Skills challenges faced by London employers
Results from the 2024 Employer Skills Survey

Lunchtime presentation, 11 September 2025

Monet Durieux, GLA Economics

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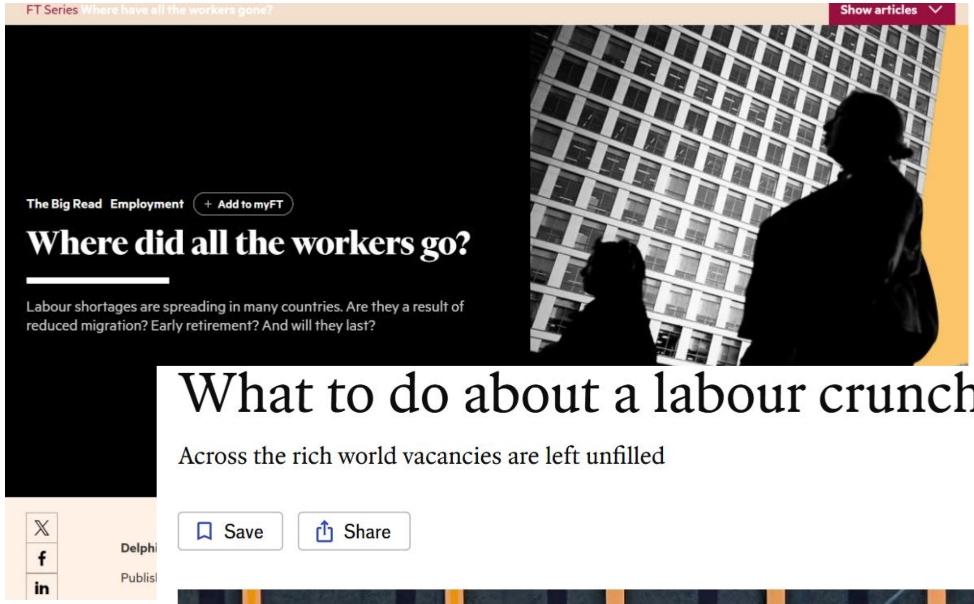
After the pandemic, many employers struggled to find workers...


FT Series Where have all the workers gone?
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Where did all the workers go?

Labour shortages are spreading in many countries. Are they a result of reduced migration? Early retirement? And will they last?

Delphi
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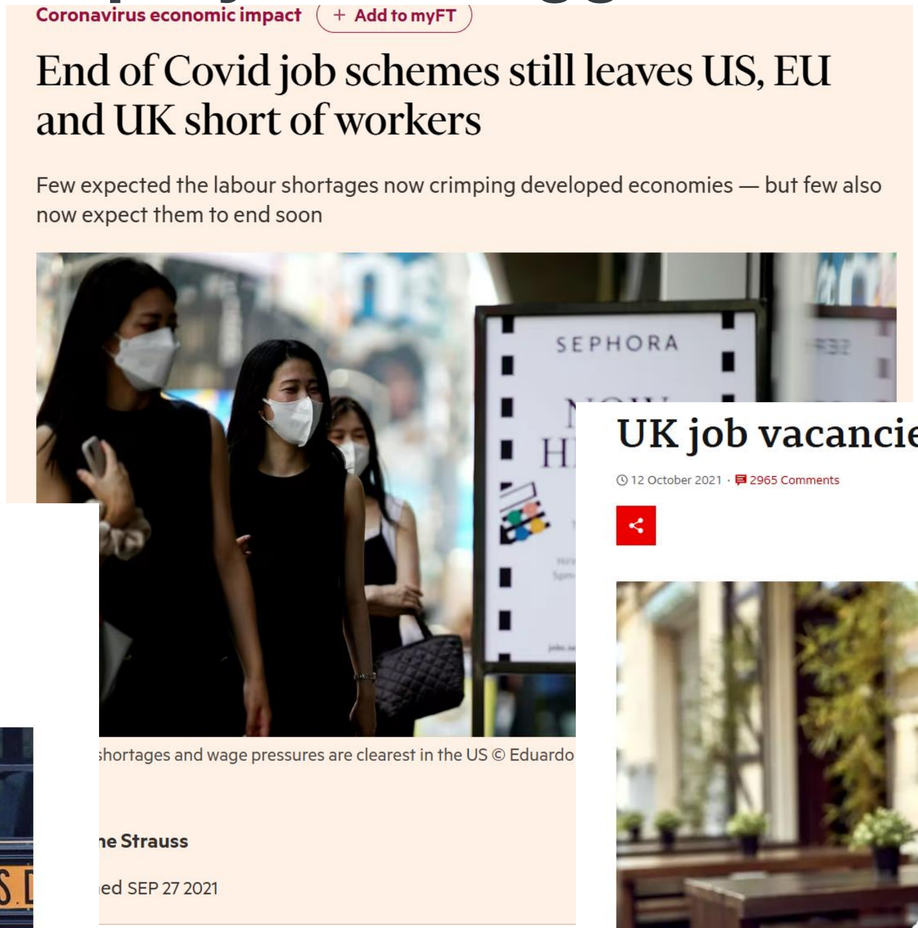
Coronavirus economic impact + Add to myFT

End of Covid job schemes still leaves US, EU and UK short of workers

Few expected the labour shortages now crimping developed economies — but few also now expect them to end soon

shortages and wage pressures are clearest in the US © Eduardo

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What to do about a labour crunch

Across the rich world vacancies are left unfilled

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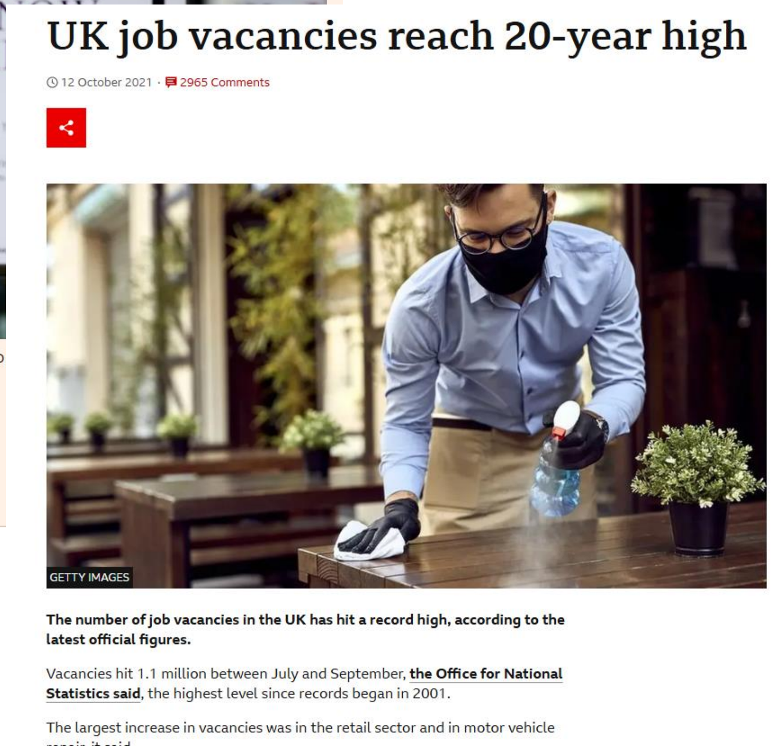
Capital Pictures


UK job vacancies reach 20-year high

12 October 2021 · 2965 Comments

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The number of job vacancies in the UK has hit a record high, according to the latest official figures.

Vacancies hit 1.1 million between July and September, the Office for National Statistics said, the highest level since records began in 2001.

