

# 08

# Work and Business

## Labour market and economic profile of the Royal Borough of Kensington and Chelsea

### Labour supply

Labour supply is a term used to denote the economic and labour market characteristics of the resident working age population of an area. Labour demand refers to the workplaces and employment characteristics of an area and hence relates to people who work in the area but may live elsewhere.

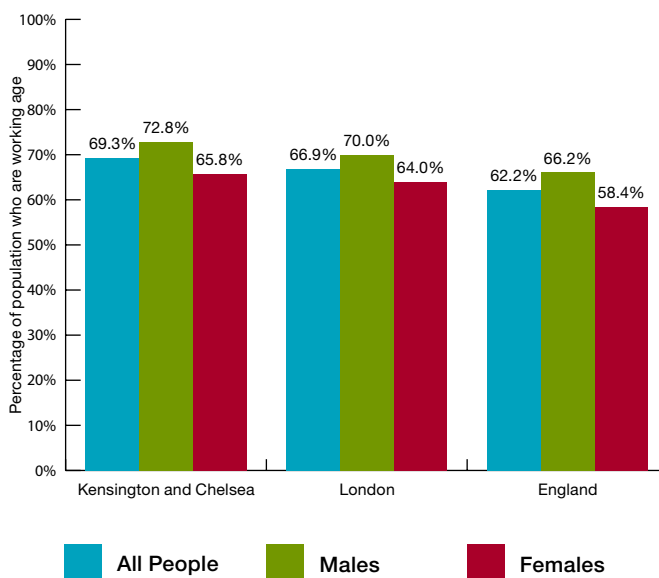
### WORKING AGE POPULATION

The ONS estimates the working age (16-64) population of Kensington and Chelsea to be 123,700 at mid 2007, with around 63,760 working age males and 59,920 working age females. The total population is estimated at 178,600.

The proportion of the Royal Borough's population that is of working age for males and females is higher than that of London and England as illustrated in figure 8.1.

**FIGURE 8.1**

Percentage of all people who are of working age (16-64 males, 16-59 females) 2007



Source: ONS 2007 Mid Year Estimates, sourced from [www.statistics.gov.uk](http://www.statistics.gov.uk)

Updated: Annually

## ECONOMIC ACTIVITY AND INACTIVITY

The working age population can be described in terms of their economic activity status. A person is deemed economically active if they are in employment or seeking employment and economically inactive if they are not working and not seeking employment. The economically inactive includes people looking after the family and home, students, the long-term sick and disabled and the temporarily sick or injured. Data for economic inactivity includes a breakdown of people who although classified as economically inactive, have expressed a desire to work, but have not been classified as economically active and unemployed due to not being able to take up employment.

Table 8.1 shows recent economic activity/inactivity figures for the working age population of Kensington and Chelsea, London and England. The economic activity and employment rates of working age residents of the Royal Borough are lower than rates for London and England, however the proportion of the population that are self employed is higher. The proportions of people who are economically active but unemployed by this measurement is lower than London but generally higher than England, although accurate data for males is not available.

This data can be open to fluctuations at a borough level.

**TABLE 8.1**  
Economic activity and inactivity of the working age population in Kensington and Chelsea, London and England January 2007 - December 2007

All people	K&C	London	England
Economically active*	70.6%	75.0%	78.6%
In employment*	67.1%	69.8%	74.4%
Employees*	53.0%	58.5%	64.6%
Self employed*	13.9%	10.9%	9.5%
Unemployed**	5.5%	6.8%	5.4%
Economically inactive*	29.4%	25.0%	21.4%
Wanting a job***	6.1%	6.9%	5.3%
Not wanting a job***	23.3%	18.1%	16.1%
<b>Males</b>			
Economically active*	78.6%	82.0%	83.4%
In employment*	75.3%	76.6%	78.8%
Employees*	57.3%	60.7%	64.9%
Self employed*	18.1%	15.4%	13.5%
Unemployed**	#	6.6%	5.6%
Economically inactive*	21.4%	18.0%	16.6%
Wanting a job***	4.5%	5.2%	4.3%
Not wanting a job***	17.0%	12.8%	12.3%
<b>Females</b>			
Economically active*	62.2%	67.6%	73.4%
In employment*	58.3%	62.7%	69.6%
Employees*	48.6%	56.2%	63.9%
Self employed*	9.4%	6.1%	5.2%
Unemployed**	5.7%	7.0%	5.2%
Economically inactive*	37.8%	32.4%	26.6%
Wanting a job***	7.8%	8.6%	6.4%
Not wanting a job***	30.0%	23.8%	20.2%

Figures rounded up or down

\*Calculated as a percentage of the working age population

\*\*Calculated as a proportion of economically active population

\*\*\*Calculated as a proportion of the percentage of economically inactive

# Sample size too small for reliable estimate

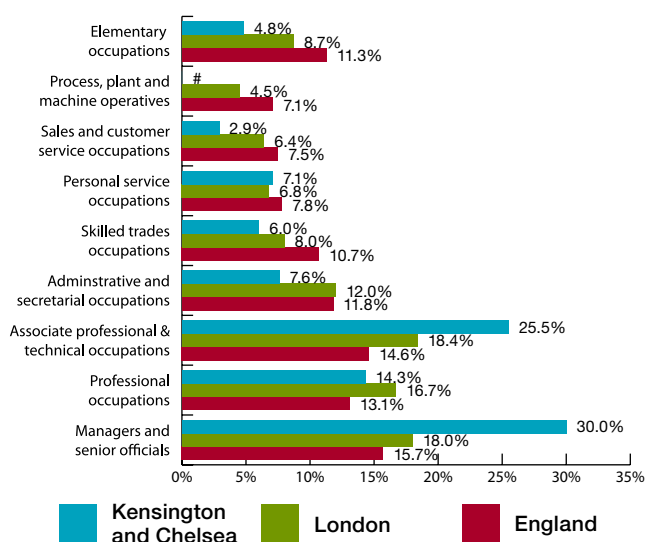
Source: ONS Annual Population Survey, sourced from Nomis  
www.nomisweb.co.uk

Updated: Quarterly

## EMPLOYMENT BY OCCUPATION

Compared with London and England, Kensington and Chelsea residents are more likely to be working as managers and senior officials and in associate professional and technical occupations. This data is illustrated in figure 8.2.

