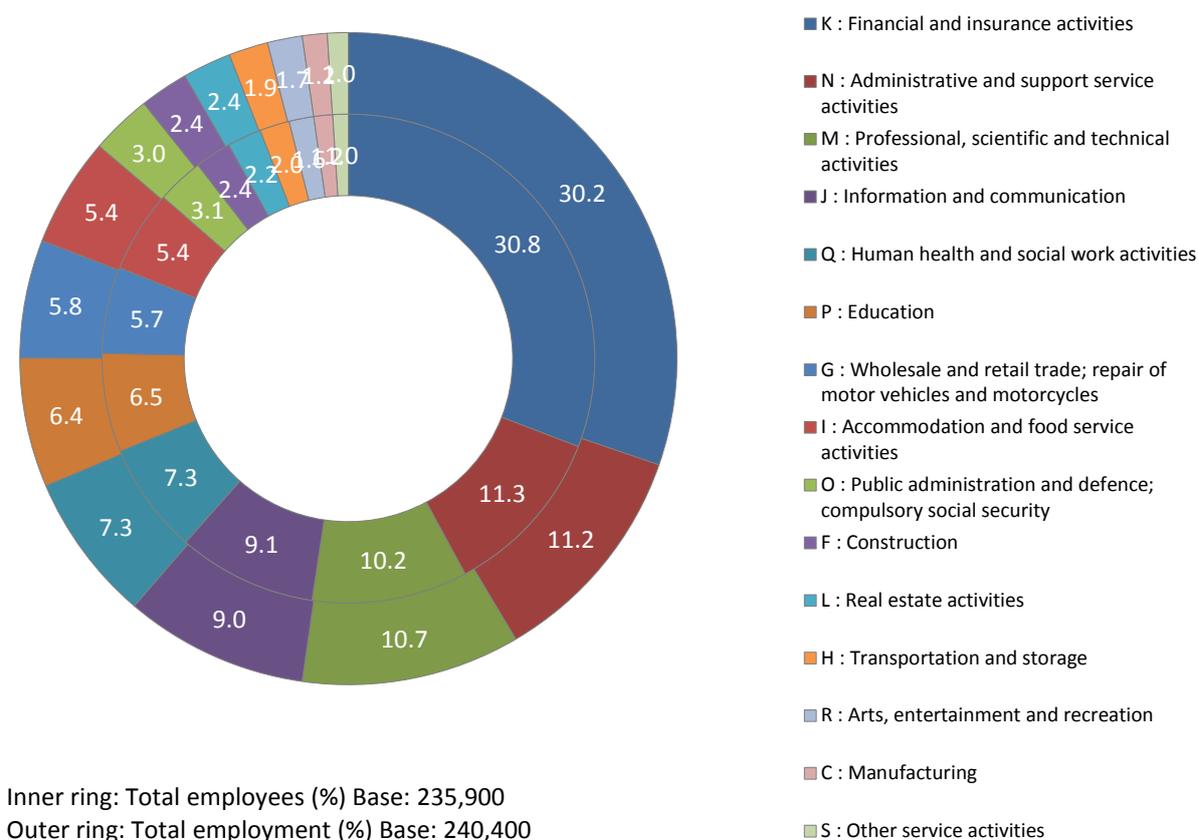
<sup>7</sup> This section uses overall industrial sectors as defined by SIC code 2007.

## Local employment by industries

Professional activities, whole sale & retail and real estate activities are the sectors which have employment numbers above the employees' figures, indicating a considerable number of work proprietors.

The majority of employment in Tower Hamlets is again in financial & insurance activities (30.2 per cent / 72,600), admin & support activities (11.2 per cent / 26,900), professional activities (10.7 per cent / 25,800), information & communication (9 per cent / 21,700), health & social work (7.3 per cent / 17,600), education (6.4 per cent / 15,400) and wholesale & retail (5.7 per cent / 14,000). See figure below.

Fig. 7: Employees and employment by industries in Tower Hamlets (%) 2012



(Source: BRES 2012; Sectors A, B, D, E, U, T, Motor trades excluded)

### What is the largest sub sector (4 digit SIC) in Tower Hamlets<sup>8</sup>

The BRES data helps to understand the enormous business and employment diversity in Tower Hamlets.

The data shows a large variety of existing businesses in Tower Hamlets. Out of the 620 options to classify a business, around 386 sub sectors of industrial activity are located in Tower Hamlets. This diversity stretches from monetary intermediation (sub sector within financial services), the largest 4 digit sub sector with 34,600 jobs, to the smallest niche sectors like marine fishing, tanning of leather or the manufacturing of underwear.

<sup>8</sup> Sub sector is defined by the 4 digit Standard industrial classification (SIC) code

See Table 3 below for the largest employment sectors in Tower Hamlets by 4 digits sic code.

Table 3: Largest sub sectors by employment size Tower Hamlets 2012

Sub sector (4 digit SIC code)	Total employment
6419 : Other monetary intermediation	34,600
6612 : Security and commodity contracts brokerage	16,300
8121 : General cleaning of buildings	11,800
6619 : Other activities auxiliary to financial services, except insurance and pension funding	11,700
6910 : Legal activities	8,300
8610 : Hospital activities	7,400
7022 : Business and other management consultancy activities	6,600
5610 : Restaurants and mobile food service activities	6,300
6499 : Other financial service activities, except insurance and pension funding, n.e.c.	5,100
8520 : Primary education	5,000

(Source: BRES 2012, Results rounded to the nearest 100)

### 1.3.2 Employment change between 2011 to 2012

Overall employment change has been positive in Tower Hamlets (1.2 per cent) and London (3.2 per cent).

Annual sectoral employment growth in Tower Hamlets mirrored trends in London with the strongest growth in accommodation & food services (1,900 or 17.6 per cent), professional services (1,800), human health (1,600) and real estate (800).

However, some differences are notable. The London wide growth in construction was not recorded in Tower Hamlets based companies. In addition, the decrease of employment in Tower Hamlets in finance & insurance (-2,000) and arts & entertainment (-600) went against the London trends. See Table 4 and Figure 8 for a comparison.

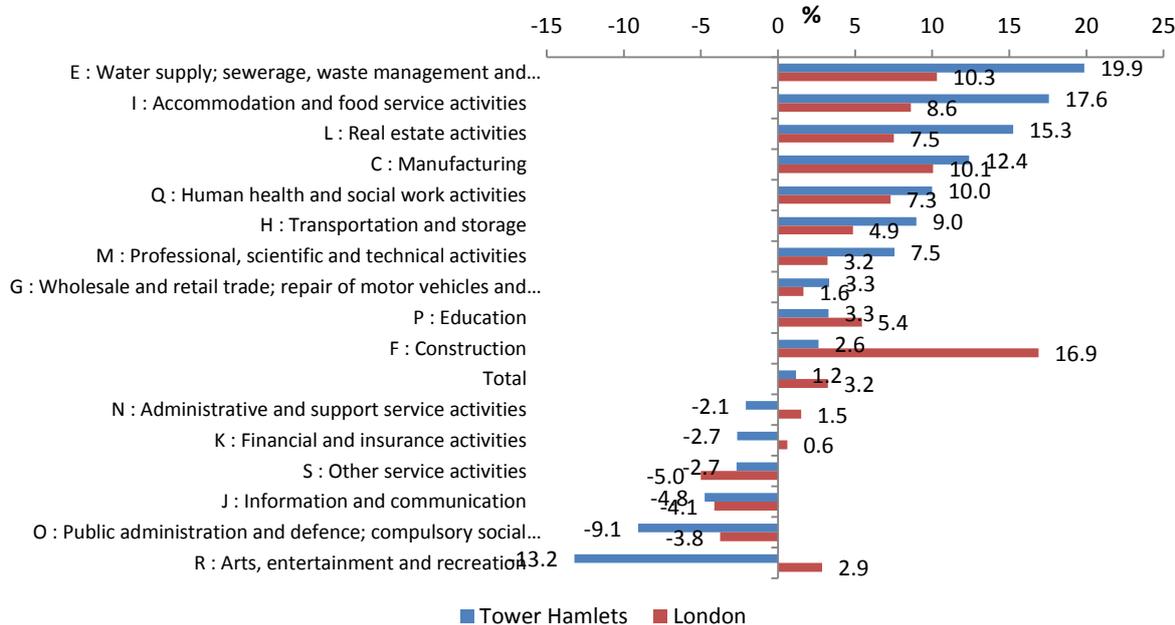
Table 4: Employment growth – total change 2011 to 2012 in Tower Hamlets and London

	Tower Hamlets	London
I : Accommodation and food service activities	1,900	27,100
M : Professional, scientific and technical activities	1,800	18,600
Q : Human health and social work activities	1,600	31,300
L : Real estate activities	800	8,300
P : Education	500	19,100
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	500	9,300
H : Transportation and storage	400	10,200
C : Manufacturing	300	10,300
F : Construction	150	22,900
E : Water supply; sewerage, waste management and remediation activities	100	1,800
S : Other service activities	-100	-5,900
D : Electricity, gas, steam and air conditioning supply	-200	-1,900
N : Administrative and support service activities	-600	6,900
R : Arts, entertainment and recreation	-600	3,600
O : Public administration and defence; compulsory social security	-700	-8,500
J : Information and communication	-1,100	-13,800
K : Financial and insurance activities	-2,000	2,100
<b>Total</b>	<b>2,700</b>	<b>143,800</b>

(Source: BRES 2012; Sectors A, B, D, E excluded for confidentiality reasons, data rounded.)

The additional employment of 1,900 jobs in accommodation and food service, could be an explanation for the high amount of new part time employment in Tower Hamlets as discussed in section 1.2.2.

Fig. 8: Employment change by broad industrial group Tower Hamlets and London 2011 to 2012 (%)



(Source: BRES 2012; Sectors A, B, D, E excluded for confidentiality reasons.)

### 1.3.3 Public and private sector employment<sup>9</sup>

Data about private sector and public sector employment can be, especially on regional level, an important indicator for economic growth and sustainability. The public sector in the BRES data set comprises central government, local government and public corporations, while the private sector comprises companies, sole proprietors, partnerships and non-profit bodies.<sup>10</sup>

In the South East of England, London and its boroughs, the importance of public sector employment is less evident than for example in economies in the North or the North East.

The analysis of 2012 BRES data below demonstrates, that Tower Hamlets (17.5 per cent public sector) has an employment split not too dissimilar to the London average (16.7 per cent).

The data shows, that East and some Inner London boroughs including Redbridge (26.4 per cent), Newham (25.2 per cent), Greenwich (27.6%) and Waltham Forest (26.1 per cent) are more reliant on public sector employment when compared to the other London boroughs including City of London, Richmond upon Thames, Hounslow, Merton, Camden and Westminster.

<sup>9</sup> The preferred source of statistics for public sector employment is the Quarterly Public Sector Employment Survey (QPSES) and external sources, however, figures from this source are not available below region level. Individuals in the Annual Population Survey (APS) are classified to the public or private sector according to their responses to the survey. Consequently, the classification of an individual sector may differ from how they would be classified in QPSES statistics. Official estimates of public sector employment compiled from QPSES are generally lower than estimates available from APS. This is partially because many people, who work within public sector premises, whilst being employed by private sector organisations, will classify themselves as working in the public sector, e.g. cleaners or security guards employed by a contractor to work at public sector premises.