The largest increase in vacancies was in the retail sector and in motor vehicle

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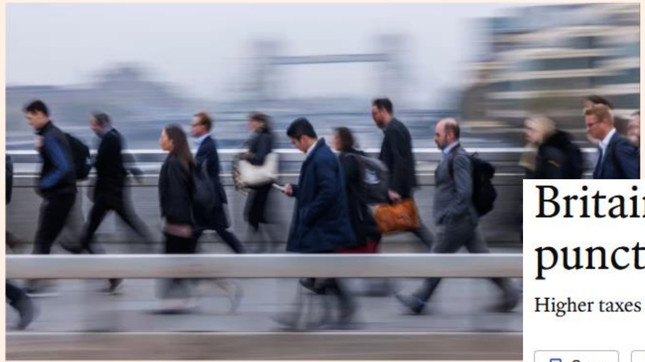
How has the situation changed, and where are the biggest pressures now?

UK employment + Add to myFT

UK recruiters highlight toughest conditions in jobs market since Covid

KPMG/REC report points to impact of tax-raising measures in October Budget on employer confidence



Fiscal gloom, upcoming tax rises and a costly new approach to employment rights are acting progress, according to the survey © Dan Kitwood/Getty Images

Delphine Strauss in London

Published FEB 10 2025

UK employers cut back hiring over labour and tax cost fears

Recruitment activity in July remains near two-year low, according to KPMG and Rec data

The CIPD reported 'acute pressure' in sectors such as retail, where April's increase in employers' national insurance contributions hit hardest © Chris Ratcliffe/Bloomberg

London

25

re cutting back hiring in response to higher labour costs and
ther tax increases, according to several gloomy business
l fuel concerns about the effects of government policies on the

Britain's jobs market has a slow puncture

Higher taxes on jobs are partly to blame

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PHOTOGRAPH: GETTY IMAGES

Aug 31st 2025 | LIVERPOOL | 4 min read

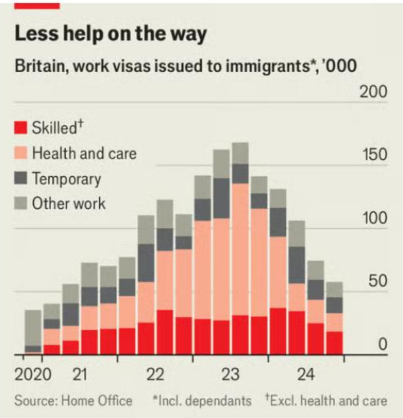

CHART: THE ECONOMIST

Does Britain need migrant workers?

Employers think so

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PHOTOGRAPH: ANDREW TESTA/NEW YORK TIMES/REDUX/EYEVINE

May 22nd 2025 | 3 min read

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Why focus on skills?

For individuals

- Having the right skills makes people more employable
- Good skills also open up access to higher-quality jobs and better pay

For employers

- Skilled workers help businesses start, grow and stay competitive

Employer Skills Survey 2024

What is it?

- The Employer Skills Survey (ESS) is the main national dataset on employer demand for skills
- Run by Department of Education (DfE) since 2011 (2024 is the 7th edition) – covers recruitment, skills shortages, gaps in the workforce, and training activity

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- Provides a consistent national and regional picture of workforce and skills pressures
- Helps track shifts in demand and training – key for understanding London's structural and sectoral skills challenges

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What does the 2024 data include?

- 8,639 interviews with employers (2+ staff) across England in 2024, including 1,577 in London
- Smaller sample than 2022 (by design), so less local or sector granularity
- Still provides reliable trend data on key indicators – vacancies, gaps, and training activity

Before we start

Terms we use

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- **Density**: A proportion of employment or vacancies. For example, the skill-shortage vacancy density refers to SSVs as a proportion of all vacancies

Results for London

Vacancies trends, skills shortages and skills gaps in the existing workforce

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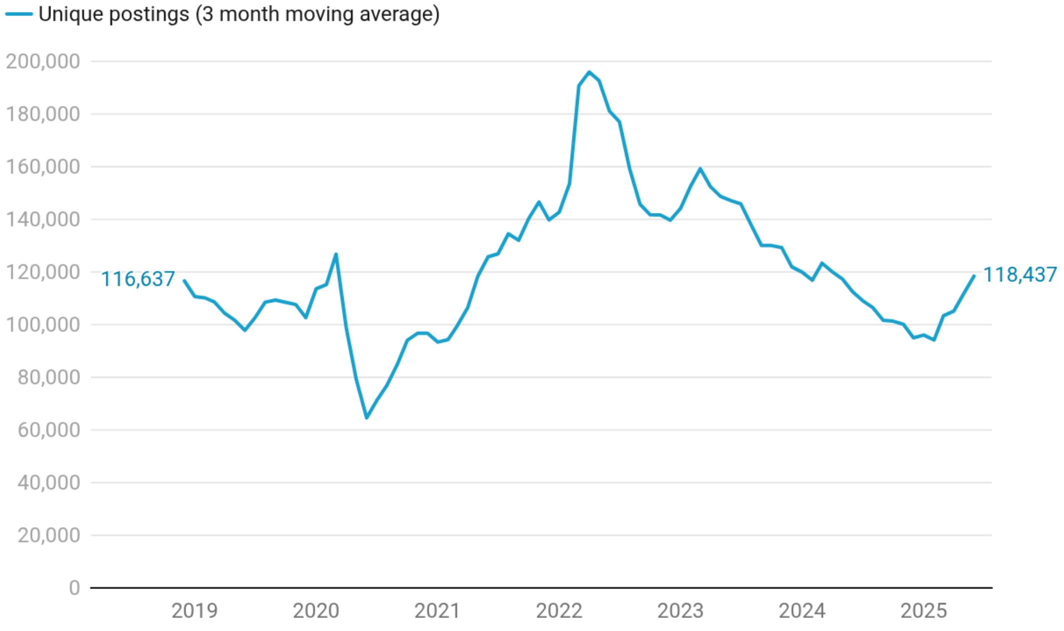
While demand has cooled, ESS data shows where skills pressures remain

Online postings data show that employer demand has cooled since mid-2022...

Recruitment activity (demand), London, 2018 to 2025



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... the Employer Skills Survey shows what has happened to:

- Hard-to-fill vacancies linked to unmet skills needs
- Skills gaps among the workforce
- Employer investment in training

Source: Lightcast, London job postings 2025 (newly posted job adverts).