**FIGURE 8.2**  
**Employment by occupation for Kensington and Chelsea, London and England**  
**January 2007 - December 2007**



Figures rounded up or down  
 # Sample size too small for reliable estimate  
 Source: ONS Annual Population Survey, sourced from Nomis  
[www.nomisweb.co.uk](http://www.nomisweb.co.uk)  
 Updated: Quarterly

## QUALIFICATIONS

Comprehensive data on residents' qualification levels is still most readily available from the 2001 Census at a low geographical level. This data illustrated that overall qualification levels are high, with Kensington and Chelsea having the highest proportion of adults with a higher education of level 4/5 qualifications in the whole of England and Wales. However this pattern of high qualifications is not uniform across the borough, with some areas having high concentrations of people with no qualifications. Qualifications data from the 2001 Census and maps illustrating the geographical patterns of high qualifications and no qualifications can also be seen in the 2005 publication of A Picture of Our Community, see pages 68 and 69.

More recent data at borough level is available from the Annual Population Survey as shown in table 8.2. Comparable to the 2001 Census, Kensington and Chelsea residents are much more likely to have qualifications to degree level (or equivalent) and above. Interestingly, residents are also more likely than London and national averages to have 'other qualifications' which includes foreign qualifications and some professional qualifications.

Comparable data from the 2001 Census ranked Kensington and Chelsea as the local authority with the third highest proportion of people employed in professional or managerial positions in England and Wales, see figure 8.6 on page 66 of the 2005 publication of A Picture of Our Community.

**TABLE 8.2**

Qualifications levels in Kensington and Chelsea, London and England 2006

	K&C	London	England
% with degree or equivalent and above	39.3%	28.6%	19.5%
% with higher education below degree level	5.4%	6.3%	7.9%
% with GCE A level or equivalent	14.7%	16.9%	22.8%
% with GCSE grades A-C or equivalent	8.1%	16.3%	23.3%
% with other qualifications	23.1%	17.9%	12.9%
% with no qualifications	9.3%	14.0%	13.7%

Source: ONS Annual Population Survey, sourced from Nomis [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

Updated: Quarterly

## EARNINGS BY RESIDENCE

Data from the Annual Survey of Hours and Earnings shows that on average Kensington and Chelsea residents have higher earnings than London as a whole or England. This is particularly the case for males and although females earnings are higher than the London average, the difference is not so distinct. See table 8.3.

## DISTRIBUTION OF EARNINGS

Household income measures relate to income from all household members and sources, rather than just individual earnings and therefore include incomes such as benefits. The following data presents gross household incomes which are 'equivalised' to take into account expected household composition and size. Household incomes in Kensington and Chelsea are higher than London and Great Britain. See table 8.4.

**TABLE 8.3**

Median earnings in pounds by residence for Kensington and Chelsea, London and England 2007

	K&C	London	England
<b>Gross weekly pay</b>			
Full-time employees	£768.40	£553.30	£462.60
Male full-time employees	£958.20	£551.20	£473.80
Female full-time employees	£516.50	£419.40	£288.40
<b>Hourly pay</b>			
Full-time employees	£20.76	£14.43	£11.58
Male full-time employees	£25.81	£14.35	£11.80
Female full-time employees	£14.47	£12.28	£9.04

Source: ONS Annual Survey of Hours and Earnings - resident analysis, sourced from Nomis [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

Updated: Annually

**TABLE 8.4**

Mean gross annual household incomes for Kensington and Chelsea, London and Great Britain 2006 and 2007

	K&C	London	Great Britain
2006	£44,229	£36,282	£30,324
2007	£45,293	£37,257	£31,708