<sup>10</sup> ONS BRES 2012: Headline paper Sept 2013.

## Local employment by industries

The City of London is unsurprisingly the Local authority with the lowest percentage of public sector jobs in the country.

Public and Private sector split data does support the argument that the Tower Hamlets economy has been largely transformed from a traditional East London borough to that of a Central London borough. See Table 5 below.

Table 5: Private and public sector split – London Boroughs 2011 (%)

Area	Public sector	Private sector
City of London	5.3	94.7
Hillingdon	10.7	89.3
Richmond upon Thames	12.6	87.4
Hounslow	12.9	87.1
Merton	13.0	87.0
Camden	13.5	86.5
Westminster	13.6	86.4
Kensington and Chelsea	16.0	84.0
Ealing	16.0	84.0
Islington	16.1	83.9
Harrow	16.6	83.4
<i>Tower Hamlets</i>	<i>17.5</i>	<i>82.5</i>
Bexley	18.0	82.0
Hackney	18.2	81.8
Bromley	18.4	81.6
England	18.6	81.4
Brent	19.2	80.8
Kingston upon Thames	19.3	80.7
Haringey	19.6	80.4
Sutton	20.2	79.8
Hammersmith and Fulham	20.2	79.8
Barnet	20.3	79.7
Southwark	20.8	79.2
Croydon	22.1	77.9
Barking and Dagenham	22.2	77.8
Havering	22.7	77.3
Wandsworth	22.9	77.1
Enfield	23.1	76.9
Lambeth	24.5	75.5
Lewisham	24.8	75.2
Newham	25.2	74.8
Waltham Forest	26.1	73.9
Redbridge	26.4	73.6
Greenwich	27.6	72.4
<b>London</b>	<b>16.7</b>	<b>83.3</b>

(Source: BRES Public / Private sector split 2012)

### 1.3.4 Employment by ward

The majority of jobs are located in the Millwall ward (108,300 / 45 per cent share), the location of the Canary Wharf business district, while Spitalfields & Banglatown ward has the second highest number of jobs (23,900). Whitechapel (22,600) and Blackwall & Cubitt Town (20,900) wards, also have considerable numbers of jobs. In terms of total annual growth, additional jobs were mainly recorded in Millwall, Whitechapel and Weavers. See Table 6 and Figure 9.

## Local employment by industries

Table 6: Total employment numbers by ward (rounded) and change in Tower Hamlets (total & %)

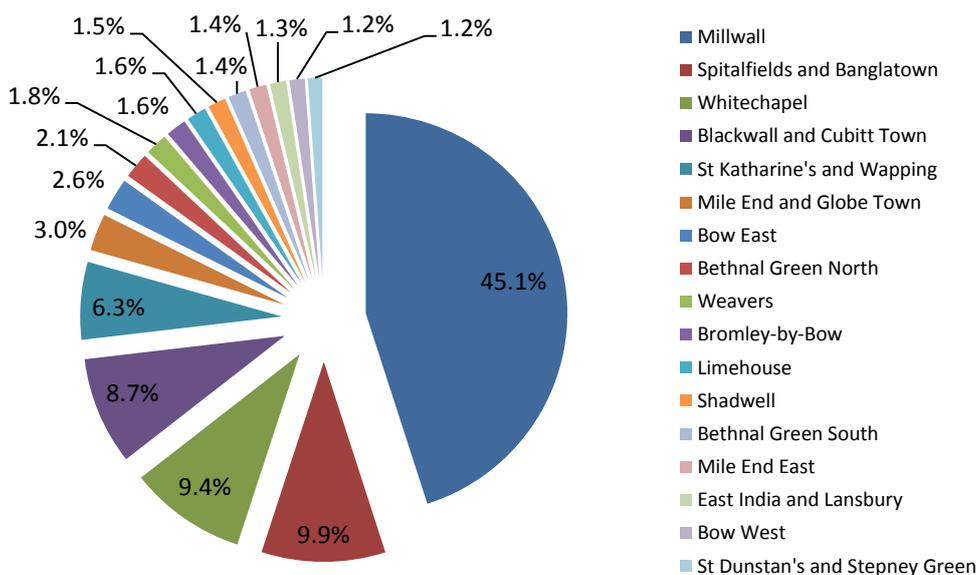
	2011	2012	Total Change	Change in %
Millwall	106,700	108,300	1,600	1.5
Spitalfields & Banglatown	24,700	23,900	-800	-3.2
Whitechapel	21,600	22,600	1,000	4.6
Blackwall & Cubitt Town	21,300	20,900	-400	-1.9
St Katharine's & Wapping	15,700	15,100	-600	-3.8
Mile End & Globe Town	7,500	7,200	-300	-4.0
Bow East	5,800	6,200	400	6.9
Bethnal Green North	4,900	5,000	100	2.0
Weavers	3,800	4,300	500	13.2
Bromley-by-Bow	3,700	3,900	200	5.4
Limehouse	3,900	3,800	-100	-2.6
Shadwell	3,400	3,500	100	2.9
Bethnal Green South	3,400	3,500	100	2.9
Mile End East	3,400	3,400	0	0.0
East India and Lansbury	2,700	3,100	400	14.8
Bow West	2,500	2,900	400	16.0
St Dunstan's and Stepney Green	2,600	2,800	200	7.7
<b>Tower Hamlets</b>	<b>237,700</b>	<b>240,400</b>	<b>2,700</b>	<b>1.2</b>

(Source: BRES 2012, Numbers are rounded so don't necessarily add up)

The wards with the lowest employment numbers were: St Dunstan's & Stepney Green (2,800), Bow West (2,900) and East India & Lansbury (3,100) wards which have been traditionally residential but are also relatively deprived. However, all three areas show increasing numbers of local employment.

Decreasing employment was recorded in Spitalfields & Banglatown, St Katherine's & Wapping and Blackwall & Cubitt Town.

Fig. 9: Employment by ward - Tower Hamlets 2012 (%)



(Source: BRES 2012, rounded)

### 1.4 Local employment centres

BRES data can be extracted for small geographies and provides an understanding of local employment centres in the borough. In this chapter we discuss Canary Wharf and the City Fringe in more depth but also look at the local economy in the remaining part of the borough. Employment by ward has been covered in section 1.3.4 already.

Map 1 shows employment by Lower Super Output Area (LSOA)<sup>11</sup> in the borough which allows the identification of Canary Wharf and City Fringe. Two of the LSOAs in the Millwall ward account for employment figures of 41,000 and 65,200 respectively, representing the core Canary Wharf business district.

The City Fringe area is represented by clusters of employment as seen in Map 1 in the western part of the borough. The City Fringe area includes Whitechapel, an area emerging with large numbers of employment.

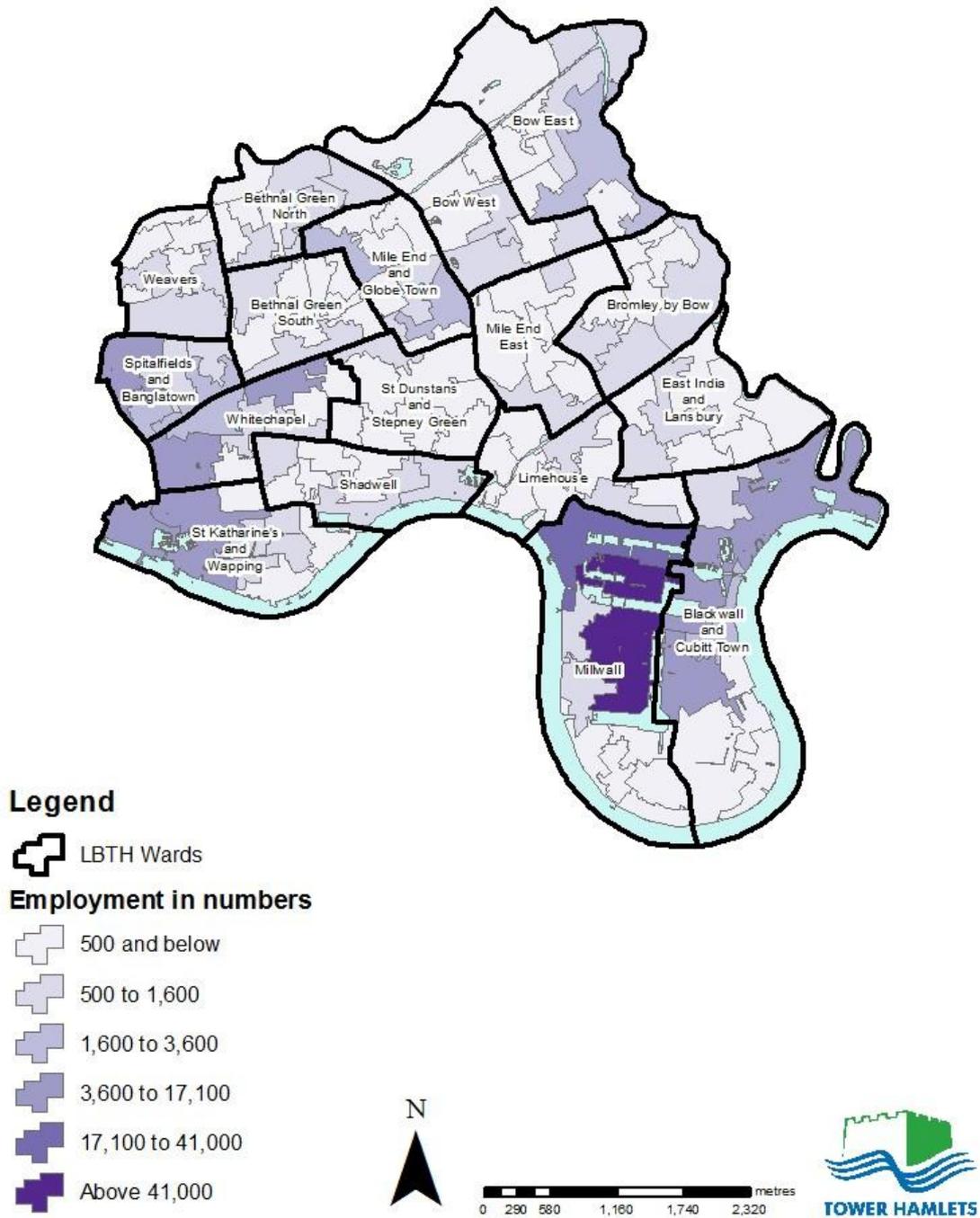
Together, the City Fringe and Canary Wharf / Isle of Dogs area account for around 195,000 jobs or 81 per cent of all employment in Tower Hamlets.

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<sup>11</sup> LSOA = Lower Super Output Area. The statistical classification used by ONS representing an average area of around 1,500 residents. The size of LSOA is based on the ability to allow a robust sample size as part of the CENSUS process. However the geographies are used for many other data sets like BRES.

Map 1: Total employment in Tower Hamlets by LSOA level 2012

**Employment by LSOA in Tower Hamlets**  
(SOURCE: ONS BRES 2012)



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1.4.1 Canary Wharf

The Canary Wharf business district has emerged over the last two decades as one of the global financial centres in the world, attracting thousands of new jobs and businesses in the financial services and other sub sectors with global, national but also local links and profound supply chain relationships.