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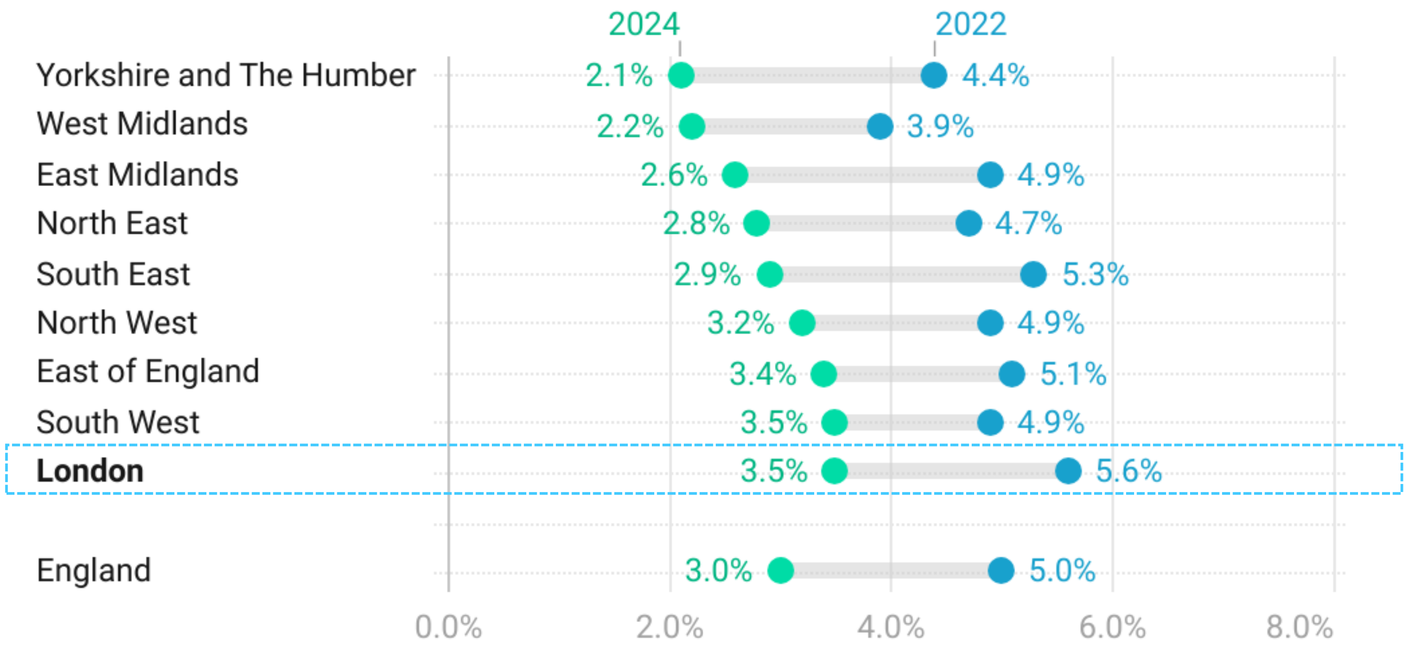
London’s vacancy rate was still among the highest in England in 2024 despite falling numbers

Vacancy density (vacancies as a proportion of employment), by English region, 2022 and 2024



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- Total vacancies in London fell from 289,000 in 2022 to 194,000 in 2024, close to 2019 levels.
- But London's vacancy rate was still the joint-highest in England at **3.5%.**
- This reflects higher job opening and stronger demand for workers in the capital.

Source: DfE Employer Skills Survey 2024

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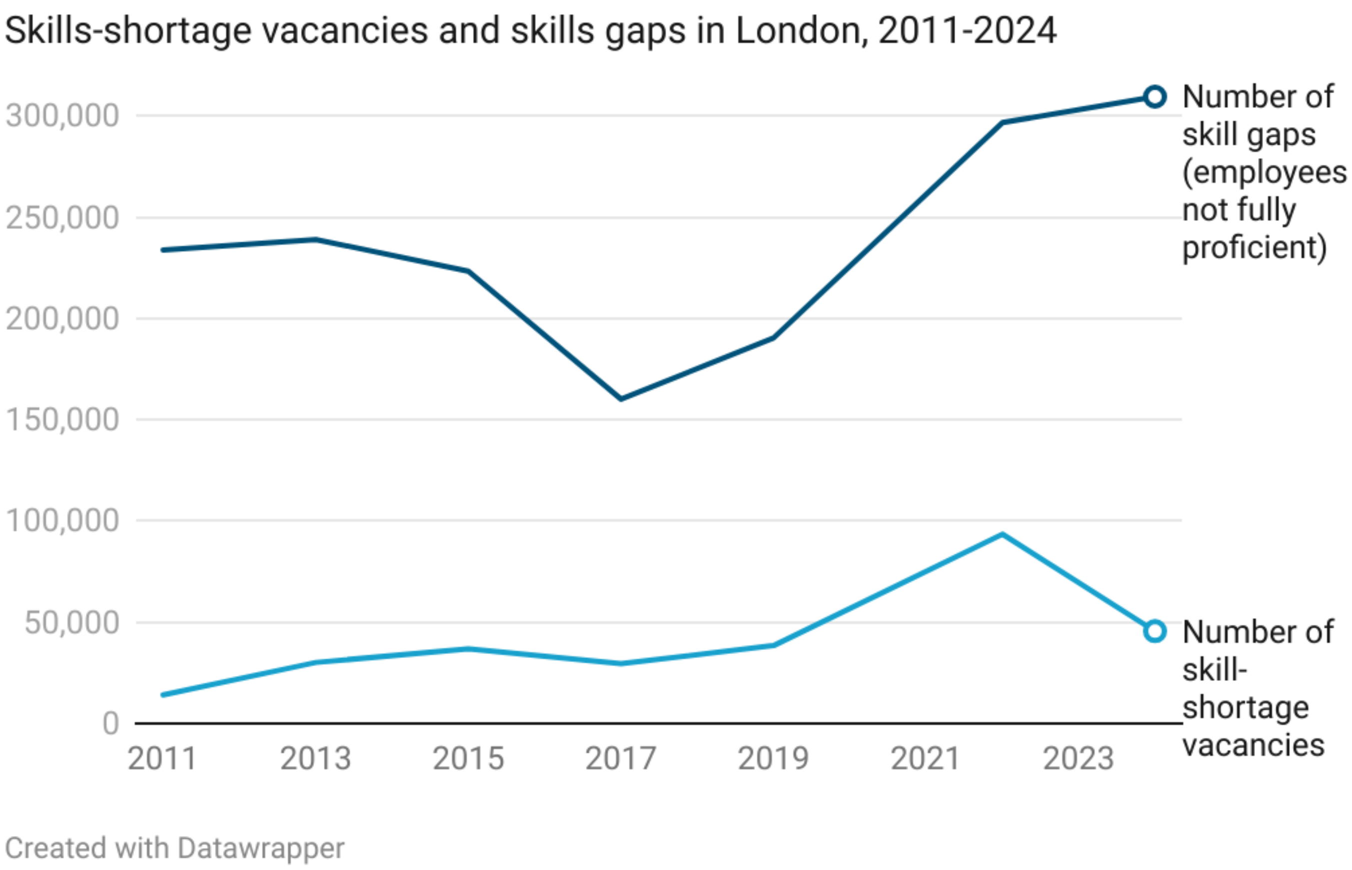
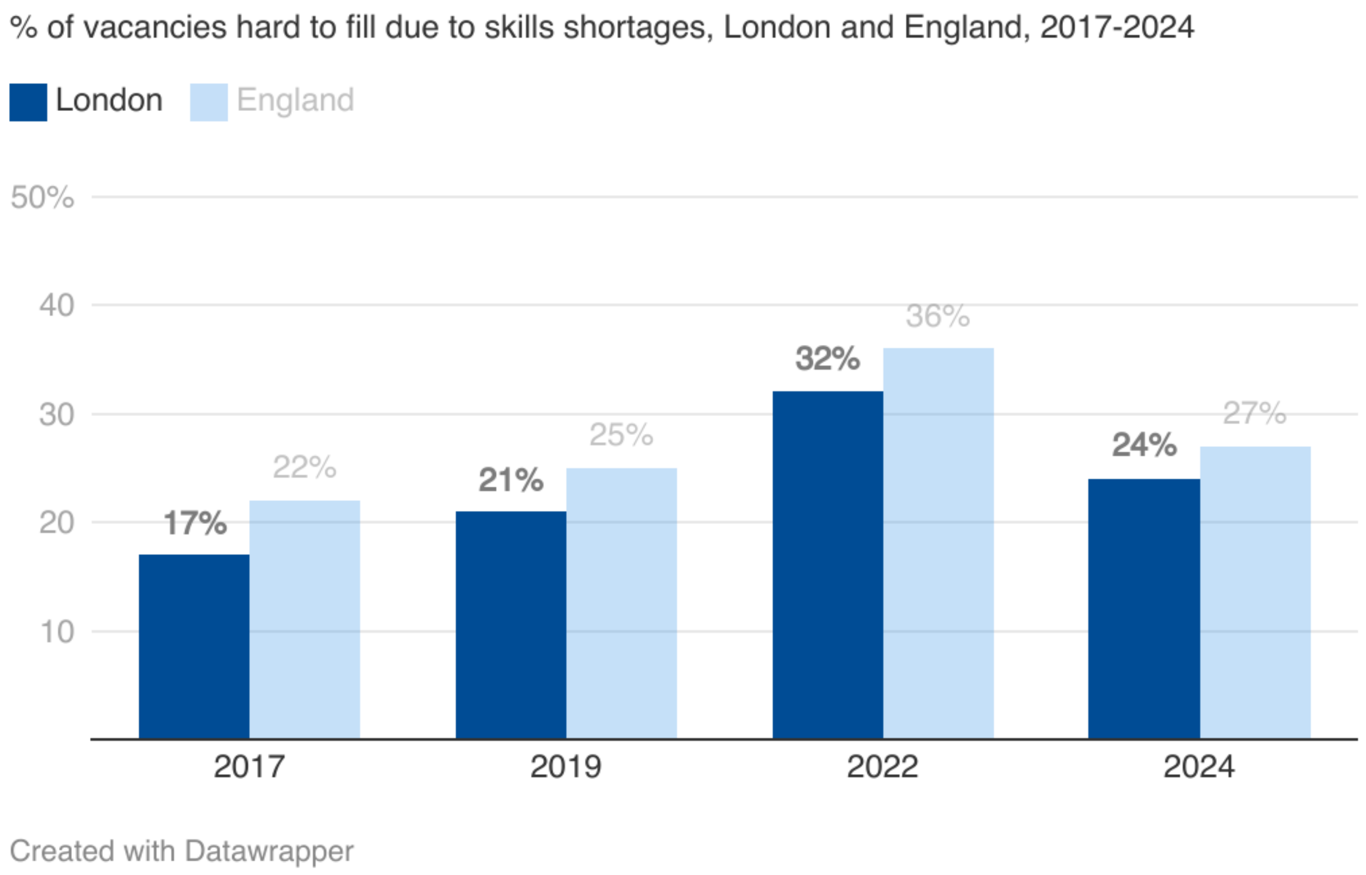
While skill-shortage vacancies fell between 2022 and 2024, skills gaps among existing workers remained high