Source: Paycheck 2006, 2007, CACI Ltd

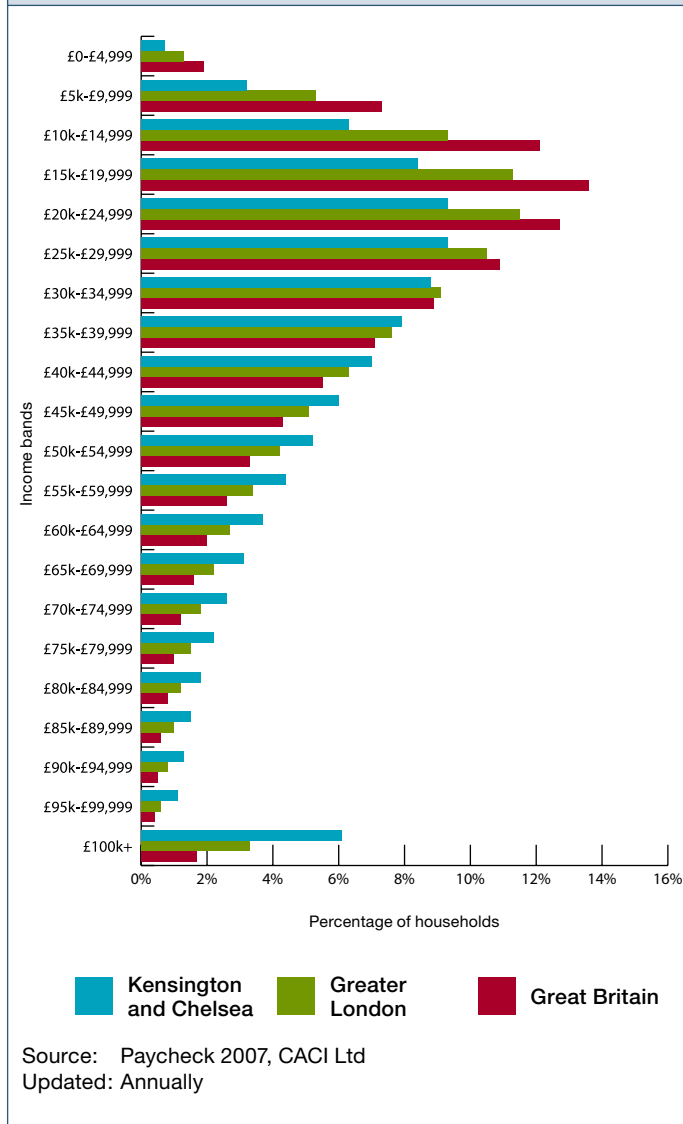
Updated: Annually

Figure 8.3 illustrates the distribution of annual incomes for households in Kensington and Chelsea, London and Great Britain. Data is presented as a proportion of all households in the area. Proportionately, Kensington and Chelsea has less households in the lower income bands and more households in the higher income bands compared with London and Great Britain. The obvious outlier for Kensington and Chelsea

is the proportion of households with incomes over £100,000, which in 2007 was 6.1 per cent. Although this banding also peaks for London and Great Britain it is more pronounced for the Royal Borough. Nearly a fifth of households in Kensington and Chelsea have a household income of less than £20,000 per annum. Map 8.1 illustrates the most frequent household income band in LSOAs in Kensington and Chelsea.

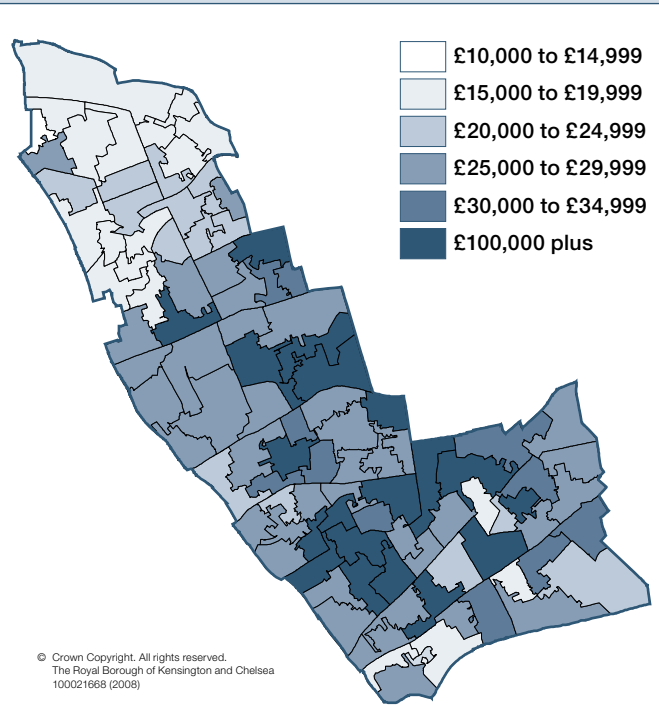
### FIGURE 8.3

Distribution of gross annual household incomes in Kensington and Chelsea, London and Great Britain 2007



### MAP 8.1

Modal household incomes by Kensington and Chelsea Lower Super Output Areas 2007



Source: Paycheck 2007, CACI Ltd  
Updated: Annually

### WORKING AGE BENEFIT CLAIMANTS

The DWP provide statistics on the number of people claiming benefits. People interact with the benefit system for a variety of reasons. They may be unemployed and seeking work or unable to work due to health or physical reasons, or disabilities or they may be on a low income and claim Income Support. Of key interest is the 'working age client group'. This data provides information on the number of working-age people who are claiming one or more key DWP benefits. The benefits are: Job Seekers Allowance, Incapacity Benefit, Income Support, Carer's Allowance, Disability Living Allowance, Severe Disablement Allowance, and Widow's Benefit. The total claimants are broken down into statistical groups and each person is counted

once according to their main reason for claiming benefits. Thus a person who is a lone parent and receives Incapacity Benefit would be classified under 'Incapacity benefits'. Consequentially, the lone parent grouping will not contain all lone parents as some will be included in the incapacity benefit and job seeker groupings.

Table 8.5 illustrates the numbers of people in Kensington and Chelsea claiming benefits by gender and their main reason for claiming. For each reason, the proportion of the total is shown

and the rate of the working age population who claim is illustrated with comparisons against London and England.

Over half the people in the borough claiming benefits do so for incapacity reasons and this picture is similar, but slightly higher than regional and national averages. Males tend to claim Incapacity Benefits more than females who are more likely to claim Income Support as lone parents. Benefit claimant rates in the borough are lower than rates for London and England.