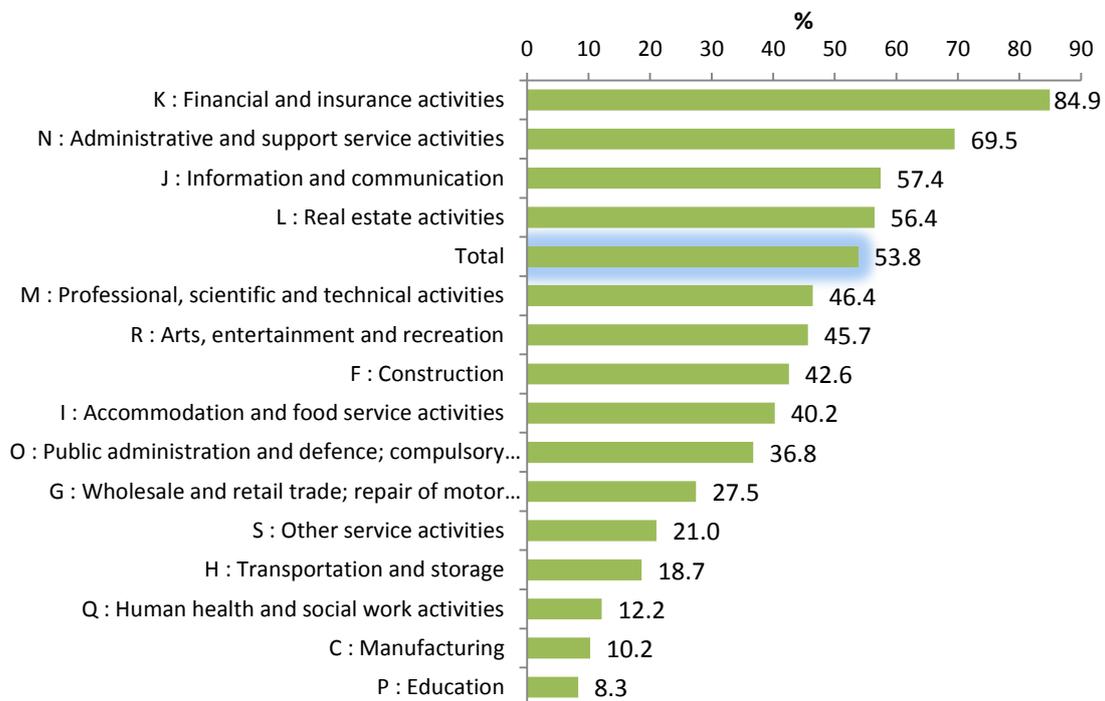
The rise of the Canary Wharf business district is not only driven by its employment and business growth, but also in recent years by new housing developments emerging close to the core business district. In the long term, mainly driven by major developments proposed around Wood Wharf and Marsh Wall, employment and housing is predicted to grow further.

The latest BRES data shows the dominant position of Canary Wharf in the borough. The position is remarkable; 54 per cent of all employment in the Borough is located in Canary Wharf (based on Millwall and Blackwall & Cubitt Town data) accounting for 129,300 jobs.

Figure 10 shows that 85 per cent of the financial & insurance services employment in the borough is based in the area. However, a vast majority of admin and support services employment (69.5 per cent) is based here too.

A large share of real estate (56 per cent), information & communication (57 per cent), arts & entertainment and recreation (46 per cent), professional, scientific & technical (46 per cent) and construction (43 per cent) employment is also located in this part of the borough.

Fig. 10: Canary Wharf employment as a % of all Tower Hamlets employment in 2012 (%)



(Source: BRES 2012; Sectors A, B, T, U excluded for confidentiality reasons)

Unsurprisingly, the health (12 per cent), education (8 per cent), manufacturing (10 per cent) sectors are very much under-represented in the Canary Wharf area.

## Local employment by industries

Overall employment in Canary Wharf is dominated by the finance & insurance sector with 61,700 jobs. Admin & support services and information & communication account for an employment figure of 18,700 and 12,500 respectively. See Table 7 for a full breakdown.

Table 7: Total employment in Canary Wharf area total (rounded) and % in 2012

Industries	Total employment	%
K : Financial and insurance activities	61,700	47.7
N : Administrative and support service activities	18,700	14.4
J : Information and communication	12,500	9.6
M : Professional, scientific and technical activities	12,000	9.3
I : Accommodation and food service activities	5,200	4.0
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	3,900	3.0
L : Real estate activities	3,200	2.5
O : Public administration and defence; compulsory social security	2,700	2.1
F : Construction	2,500	1.9
Q : Human health and social work activities	2,100	1.7
R : Arts, entertainment and recreation	1,900	1.4
P : Education	1,300	1.0
H : Transportation and storage	900	0.7
S : Other service activities	500	0.4
C : Manufacturing	300	0.2
<b>Total</b>	<b>129,300</b>	

(Source: BRES 2012; data rounded, Agriculture & Fishing, Mining and Motor trades excluded for confidentiality reasons)

### *Identifying specialisation in Canary Wharf - Location quotient (LQ)*

We apply BRES data<sup>12</sup> to calculate the Location Quotient (LQ)<sup>13</sup> to identify the specialisation and strengths of a local economy.<sup>14</sup> The basic assumption of the LQ is that any  $LQ > 1$  means that local employment is greater than expected and that the local economy must export their goods and services to non-local areas.

Clearly, the location quotients for the Canary Wharf area industries will relate to its function as one of the world finance centres including close links between business needs and supply chains in the area.

This is demonstrated by large employment / above 1 location quotients for the event catering, management of real estate, the cleaning of buildings and legal activities sectors. The inclusion of other sport activities sector can be explained with the location of the Olympic Delivery Body HQ in the area. See Table 8.

<sup>12</sup> Using SIC code 4 digits for calculation the LQ

<sup>13</sup> See more information in Appendix 4. The location quotient expresses the relationship between an area's share of a particular industry and different regional share. Thus, the locational coefficient for a given region equals: % employed in a field in a given region % employed nationally or regionally in that field. A location coefficient of 2.0, for example, indicates that twice the percentage of workers is employed in a specific industry than the percentage employed regionally for that industry. It should be noted that a high location quotient for an industry in a region does not necessarily indicate high employment levels.

<sup>14</sup> This Location Quotient technique is often applied to compare regional economies with the national average. In this paper the method is used to understand local differences in Tower Hamlets

## Local employment by industries

Table 8: Employment in Canary Wharf & location quotient (rounded) 2012. (Table only includes sectors with employment above 1,000. The table is sorted by the location quotient. )

Standard industrial classification (4 digit)	Location Quotient	Employment in Canary Wharf	Total employment in TH
9319 : Other sports activities	1.8	1,200	1,200
8291 : Activities of collection agencies and credit bureaus	1.8	1,300	1,400
6499 : Other financial service activities, except insurance and pension funding, n.e.c.	1.8	4,800	5,100
6612 : Security and commodity contracts brokerage	1.8	15,600	16,300
8121 : General cleaning of buildings	1.7	11,100	11,800
6619 : Other activities auxiliary to financial services, except insurance and pension funding	1.7	10,900	11,700
7010 : Activities of head offices	1.6	2,400	2,700
6391 : News agency activities	1.6	2,500	2,900
6209 : Other information technology and computer service activities	1.5	4,000	4,900
6419 : Other monetary intermediation	1.5	28,400	34,600
6832 : Management of real estate on a fee or contract basis	1.4	2,100	2,800
8411 : General public administration activities	1.4	2,400	3,200
8010 : Private security activities	1.3	2,200	3,300
6512 : Non-life insurance	1.2	900	1,400
6831 : Real estate agencies	1.1	900	1,400
5621 : Event catering activities	1.1	1,800	3,000
8110 : Combined facilities support activities	1.1	900	1,500
4120 : Construction of residential and non-residential buildings	1.1	900	1,600
6910 : Legal activities	1.1	4,800	8,300

(Source: BRES 2012, please note for calculation of LQ unrounded data was applied, Employment above 1,000 jobs included only)

### 1.4.2 City Fringe

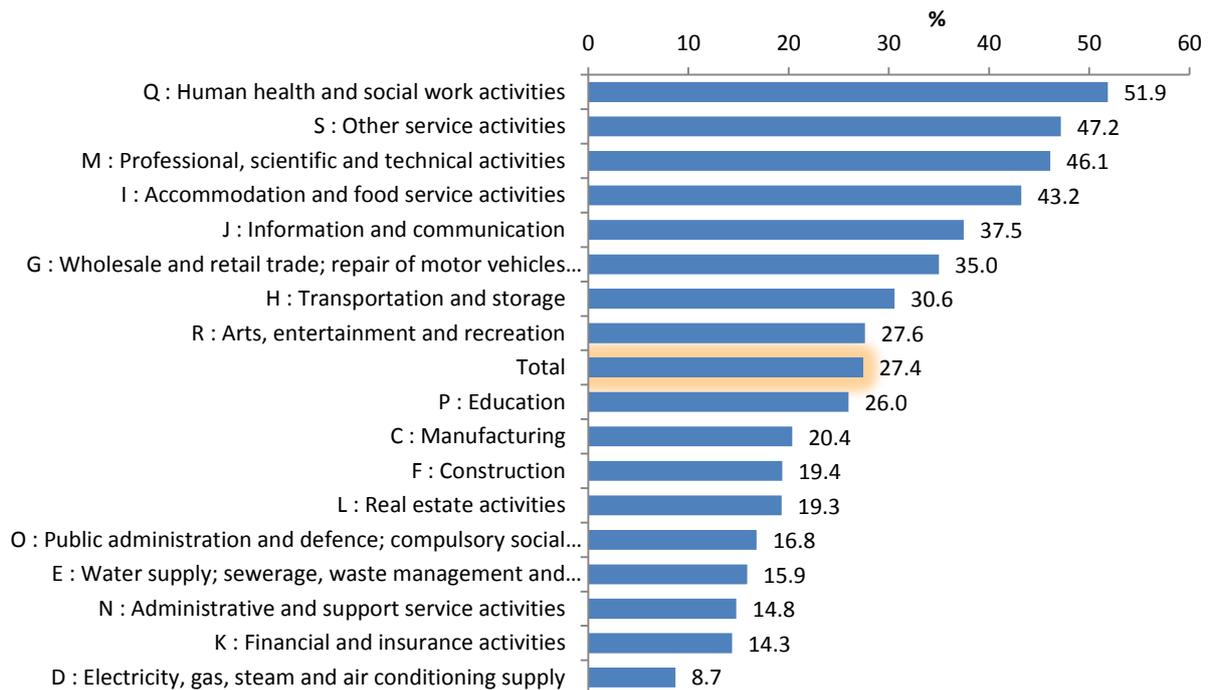
The City Fringe traditionally stretches over the boroughs of Camden, Islington, Hackney and Tower Hamlets. This analysis focuses on the Tower Hamlets city fringe based on the wards Spitalfields & Banglatown, St. Katherine's & Wapping, Weavers and Whitechapel.

The City Fringe in the western part of Tower Hamlets has seen remarkable change over the last 20 years and is now a very desirable place to live and work. As the transformation of the area, from manufacturing and warehousing, to the corporate environment of the expanding City of London and its financial and business centre continues, the City fringe remains a very diverse business environment with links to the city and the communities living in the city fringe.