- The number of skill-shortage vacancies in London fell from **93,500 in 2022 to 45,600 in 2024**.
- Over the same period, the number of employees reported as not fully proficient (skills gaps) rose from **297,000 to 309,500**.
- While employers may have found it easier to recruit workers with the correct skills, skills challenges in the existing workforce increased.

Source: DfE Employer Skills Survey 2024. Note: A skills shortage vacancy is a vacancy that is hard to fill due to lack of skills, qualifications or experience among applicants. A skills-shortage vacancy is thus a subset of hard-to-fill vacancies.

1 in 4 vacancies were hard to fill due to skills shortages in 2024 – still above pre-pandemic levels

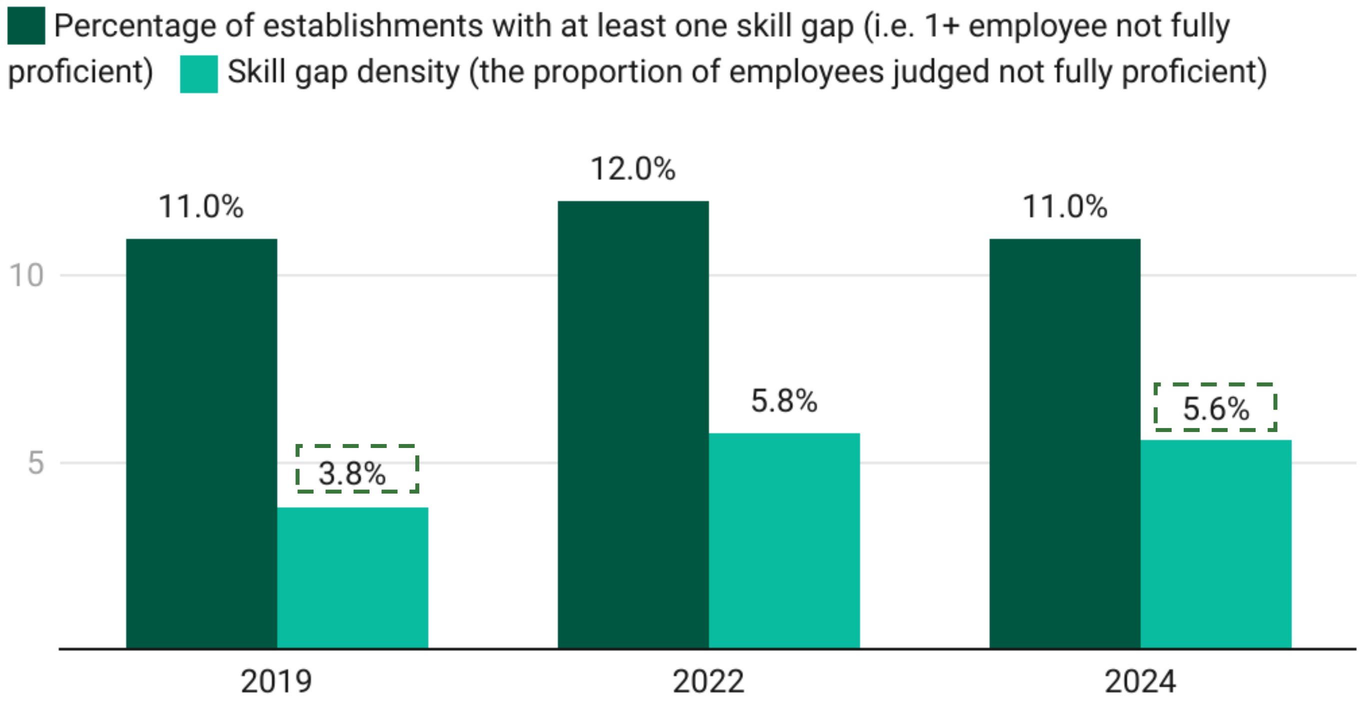


- In 2024, **24% of vacancies** in London were hard to fill due to a lack of applicant skills – still above pre-pandemic levels.
- London's skills-shortage vacancy rate has consistently remained below the England average since 2017.

Source: DfE Employer Skills Survey 2024. Note: A skills shortage vacancy is a vacancy that is hard to fill due to lack of skills, qualifications or experience among applicants. A skills-shortage vacancy is thus a subset of hard-to-fill vacancies.