## TABLE 8.5

Working age benefit claimants counts and rates by key reason for claiming and gender in Kensington and Chelsea, London and England May 2008

			Total working age benefit claimants	Job seekers	Incapacity benefits	Lone parents	Carers	Others on income related benefits	Disabled	Bereaved
All people	Counts		11,880	2,110	6,080	2,000	500	620	450	120
	% of total	K&C		17.8%	51.2%	16.8%	4.2%	5.2%	3.8%	1.0%
	% of working age population claiming	K&C	9.6%	1.7%	4.9%	1.6%	0.4%	0.5%	0.4%	0.1%
		London	13.9%	2.5%	6.0%	3.0%	0.8%	0.6%	0.7%	0.2%
	England	13.4%	2.1%	6.6%	2.0%	1.0%	0.5%	0.9%	0.3%	
Males	Counts		5,880	1,380	3,590	70	180	430	220	10
	% of total	K&C		23.5%	61.1%	1.2%	3.1%	7.3%	3.7%	0.2%
	% of working age population claiming	K&C	9.2%	2.2%	5.6%	0.1%	0.3%	0.7%	0.3%	0.0%
		London	12.3%	3.4%	6.7%	0.2%	0.4%	0.8%	0.7%	0.0%
	England	12.6%	3.0%	7.4%	0.2%	0.6%	0.6%	0.9%	0.1%	
Females	Counts		6,000	730	2,490	1,940	320	190	230	110
	% of total	K&C		12.2%	41.5%	32.3%	5.3%	3.2%	3.8%	1.8%
	% of working age population claiming	K&C	10.0%	1.2%	4.1%	3.2%	0.5%	0.3%	0.4%	0.2%
		London	15.6%	1.6%	5.3%	6.0%	1.1%	0.5%	0.8%	0.4%
	England	14.3%	1.2%	5.8%	4.0%	1.5%	0.3%	1.0%	0.5%	

Figures rounded up or down

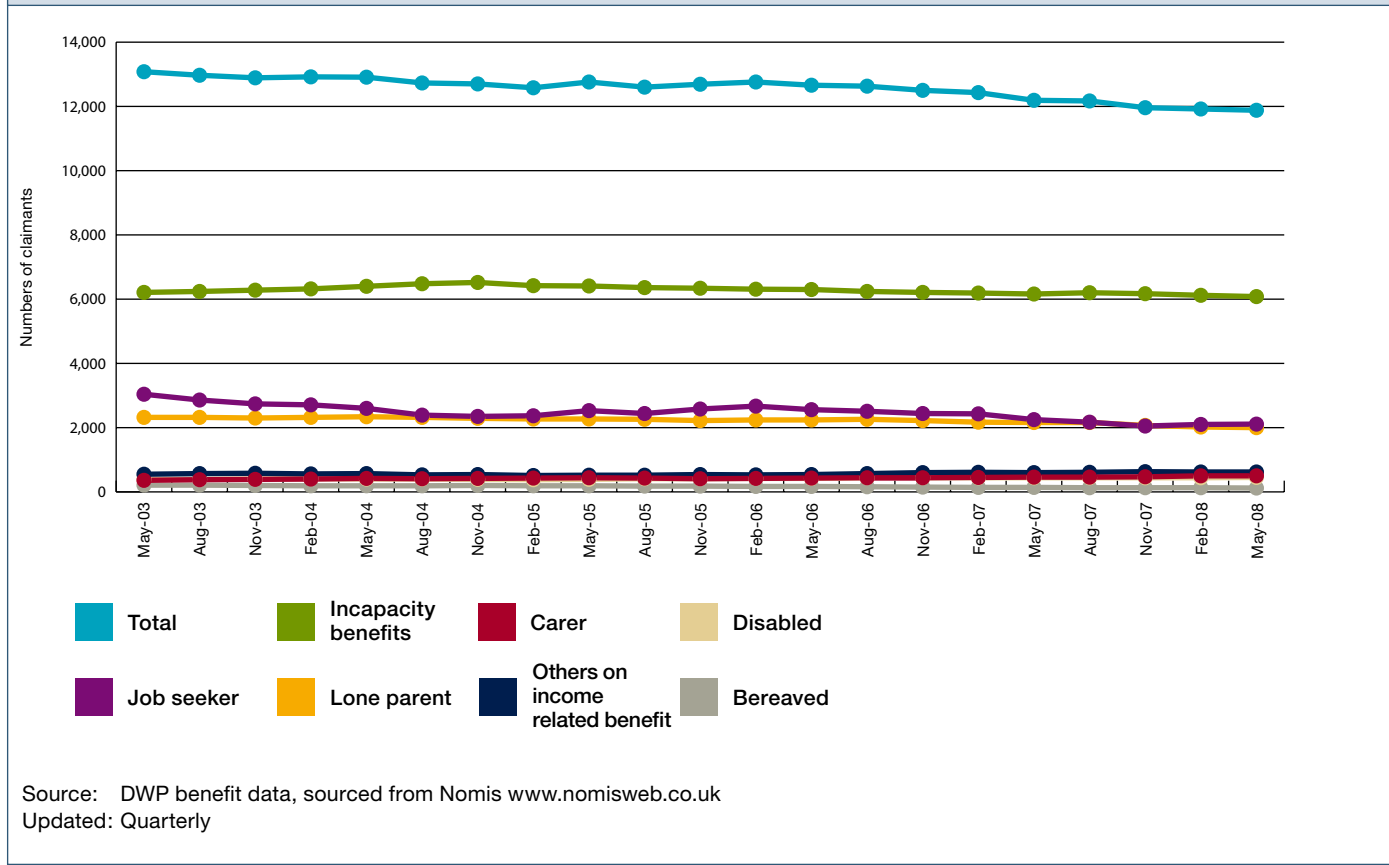
Source: DWP benefit data, sourced from Nomis [www.nomis.co.uk](http://www.nomis.co.uk)

Updated: Quarterly

Figure 8.4 shows claimant counts over time in the borough, split by main reasons for claiming. The data shows that overall, working age benefit counts in Kensington and Chelsea have been falling. This picture has been the same specifically for unemployed people claiming Job Seekers Allowance, although since February 2008 this figure has moved slightly upwards again. Since August 2004, the numbers of Incapacity Benefit claimants have also decreased. The numbers of lone parents claiming Income Support although more recently downwards, has remained more stable, although as noted lone parents will be included in the other categories too.

