Local Skills Report Annexes – Core Indicators and Additional Data

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Contents

Introduction

This document contains the Annexes to the London Local Skills Report – February 2022.

Annex A summarises and provides narrative for a set of core indicator data outlined by the SAP programme team. These core indicators are split into four theme headings:

- Local Landscape
- Skills Supply
- Skills Demand
- Mapping Skills Supply and Demand

For consistency with other areas, most of the data and charts presented in this document are those identified as core indicators.

Where possible, these have been updated since the previous Local Skills Report Annexes. Extra prominence has been given to changes that have emerged since the previous report and/or the impacts of the pandemic.

Annex B also proves a brief description of priority sectors.

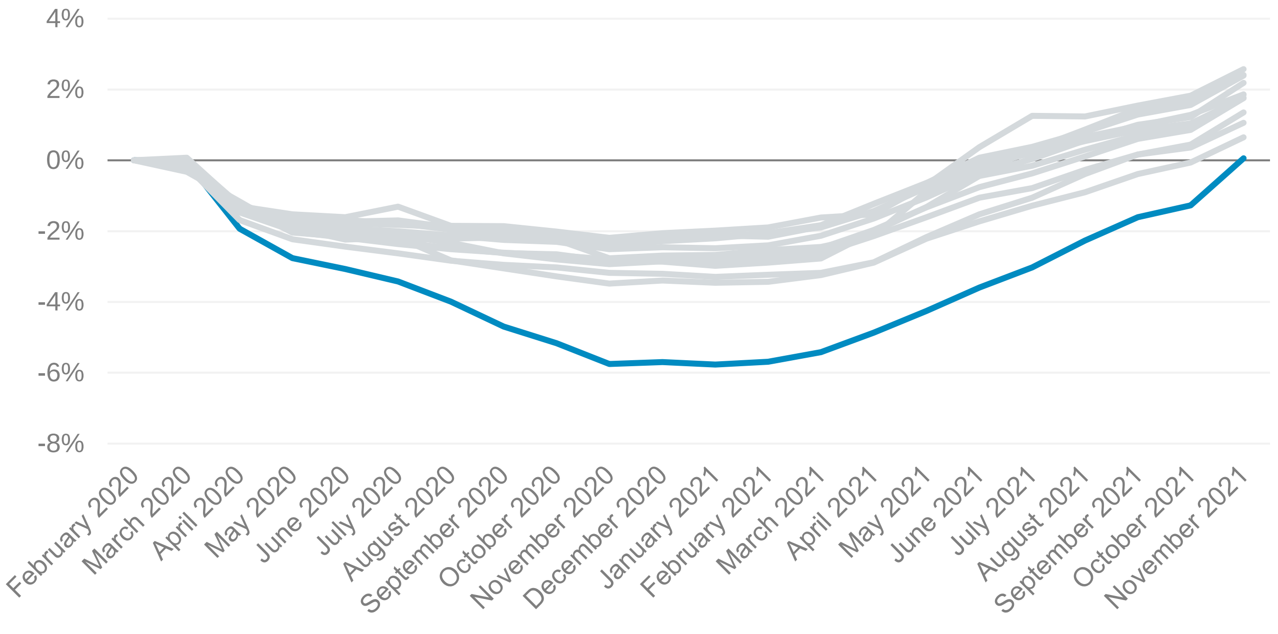
Note on labour market impacts of COVID-19 in London

London's labour market has (so far) been relatively hard hit by the coronavirus (COVID-19) pandemic and the measures to contain it. This is evident across a range of indicators. For example:

- The number of payrolled employees living in London was only 0.1% higher in November 2021 than in February 2020 – the slowest recovery of any UK region or country (employee numbers were up 1.5% in England overall).
- The unemployment rate among Londoners was estimated at 5.4% in the three months to October 2021 – still up by 0.9 percentage points on its pre-pandemic level and higher than in any other UK region or country.
- As outlined by the Institute for Fiscal Studies, Londoners also 'suffered from higher rates of redundancy, lower rates of re-employment after redundancy and lower growth in vacancies' during the pandemic.

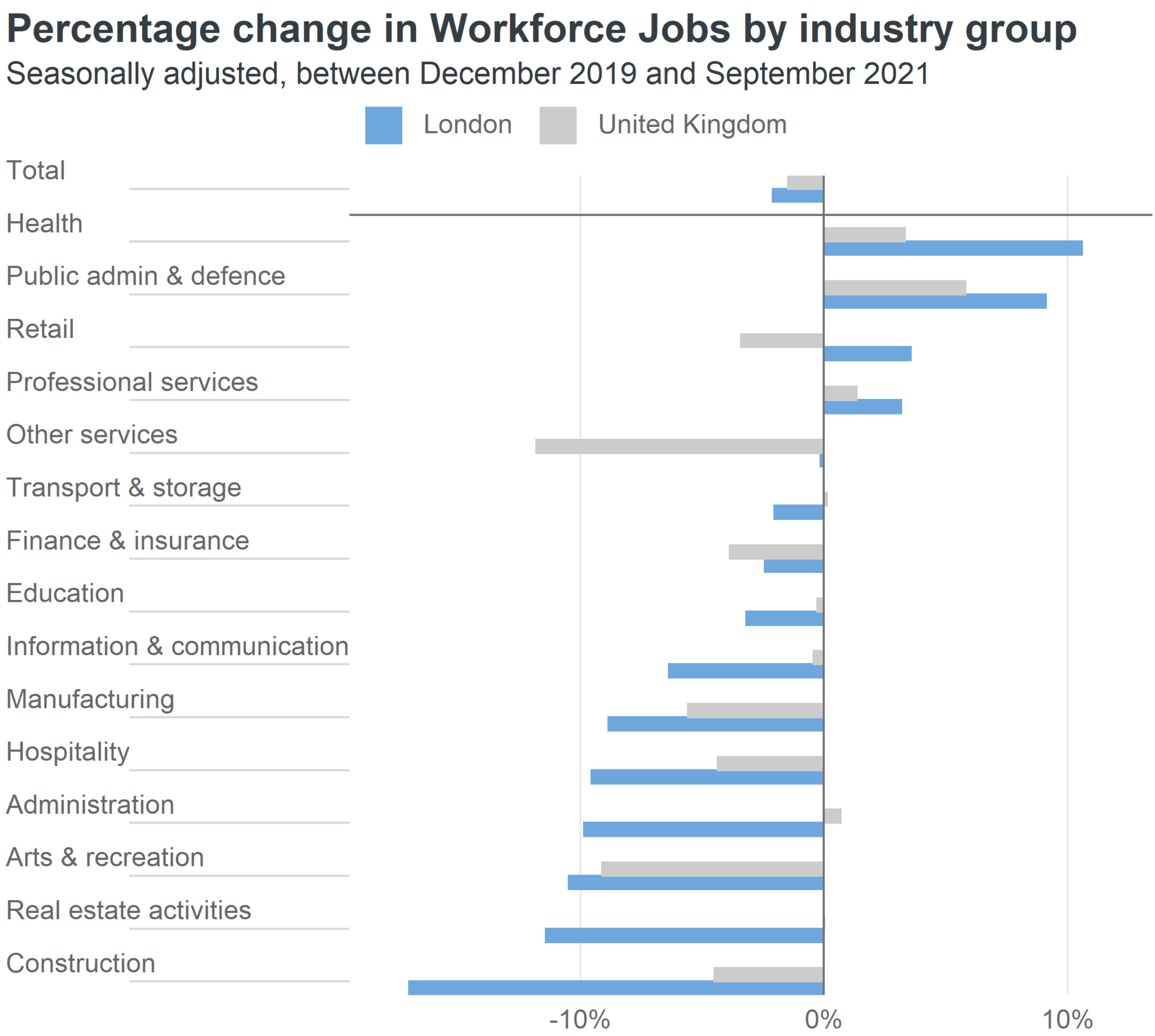
The employment impacts of the pandemic have also been sectorally uneven. While lockdowns and restrictions reduced demand in contact-intensive sectors, employment increased in sectors like health and public administration. These uneven impacts have been especially marked in the capital. There were, for example, 54,000 fewer construction jobs in September 2021 than in December 2019, and 44,000 fewer hospitality jobs.[1]

Change in payrolled employees since February 2020
London vs. **other UK regions/countries**



Source: HM Revenue and Customs – Pay As You Earn Real Time Information. Note: Estimates are based on where employees live.

[1] ONS Workforce Jobs



Source: ONS Workforce Jobs.

Note: The margin of error for all jobs is +/- 0.9% for London and +/- 0.3% for the UK.

When the Coronavirus Job Retention ('furlough') Scheme came to an end on 30 September 2021, the use of furlough in London was nearly double the UK average, with high numbers on full furlough and high take-up rates in construction and hospitality.[2] There were concerns this could make redundancies in the capital more likely.

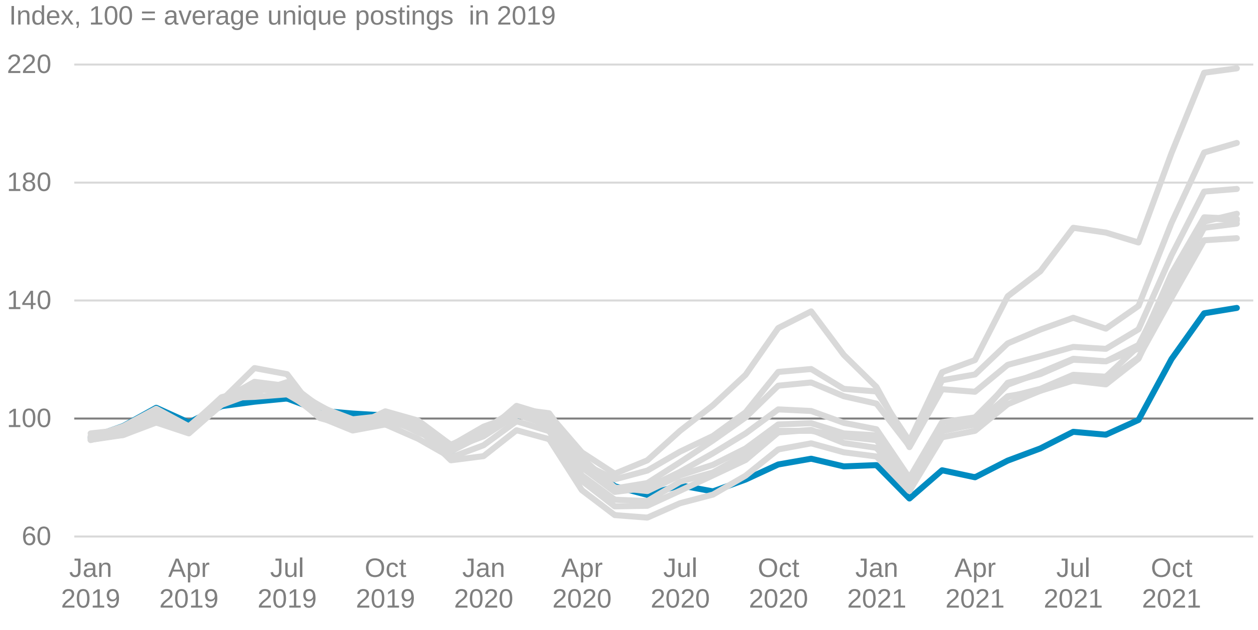
Yet, despite the end of the furlough scheme, and prior to the Omicron wave, headline labour market indicators had continued to improve in London over recent months:

[2] There were 232,700 employments on furlough in London at the end of September 2021, with 153,000 on full furlough.

- By November 2021, the number of payrolled employees living in the capital had increased for 10 consecutive months, with comparatively strong month-on-month growth recorded in employees since the summer.[3]
- ONS estimates for the three months to October 2021 showed the employment rate in London nearing pre-pandemic levels, with unemployment down 2 percentage points from its pandemic peak of 7.4%.
- Workforce Jobs numbers also rose across most sectors in 2021, with 45,000 more jobs in consumer-facing sectors[4] in London in September 2021 relative to December 2020 (albeit this was still 42,000 lower than pre-pandemic).

Before the Omicron wave, there were also signs of a broad recovery in online job postings.[5] After the start of the pandemic, the volume of online postings increased at a slower rate in London than in most other parts of the country. However, growth picked up and total postings for jobs in London exceeded pre-pandemic levels at the end of 2021. While not all job roles recorded the same rate of growth, postings volumes had increased recently for London-based jobs at different skill levels (see Section 3).

Index of unique online job postings since January 2019
London vs. **other England regions**



Source: Emsi, 2022. For more information see: Emsi.

But despite these signs of improvement, the pandemic has still had unequal and ongoing labour market impacts for different groups of Londoners.