The proportion of employees not fully proficient remains higher than before the pandemic

Incidence and density of skills gaps, London, 2019, 2022 and 2024



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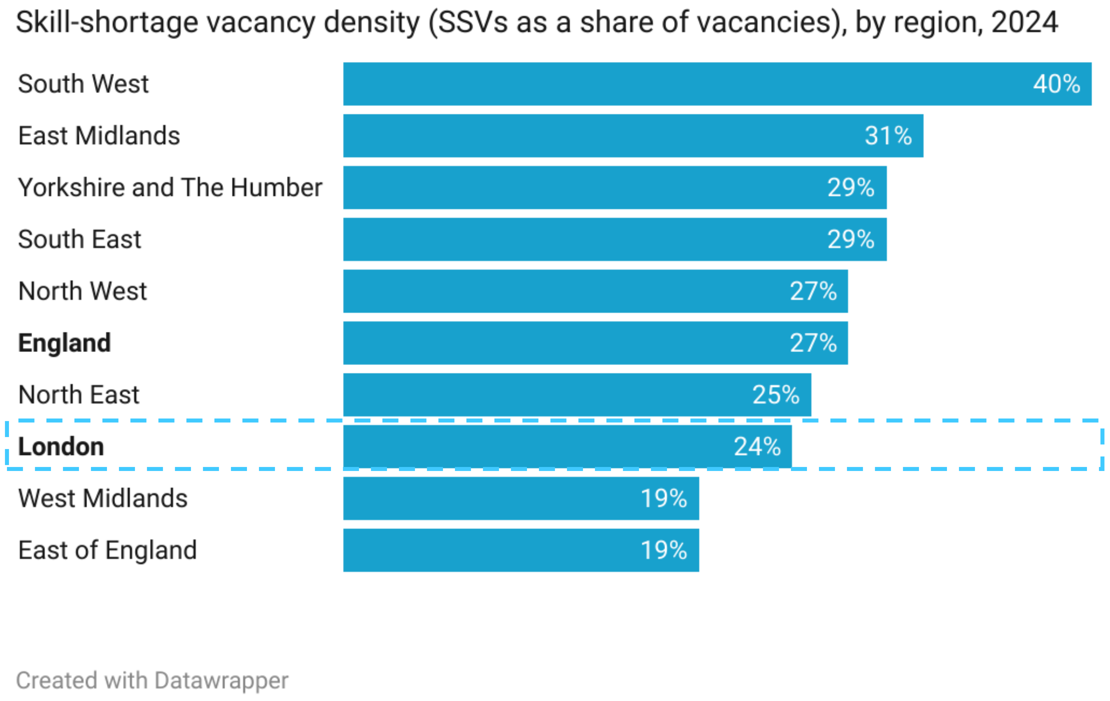
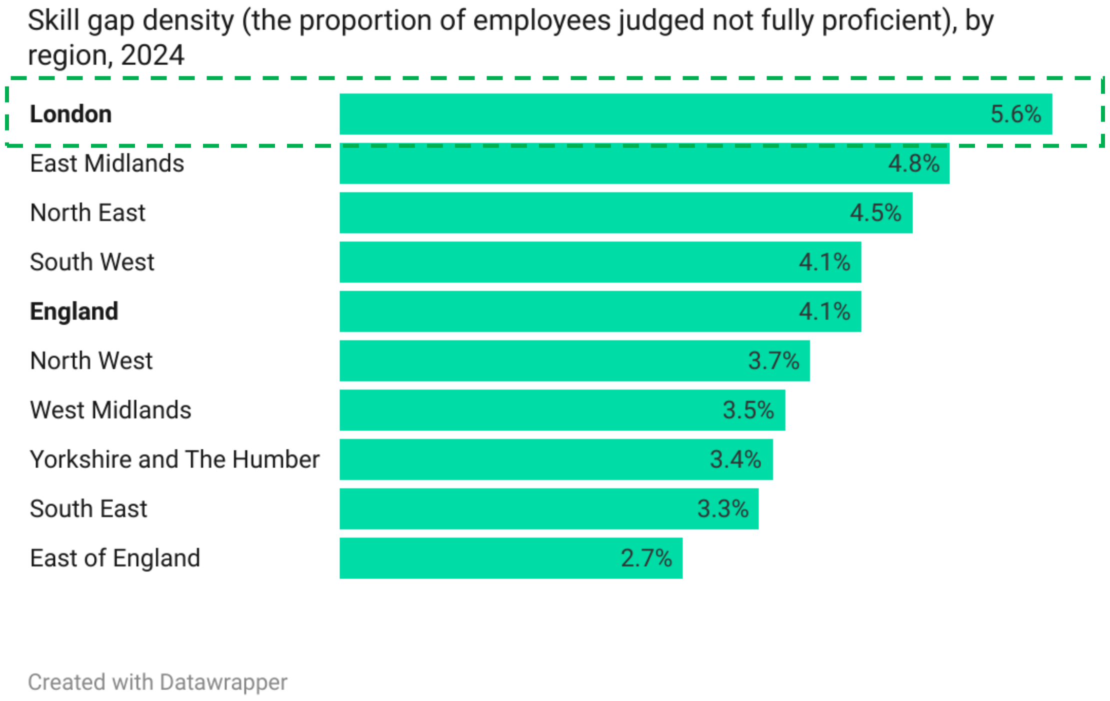
- The proportion of London employees judged not fully proficient (skills gap density), was **5.6% in 2024** - above the pre-pandemic level.
- The percentage of London employers with at least one skills gap remained steady at around **11%**.

In 2024, London had the third lowest SSV density and the highest skills gaps density among regions in England





Source: DfE Employer Skills Survey 2024

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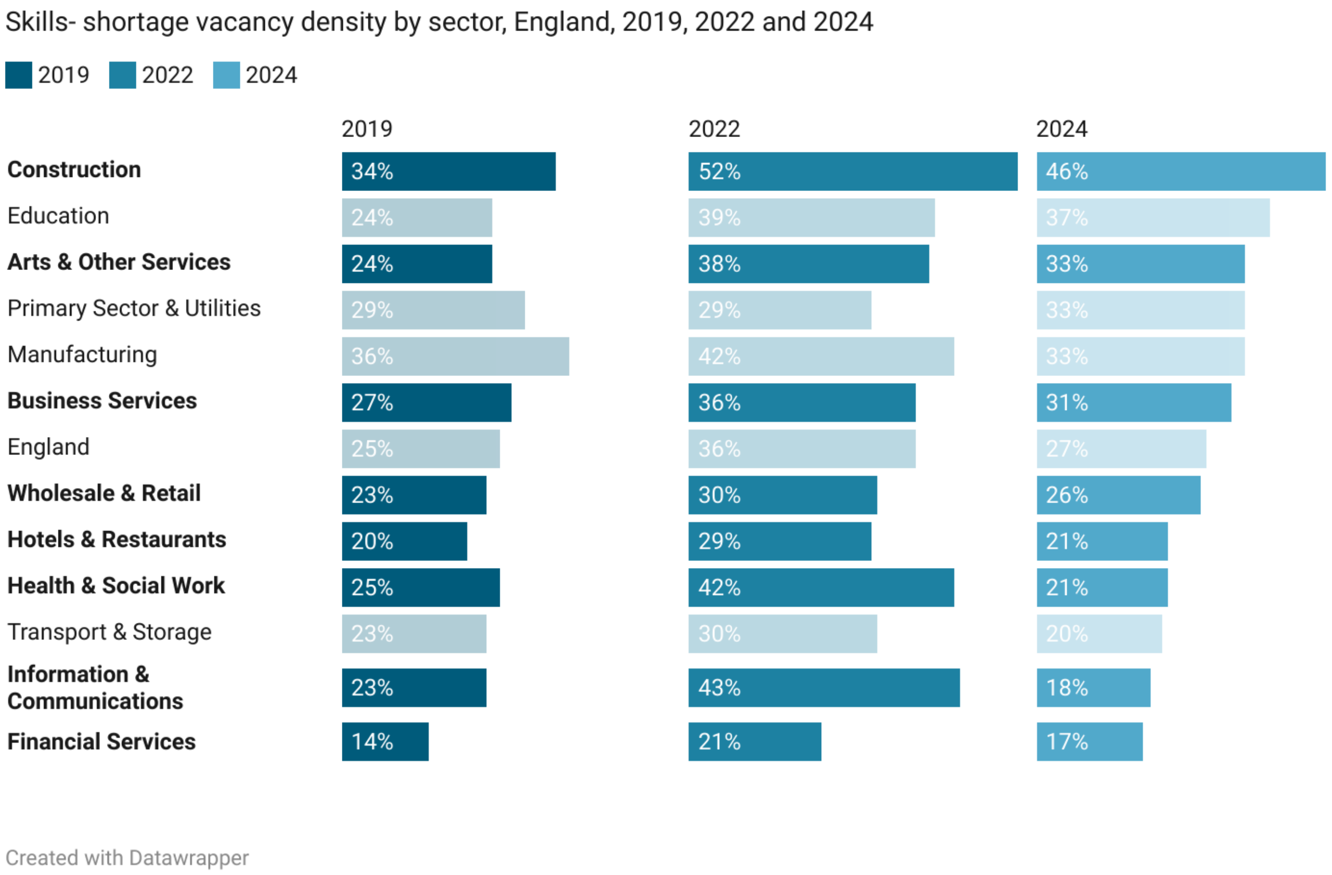
Sector and firm size analysis - England