#### *Employment in the City Fringe*

The City Fringe area is important to employment providing around 65,900 jobs or 27 per cent of all employment in the Tower Hamlets. Figure 11 shows that nearly 52 per cent of the health employment in the borough is based in the area and almost half of all employment in professional, scientific and technical services (46 per cent).

Fig. 11: City Fringe employment as a % of all Tower Hamlets employment in 2012 (%)



(Source: BRES 2012, figures rounded; Agriculture & Fishing, Electricity, Water supply, Motor sales excluded for confidentiality reasons)

The biggest sectors in the City Fringe are the professional services (11,900) and the financial & insurance industries (10,400) followed by human health (9,100)<sup>15</sup> and information & communication (8,100). Significant employment can also be found in admin sector (4,000); accommodation & food services (5,800), education (4,000) and wholesale & retail (4,900). See Table 9.

Table 9: Total employment in City Fringe area total (rounded) and % in 2012

Industries	Total employment	%
M : Professional, scientific and technical activities	11,900	18.1
K : Financial and insurance activities	10,400	15.8
Q : Human health and social work activities	9,100	13.8
J : Information and communication	8,100	12.3
I : Accommodation and food service activities	5,600	8.5
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	4,900	7.5
P : Education	4,000	6.1
N : Administrative and support service activities	4,000	6.0
H : Transportation and storage	1,400	2.2
O : Public administration and defence; compulsory social security	1,200	1.8
S : Other service activities	1,200	1.8
R : Arts, entertainment and recreation	1,100	1.7
F : Construction	1,100	1.7
L : Real estate activities	1,100	1.7
C : Manufacturing	600	0.9
E : Water supply; sewerage, waste management & remediation activities	100	0.1
<b>Total</b>	<b>65,900</b>	

(Source: BRES 2012, figures rounded; Agriculture & Fishing, Electricity, Water supply, Motor sales excluded for confidentiality reasons)

<sup>15</sup> Because of Royal London Hospital, Bart's & London School of Medicine and associated health organisations in the Whitechapel ward.

### *Identifying specialisation in the City fringe - location quotient*

The City Fringe economic structure with its specialism and strengths can be described with the location quotient using SIC Code 4 digit data.<sup>16</sup>

The table below shows, a clear specialisation of many sectors serving economies and markets outside the local area. Some activities like insurance activities, business management and accounting show a direct link to the City of London and Canary Wharf. Other sectors in the City Fringe are also part of those wider supply chains and interrelationships including publishing, advertising or temporary employment agencies.

Other specialisations in the City Fringe are hotels, beverage & restaurants including a strong presence of hospital activities, tertiary education and social work. See Table 10 below.

Table 10: Employment in City Fringe (rounded) & location quotient in 2012.

(Please note that the table only includes sectors with employment above 1,000. The table is sorted by the location quotient in the left column.)

Standard industrial classification (4 digit)	Location Quotient	City Fringe Employment total	Tower Hamlets Employment total
6622 : Activities of insurance agents and brokers	3.3	1,400	1,600
4642 : Wholesale of clothing and footwear	3.2	800	1,000
8610 : Hospital activities	2.9	5,900	7,400
6920 : Accounting, bookkeeping and auditing activities; tax consultancy	2.4	1,500	2,300
7311 : Advertising agencies	2.3	900	1,400
6190 : Other telecommunications activities	2.2	1,300	2,100
5813 : Publishing of newspapers	2.2	1,900	3,100
6201 : Computer programming activities	2.1	1,400	2,300
7022 : Business and other management consultancy activities	2.0	3,600	6,600
5510 : Hotels and similar accommodation	1.9	1,100	2,100
5630 : Beverage serving activities	1.8	700	1,300
5610 : Restaurants and mobile food service activities	1.7	3,000	6,300
7112 : Engineering activities and related technical consultancy	1.7	700	1,600
4771 : Retail sale of clothing in specialised stores	1.7	500	1,100
8810 : Social work activities without accommodation for the elderly & disabled	1.6	500	1,000
6910 : Legal activities	1.5	3,300	8,300
8899 : Other social work activities without accommodation	1.3	1,400	3,800
6202 : Computer consultancy activities	1.3	1,300	3,600
8542 : Tertiary education	1.3	1,500	4,300
8559 : Other education	1.3	500	1,300
8299 : Other business support service activities	1.2	500	1,600
8790 : Other residential care activities	1.1	300	1,100
7820 : Temporary employment agency activities	1.1	600	2,000

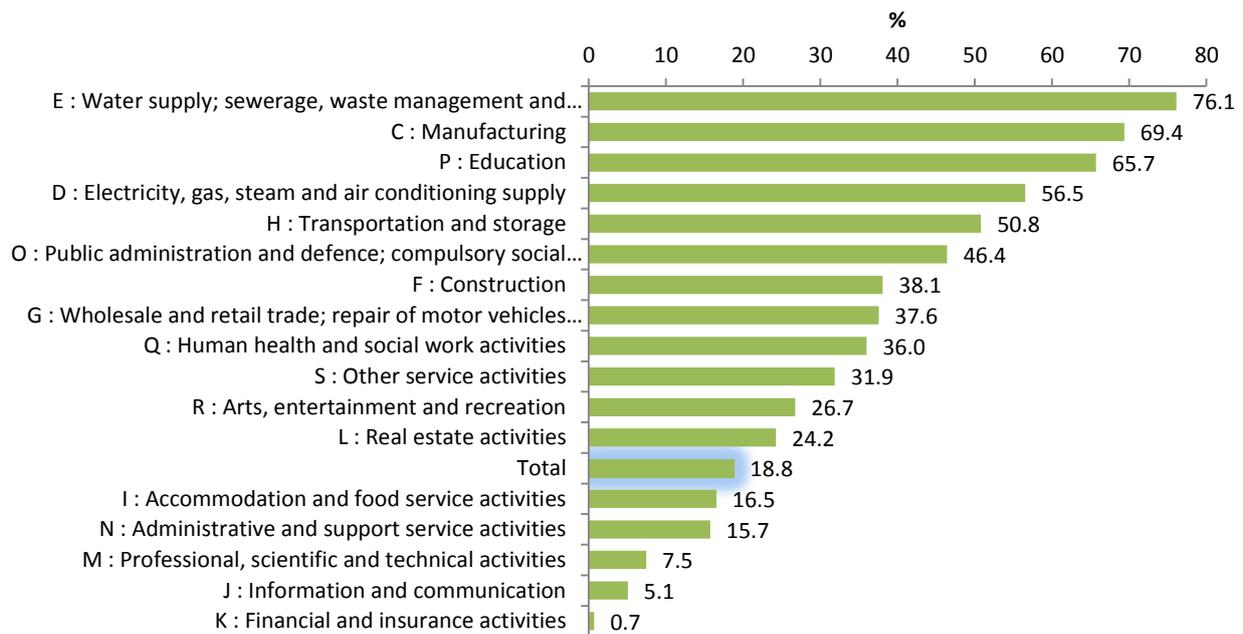
(Source: BRES 2012, please note for calculation of LQ unrounded data was applied, Tower Hamlets employment above 1,000 jobs included only)

<sup>16</sup> The location quotient expresses the relationship between an area's share of a particular industry and different regional share. Thus, the locational coefficient for a given region equals: % employed in a field in a given region % employed nationally or regionally in that field. A location coefficient of 2.0, for example, indicates that twice the percentages of workers are employed in a specific industry than the percentage employed regionally for that industry. It should be noted that a high location quotient for an industry in a region does not necessarily indicate high employment levels.

1.4.3 Rest of the Borough<sup>17</sup>

Town centres, business parks and education & health facilities provide important local employment in the borough. When compared to Canary Wharf and City Fringe, the 45,200 jobs representing around 19 per cent of employment in the borough appear to be small, but accessible local employment opportunities are extremely valuable assets for the community and its importance should not be underestimated.

Fig. 12: Rest of the Borough employment as of % of all Tower Hamlets employment by industry (%)



(Source: BRES 2012, figures rounded; Agriculture & Fishing, Electricity, Water supply, Motor sales excluded for confidentiality reasons)

The majority of employment in the Rest of the Borough is provided by the following sectors: education (10,100), health (6,300), wholesale & retail (5,300), admin & support (4,200), public Admin (3,300), transportation & storage (2,400) and accommodation & food (2,000). For full total numbers see Table 11.

<sup>17</sup> The rest of the borough area excluding Canary Wharf and the City Fringe consists of the following 11 wards: Bethnal Green North, Bethnal Green South, Bow East, Bow West, Bromley by Bow, East India & Lansbury, Limehouse, Mile End East, Mile End and Globe Town, Shadwell and St Dunstan's & Stepney Green.

Table 11: Employment in Rest of the Borough Total (rounded) and % in 2012

Industries	Total employment	%
P : Education	10,100	22.3
Q : Human health and social work activities	6,300	14.0
G : Wholesale and retail trade; repair of motor vehicles & motorcycles	5,300	11.7
N : Administrative and support service activities	4,200	9.3
O : Public administration & defence; compulsory social security	3,300	7.4
H : Transportation and storage	2,400	5.2
F : Construction	2,200	4.9
I : Accommodation and food service activities	2,100	4.7
C : Manufacturing	2,000	4.5
M : Professional, scientific and technical activities	2,000	4.3
L : Real estate activities	1,400	3.1
J : Information and communication	1,100	2.4
R : Arts, entertainment and recreation	1,100	2.4
S : Other service activities	800	1.7
K : Financial and insurance activities	500	1.1
E : Water supply; sewerage, waste management and remediation activities	400	0.9
<b>Total</b>	<b>45,200</b>	

(Source: BRES 2012, figures rounded; Agriculture & Fishing, Electricity, Water supply, Motor sales excluded for confidentiality reasons)

### 1.5 Key sector analysis

This chapter focuses on the main key and growth sectors in the borough. The analysis covers the financial services industries; creative industries; hospitality, leisure, travel & transport and information and communication technologies (ICT) but also looks at the state of manufacturing in Tower Hamlets.

The sectors discussed in section 1.5 are the most relevant to understand job creation in the borough. BRES data for each sector had to be manipulated and proportional calculations were applied to develop employment estimates. For further information about SIC codes and the methodology applied, see Appendix 3.

#### 1.5.1 Financial Services

The financial services in Canary Wharf have been shaping the Borough's employment and business structure over the last 25 years. In 2012, there were 77,900 financial service jobs in the borough including employment in banks and other sub sectors.