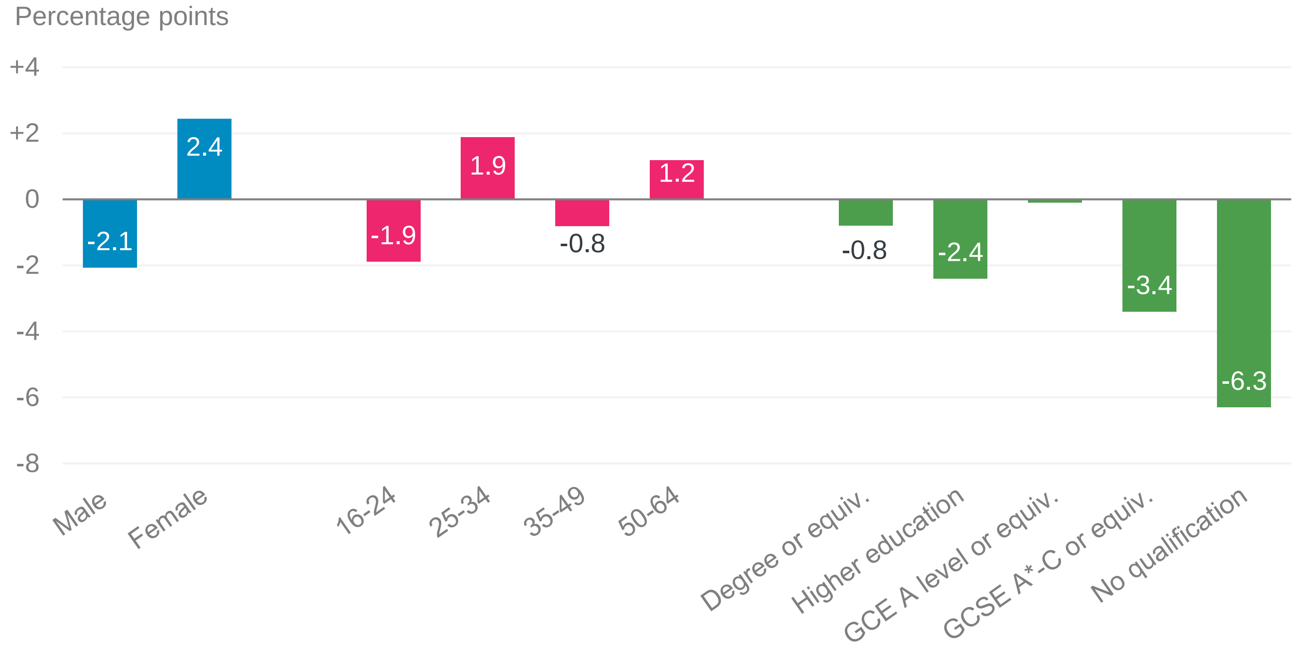
The self-employed have been hit relatively hard. The total number of self-employment jobs in London was still 17% below pre-pandemic levels in September 2021, compared to 13% below nationally and 0.1% above pre-pandemic levels for employee jobs in London. While

[3] Month-on-month growth in payrolled employees living in London exceeded the England average in every month since June 2021.
[4] Wholesale and retail trade, Accommodation & food services, Arts & recreation and Other service activities.
[5] There are early signs that recovery may have stalled (see below) or even reversed recently due to the Omicron wave.

part of this may reflect changes in individuals' (perceived) job status, almost a fifth (18%) of self-employed Londoners say that they are struggling financially due to the pandemic.[6]

Employment rates also fell more for male workers, younger workers, and Londoners with fewer qualifications. According to the ONS Labour Force Survey, the employment rate for working age Londoners without formal qualifications was 6.3 percentage points lower in the three months to September 2021 than for the same period in 2019. For Londoners aged 16-24, the employment rate fell by 1.9 percentage points over the same period. The youth unemployment rate in London remains markedly higher than in other regions.

Change in employment rate by selected groups
London, Jul-Sep 2019 to Jul-Sep 2021, percentage points



Source: ONS Labour Force Survey. Note: these estimates are not seasonally adjusted.

Given these (and other) changes, there are concerns that the pandemic will exacerbate existing inequalities in the capital. For example, as shown in Section 1, the claimant count rate has increased far more in the capital's most deprived neighbourhoods. Not all parts of London had seen payrolled employees return to pre-pandemic levels at the end of 2021.[7]

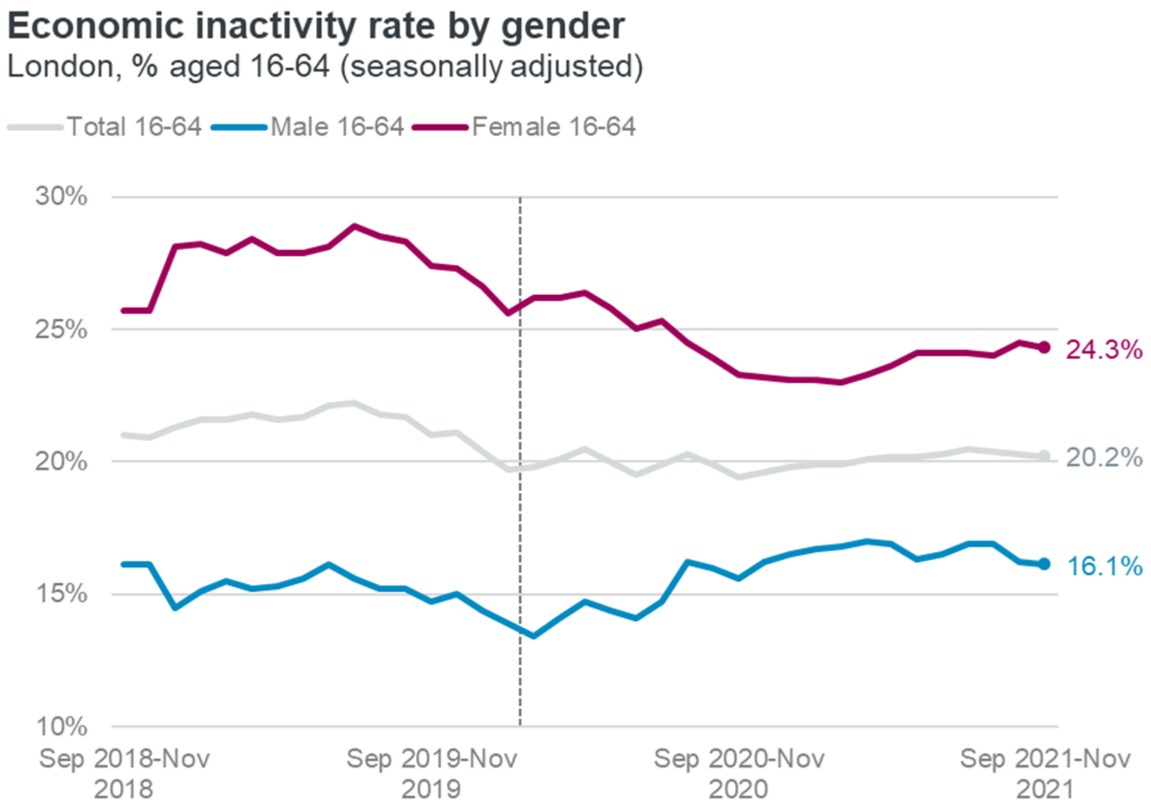
There are also concerns about job quality. Research suggests that young people who moved out of work during the pandemic are more likely to be in atypical employment than their counterparts who stayed in employment.[8] While that evidence is based on polling at the national level, there are signs that Londoners in work are also concerned about their employment situation. Polling carried out for the GLA in mid-October 2021[9] found that:

[6] YouGov / Mayor Of London Survey. Sample Size: 1,176 London Adults; Fieldwork: 15-19 October 2021.
[7] e.g. for borough level data see: GLA Economics (2021) Labour market update for London - December 2022
[8] Resolution Foundation (2022) Leaving lockdown
[9] YouGov / Mayor Of London Survey. Sample Size: 1,176 London Adults; Fieldwork: 15-19 October 2021.

- 27% of employed Londoners were worried about losing their job as a result of the pandemic, 31% were worried about professional development and 37% were worried about career progression.
- 15% of employed Londoners said that as a result of the pandemic their pay or hours had been reduced, rising to 26% Londoners who had previously been on furlough.

Yet as the economy has recovered from the pandemic, a growing number of businesses have also been unable to find people with the skills they need. The latest London Business 1000 survey showed an increase in the proportion of London businesses reporting skills-related challenges (see Section 4).This is consistent with local intelligence, which indicates that a wide range of sectors and occupations are facing recruitment issues.

As discussed in Section 4, evidence of recruitment difficulties in London, despite unemployment remaining above its pre-pandemic level, suggests that there are frictions in matching available workers with job vacancies (such as shortages of workers with particular skills). The level of labour market participation in the capital has also declined since January-March 2020, especially among men. This is largely down to changes in population trends. The overall rate of economic inactivity is also around 0.4 percentage points higher than before the pandemic (January-March 2020).



Source: ONS Labour Force Survey.

Annex A – Core Indicators

1. Local Landscape

Summary

- A high share of the London labour force is employed in typically higher paying and skilled industries and occupations, boosting average productivity and pay levels.
- But while London remains the most productive region or country in the UK, its rate of productivity and pay growth stalled (in real terms) in the decade leading up to the pandemic, with slower real pay growth exacerbated by London's high living costs.
- The employment rate in London had been increasing significantly in the decade to 2020, with the capital's labour market more than absorbing a growing population.
- But despite improvements in participation, headline employment rates conceal significant inequalities and signs of worsening job quality in recent years.
- There is a particularly strong link between qualification levels and employment outcomes in the capital – residents with mid- and low-level qualifications face greater labour market disadvantage in London compared to the rest of the country
- Employment, especially self-employment, has also fallen as a result of the coronavirus pandemic, while unemployment remains above average in the capital.
- Employment has fallen particularly sharply in contact-intensive sectors such as Hospitality and Arts & recreation – more so than in the rest of England.
- Notwithstanding recent signs of recovery, most sectors and areas in London recorded a decline in employment levels during the pandemic, and it remains unclear to what extent the pandemic will have lasting effects on London's economy.
- London also accounts for eight of the top ten local authorities in England for increases in the claimant rate since March 2020, with more pronounced increases in the claimant rate in more deprived and more ethnically diverse neighbourhoods.

Employment by sector

Over recent decades the composition of London's economy has seen a shift in employment towards services and away from primary and production activities. Based on employment share, London (especially central London) is now specialised in several highly productive and relatively high-skilled sectors, such as:

- Professional, scientific & technical – 13% of employment compared to 9% across England.
- Information & communication – 8% of employment compared to 5% across England.
- Finance & insurance – 7% of employment compared to 4% across England.

At the same time, the London economy has become relatively less involved in primary and production-based activities. This is most pronounced in the case of Manufacturing, which directly accounts for only 2% of employment in London compared to 8% across England as a whole.

London's economy also features a high level of employment in sectors adversely affected by the coronavirus (COVID-19) pandemic and the measures to contain it. This includes above average employment in Hospitality and Arts & recreation; while Construction had seen the strongest rate of employment growth in London in recent years (pre-pandemic).

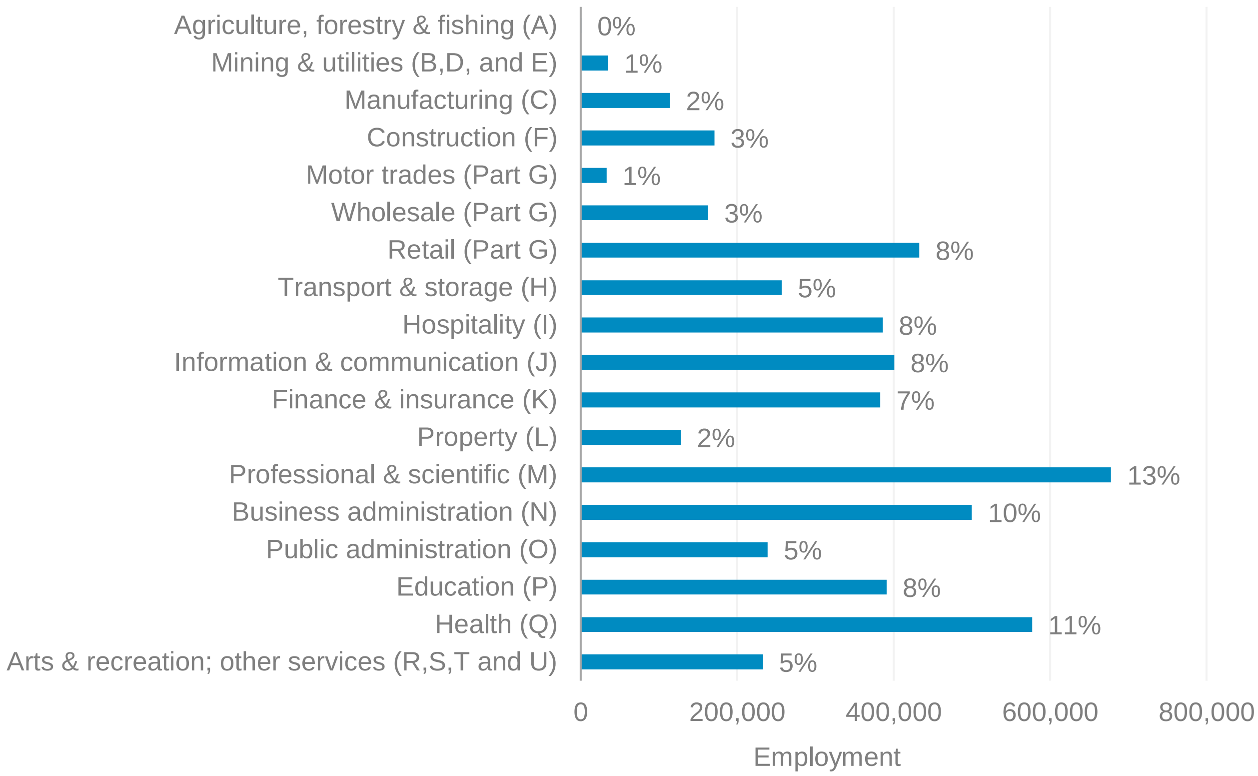
Focusing on the period between October 2019 and 2020, workplace employment levels:

- Declined in most industry groups in London – employment fell in 11 out of 18 broad industry groups in the capital (whereas in the period from 2015 to 2019 employment increased in 15 out of 18 broad industry groups).
- Declined particularly sharply in contact-intensive sectors which were most impacted by coronavirus restrictions, such as Hospitality (-10%), Construction (-13%)[10] and Arts & recreation (-14%) – more so than in the rest of England.
- Increased in sectors responding to the pandemic, like Health (+10%) and Public administration (+5%), while sectors like Finance & insurance (+2%) and Professional & scientific (+1%) were relatively unchanged.