Skills-shortage vacancies and skills gap among existing employees

Between 2019 and 2024, across the 13 industries in England, only 4 saw a decline in their SSV rate

Declines seen in:

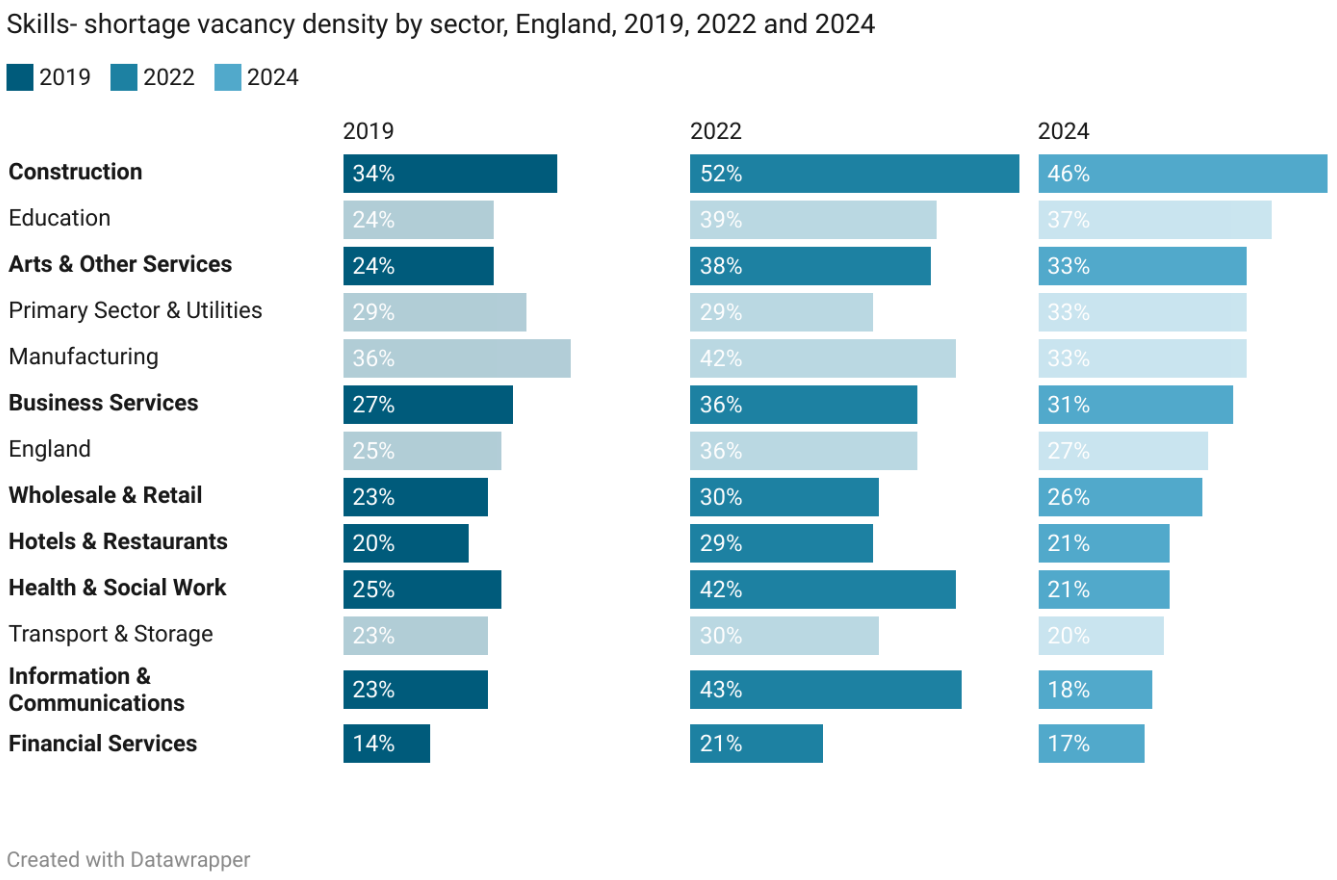
- **Information & Communication**:
  2019 vs 2024: ↓5pp
- **Health & social work:**
  2019 vs 2024: ↓4pp
- **Manufacturing:**
  2019 vs 2024: ↓3pp
- **Transport:**
  2019 vs 2024: ↓3pp



But for 9 sectors in England the skills shortage vacancy density was still above the 2019 rate

Largest increases in:

- **Education:**
  2019 vs 2024 ↑13pp
- **Construction:**
  2019 vs 2024 ↑12pp
- **Arts & Other services:**
  2019 vs 2024 ↑9pp