This section focuses on the subsectors within the financial services to understand its diversity. It compares Canary Wharf with the structure of the City of London, showing some significant differences within the financial service industries in both areas.<sup>18</sup>

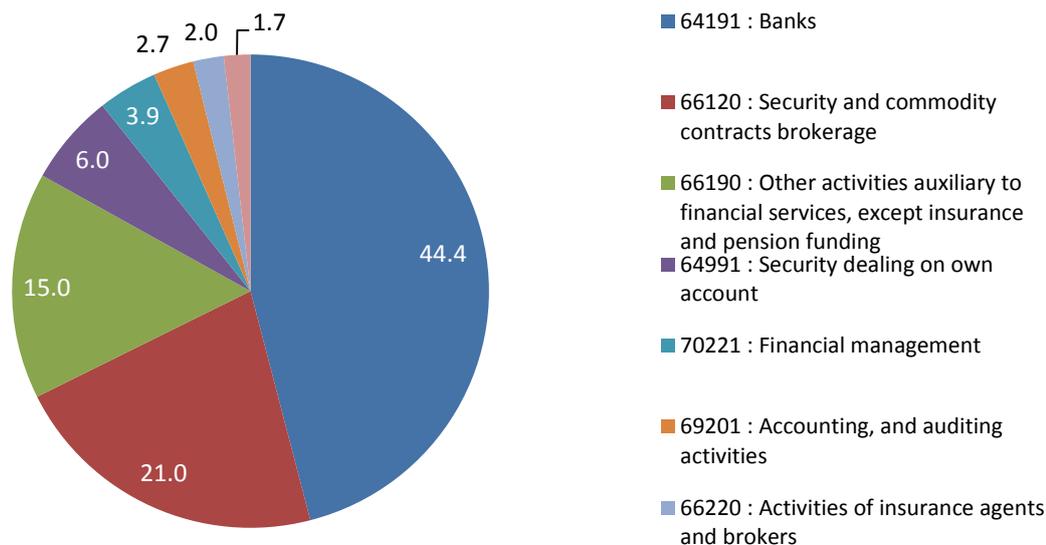
The largest proportion of financial services employment in London were in the City of London (40 per cent) followed by Tower Hamlets (17 per cent). Westminster, Islington and Southwark had also considerable numbers / shares of financial service employment in the Capital.

<sup>18</sup> Applying Standard Industrial classification codes 4 & 5 digits. The definition of financial services can be found in the appendix.

*Employment in the financial services in Tower Hamlets*

More than 44 per cent (total of 34,600) of jobs in the financial services are in banks representing large headquarters and large floor plate offices of HSBC, Barclays, Bank of America and others. Second largest employment group was “Security and commodity contracts brokerage” (21 per cent or 16,300 jobs) followed by “Other activities auxiliary to financial services, except insurance and pension funding” with 15 per cent representing 11,700 jobs. See Figure 13.

Fig. 13: Financial service industries main sub sectors in Tower Hamlets 2012 (%)



Base: 77,900 financial service jobs

(Source: BRES 2012, 5 digits sic code)

*City of London and Canary Wharf*

The BRES data allows for a general comparison of the financial services in the City of London and Canary Wharf. While the City of London and Canary Wharf are in a symbiotic, but competitive relationship, which has developed over the last 25 years, the areas are different.

The first difference is the scale; the City of London had around 187,000 financial service jobs compared to 63,000 in Canary Wharf.<sup>19</sup> The second difference is the type of specialisation within the financial services. It is clear, that the HQs of major banks dominate employment in Canary Wharf while the position in the City of London is far more diverse. Employment in the sector in the City is stretching over many activities compared to a few in Canary Wharf.

This reflects the fact, that the City of London has been historically the UK financial centre which has grown organically over the centuries, fully developing a profound network of services, sub sectors and supply chains. Canary Wharf is a relative new centre, competing with cheaper office space attracting large headquarters of major companies in the sector.

The four biggest financial sub sectors in Canary Wharf are banks (45 per cent), security and commodity contracts brokerage (25 per cent), other activities auxiliary to financial services (17 per cent) and security dealing on own account (7 per cent).

<sup>19</sup> Data based on data for Millwall and Blackwall & Cubitt Town ward.

## Local employment by industries

City of London employment is still dominated by Banks (32 per cent), but to a smaller extent when compared to Canary Wharf. City of London also shows strong employment figures in accounting & auditing activities

(11 per cent), activities of insurance agents & brokers (12 per cent) and security & commodity contracts brokerage (7 per cent). Fund management activities (6 per cent) and other activities auxiliary to insurance and pension funding (6 per cent) also provide large numbers of employment in the City. These are all sectors where Canary Wharf employment is currently low or non-existent. See Table 12.

Table 12: Employment in Financial Service Industries in City of London & Canary Wharf in 2012 (Total/%)

Financial Services (SIC codes 5 digits)	Canary Wharf	Canary Wharf (%)	City of London	City of London (%)
64191 : Banks	28,400	45.3	59,600	31.9
66120 : Security and commodity contracts brokerage	15,600	24.8	12,200	6.5
66190 : Other activities auxiliary to financial services, except insurance & pension	10,900	17.3	17,900	9.6
64991 : Security dealing on own account	4,700	7.4	2,400	1.3
65120 : Non-life insurance	900	1.4	7,700	4.1
70221 : Financial management	600	0.9	3,600	1.9
69201 : Accounting, and auditing activities	600	0.9	20,000	10.7
66300 : Fund management activities	500	0.8	10,400	5.5
65202 : Non-life reinsurance	200	0.3	100	0.1
66220 : Activities of insurance agents and brokers	200	0.2	21,900	11.7
64999 : Other financial service activities, except insurance and pension funding	100	0.2	2,200	1.2
66110 : Administration of financial markets	100	0.1	2,500	1.3
66290 : Other activities auxiliary to insurance and pension funding	100	0.1	10,200	5.5
64301 : Activities of investment trusts	0	0	1,100	0.6
69202 : Bookkeeping activities	0	0	3,600	1.9
69203 : Tax consultancy	0	0	200	0.1
66210 : Risk and damage evaluation	0	0	1,400	0.8
64921 : Credit granting by non-deposit taking finance houses and other	0	0	500	0.3
64110 : Central banking	0	0	2,000	1.0
64304 : Activities of open-ended investment companies	0	0	3,700	2.0
65110 : Life insurance	0	0	2,800	1.5
<b>Total Financial service employment (rounded)</b>	<b>63,000</b>		<b>187,000</b>	

(Source: ONS BRES 2012, data rounded and only largest sub sectors included, Totals not adding up for that reason)

### 1.5.2 Creative Industries

The creative industries (CI) have been attributed to be a major contributor and key growth sector in the UK economy. The most recent research from Department for Media, Communication & Sport (DCMS) estimates that GVA<sup>20</sup> of the creative industries was £71.4 billion in 2012 and accounted for 5.2 per cent of the UK Economy. DCMS found that the GVA of the creative industries has increased by 15.6 per cent since 2008, compared with an increase of 5.4 per cent for the UK Economy as a whole.

Over the last decade, various classification of SIC codes have been applied to measure employment in the creative industries. While it has proved difficult at times, a new DCMS definition

<sup>20</sup> Gross Value Added (GVA) is measured in current prices (i.e. they do not account for inflation).

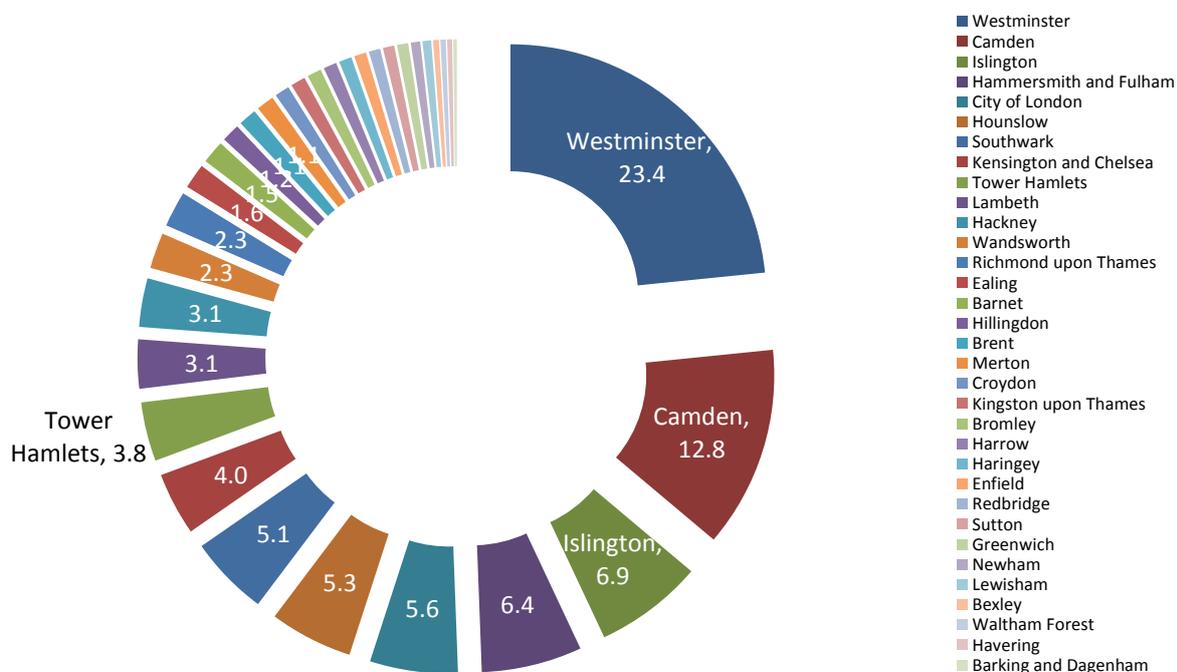
has been developed. This new classification has been applied for the analysis of the BRES employment data in this paper replacing analysis in older briefings.<sup>21 22</sup>

It is important to note, that the creative industries are a subset of the creative economy<sup>23</sup> which includes only those working in the creative industries themselves and not those who hold creative occupations within non creative industries.

*London based Creative industries employment*

According to the data, around 397,000 creative industries jobs were based in the Capital. Westminster has the biggest share of the London creative industries jobs with 23.4 per cent (total of 92,800), followed by Camden (12.8 per cent / 50,800) and Islington (6.9 per cent / 27,300). Tower Hamlets has a relatively modest share of 3.8 per cent of all creative industries employment in London.

Fig.14: Employment in the creative industries across London 2012 (%)



(Source: ONS BRES 2012, data rounded and only largest sub sectors included, Total not adding up for that reason)

The creative industries sectors in Tower Hamlets employed around 14,900 people in 2012. Employment has increased by 18 per cent from 2009 when the figure stood at 12,600. The growth in the borough was slightly above the London average of 16 per cent.

The largest sub sectors within the creative industries in the borough are:

- Computer consultancy services (24 per cent / 3,600),
- Publishing of newspaper (20.7 per cent / 3,100),

<sup>21</sup> Source: DCMS 2014, Creative Industries Economic Estimates January 2014 Statistical Release. For more information see Appendix 3

<sup>22</sup> There is a strong argument that the SIC codes 2007 is not covering all of the Creative Industries employment undercounting the Design sector and many freelancer.