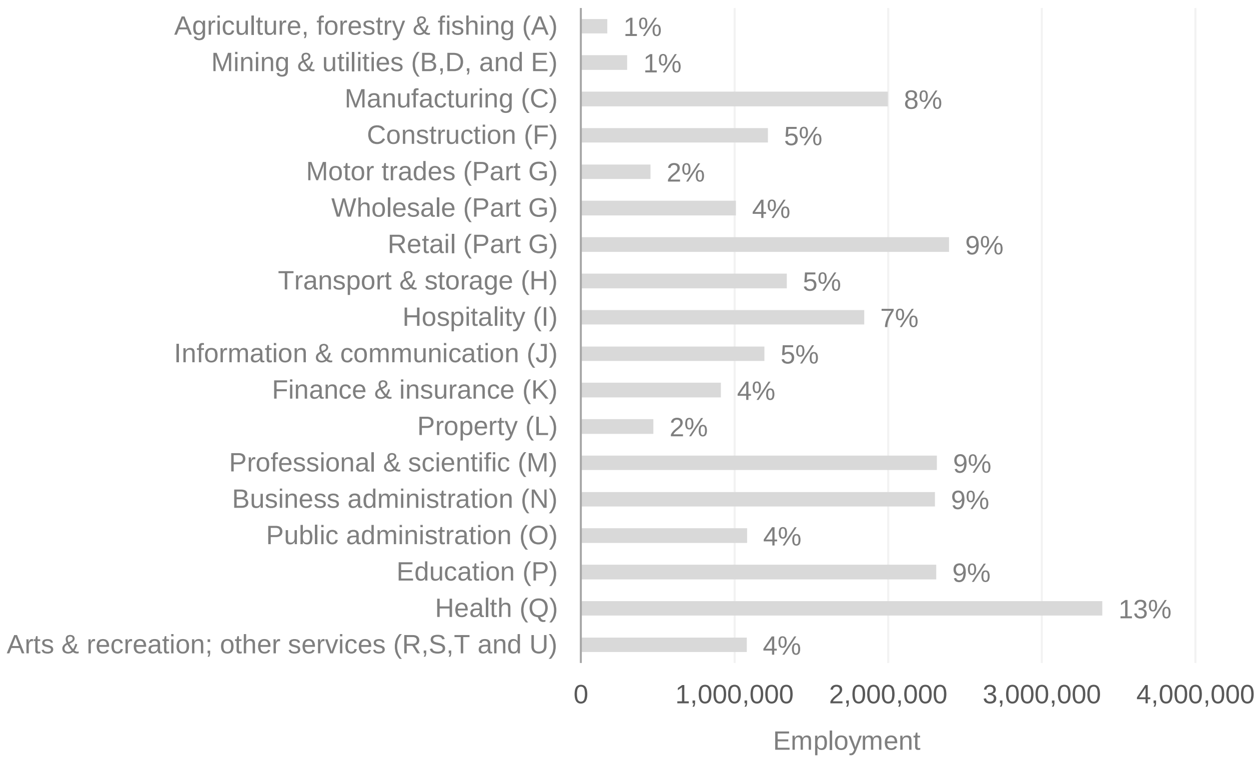
It remains unclear to what extent the pandemic will have lasting effects on London's sector mix and labour demand.[11] According to the latest estimates, the total number of workforce jobs in London was still 2% or 126,700 below December 2019 levels in September 2021, compared to 1% below for England overall. This finding is only partly explained by London's sectoral mix – there is also a significant 'London effect' (see Appendix 1).[12]

[10] Construction had recorded the strongest rate of employment growth in London in the years before the pandemic (between 2015 and 2019).
[11] As discussed in Section 3, recent online jobs postings trends show an increase in labour demand across a wide range of areas prior to the Omicron wave. Recruitment activity seemed to increase in sectors worst affected by the pandemic.
[12] This is likely to be related to the impacts of reduced tourism and commuter footfall, as well as changes in local spending patterns. Some of these factors may be expected to unwind in time but others (e.g. changes to commuting patterns link to hybrid working) may be more structural. For a relevant discussion, see: McCurdy, C (2021) Levelling up and down Britain: How the labour market recovery varies across the country.

Employment by sector, 2020 - London

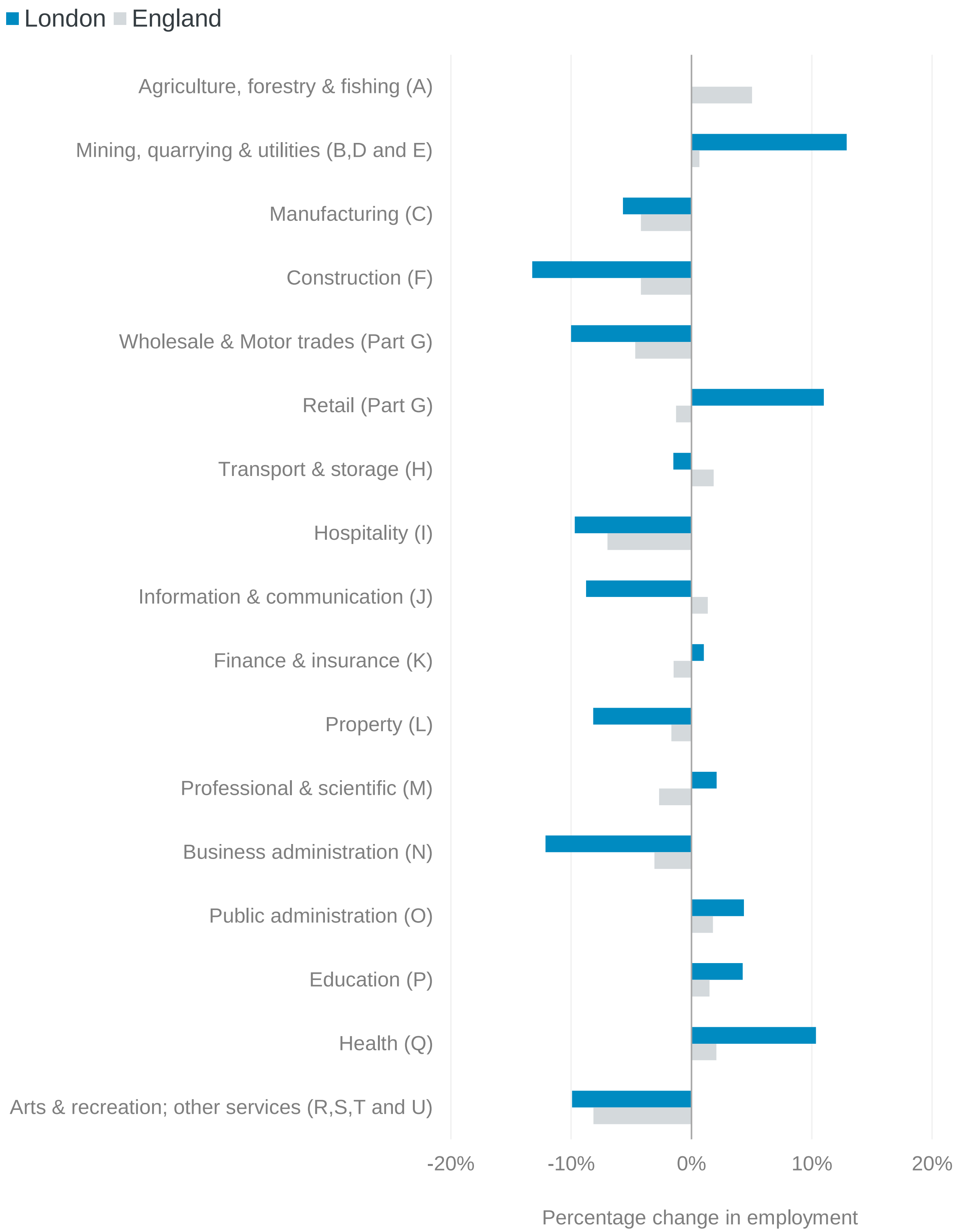


Employment by sector, 2020 - England



Source: Business Register and Employment Survey, 2020 (published 2021), government region level.

Change in employment by sector, 2019-2020



Source: Business Register and Employment Survey, 2019-2020 (published 2021) [accessed via Nomis].
Note: Wholesale and Motor trades are combined here for presentation purposes.

Within London, there are significant differences in sector composition between London's four sub-regional partnership areas.[13] Employment-based location quotients provide a measure of the relative share of a given industry in different regions. This shows that, for example, the Central London Forward area features a particularly high degree of relative specialisation in knowledge-intensive services, whereas in the Local London and South London Partnership areas there is a relatively a strong presence of less-knowledge intensive services (see Appendix 2 for a more detailed breakdown by London authority).[14]

Nevertheless, most parts of the capital recorded a decline in employment between October 2019 and 2020. Of the 33 local authorities in London, 22 saw a decrease in employment during this time. Kingston upon Thames saw the largest percentage decrease in employment (down 5,000 or 6%), followed by Kensington & Chelsea (down 7,500 or 5%). Newham (up 5,000 or 5%) saw the largest rate of increase in employment, led by employment growth in public administration.[15]

[13] For more information on the local landscape and impact of the pandemic on particular sub-regions, see: Oxford Economics (2021) The Future of The South London Economy Post Covid-19; Localis (2021) Local London and Levelling Up; Central London Forward (2021) Central London Recovery Plan 2021–2022; and Oxford Economics (2021) How has Coronavirus Impacted the West London Economy?

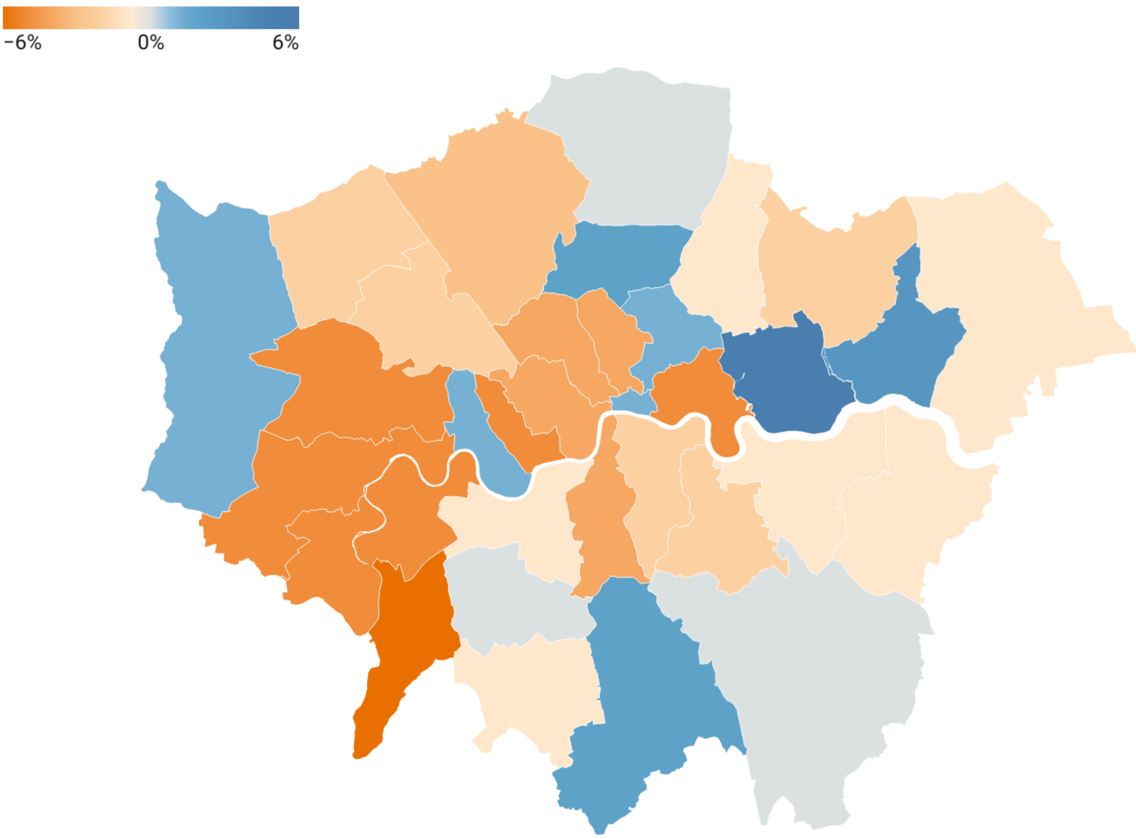
[14] Location quotients here are defined as the ratio between the share of employment in one sector within the London sub-region and the equivalent share in England overall. A quotient of one indicates that the sector is equally significant within the sub-region as in England overall

[15] In absolute terms, the largest decrease was in Westminster (down 30,000 or 4%) and the largest increase was in City of London (up 8,000 or 1%).