Source: DfE Employer Skills Survey 2024

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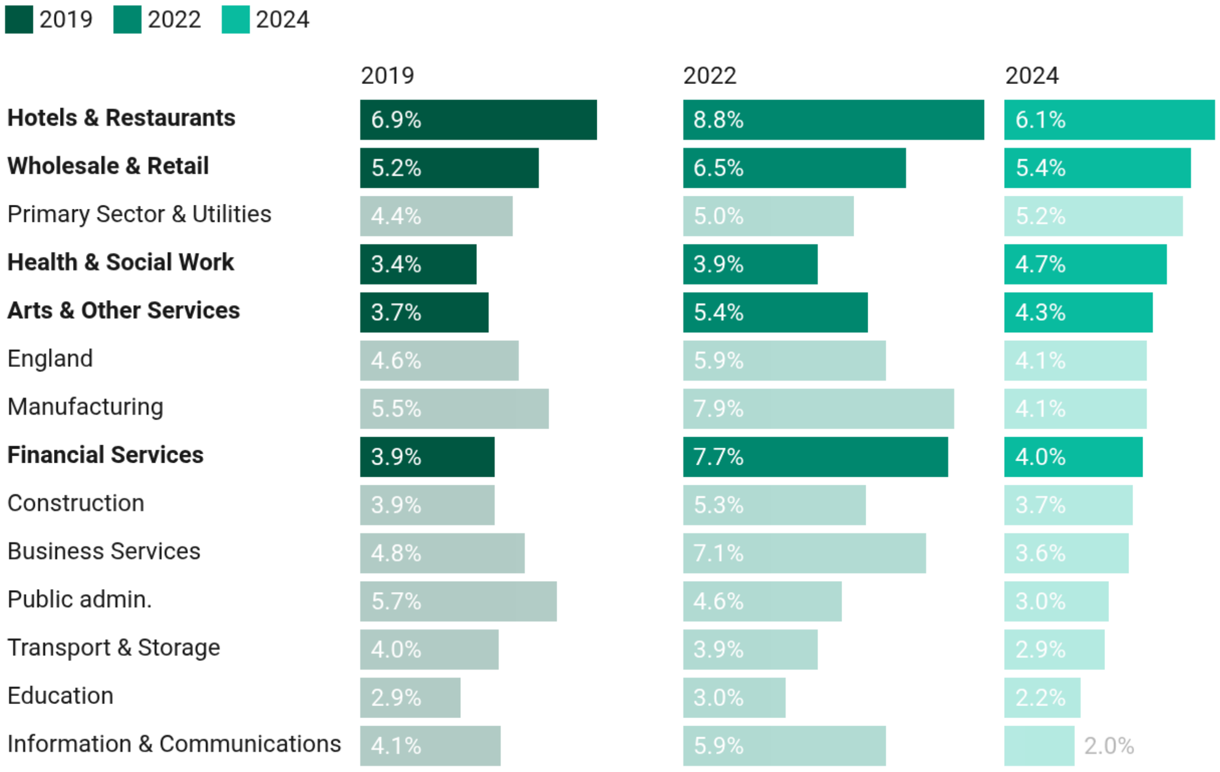
Skills gap in the existing workforce remains a challenge at the England level for certain sectors

Skills gap density (the proportion of employees judged not fully proficient) by sector, England, 2019, 2022 and 2024



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Source: DfE Employer Skills Survey 2024

In 2024, skills gaps remained above 2019 *and* 2022 rates in:

- Health and social work
- Arts and other services
- Primary sector and utilities
- Wholesale and retail
- Financial services

Larger declines between 2022 and 2024 in:

- Information and Communication
- Manufacturing
- Finance
- Business services
- Hospitality

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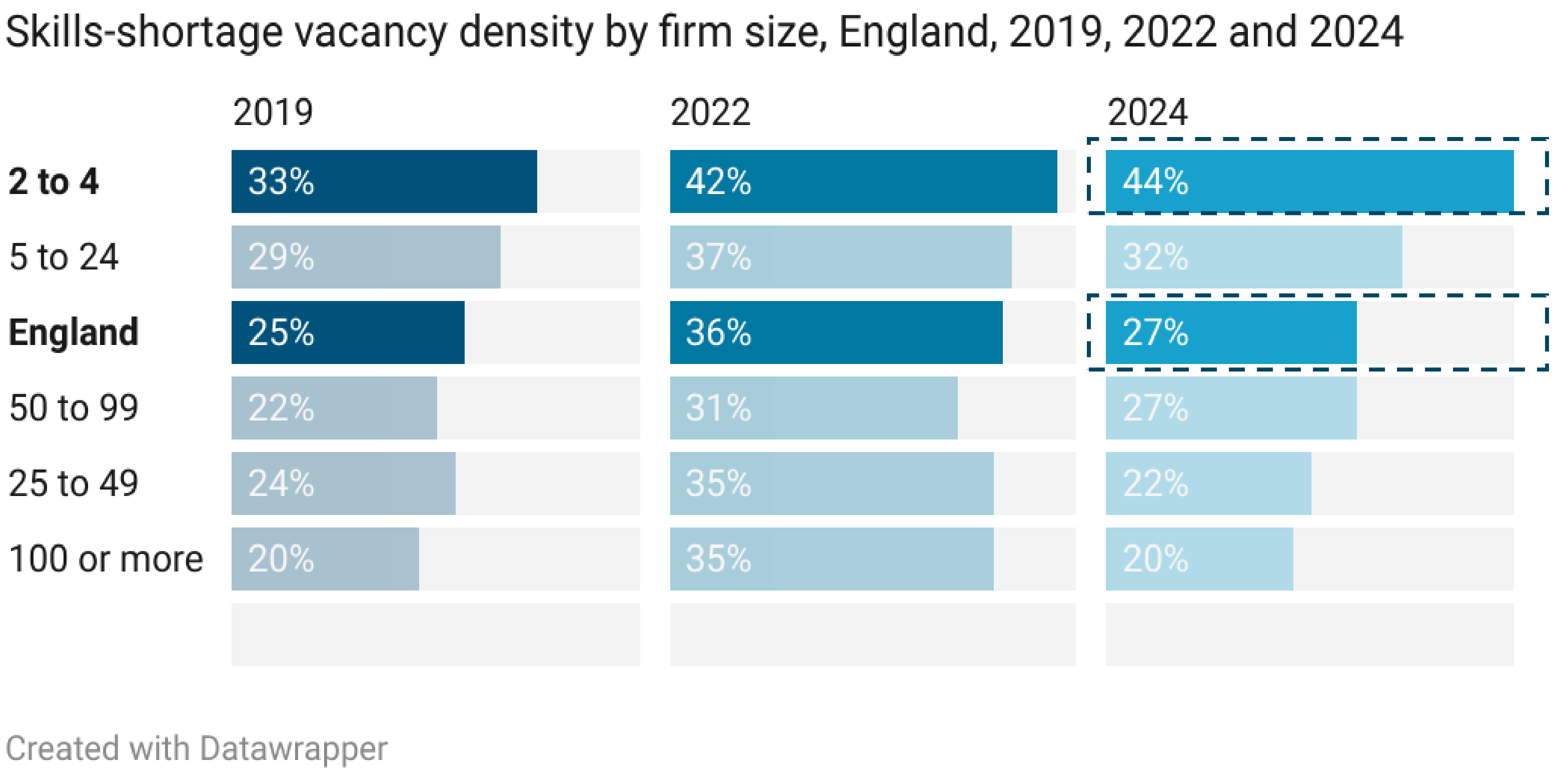
Micro and small firms continue to face acute skills shortages



Source: DfE Employer Skills Survey 2024

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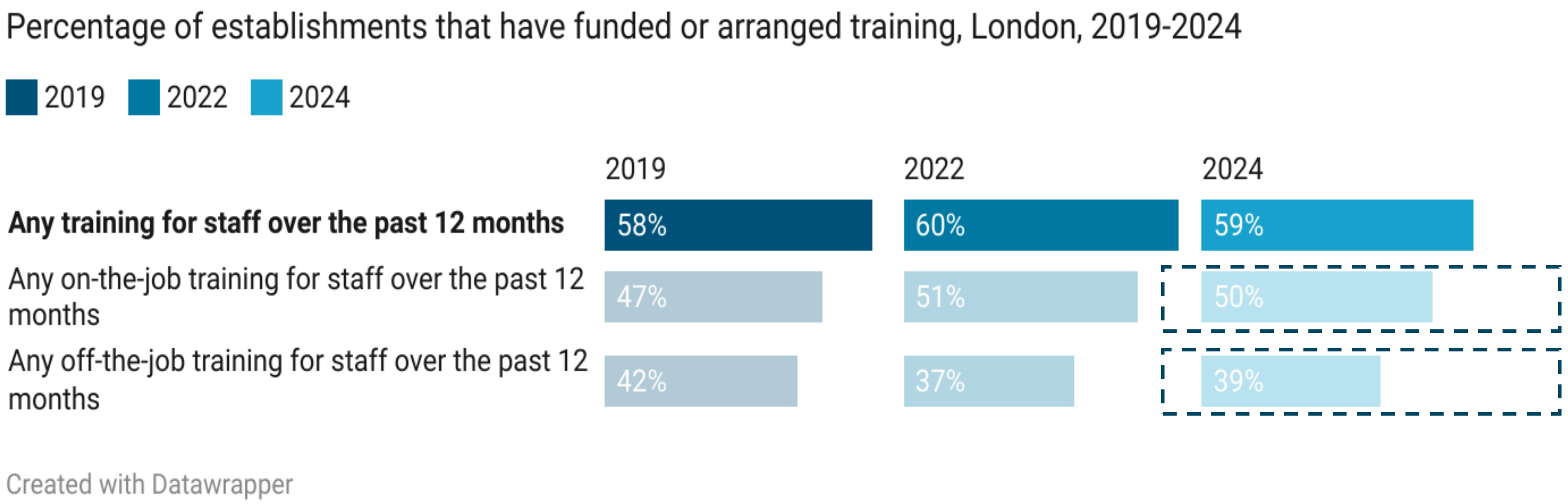
Trends in employer training