### FIGURE 8.4

Working age benefit claimants, total claimants and breakdown by main reason for claiming in Kensington and Chelsea May 2003 - May 2008

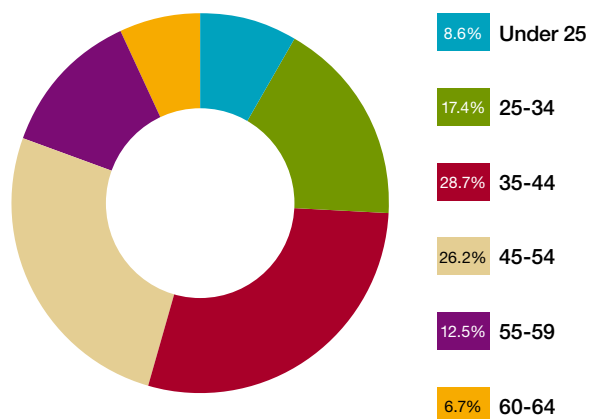


Source: DWP benefit data, sourced from Nomis [www.nomisweb.co.uk](http://www.nomisweb.co.uk)  
 Updated: Quarterly

## CHARACTERISTICS OF BENEFIT CLAIMANTS

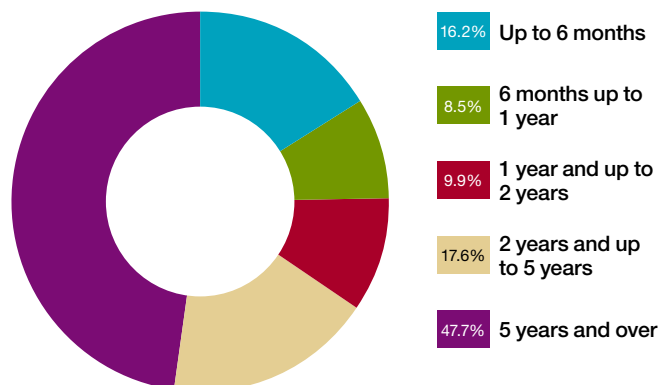
As well as reason for claiming and gender, benefit data can be further broken down by age and duration of claim. Figure 8.5 presents all benefit claimants by age and figure 8.6 presents all benefit claimants by duration of claim. Over half of all claimants are aged between 35 and 54 and nearly half of all claimants receive benefits for five years or more.

**FIGURE 8.5**  
Working age benefit claimants by age in Kensington and Chelsea May 2008



Figures rounded up or down  
Source: DWP benefit data, sourced from Nomis  
[www.nomisweb.co.uk](http://www.nomisweb.co.uk)  
Updated: Quarterly

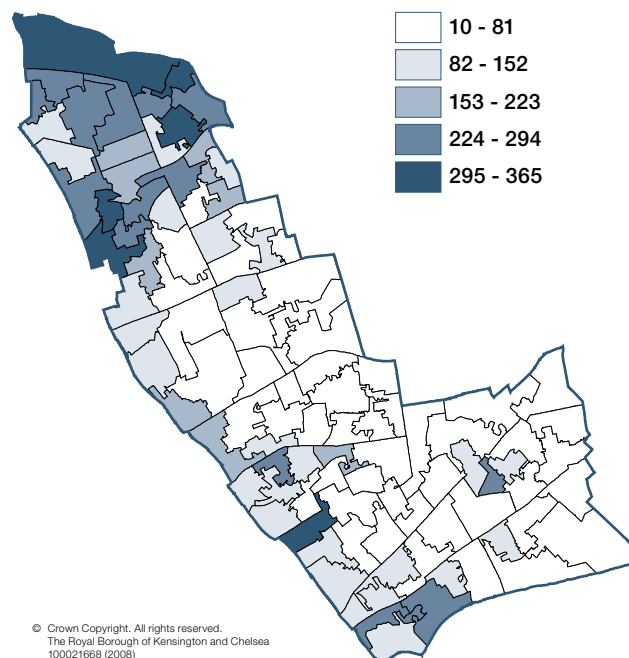
**FIGURE 8.6**  
Working age benefit claimants by duration of claim in Kensington and Chelsea May 2008



Figures rounded up or down  
Source: DWP benefit data, sourced from Nomis  
[www.nomisweb.co.uk](http://www.nomisweb.co.uk)  
Updated: Quarterly

Map 8.2 presents the geographic profile of people of working age who are claiming benefits in Kensington and Chelsea.