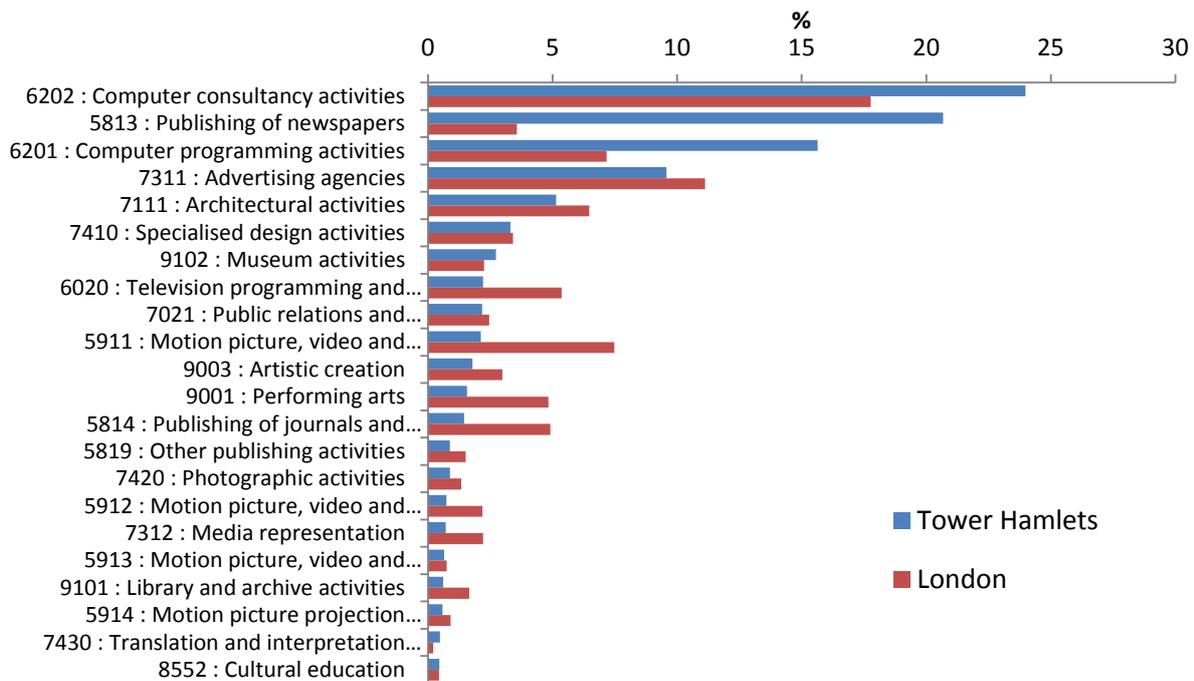
<sup>23</sup> The Creative Economy includes the contribution of all those employed in the Creative Industries as well as the contribution of those who are in creative occupations outside the Creative Industries. (DCMS, 2014)

## Local employment by industries

- Computer programming activities (15.6 per cent / 2,300),
- Advertising agencies (9.6 per cent / 1,400), and
- Architectural activities (5.1 per cent / 800).

Compared to London, the major strength of the creative sector in the borough is in ICT related disciplines and publishing of newspapers. See Figure 15.

Fig. 15: Employment in creative industries in Tower Hamlets and London 2012 (%)



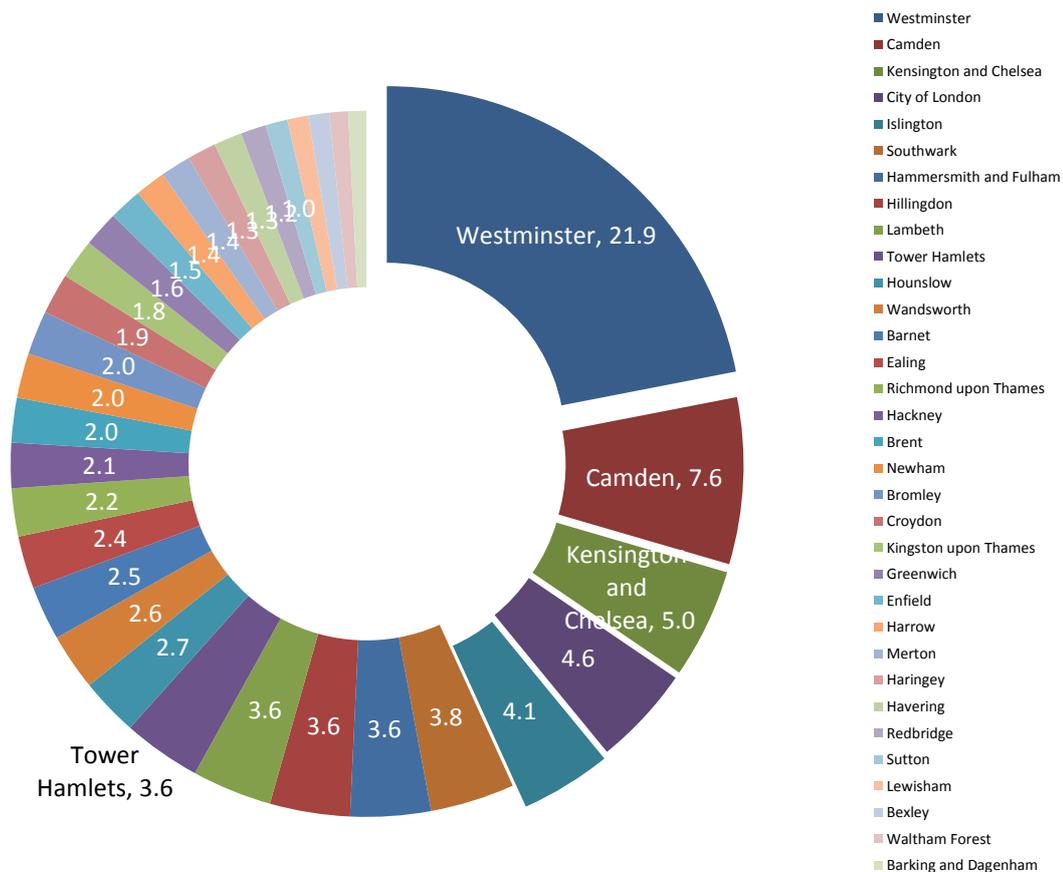
(Source: ONS BRES 2012, only sectors with a proportion of more than 0.5 per cent in Tower Hamlets are included in the chart above.)

### 1.5.3 Hospitality, leisure, travel and transport sector (HLTT)

The sector is one of the biggest in the UK and many job entry positions are available creating local demand and employment opportunities. In 2012, around 20,100 people found employment in the sector representing around 8.3 per cent of total employment in the borough. While this is below the London average of 12.3 per cent, the sector is still a significant employer.

Traditionally, employment in the HLTT sector is concentrated in a few Central London boroughs, usually home to the major tourist attractions. Westminster has the biggest share of the London HLTT jobs with 21.9 per cent, followed by Camden (7.6 per cent), Kensington & Chelsea (5 per cent), City of London (4.6 per cent) and Islington (4.1 per cent). Tower Hamlets has a relatively modest share of 3.6 per cent of all HLTT employment in London. See Figure 16.

Fig. 16: Employment in the HLTT sector across London 2012 (%)



(Source: BRES, 2012)

The HLTT sector in the Tower Hamlets is particularly specialised in 5 sub sectors:

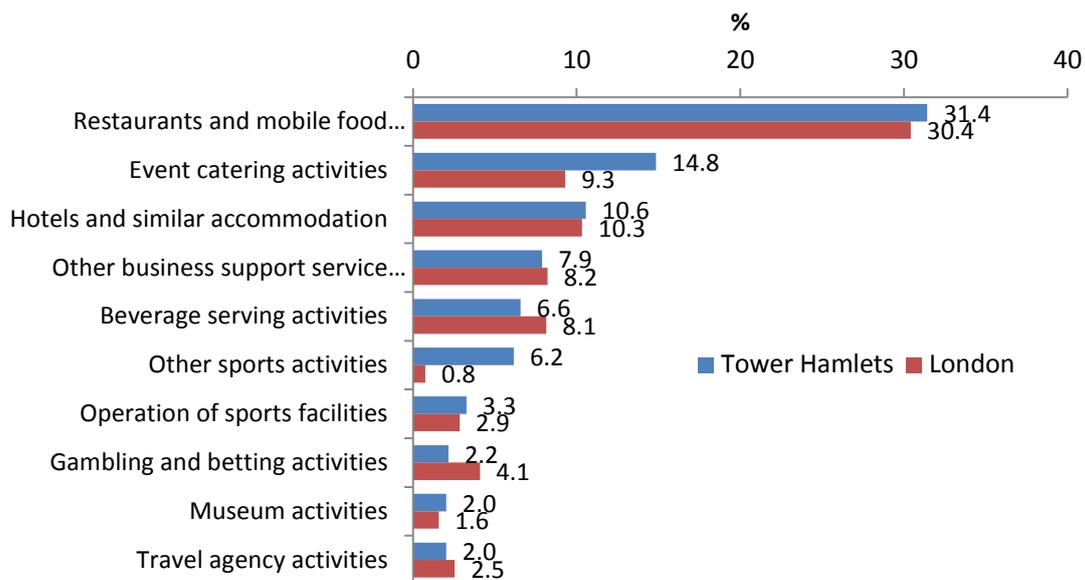
- Restaurants and mobile food activities (6,300 jobs / 31.4 per cent),
- Event catering (3,000 jobs / 14.8 per cent),
- Hotels & similar accommodation (2,100 jobs / 10.6 per cent),
- Other business support (1,600 jobs / 7.9 per cent), and
- Beverage serving activities (1,300 jobs / 6.6 per cent)

See Figure 17 for a comparison of the top ten sub sector in London and Tower Hamlets. The importance of the Restaurant and mobile food sub sector is the same in London (the largest sub sector sector) and Tower Hamlets.

Interesting differences are the higher amount of event catering employment in Tower Hamlets, which can be explained with needs of businesses in Canary Wharf, City Fringe and the City. Again, this is evidence for existing supply chains and synergies in the local economy.

The large amount of other sport activities employment in Tower Hamlets can be explained with the Olympic Delivery Authority offices in Canary Wharf at the time the BRES data was collected.

Fig. 17: Employment in the HLTT sector (largest 10 sub sectors) in Tower Hamlets & London 2012 (%)



(Source: BRES 2012, only the top 10 sub-groups of the sector included in chart above)

#### 1.5.4 Information and communication technologies (ICT)

The ICT sector is one of the key sectors in the UK offering high value employment in a competitive global industry. While the government shows on-going support for the sector, for example as part of the Tech City programme in East London, the data shows that considerable numbers of ICT sector jobs are based in London and Tower Hamlets, the third largest amount in London. The definition of the ICT sector is taken from the Innovate UK ICT sector definition.<sup>24</sup>

The largest amount of London ICT jobs were in Westminster (15.9 per cent), City of London (11.6 per cent), Islington (9.9 per cent), Tower Hamlets (7.9 per cent) and Camden (6.8 per cent). Tower Hamlets ICT employment has increased from around 9,300 in 2009 to 14,000 in 2012.