Employment-based location quotient for London sub-regional partnership areas

	Central London Forward	Local London	South London Partnership	West London Alliance	London (overall)
Knowledge Intensive Services	2.1	0.7	0.9	1.2	1.6
Less Knowledge Intensive Services	0.8	1.2	1.1	1.0	0.9
Low to Medium Tech Manufacturing	0.2	0.7	0.3	0.7	0.4
Medium to High Tech Manufacturing	0.1	0.4	0.2	0.2	0.1
Other Production	0.4	1.0	0.7	0.7	0.5
Real Estate	1.5	0.9	1.0	1.1	1.3

Change in employment, 2019-2020



Map data: © Crown copyright and database right 2018 • Created with Datawrapper

Source: Business Register and Employment Survey, 2019-2020 (published 2021). Notes: workplace-based employment; location quotients are based on local employment share relative to the England average.

Employment by occupation

Employment among London residents is relatively concentrated in occupational groups with typically higher pay and skills compared to the national picture. Overall, around 62% of resident employment is found in the managerial, professional and associate professional occupational groups. This compares to 50% of employment in these groups (SOC 1-3) across England.

As a result, London also features a lower than average share of employment in other occupational groups, particularly in elementary occupations (6% of employment in London compared to 9% across England).

When looking at employment in absolute terms, however, London has a high level of employment across all major occupational groups. There is also considerable variation in occupational profile between local authorities within the capital. For example, more than 75% of employed residents in Camden and Islington work in SOC major groups 1-3, compared to 28% of employed residents in Barking and Dagenham (see Appendix 3).

Overall, the coronavirus pandemic has had a pronounced impact on employment in lower-skilled occupations, especially elementary service roles.[16] This uneven impact has been particularly marked in London. Between the 12 months to December 2019 and the 12 months to June 2021, employment in the lowest skilled (level 1) occupations declined by 25%, almost double the England average (a 13% decline); whereas employment in the highest skilled (level 4) occupations increased by 9%, compared to 4% growth on average.

These changes suggest that the demand for higher-level qualifications in the capital could be even higher following the coronavirus pandemic. However, more timely online job postings data also suggests that there had been a recovery in the demand for workers in lower-skilled occupations in recent months as restrictions had eased (see Section 3).

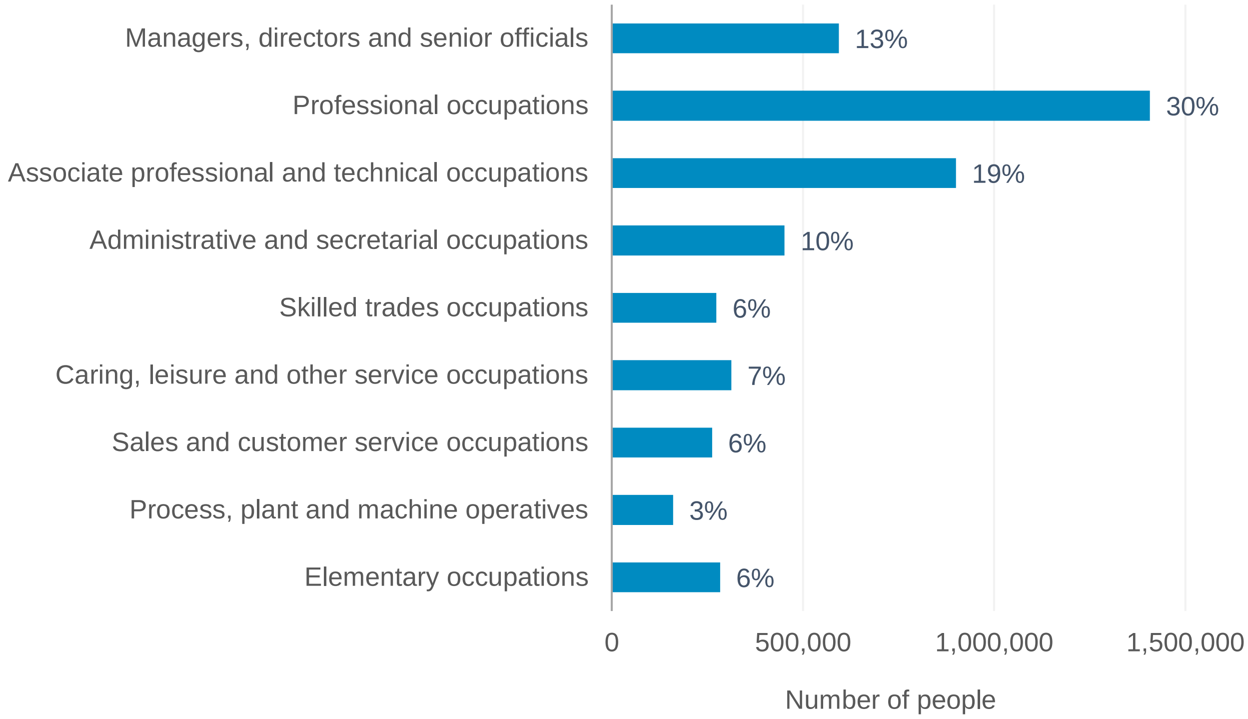
Change in employment by occupation skill level, 2019 to 2020/2021

Skill level	London			England
	Jan 2019-Dec 2019	Jul 2020-Jun 2021	Change (%)	Change (%)
Level 1	375,800	283,300	-25%	-13%
Level 2	1,220,600	1,187,800	-3%	-2%
Level 3	1,337,400	1,313,100	-2%	-3%
Level 4	1,712,100	1,861,300	9%	4%

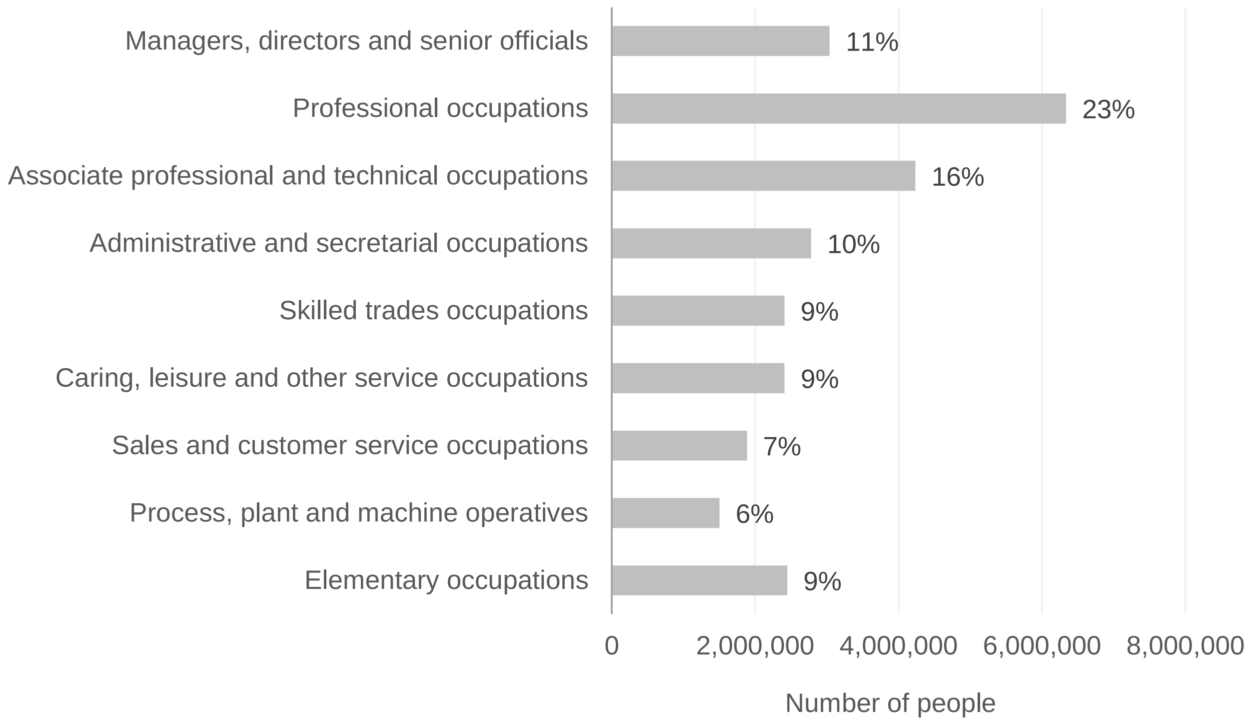
Source: Annual Population Survey, change from January-December 2019 to July 2020-June 2021. For information on skill levels see the ONS SOC2010 manual.

[16] According to the ONS, an occupation's skill level is based on the length of time needed to train a person to become fully competent in the performance of the tasks associated with a job. This, in turn, is a 'function of the time taken to gain necessary formal qualifications or the required amount of work-based training'.

Employment by occupation, 2020/21 - London



Employment by occupation, 2020/21 - England



Source: Annual Population Survey, July 2020 – June 2021, 2021 LEP boundaries.

Enterprises by employment size band

As of March 2021, there was estimated to be around 534,600 registered businesses in London.[17] Compared with 2020, this figure was up by 0.6% or 3,300. According to estimates produced by BEIS, London is home to more private sector businesses than any other UK country or region.

Overall, the profile of businesses by size is similar to the national picture. Small and medium-sized enterprises account for 99.6% of registered businesses in London. Including unregistered businesses, they also account for over half of employment and over three fifths of turnover in the capital's private sector.[18] Micro businesses (employing 0-9 employees) are marginally more prevalent in London than across England; according to the ONS, these firms are less likely to adopt more structured management practices.

There is a relatively high concentration of larger businesses in central London, however. In the Central London Forward area, only 88% of businesses were in the micro category in 2020, 9% in the small category and 2% were found in the medium-sized category. Other sub-regional areas have profiles which are more like the national picture.

Business birth and death rates

Overall, London's business environment is relatively dynamic and competitive.[19]

The business birth (14%) and closure (12%) rates in London both remained higher than the national average in 2020.[20] This signifies greater churn – a feature which is also reflected in relatively low business survival rates.[21]

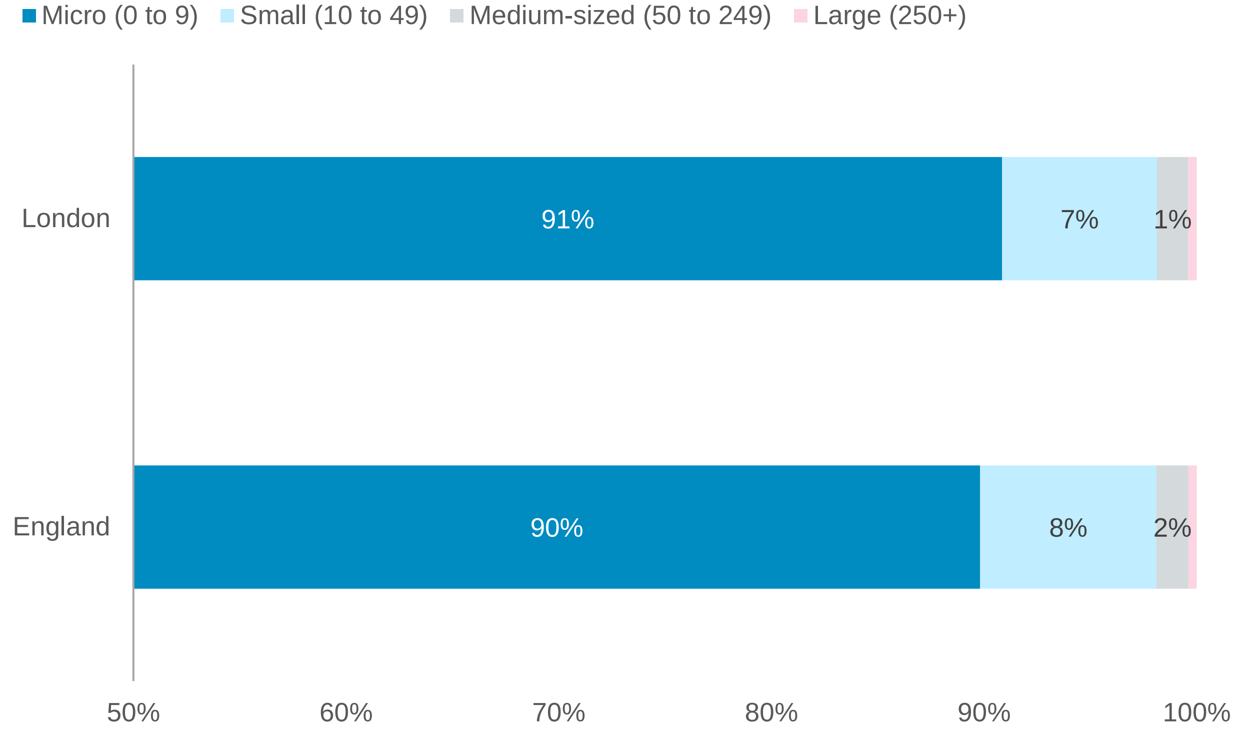
London was also the region with the largest rate of businesses showing high growth. Out of 49,200 London businesses that had 10 or more employees, almost 2,700, or 5.5%, were classed as being high growth in 2020 (virtually unchanged on the 2019 share).