**MAP 8.2**  
Number of working age benefit claimants by Kensington and Chelsea Lower Super Output Areas May 2008



Source: DWP benefit data, sourced from Nomis  
[www.nomisweb.co.uk](http://www.nomisweb.co.uk)  
Updated: Quarterly



## CHILDREN LIVING IN FAMILIES IN RECEIPT OF KEY BENEFITS

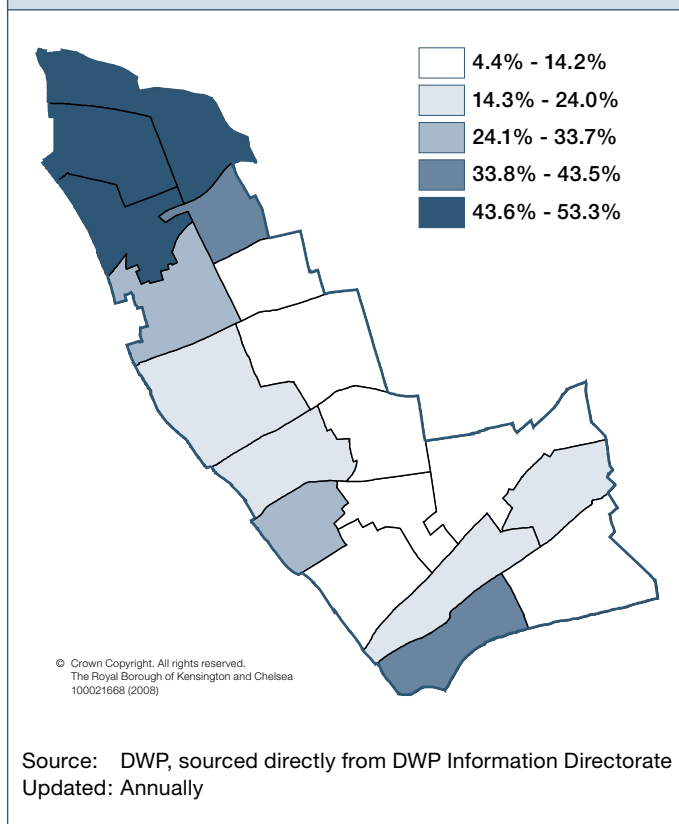
Child poverty is a significant issue and DWP benefit data can show the proportion of children who live in families in receipt of key benefits which can be used to indicate levels of child poverty. Key benefits in this instance are defined as Job Seekers Allowance, Incapacity Benefits, Income Support and Pension Credit and children are deemed those under 16. The dataset uses numbers of Child Benefit claims to calculate the proportion of children living in families in receipt of key benefits.

Data from 2005 shows the proportions of children living in families in key benefits to be 28 per cent in Kensington and Chelsea, 29.2 per cent in London and 20.9 per cent nationally. More recent data for 2007 shows a reduction in Kensington and Chelsea to 26.1 per cent. However, within Kensington and Chelsea some areas have high levels of children living in families in receipt of key benefits, up to 53.3 per cent in some wards and this is illustrated in map 8.3.

### Labour demand

### MAP 8.3

Children living in families on key benefits in Kensington and Chelsea wards 2005

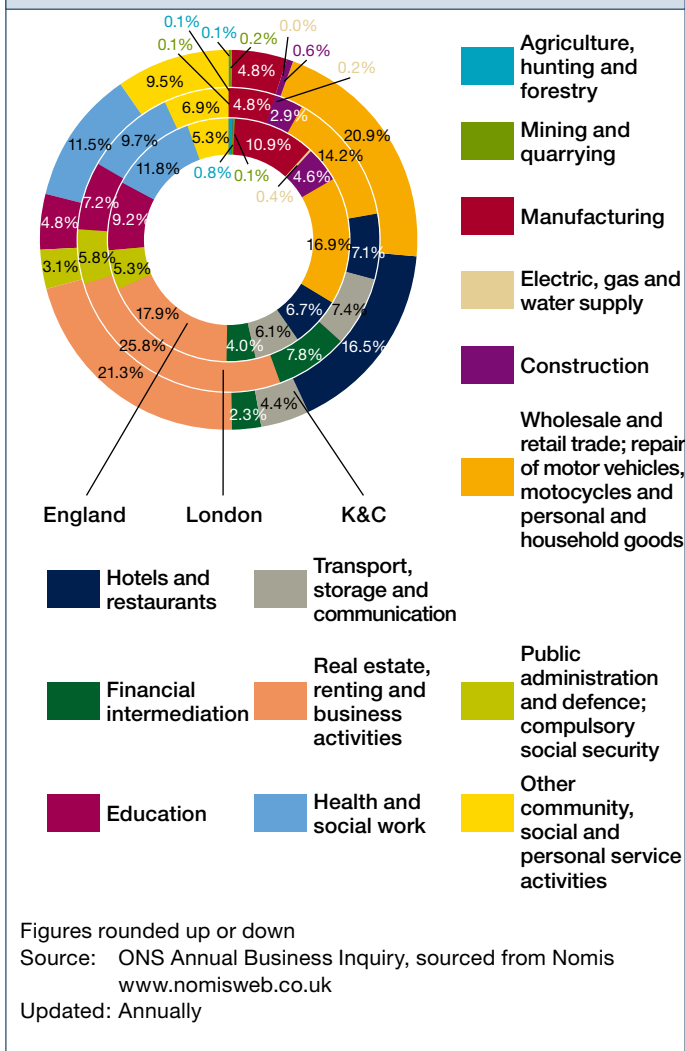


## EMPLOYMENT AND WORKPLACES

According to the latest available figures, there are 109,051 employees working in Kensington and Chelsea at 13,118 workplaces.

Figure 8.7 illustrates employment by sector with comparisons for London and England. The largest areas of employment in the Royal Borough are 'real estate, renting and business activities' which provides 21.3 per cent of local jobs, 'wholesale and retail' (20.9 per cent), 'hotels and restaurants' (16.5 per cent) and 'health and social work' (11.5 per cent).