Table 13: Employment in ICT sector in London and Top 10 Boroughs in 2012 (Total & %)

London Borough	Total ICT employment	Proportion of London ICT employment (%)
Westminster	28,300	15.9
City of London	20,800	11.6
Islington	17,600	9.9
Tower Hamlets	14,100	7.9
Camden	10,800	6.0
Southwark	8,400	4.7
Hounslow	7,700	4.3
Lambeth	7,300	4.1
Hammersmith and Fulham	5,000	2.8
Hackney	4,600	2.6
<b>London</b>	<b>179,000</b>	

(Source: BRES 2012, numbers rounded)

<sup>24</sup> Innovate UK <https://www.innovateuk.org/information-communication-technology>

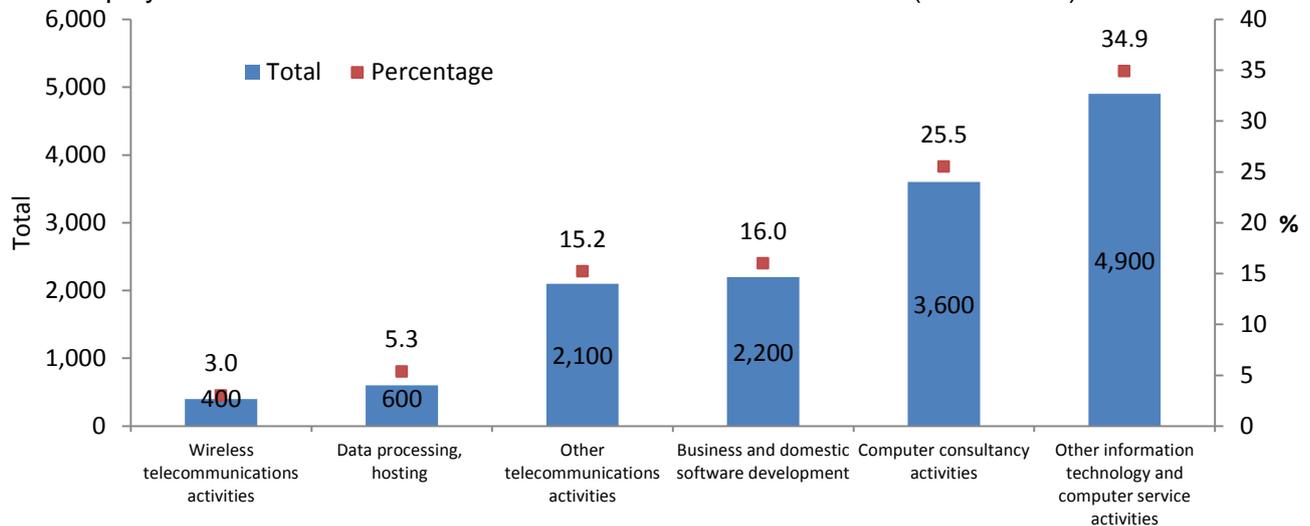
The Boroughs with the lowest levels of ICT employment can be found in Barking & Dagenham and Waltham Forest with less than 1,000 jobs in each borough.

In 2012, around 14,000 people were employed in the sector representing around 5.8 per cent of all employment in Tower Hamlets. This was substantially above the London 3.9 per cent average accounting for 179,000 people employed in the ICT sector.<sup>25</sup>

Employment in ICT in Tower Hamlets is concentrated in the sub sectors:

- Other information technology and computer service activities (SIC 62090) providing 4,900 jobs;
- Computer consultancy activities (SIC 62020) with 3,600 jobs,
- Business & domestic software development (SIC 62012) with around 2,200 jobs, and
- Other telecommunication activities (SIC 619000) with 2,100 jobs.

Fig. 18: Employment in sub sectors of ICT sector in Tower Hamlets 2012 (total and %)



(Source: BRES 2012, numbers rounded)

### 1.5.6 Manufacturing

The decline of manufacturing is a development which is not new to the Capital. Currently, the sector provides only 2.6 per cent or 113,000 jobs in London. However, larger pockets of manufacturing still exist in some Outer London boroughs including Ealing (9.7 per cent), and Brent (7.4 per cent), Hillingdon (6.3 per cent) and Barking and Dagenham (5.7 per cent).

The 2,900 manufacturing jobs in Tower Hamlets represent 2.6 per cent of all London manufacturing jobs. See Table 14 for borough data below.

<sup>25</sup> ICT definition taken from Source: BIS / Technologies Strategies Board Nov 2012. Please note the new SIC code based classification of the ICT sector.  
<https://www.innovateuk.org/documents/1524978/2139688/Enabling+technologies+-+Strategy+2012-2015/c11ba6fd-435c-4230-a3ed-4b6c29f2582>

Table 14: Employment in Manufacturing by London Borough 2012 (rounded)

Area	Total Employment	Proportion of manufacturing in London (%)
Ealing	11,000	9.7
Brent	8,400	7.4
Hillingdon	7,100	6.3
Barking and Dagenham	6,400	5.7
Enfield	5,200	4.6
Bexley	4,800	4.3
Westminster	4,600	4.1
Hounslow	4,300	3.8
Camden	3,900	3.4
Haringey	3,800	3.4
Havering	3,700	3.3
Waltham Forest	3,300	2.9
Croydon	3,300	2.9
Merton	3,200	2.8
Islington	3,100	2.8
Newham	3,100	2.7
<i>Tower Hamlets</i>	<i>2,900</i>	<i>2.6</i>
Barnet	2,800	2.4
Bromley	2,700	2.4
Greenwich	2,600	2.3
Harrow	2,500	2.2
Hackney	2,400	2.2
Southwark	2,100	1.8
Wandsworth	1,900	1.7
Richmond upon Thames	1,800	1.6
Sutton	1,800	1.6
Hammersmith and Fulham	1,700	1.5
Kingston upon Thames	1,700	1.5
Redbridge	1,600	1.4
Lewisham	1,500	1.4
City of London	1,300	1.2
Lambeth	1,300	1.1
Kensington and Chelsea	1,100	0.9
<b>London</b>	<b>113,000</b>	<b>100.0</b>

(Source: BRES 2012, rounded)

The majority of employment in manufacturing in London is concentrated in the sub sectors:

- manufacturing of food products (27,200),
- printing and reproduction of recorded media (15,900),
- other manufacturing (9,300),
- manufacturing of fabricated metal products (7,100) and
- manufacturing of machinery and equipment n.e.c. (6,900).

Around 6,300 of the manufacturing jobs in London are based in *High Tech Manufacturing* which includes basic pharmaceutical products & pharmaceutical preparations; computer, electronic & optical products and manufacture of other transport equipment.

In Tower Hamlets only 1.2 per cent of all employment (2,900 jobs) were in the manufacturing sector. Larger numbers of employment are in the sub sectors printing & reproduction of recorded media (900), manufacture of wearing apparel (500), and manufacture of food products (400). Those sub sectors, are an indication, that some specialised manufacturing remains in the borough.

### 1.6 Employment in 'Low pay' sectors

This section focuses on the scale of the 'low pay' sectors in London and Tower Hamlets. Low pay sectors are industries where the likelihood of payment of minimum wage and below the minimum wage payment occurs, according to the Low Pay Commission. Minimum wage jobs are more prevalent in the private sector, in small and medium-sized firms, and in often low-wage industries like retail trade, residential care activities, food & beverage service activities, cleaning or private security.

Ideally occupations are used to define low-paid groups of workers and those most affected by the minimum wage. But data is not always available on this basis and stakeholder groups tend to be industry-based. The Low Pay Commission therefore applies, industries and occupations, which are as closely aligned as possible.<sup>26</sup>

It is important to note that low-paid workers are found across a broad range of industries and occupations and the sectors discussed here do not capture them all.

However, the BRES data helps to understand the size and structure of the low pay sector in the borough. It is widely agreed, that being a low – wage worker and a member of the working poor are closely related, and that reducing the incidence of low pay would lead to less poverty.<sup>27</sup>

The BRES employment data shows that in Tower Hamlets around 20 per cent of all jobs (a total of 48,000) are in 'low pay' sectors. The rate is below the London average of 26.6 per cent. This can be explained with the comparable high proportion of jobs in key economic growth, higher pay sectors. However, the total number of jobs in 'low pay' sectors is still considerable at around 48,000.

The largest sub sectors of the 'low pay' industries in Tower Hamlets are cleaning (14,400), food & beverage service activities (10,800), retail trade (8,500), private security activities (3,300) and sports activities, amusement & recreation activities (2,500).

The proportion of 'low pay' industry employment is overall lower in inner London including the City of London, Islington, Camden and Tower Hamlets. Higher proportions of low pay industries are most common in outer London Boroughs like Bexley (37.3 per cent), Haringey (36.7 per cent) and Newham (37.7 per cent). Nevertheless, the sector has the highest proportion in Kensington & Chelsea (42 per cent). This can be explained with the high proportion of employment in retail, food & beverage, accommodation & hotel and cleaning industries in the borough. See Figure 19.

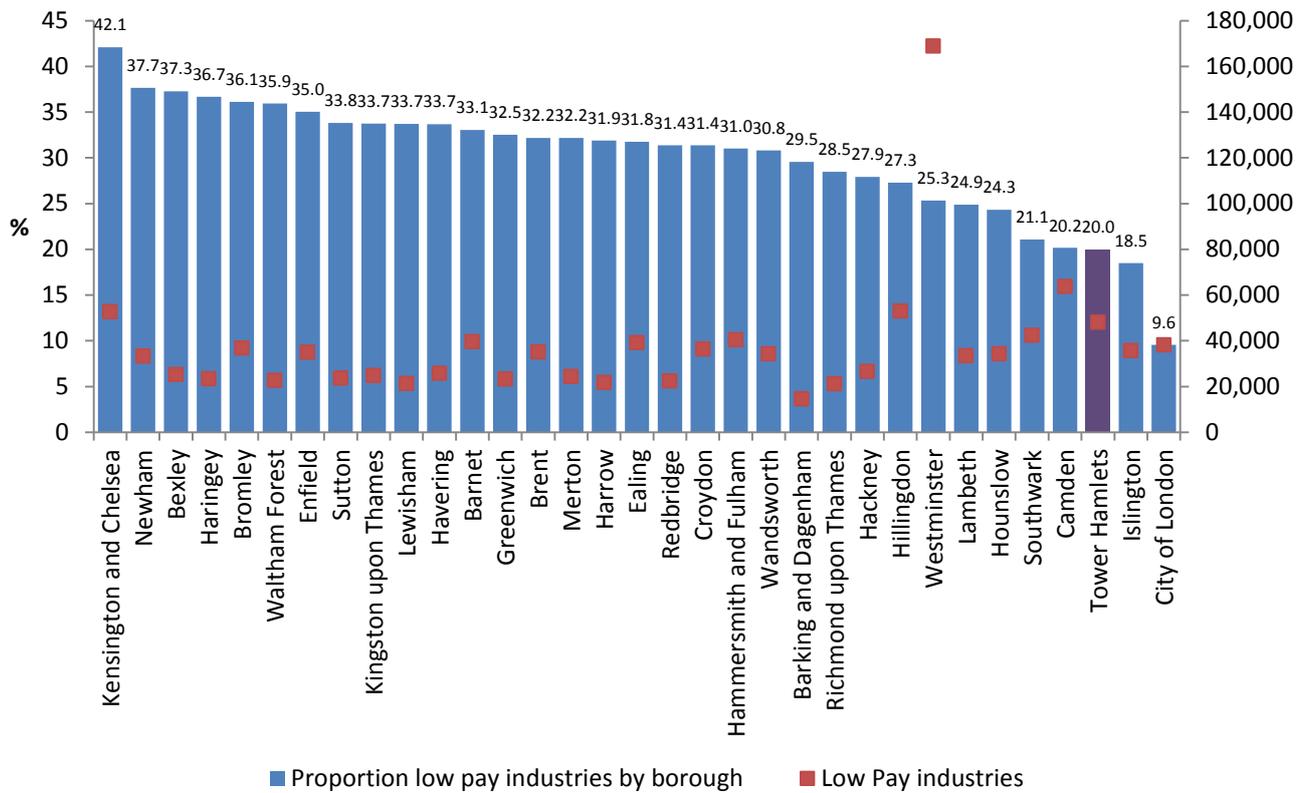
In general, the data helps us to understand that a close relationship between high and low value jobs exist in London and Tower Hamlets as low and high value employment is linked via supply chains, market demand and supply.