At the same time, the net rate of business start-ups (the difference between new births and closures) has continued to decline in the capital. Uncertainty related to the EU exit and subdued economic growth were previously cited as factors behind a fall in new business starts, while the pandemic has also coincided with a sharp drop in the business birth rate.

According to the latest London Business 1000 survey, confidence levels among decision-makers in London had picked up in summer 2021.[22] While 35% of respondents cited low turnover/cash-flow issues as a threat to recovery, this was down from 51% in 2020. The threat of new variants causing lockdowns (48%) was identified as a key risk, however.

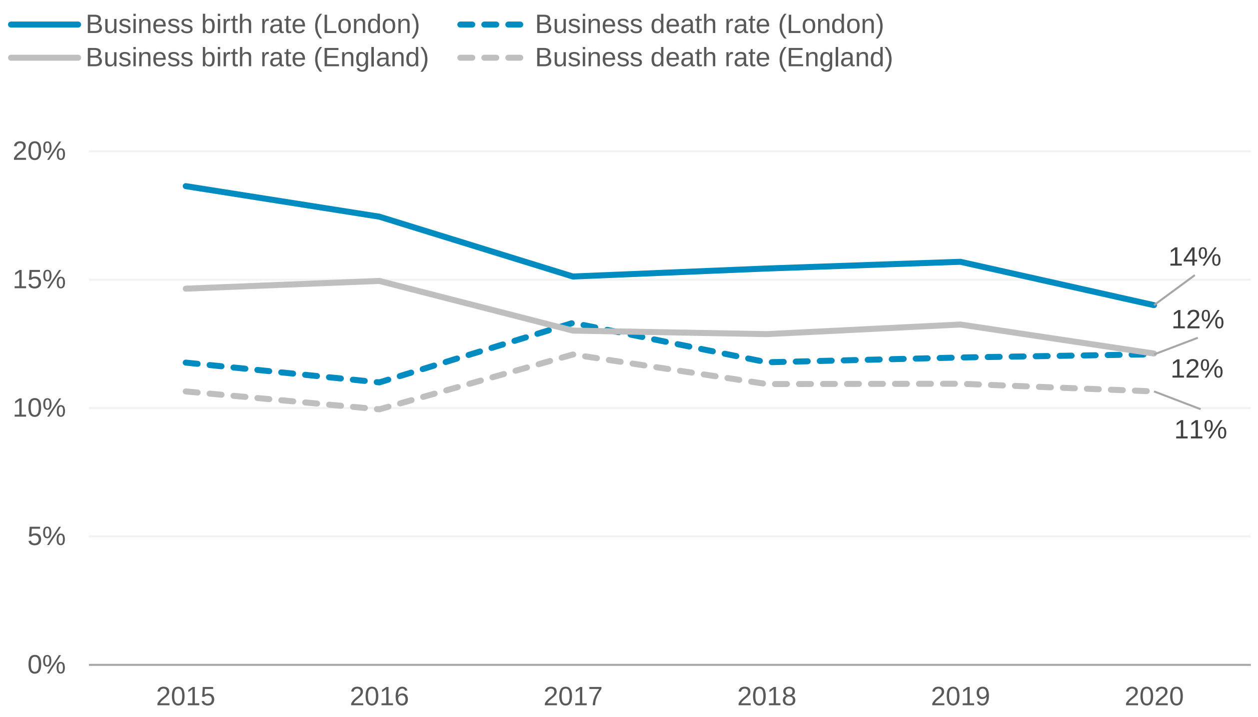
[17] Value-added tax (VAT) traders and pay as you earn (PAYE) employers.
[18] BEIS (2021) Business population estimates for the UK and regions 2021: detailed tables (see Table 17)
[19] For more on London's business environment, see Chapter 3 of the London Industrial Strategy Evidence Base.
[20] Rates are calculated using the number of births/deaths as a proportion of the active businesses in that year.
[21] For instance, while 39.5% of business started in 2015 survived until 2020 in England overall, only 36.7% did in the capital (the lowest rate of any region). Source: ONS (2021) Business demography, UK: 2020.
[22] YouGov surveyed 1,276 London business decision-makers online between 22 July and 12 September 2021.

Enterprises by employment size band, 2021



Source: UK Business Counts (2020), 2021 LEP boundaries.

Business birth and death rates, 2015 - 2020



Source: ONS Business Demography, 2015 - 2020 (published 2021), government region level.

Employment rate and level

The level of employment in London rose significantly in the decade to 2020 before decreasing during the pandemic. There were 3.7 million Londoners aged 16 to 64 in employment in the 12 months to June 2010, rising to 4.6 million in the same period in 2020 before decreasing to 4.5 million in 2021. Despite a decline in the last year, this is still equal to a 20% rise in working age employment between 2010 and 2021 (9% across England).

However, the spread of coronavirus and the actions to contain it have had a particularly strong impact in London (see introduction). Although support from temporary government schemes prevented employment from falling as quickly as it otherwise would have, the unemployment rate continues to be higher in London than across the UK overall.[23]

Having accounted for over a fifth (22%) of working age employment growth in the decade to 2020, the number of Londoners who are self-employed fell particularly sharply in the last year (down 75,400 or 10% from the 12 months to July 2020 to the same period in 2021). While self-employment still accounts for an above average share of working age employment (15% vs. 13% nationally), the share has dropped since the last report in early 2021.

And despite improvements since 2012, headline labour market outcomes for Londoners also conceal significant inequalities and signs of worsening job quality. For example, compared to the average rate of employment for all working age Londoners in 2020 (75%):

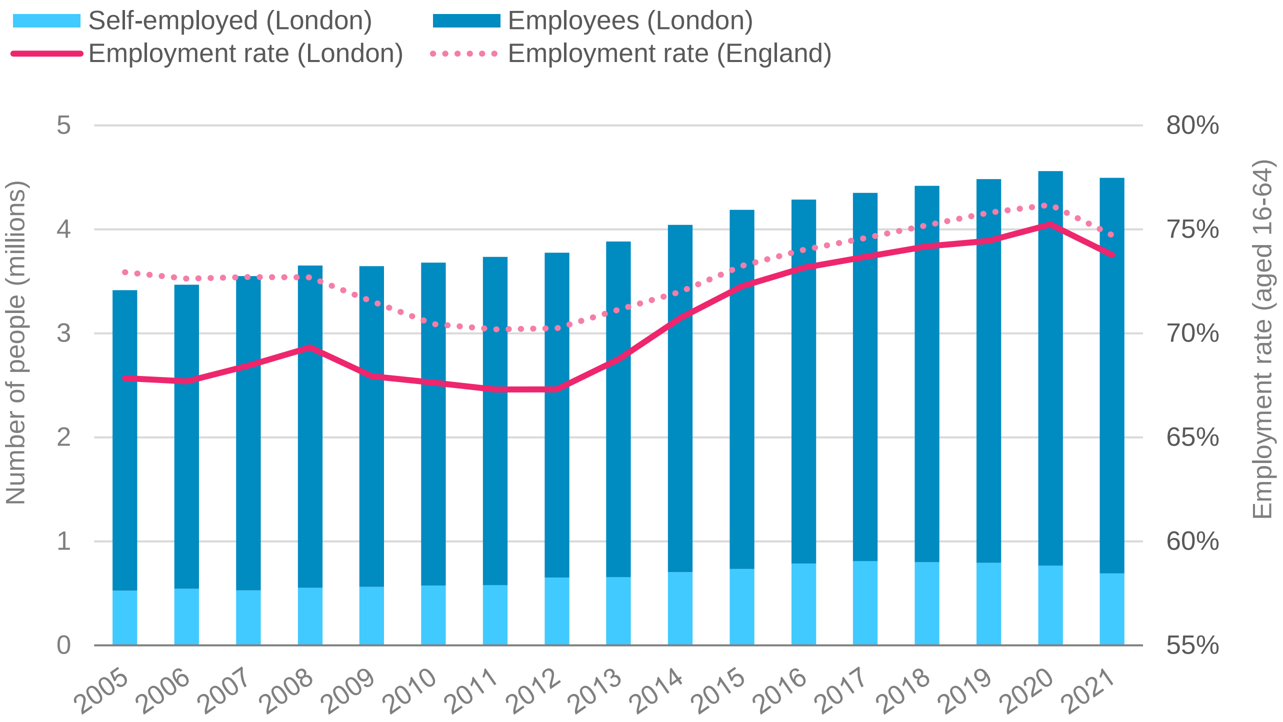
- Employment rates were relatively low among women (71%) and people with lower-level qualifications, particularly for those without any formal qualifications (40%).
- Londoners from ‘mixed’, ‘other’, ‘black’, and ‘Pakistani / Bangladeshi’ ethnic groups also had below average employment rates, as did disabled Londoners (52%).

In the context of rising recruitment difficulties faced by London employers (see Section 4), there is a significant opportunity to improve the supply of labour in the capital if these employment gaps can be closed. The role of skills is likely to be of particular importance:

- Evidence shows that people with higher-level qualifications are more likely to be in employment, and once in work are more likely to be in skilled roles, earn higher wages, and enjoy greater job security.[24]
- The employment rate for Londoners aged 16-64 with degree-level qualifications (NVQ4+) is twice that for those without any formal qualifications (86% vs 40%) – a bigger difference than in other parts of the country (see Appendix 4).[25]
- Londoners with low skill levels have been by hit particularly hard the pandemic and research from the ONS suggests people who lack formal skills are less likely to quickly bounce back into employment.

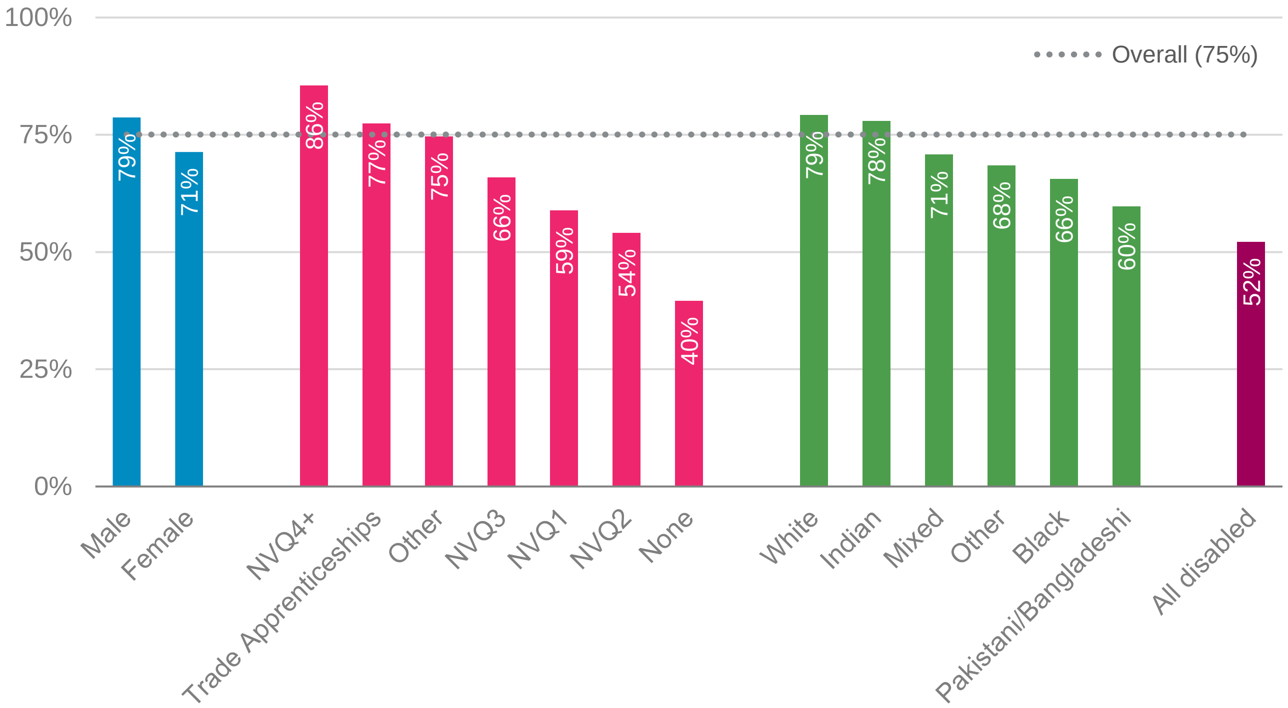
[23] For the three months to October 2021, the headline unemployment rate in London was 5.4% compared to 4.2% in the UK overall. See: GLA Economics (2021) London Labour Market Update December 2021.
[24] Cedefop (2017) Investing in skills pays off: The economic and social cost of low-skilled adults in the EU.
[25] Londoners with mid- and low-level qualifications are less likely to be in employment than adults with the same level qualifications nationally.

Employment level (LHS) and employment rate (RHS)



Source: Annual Population Survey, July – June, 2005 – 2021, 2021 LEP boundaries.