On-the-job vs off-the-job training and types of training offered

Three out of five firms funded or arranged training for staff in 2024, unchanged from 2022



Source: DfE Employer Skills Survey 2024

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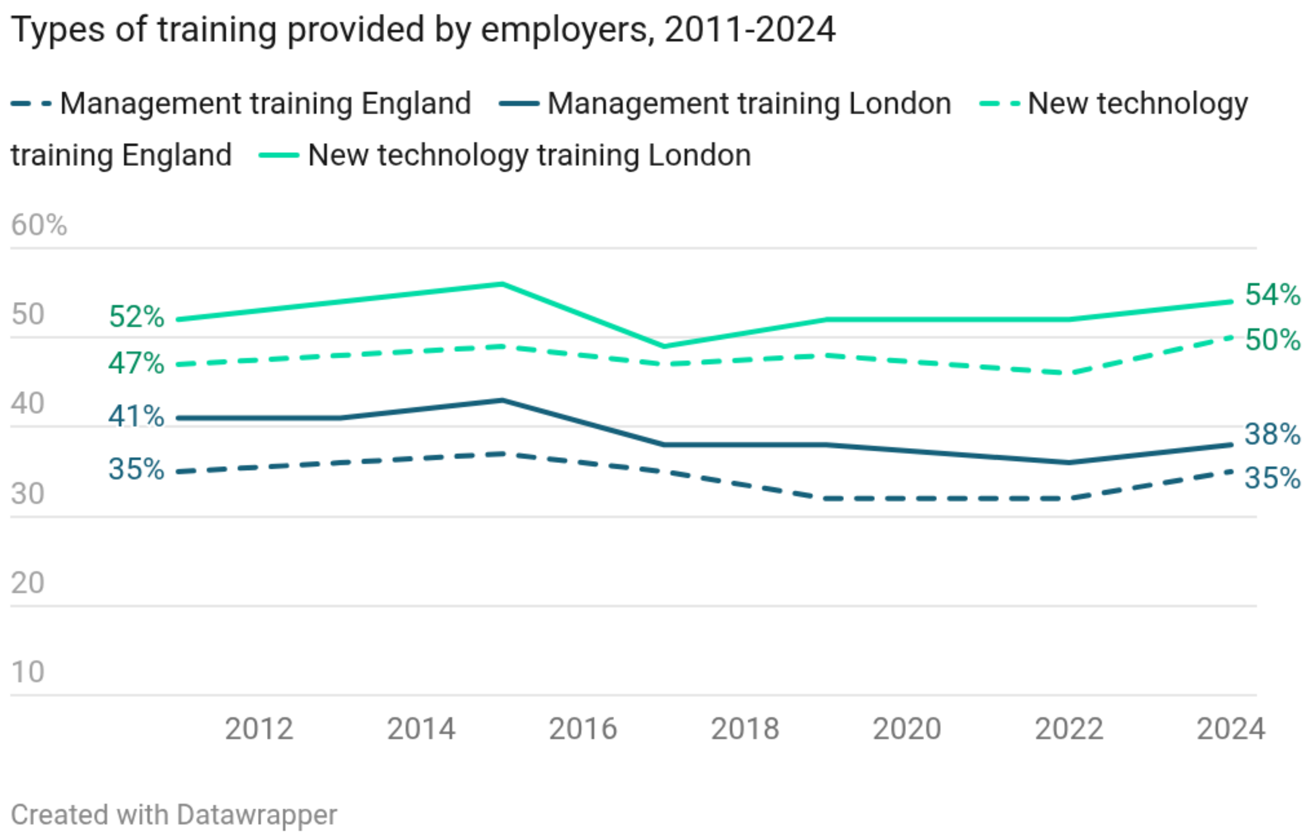
A relatively high share of employers in London are providing training in management and new technologies



- In 2024, 54% of employers in London provided training in new technology, compared to 50% in England
- Management training was also more prevalent in London compared to England (38% vs 35%).
- Longer term trends are flat.

Source: DfE Employer Skills Survey 2024

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Declining investment in training by employers since 2011

- While there was a decline at both the London and England level, investment was higher among London employers.
- Investment in training per employee in London declined from **£2,920 in 2015 to £1,810 in 2024** (2024 prices).

Source: DfE Employer Skills Survey 2024. Note Levy payments such as apprenticeship levy ins included in this figure. See https://explore-education-statistics.service.gov.uk/methodology/employer-skills-survey-2022-2024

Summary of findings & implications

Summary of findings

- The number of vacancies reported by London employers declined between 2022 and 2024. This is in line with other data which suggested a cooling labour market.
- However, the vacancy rate (vacancies as share of employment) in London remains higher than in other regions.
- Skills-shortage vacancies, an indicator of unmet labour demand, declined in the capital.
- At a sector level in England, skills-shortage vacancies rate remained higher than pre-pandemic rates across several sectors.
- The number of skills gaps (existing employees not fully proficient) increased.
- The proportion of employers providing training remained broadly flat, but the investment in training per employee continued to decline.

Key implications

- Despite London employers were finding it easier to recruit people with the right skills, a number of structural skills challenges remain.
- In priority sectors such as Construction, Arts and other services and Hospitality, skills shortage remain high. Brexit or the structure of the workforce e.g. an aging workforce could be key drivers.
- In Health and social care, the share of vacancies that were hard-to-fill due to skills shortages declined. Changes to immigration rules for the Care sector could exacerbate skills challenges in the future.
- The skills gaps among existing employees had not improved significantly, despite this context, employer investment in training continued to decline.
- Rapid technological change may also be accelerating changes in the types of skills needed by employers from their current and future workforce.
- This points to an ongoing need for greater investment in workforce training.

Questions?

What can be done?

- Invest in continuous education and skills training: Only 1 in 5 UK adults participate in any form of adult education and training and business investment in skills training has declined since 2011.

Source: Centre for Economic performance, Old Skills, new Skills-what is changing in the UK labour market, February 2024. Grant Thornton, The skills gap and its impact on productivity.

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- Make skills training a significant priority for government investment – establishment of Skills England, Local Skills Improvement Plan, Lifelong Learning Entitlement

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- Make skills training a significant priority for government investment – establishment of Skills England, Local Skills Improvement Plan, Lifelong Learning Entitlement
- Invest in skills aligned to areas of growth and continually monitor changing demand – London Growth plan and inclusive Talent Strategy

Source: Centre for Economic performance, Old Skills, new Skills-what is changing in the UK labour market, February 2024. Grant Thornton, The skills gap and its impact on productivity.