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<sup>26</sup> For national Low pay sector analysis see Low Pay Commission reports <https://www.gov.uk/government/organisations/low-pay-commission>

<sup>27</sup> As defined by the Low Pay Commission <http://www.lowpay.gov.uk> <https://www.gov.uk/government/organisations/low-pay-commission>

Fig. 19: Employment in 'low pay' sectors by London Boroughs (total / %) 2012



(Source: BRES 2012)

## Appendices

### **Appendix 1 – Data quality consideration Business Registration Employment Survey (BRES)**

BRES is a sample survey. Job numbers are estimated as at 14<sup>th</sup> September 2012. For the 2012 survey period, approximately 82,000 businesses were sampled for Great Britain. Further details of the sample design can be found in the BRES QMI. The response rate for the 2012 BRES survey was 89%.

*BRES Reference date:* The data has been collected based on a reference date in September. The data has not been seasonally adjusted to take account of this reference date.

*Confidentiality rules:* Figures flagged with an exclamation mark (!) in output tables are disclosive and should be removed before passing onto anyone not named on your notice.

*Publishing data:* Although figures are shown unrounded in NOMIS outputs, in publications all figures must be rounded to the nearest 100 (after the confidentiality rules described above have been applied). Therefore, figures of less than 50 should not appear.

*Data quality:* BRES is based on a sample survey so estimates are subject to sampling errors which need to be taken into account when interpreting the data. The lower the level of geography and industry the larger the coefficient of variation; also the modelling error, due the minimum domain methodology, increases but is difficult to measure.

(Source: NOMIS)

### **Appendix 2 - BRES definition of employees and employment**

*Employees:* An employee is anyone aged 16 years or over that an organisation directly pays from its payroll(s), in return for carrying out a full-time or part-time job or being on a training scheme. It excludes voluntary workers, self-employed, working owners who are not paid via PAYE.

*Full-time employees:* those working more than 30 hours per week.

*Part-time employees:* those working 30 hours or less per week.

*Employment:* Employment figures are slightly higher than Employees data only because the data set incorporates Employees + working proprietors. Working Proprietors are sole traders, sole proprietors, partners and directors. This does not apply to registered charities.

(Source: NOMIS)

**Appendix 3 - Standard Industrial classification 2007 (SIC) used in calculation of employment levels by industries**

**1 Financial Services Industries**

Financial Service Industries	SIC codes 5 digits applied
Central banking	64.110
Banks	64.191
Building societies	64.192
Activities of agricultural holding companies	64.201
Activities of production holding companies	64.202
Activities of construction holding companies	64.203
Activities of distribution holding companies	64.204
Activities of financial services holding companies	64.205
Activities of other holding companies (not including agricultural, production, construction, distribution and financial services holding companies) n.e.c	64.209
Activities of investment trusts	64.301
Activities of unit trusts	64.302
Activities of venture and development capital companies	64.303
Activities of open-ended investment companies	64.304
Activities of property unit trusts	64.305
Activities of real estate investment trusts	64.306
Financial leasing	64.910
Credit granting by non-deposit taking finance houses and other specialist consumer credit grantors	64.921
Activities of mortgage finance companies	64.922
Other credit granting (not including credit granting by non-deposit taking finance houses and other specialist consumer credit grantors and activities of mortgage finance companies) n.e.c.	64.929
Security dealing on own account	64.991
Factoring	64.992
Other financial service activities, except insurance and pension funding	64.999
Life insurance	65.110
Non-life insurance	65.120
Life reinsurance	65.201
Non-life reinsurance	65.202
Pension funding	65.300
Administration of financial markets	66.110
Security and commodity contracts brokerage	66.120
Other activities auxiliary to financial services, except insurance and pension funding	66.190
Risk and damage evaluation	66.210
Activities of insurance agents and brokers	66.220
Other activities auxiliary to insurance and pension funding	66.290
Fund management activities	66.300
Accounting, and auditing activities	69.201
Bookkeeping activities	69.202
Tax consultancy	69.203
Financial management	70.221

**2 Creative Industries**

Group	Description	SIC (2007)
1. Advertising and marketing	Public relations and communication activities	70.21
	Advertising agencies	73.11
	Media representation	73.12
2. Architecture	Architectural activities	71.11
3. Crafts	Manufacture of jewellery and related articles	32.12
4. Design: product, graphic and fashion design	Specialised design activities	74.10
5. Film, TV, video, radio and photography	Motion picture, video and television programme production activities	59.11
	Motion picture, video and television programme post-production activities	59.12
	Motion picture, video and television programme	59.13

## Local employment by industries

	distribution activities	
	Motion picture projection activities	59.14
	Radio broadcasting	60.10
	Television programming and broadcasting activities	60.20
	Photographic activities	74.20
6. IT, software and computer services	Publishing of computer games	58.21
	Other software publishing	58.29
	Computer programming activities	62.01
	Computer consultancy activities	62.02
7. Publishing	Book publishing	58.11
	Publishing of directories and mailing lists	58.12
	Publishing of newspapers	58.13
	Publishing of journals and periodicals	58.14
	Other publishing activities	58.19
	Translation and interpretation activities	74.30
8. Museums, galleries and libraries	Library and archive activities	91.01
	Museum activities	91.02
9. Music, performing and visual arts	Sound recording and Music publishing activities	59.20
	Cultural education	85.52
	Performing arts	90.01
	Support activities to performing arts	90.02
	Artistic creation	90.03
	Operation of arts facilities	90.04

Source: DCMS 2014, Creative Industries Economic Estimates January 2014 Statistical Release

### 3 Hospitality, leisure, travel and transport (HLTT)

Hospitality, leisure, travel and transport sub sectors	Sic codes 4 digit
Hotels and similar accommodation	55.10
Holiday and other short stay accommodation	55.20
Camping grounds, recreational vehicle parks and trailer parks	55.30
Other accommodation	55.90
Restaurants and mobile food service activities	56.10
Event catering activities	56.21
Other food service activities	56.29
Beverage serving activities	56.30
Taxi operation	49.32
Other passenger land transport n.e.c.	49.39
Performing arts	90.01
Support activities to performing arts	90.02
Artistic creation	90.03
Operation of arts facilities	90.04
Museum activities	91.02
Operation of historical sites and buildings and similar visitor attractions	91.03
Botanical and zoological gardens and nature reserve activities	91.04
Operation of sports facilities	93.11
Activities of sport clubs	93.12
Fitness facilities	93.13
Other sports activities	93.19
Activities of amusement parks and theme parks	93.21
Other amusement and recreation activities	93.29
Gambling and betting activities	92.00
Sports and recreation education	85.51
Cultural education	85.52
Travel agency activities	79.11
Tour operator activities	79.12
Other reservation service and related activities	79.90

## Local employment by industries

Convention and trade show organizers	82.30
Other business support service activities n.e.c.	82.99
Motion picture projection activities	59.14

### 4 Information and Communication Technologies (ICT)

Information and Communication Technologies (ICT)	SIC Code 4 & 5 digits
Software publishing	58.20
Wired telecommunications activities	61.10
Wireless telecommunications activities	61.20
Satellite telecommunications activities	61.30
Other telecommunications activities	61.90
Other information technology and computer service activities	62.09
Ready-made interactive leisure and entertainment software development	62.011
Business and domestic software development	62.012
Computer consultancy activities	62.020
Computer facilities management activities	62.030
Data processing, hosting and related activities; web portals	63.11

Source: BIS / Technologies Strategies Board Nov 2012. Please note the new SIC code based classification of the ICT sector.

<https://www.innovateuk.org/documents/1524978/2139688/Enabling+technologies++Strategy+2012-2015/c11ba6fd-435c-4230-a3ed-4b6c29f2582a>

### 5 'Low pay' sectors

'Low pay' sectors	SIC codes 3,4, 5 digits
Retail	45, 47, 77.22, 95.2
Hospitality	55, 56
Social care	86.10/2, 87, 88.1
Employment agencies	78.10/9, 78.2
Food processing	10
Leisure, travel and sport	59.14, 92, 93
Cleaning	81.2, 96.01
Agriculture	01, 03
Security	80.1
Childcare	85.1, 88.91
Textiles and clothing	13, 14
Hairdressing	96.02, 96.04
Office work	n/a

Source: Low Pay Commission Note: n/a is not applicable / National Minimum Wage: Low Pay Commission Report 2010

Ideally occupations are used to define low-paid groups of workers and those most affected by the minimum wage. But data are not always available on this basis and stakeholder groups tend to be industry-based. The Low Pay Commission therefore applies, industries and occupations, which are as closely aligned as possible.

The Annual Survey of Hours and Earnings (ASHE) was identified to identify the sectors, as ONS considers this to be the best source of information on earnings by industry and occupation.

Please note that low-paid workers are found across a broad range of industries and occupations. The sectors do not capture them all.<sup>28</sup>

<sup>28</sup> Source: National Minimum Wage: Low Pay Commission Report 2010

## Appendix 4 – Location quotient calculation

The location quotient expresses the relationship between an area's share of a particular industry and different regional share. Thus, the locational coefficient for a given region equals: % employed in a field in a given region % employed nationally or regionally in that field. A location coefficient of 2.0, for example, indicates that twice the percentage of workers is employed in a specific industry than the percentage employed regionally for that industry. It should be noted that a high location quotient for an industry in a region does not necessarily indicate high employment levels.

### LQ for Industries and Industry Clusters

Industry LQ is a way of quantifying how “concentrated” an industry is in a region compared to a larger geographic area. The basic uses of industry LQs (and, by extension, for clusters and occupations as well) include these:

- To determine which industries make the regional economy unique.
- To identify the “export orientation” of an industry and identify the most export-oriented industries in the region.
- To identify emerging export industries beginning to bring money into the region.
- To identify endangered export industries that could erode the region’s economic base.

Industry LQs are calculated by comparing the industry’s share of employment with its share of national (or other geography) employment.

Suppose that Industry X account for 0.16 per cent of all local jobs but only 0.015 per cent of all regional jobs. The region’s LQ for Sector X would then be  $(.16 / .015) = 10.67$ , meaning that Breweries are nearly 11 times more concentrated locally.

For more information see:

[http://oaa.osu.edu/irp/regionalcampuses/data/LOCATION\\_QUOTIENT\\_TECHNIQUE.pdf](http://oaa.osu.edu/irp/regionalcampuses/data/LOCATION_QUOTIENT_TECHNIQUE.pdf)

<http://www.economicmodeling.com/2011/10/14/understanding-location-quotient-2/>

## Further information

This Briefing was produced by the Council's Corporate Research Unit. Research briefings provide timely and in depth analysis of data about Tower Hamlets.

Briefings can be downloaded on the [LBTH Borough profile web pages](#).

Recent briefings include:

- Population Key facts (Research Briefing 2013/12)
- Business Structure Tower Hamlets (Research Briefing 2013/11)
- Business Demography Tower Hamlets (Research Briefing 2013/10)
- Labour Market Tower Hamlets (Research Briefing 2013/09)

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