16-64 employment rate (%) for select groups in London in 2020

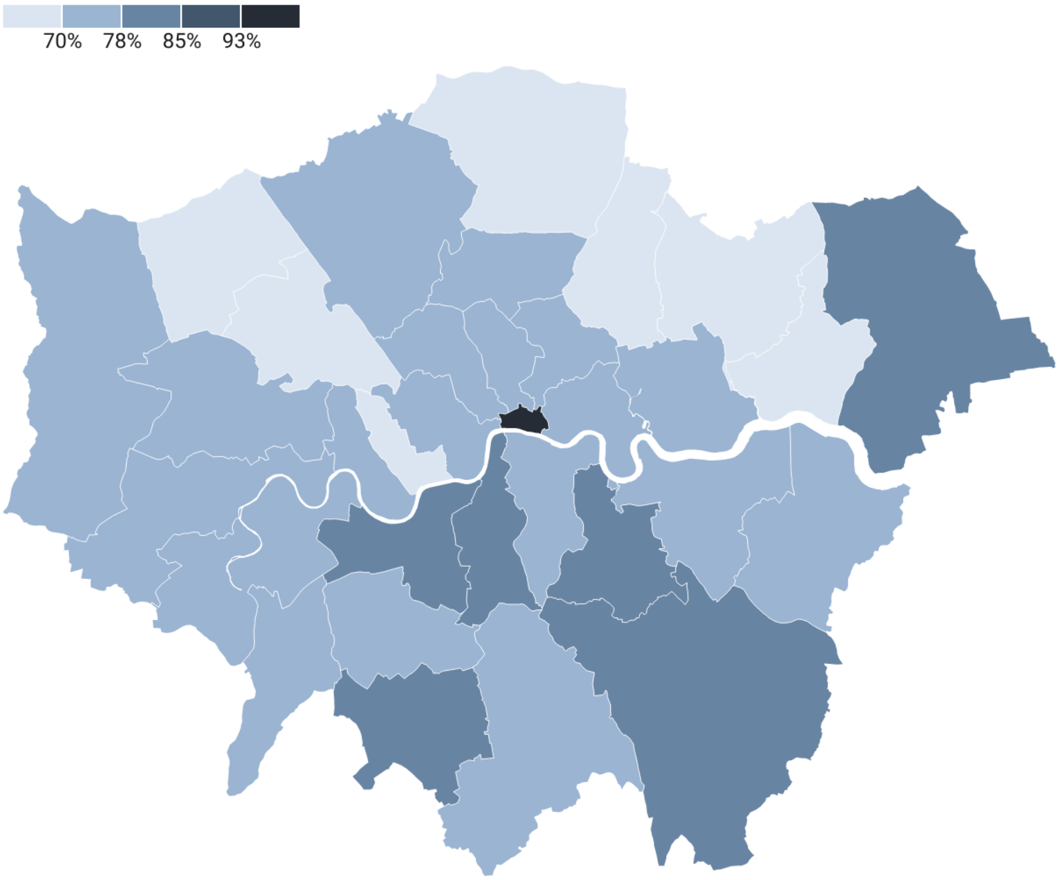


Source: ONS Annual Population Survey, January – December 2020. Note: qualifications refer to highest level of qualification held.

There is also significant variation in employment rates at the sub-regional level.[26] At 79%, Wandsworth was the London borough with the highest employment rate in the 12 months to July 2021, while Barking and Dagenham had the lowest rate at 63%. Out of 33 local authorities in the capital, 15 have an employment rate below the England average.

Employment rate, aged 16-64, by local authority

July 2020 - June 2021



Map data: © Crown copyright and database right 2018 • Created with Datawrapper

Source: Annual Population Survey, July 2020 – June 2021.

[26] Sub-regional demographics may also influence employment statistics, e.g. see: South London Partnership (2021) Economic recovery action plan.

Nominal GVA per hour worked

Overall, London has the highest level of labour productivity of any UK region or country. Gross value-added (GVA) per hour worked was around one third above the UK average in 2019 (£46 per hour worked vs. £35 per hour worked). That gap has remained relatively steady since 2004.

However, the rate of productivity growth in London has slowed significantly in the post-financial crisis period. In nominal terms, GVA per hour worked increased by just 1.7% per year on average between 2010 and 2019. That was below the UK average for this period (1.9%) and was also below pre-crisis trends. Accounting for price changes, productivity growth in London has increased only marginally since the 2007/08 financial crisis; while headline statistics mask significant disparities in performance within the capital.[27]

For more on recent productivity performance in London see: GLA Economics (2019) Productivity trends in London.

Median gross weekly wage for full-time workers

In line with its high overall level of productivity, London exhibits relatively high median earnings – both for residents and especially on a workplace basis. This high average pay in the capital also reflects the share of the London labour force employed in higher-paying industries and occupations.

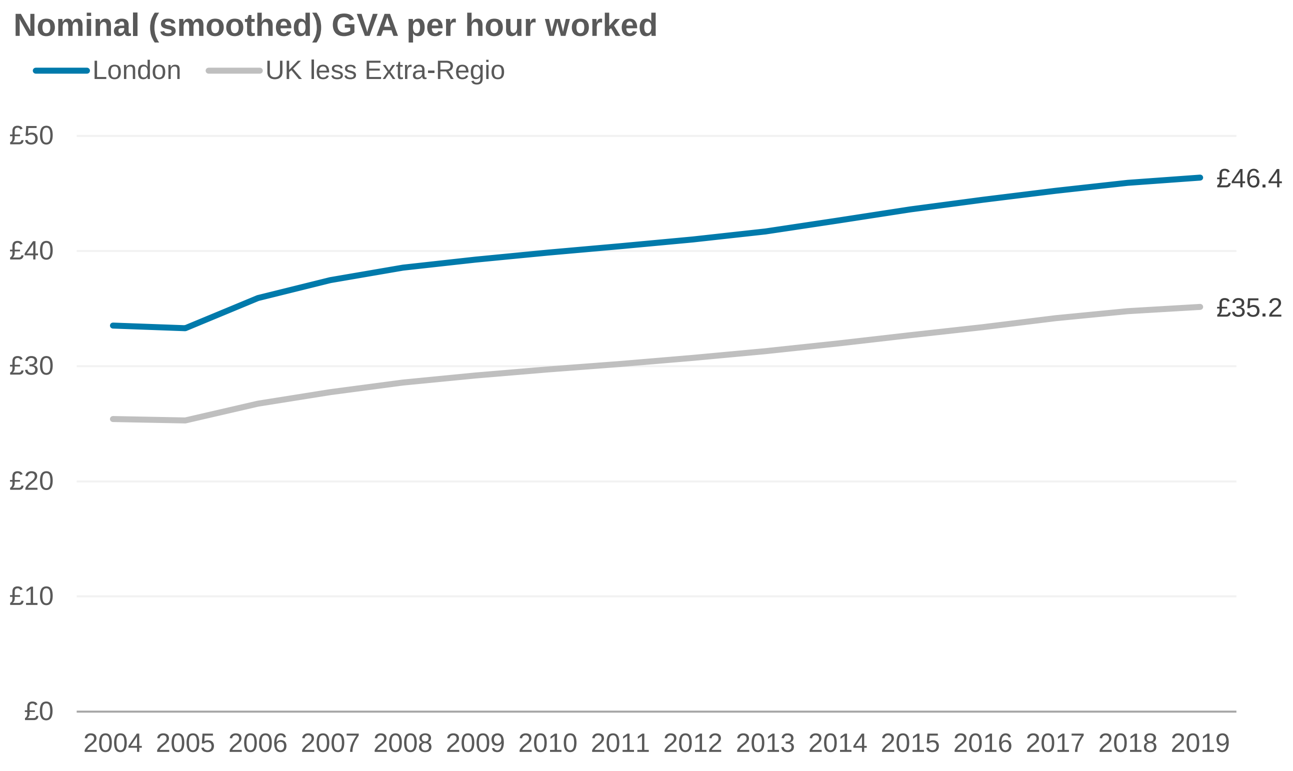
In nominal terms, full-time gross weekly earnings in London grew steadily between 2014 to 2020 – on both a resident and workplace basis.[28] In real terms, however, earnings for employees working in the capital were around 4.6% below 2008 levels in 2020, compared to 1.3% below for the UK as a whole.

Accounting for the cost of living in London (especially housing costs), the earnings picture also looks less positive.

As employment rates have increased, so too has the number of adults in poverty who are in working families. According to the Trust for London there were 1 million adults in working families in poverty in 2019/20, a 15% increase over the last decade.

Around 17% of employee jobs in the capital now pay below the London Living Wage, up from 12% in 2006.[29] According to the Living Wage Foundation this is partly because London's higher Living Wage (and higher average earnings overall) mean that national minimum wage increases, and the indirect or 'ripple' effects for workers up the earnings distribution, have less of an impact in the capital compared to lower wage areas.[30]

[27] For example, labour productivity in Tower Hamlets is 2.1 times higher than in Lewisham (GVA per hour worked).
[28] Note, recent trends are affected by measurement issues and compositional effects, as explained by the ONS.
[29] The Living Wage Foundation (2021) Employee jobs paid below the living wage: 2021.
[30] This means that recent increases to the minimum wage – which have boosted pay for low paid workers in the UK – have had less of a downward effect on the proportion of employee jobs paid below the Living Wage in London.

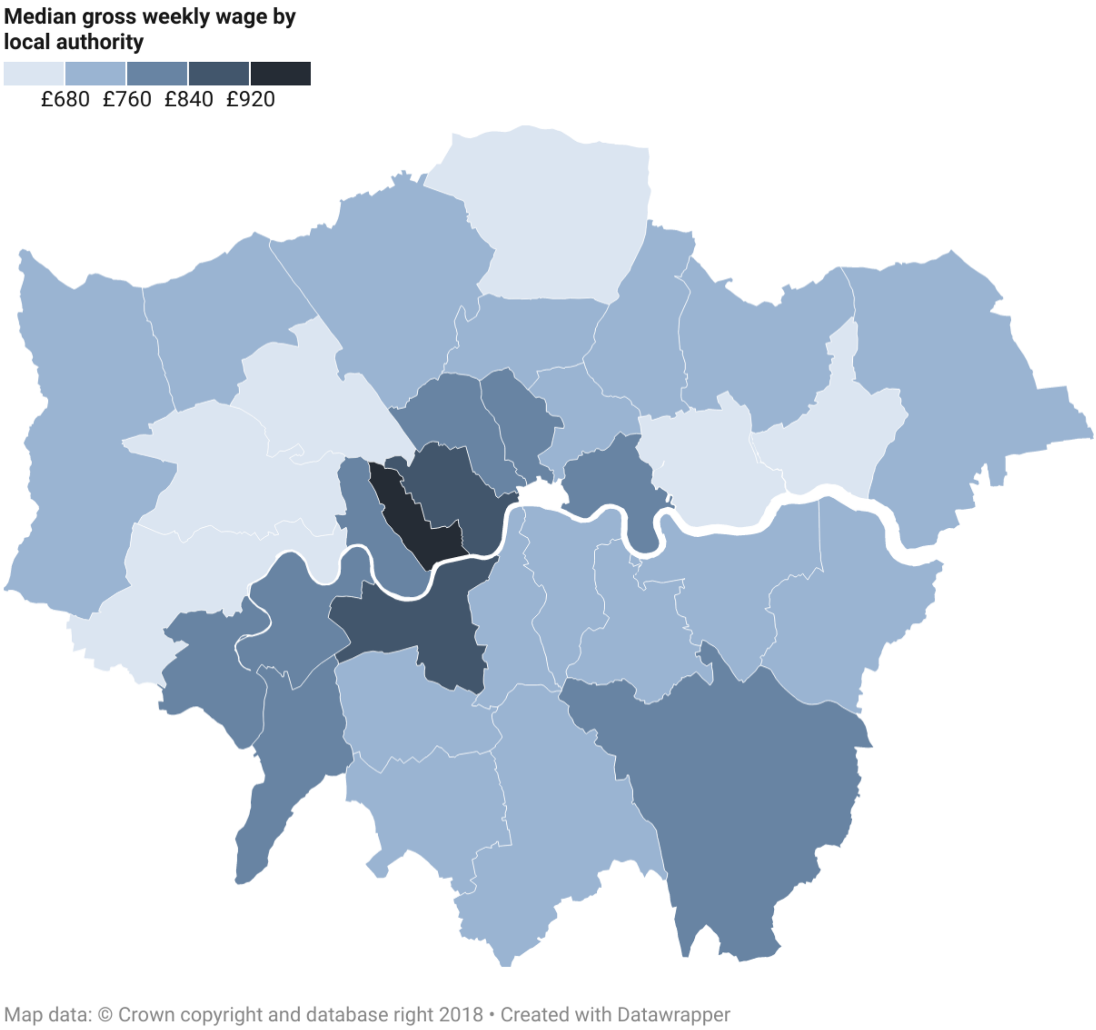


Source: ONS Subregional Productivity, 2004 - 2019 (published 2021), LEP boundaries.

Source: Annual Survey of Hours and Earnings, 2006 - 2021, government region level.
Note: The resident and workplace-based series for England overlap.

Significant pay gaps also continue to exist between London residents from different backgrounds[31], with a large disparity in average pay levels between residents living in different parts of the capital. Median gross weekly pay for resident employees ranges from £625 in Brent to £975 in Kensington and Chelsea.

There is also a long-standing gap between resident and workplace earnings in London (with the latter being higher overall). This gap – which is more pronounced than in other UK regions or counties – is highest in central London boroughs such as Tower Hamlets, Southwark and Hackney, suggesting that residents of these boroughs do not always benefit fully from the presence of more productive, higher-paying jobs in their local areas.[32]



Source: Annual Survey of Hours and Earnings (2021). Note: residence-based.