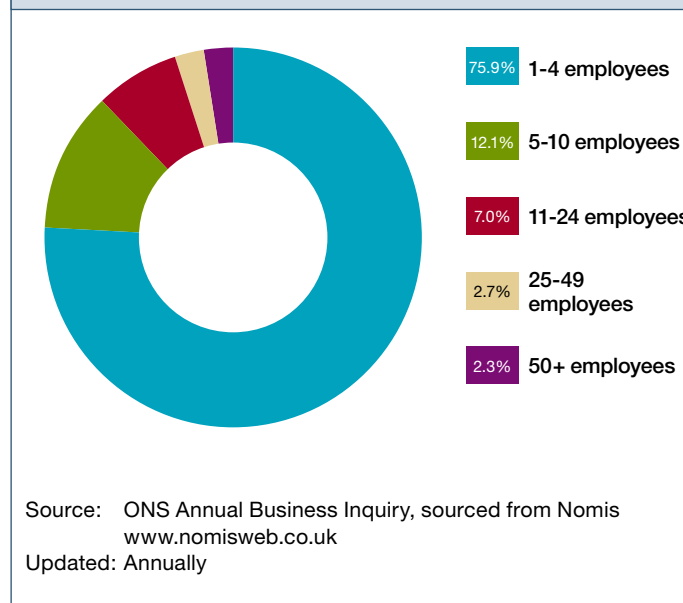
**FIGURE 8.7**  
**Employment by sector in Kensington and Chelsea, London and England 2006**



The broad classification of 'real estate, renting and business activities' includes renting of machinery and equipment, computer related activities, research and experimental development, legal, accounting, book-keeping and auditing activities, tax consultancy, market research and public opinion polling, business management and consultancy holdings.

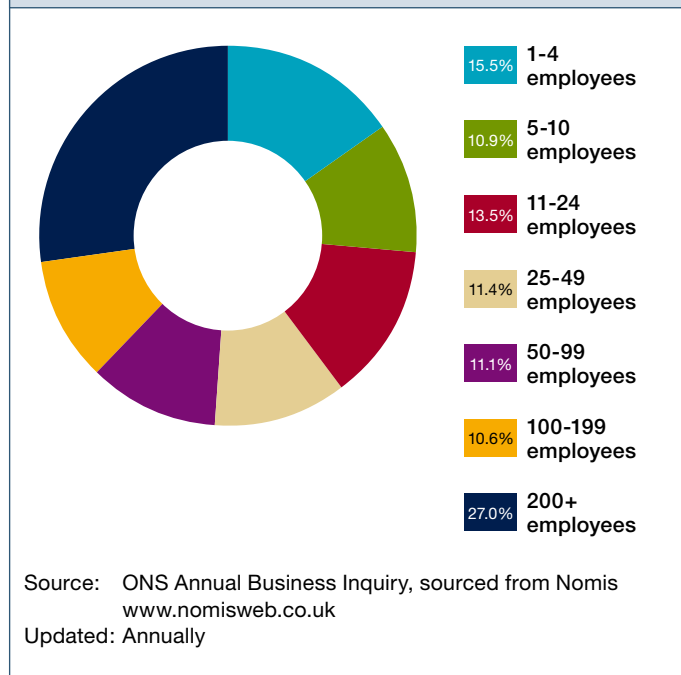
Most workplaces in the borough are very small and of the 13,118 workplaces, 9,954 employ less than five employees, which is just over two thirds. Only 2.3 per cent of workplaces employ more than 50 people and these workplaces will include employers such as the Council and the PCT. See figure 8.8.

**FIGURE 8.8**  
**Kensington and Chelsea workplaces by number of employees 2006**



Comparatively, units/workplaces with fewer than five employees employ 15.5 per cent of the 109,051 employees, see figure 8.9. Workplaces with 200+ employees employ 27 per cent of the boroughs workforce with 7.5 per cent of these workplaces employing over 2,000 people.

**FIGURE 8.9**  
Kensington and Chelsea employment by size of workplaces 2006



## EARNINGS BY WORKPLACE

Earnings based on workplace illustrate a different picture to earnings based on residence as illustrated in table 8.6. People who work in Kensington and Chelsea earn less than the London average and the difference is more pronounced for males. The difference in earnings between males and females who work in Kensington and Chelsea is smaller than the difference in earnings between males and females who live in the borough.

**TABLE 8.6**

**Median earnings in pounds by workplace in Kensington and Chelsea, London and England 2007**

	K&C	London	England
<b>Gross weekly pay</b>			
Full-time employees	£505.70	£580.90	£462.00
Male full-time employees	£517.30	£643.50	£505.40
Female full-time employees	£497.60	£518.50	£399.20
<b>Hourly pay</b>			
Full-time employees	£12.95	£15.23	£11.57
Male full-time employees	£12.93	£16.40	£12.25
Female full-time employees	£12.92	£14.09	£10.56

Source: ONS Annual Survey of Hours and Earnings - workplace analysis, sourced from Nomis [www.nomisweb.co.uk](http://www.nomisweb.co.uk)  
Updated: Annually

## Businesses

### VAT REGISTERED BUSINESSES

VAT registrations and deregistrations are a good guide to the pattern of business start-ups and closures and can be used as an indicator of the level of entrepreneurship and the health of the business population. Changes in VAT stock do not give the complete picture of business activity, since businesses do not have to register until they meet the VAT threshold, which is currently an annual turnover of £67,000 and large businesses, who operate in the borough but have their registered administrative offices elsewhere, are not included. Not all de-registrations signify a closure, for example businesses could also fall below the VAT threshold or change ownership and they would de-register and possibly register again, however the dataset does serve as a good proxy to business activity, albeit not all business activity. Figure 8.10 shows annual VAT registrations and deregistrations and stocks at the end of the year in Kensington and Chelsea from 1994 to 2006. Each year in Kensington and Chelsea there are more VAT registrations than