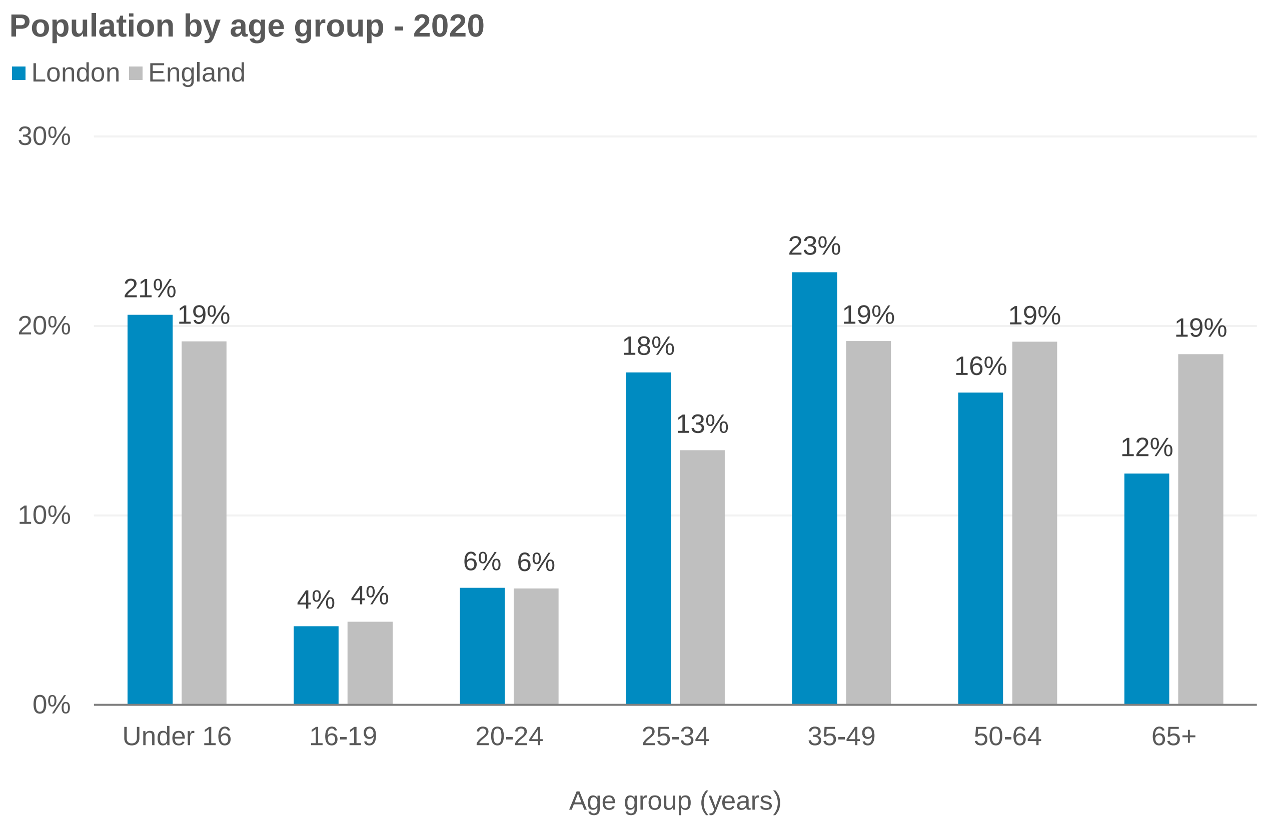
[31] For example, the low pay rate for Bangladeshi and Pakistani employees is more than double the rate for white British employees. Source: Trust for London / New Policy Institute (2017) London's Poverty Profile 2017.
[32] For a more detailed discussion of the links between 'high-tech employment' and wages for low skilled workers see: Lee & Clarke (2019) Do low-skilled workers gain from high-tech employment growth? High-technology multipliers, employment and wages in Britain.

Population by age group

Population growth has increased faster in London than in the rest of England over the last decade. The capital's population is also comparatively young: the average (median) age in London is 35.8, compared to 40.2 in the UK. Over two-thirds of residents are aged between 16 and 64 (67% vs. 62% across England), with a particularly high share of residents aged between 25 and 49.

This partly reflects the fact that London has traditionally attracted large numbers of graduates from other parts of the UK (although there are signs that internal net graduate migration may have become more subdued recently).[33] It also reflects international migration trends, with most of the (net) growth in London's working age population coming from residents born outside of the UK.

A bigger-than-expected fall in international migration – because of changes to the immigration regime and/or COVID-19 – could have a big impact on London's population and labour market. It is too early to reliably quantify population change since the start of the pandemic. On the balance of evidence, the population of London is likely to have fallen since the start of the pandemic, though the scale of such a fall is likely to be far short of the more dramatic figures that have been reported elsewhere (see Appendix 5).



Source: ONS Mid-Year Population Estimates (2020), government region level.

33 e.g. see: Resolution Foundation (2017) Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay

Note on the role of migrant workers in London

Migrant workers (those born outside of the UK) make a far higher contribution to London's labour market than in the rest of the UK. Overall, in 2020:

- Around 14% of jobs in London were held by workers born in the European Economic Area (EEA), compared to 6% in the rest of the UK.
- Another 28% of jobs were held by workers born in a country outside of the UK and EEA, compared to 8% in the rest of the UK.

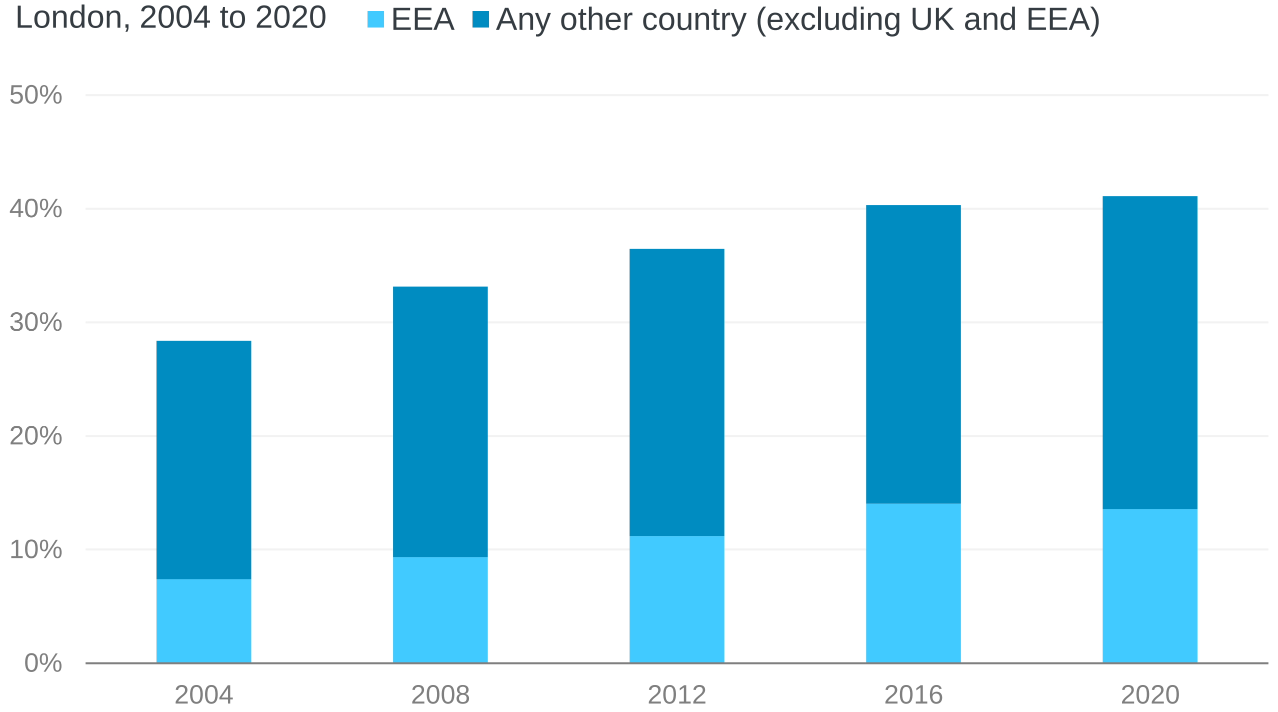
The contribution made by migrant workers in London has increased over time (around 28% of jobs were held by workers born outside of the UK in 2004, rising to 36% in 2012, and to 41% in 2020). It also varies considerably between sectors – for example:

- Workers born in the EEA account for the highest share of jobs in Hospitality (31% of jobs in 2020) and Construction (21% in 2020, down from 29% in 2019).
- Workers born outside of the UK and EEA account for the highest share of jobs in Health and Transport & storage (both 37% of jobs in 2020).

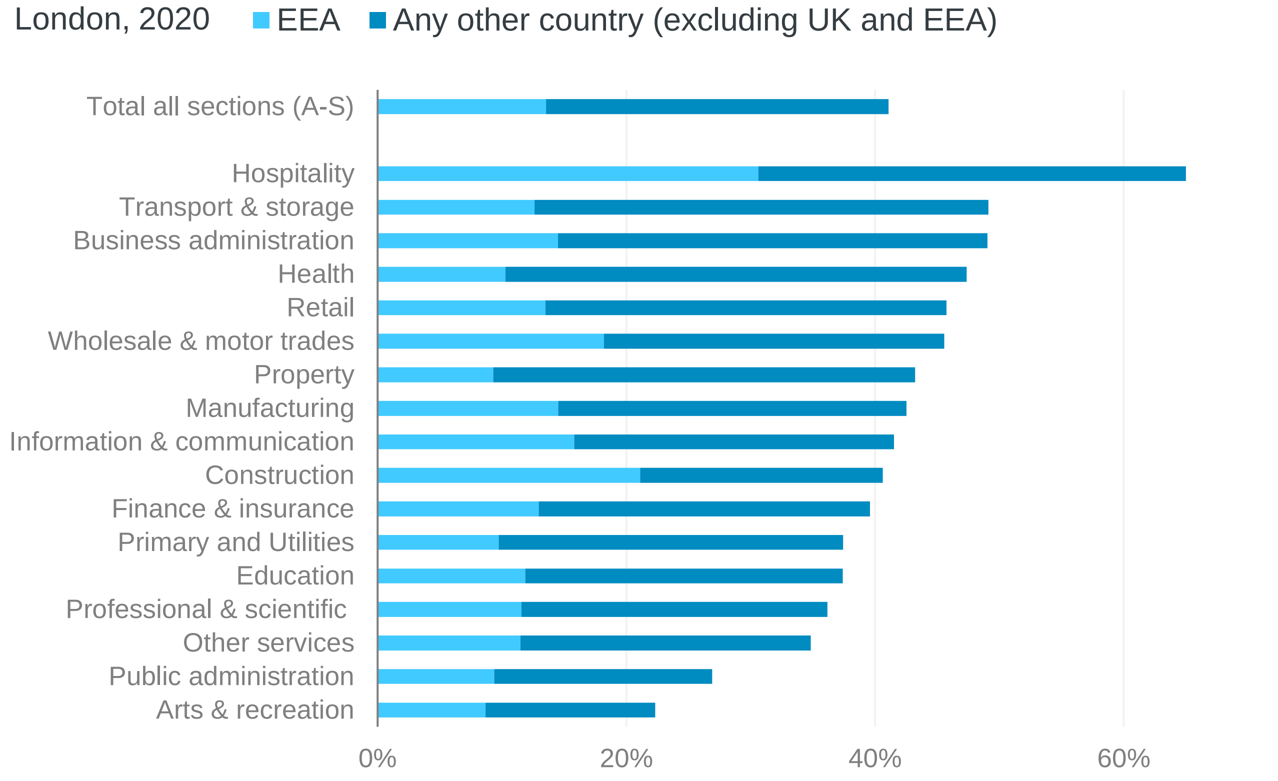
The reasons why employers recruit migrant workers vary depending on the skills sought and needs of different sectors. Employers in London generally do not report an explicit preference for migrant workers, although recruitment and selection patterns can create path dependencies over time.

In this context, there is uncertainty about how employers would respond to changes in the supply and availability of migrant worker. For a further discussion, see Section 4.