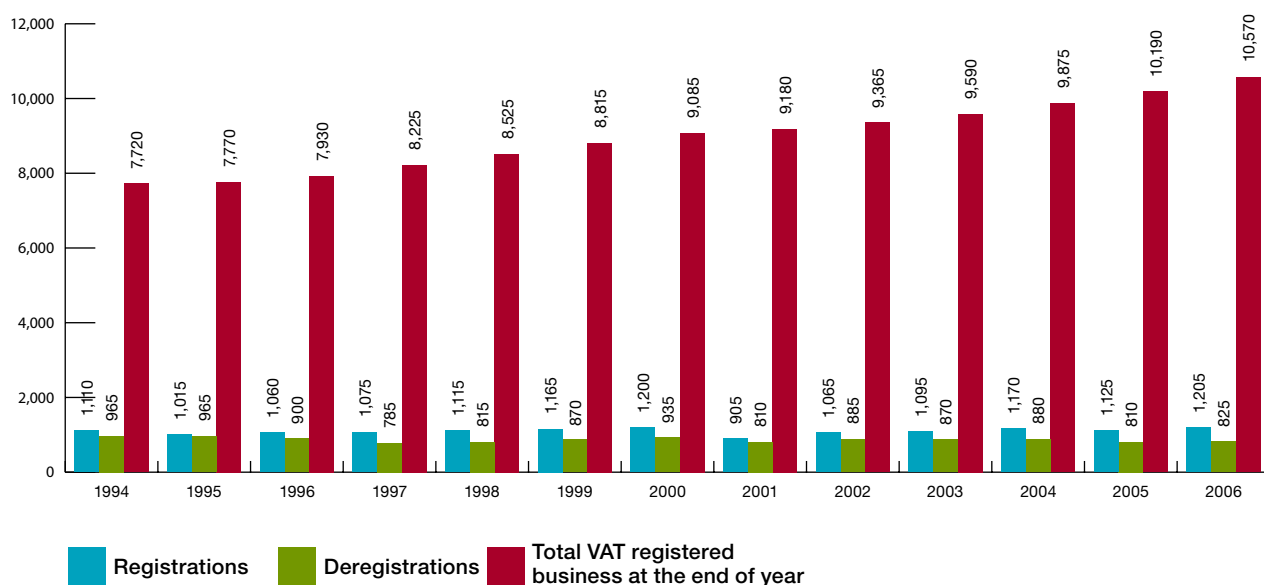
deregistrations which means that stock levels have consistently risen, reaching 10,570 in 2006.

Of the 10,570 VAT registered enterprises in Kensington and Chelsea, 'real estate,

renting and business activities' make up a large proportion. Figure 8.11 shows VAT registered enterprises by industry in Kensington and Chelsea, London and England.

### FIGURE 8.10

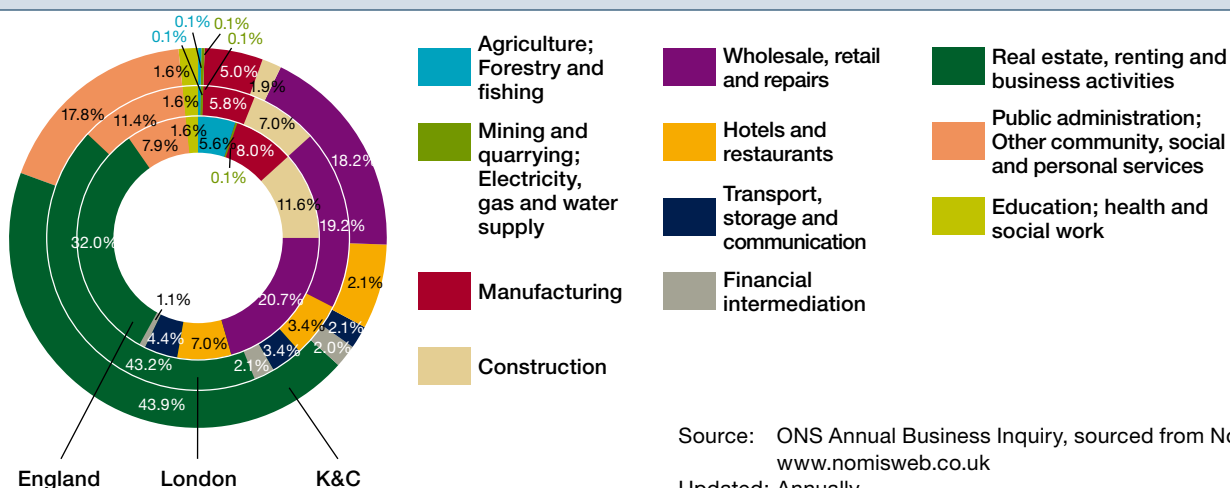
VAT registered businesses in Kensington and Chelsea - total stocks plus annual registrations and deregistrations 1994 - 2006



Source: ONS VAT Registrations and Stocks, sourced from Nomis [www.nomisweb.co.uk](http://www.nomisweb.co.uk)  
 Updated: Annually

### FIGURE 8.11

VAT registered businesses by Industry in Kensington and Chelsea, London and England 2006



Source: ONS Annual Business Inquiry, sourced from Nomis [www.nomisweb.co.uk](http://www.nomisweb.co.uk)  
 Updated: Annually