Percentage of jobs by country of birth
London, 2004 to 2020



Percentage of jobs by country of birth by industry group
London, 2020



Source: ONS Annual Population Survey

Claimant Count and Alternative Claimant Count

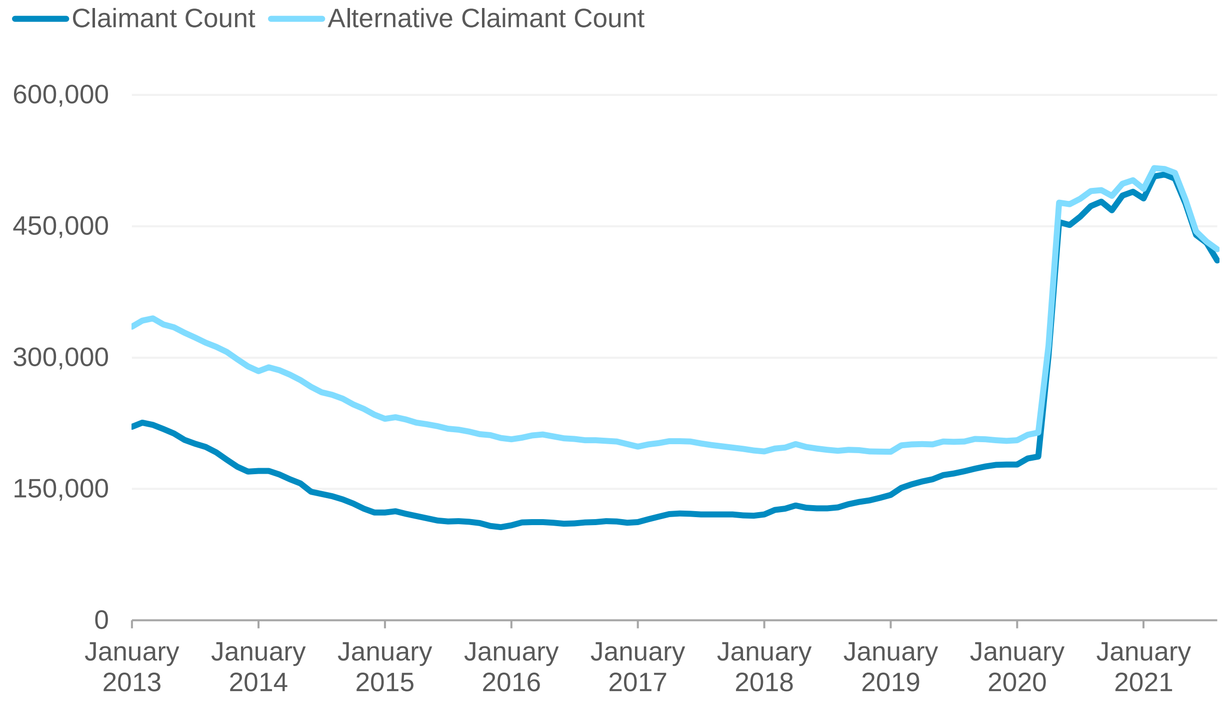
Note – under Universal Credit, a broader span of claimants is required to look for work than under Jobseeker's Allowance. The DWP Alternative Claimant Count series adjusts for this change over time. However, that series is less timely than the unadjusted Count and the differences between the two series have been narrowing in recent periods.

The claimant count (unadjusted and alternative) offers a timely data source for tracking changes in the labour market, even if not all of those who have started to claim recently will be unemployed.

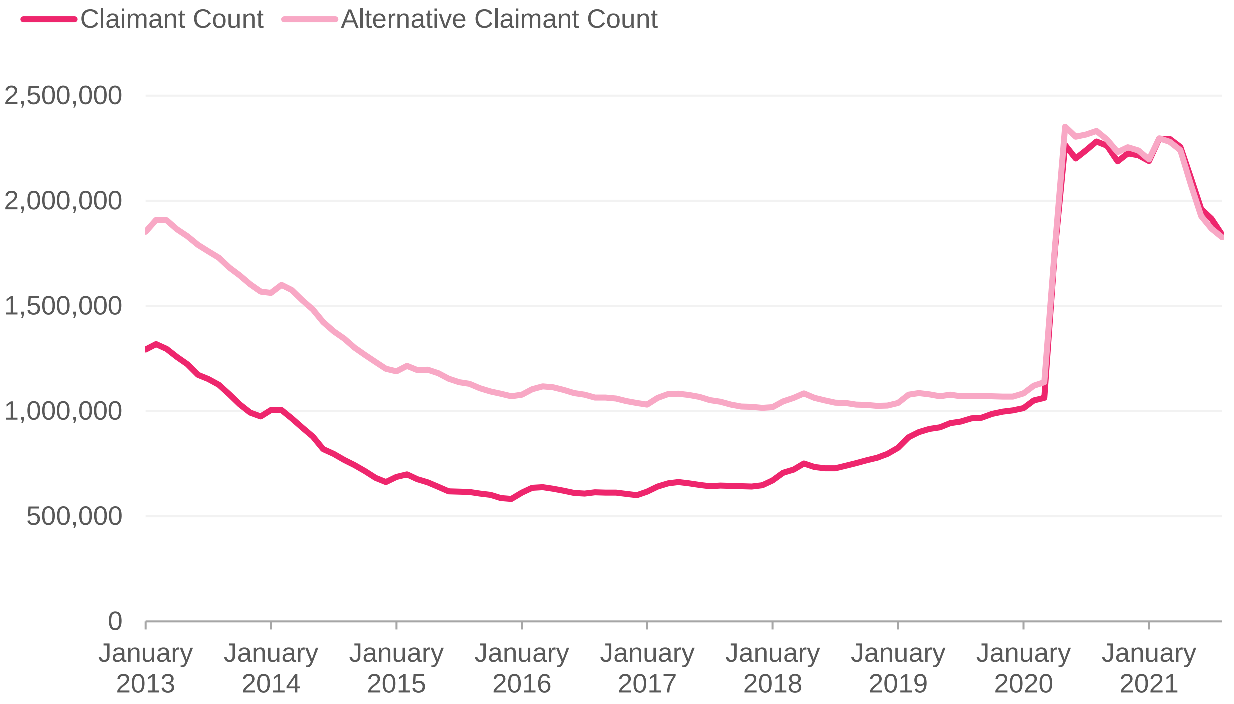
Following the beginning of lockdown in March 2020, the unadjusted claimant count in London almost tripled, rising by 322,000, or 172%, to March 2021, before decreasing in the rest of 2021. In November 2021, over 365,000 people in London were still claiming unemployment-related benefits. This was 28% lower than in March 2021, but still 95% higher than in March 2020 – equivalent to 178,000 more claimants than before the pandemic. There has been a similar change in the alternative claimant count, with London now recording the highest claimant unemployment rate for any UK region or country.

While the claimant count in London remains elevated compared to pre-pandemic levels, there have been no signs of an increase following the end of the furlough scheme at the end of September 2021. Between September 2021 and November 2021, the unadjusted claimant count declined by 6% in London, compared to a 5% fall nationally.

Claimant Count & Alternative Claimant Count - London



Claimant Count & Alternative Claimant Count - England

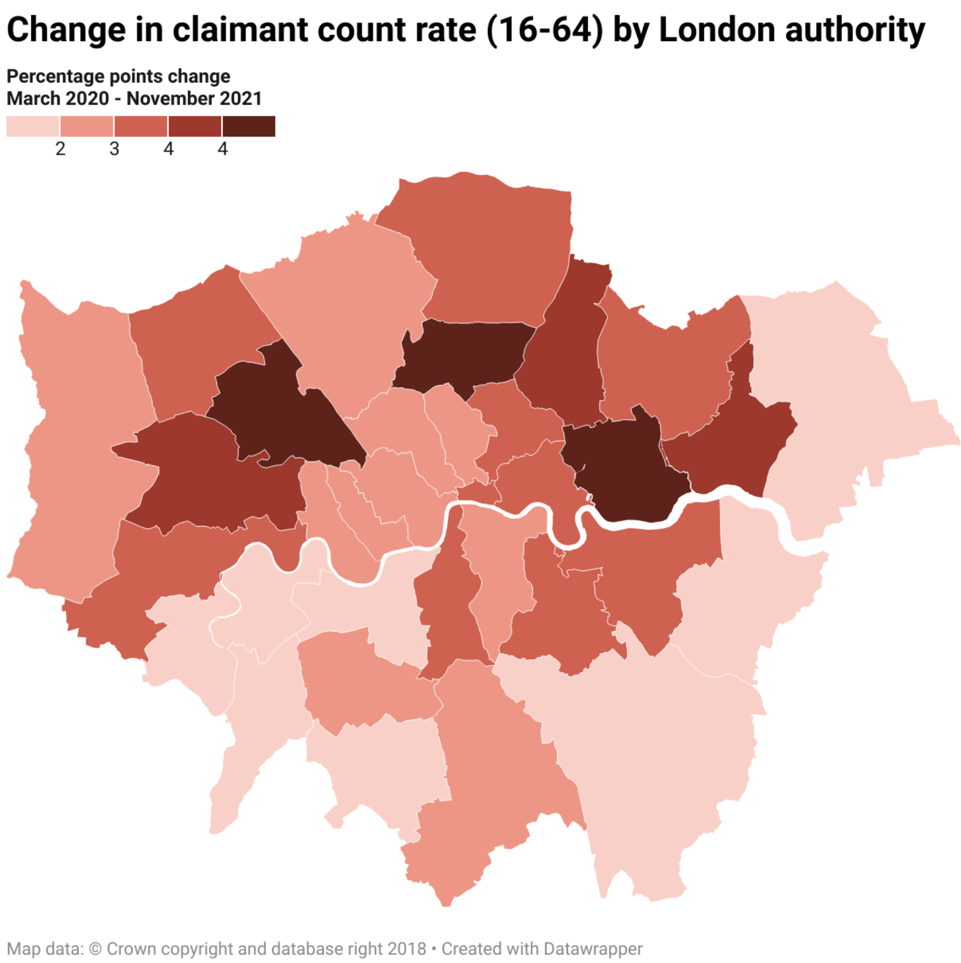


Source: ONS claimant count & DWP Stat Xplore, January 2013 – August 2021, government region level.

The claimant unemployment rate also varies significantly within London and tends to be higher in areas with lower pay.[34] At local authority level, this ranges from 8.6% in Haringey to 3.1% in Richmond according to the latest (unadjusted) claimant data.

As shown in the map below, all London boroughs have experienced an increase in the unadjusted claimant rate between March 2020 and November 2021, with Newham, Haringey and Brent seeing increases of more than 4 percentage points. Of the ten local authorities with the largest claimant rate increases in England during this time, eight were in London, while almost all London boroughs were in the top quintile for rate increases.

There are also signs that the pandemic has had more severe impacts on disadvantaged communities in London, with, for example, the claimant rate increasing more quickly in more deprived and more ethnically diverse neighbourhoods (Appendix 6).[35]



Source: ONS claimant count (2021). Note: claimant count data is not seasonally adjusted.

[34] GLA Economics (2021) Claimant Count data for London Boroughs.
[35] The most deprived 20% of neighbourhoods in London saw a 4.2 percentage point increase in the claimant unemployment rate between March 2020 and November 2021, compared to a 1.1 percentage point increase in the least deprived 20% of neighbourhoods (Appendix 6). According to WPI Economics, the claimant rate also increased more in central London neighbourhoods with the highest proportion of ethnic minority residents in the year to December 2020.

Income, Employment and Education deprivation

According to the Index of Multiple Deprivation 2019 (IMD2019) London is relatively less deprived, compared to other parts of the country, than was the case in the IMD2015.

Overall, just 2% of London Lower-layer Super Output Areas (LSOAs) ranked among England's most deprived decile in 2019.[36] And many London boroughs saw a reduction in the proportions of their neighbourhoods that are highly deprived from the IMD2015.

There are still areas of high deprivation within London, however. For example, despite accounting for only 10% of local authority district areas in England, London accounts for 16% of the 100 most deprived local authorities in England in the IMD2019 based on the average rank measure.

There is also considerable variation between IMD domains and within London authorities.

In terms of income, a relatively high proportion of LSOAs in Hackney (19%), Kensington & Chelsea (17%) and Tower Hamlets (15%) are among the most deprived areas in the country. By comparison, fewer London LSOAs are ranked among the most deprived on educational outcomes than on employment deprivation.

At a more granular level, London emerges as a patchwork of deprivation.[37] There are, for example, large gaps in income deprivation scores within boroughs such as Haringey and Croydon. As recent ONS analysis shows, despite having one of the highest average household incomes in England, the north of Kensington and Chelsea also has some of the most income-deprived neighbourhoods.

As noted above, there are also a number of more deprived areas in the capital which have been severely affected by the coronavirus pandemic.

Taking both pre-existing deprivation levels and pandemic impacts into account, the Index of Covid-19 Economic Impact, developed in partnership by academics at the University of Nottingham, identifies three local authorities in London as being among the top ten areas with the highest economic in the UK. These areas – Barking & Dagenham (1), Newham (5) and Haringey (6) – could face particular challenges as longstanding patterns of economic inequality are overlaid with the uneven economic impacts of the pandemic.

[36] Further details on the IMD in London can be found at: https://data.london.gov.uk/dataset/indices-of-deprivation
[37] Trust for London (2020) English Index of Multiple Deprivation (rebased for London) (2019)

Proportion of neighbourhoods in 10% most deprived nationally

		Income	Employment	Education, Skills and training
LEP (2017)	London	6%	2%	0%
Local Authority District	Barking and Dagenham	5%	0%	0%
	Barnet	1%	0%	0%
	Bexley	1%	1%	1%
	Brent	9%	5%	0%
	Bromley	5%	1%	0%
	Camden	8%	1%	0%
	City of London	0%	0%	0%
	Croydon	6%	1%	1%
	Ealing	7%	2%	0%
	Enfield	13%	2%	1%
	Greenwich	6%	2%	0%
	Hackney	19%	3%	1%
	Hammersmith and Fulham	7%	2%	0%
	Haringey	13%	5%	0%
	Harrow	0%	0%	0%
	Havering	3%	1%	3%
	Hillingdon	1%	0%	0%
	Hounslow	1%	1%	0%
	Islington	11%	7%	0%
	Kensington and Chelsea	17%	11%	0%
	Kingston upon Thames	1%	0%	0%
	Lambeth	4%	1%	0%
	Lewisham	6%	3%	0%
	Merton	2%	0%	0%
	Newham	4%	1%	0%
	Redbridge	2%	1%	0%
	Richmond upon Thames	0%	1%	0%
	Southwark	8%	1%	0%
	Sutton	2%	2%	1%
	Tower Hamlets	15%	1%	1%
	Waltham Forest	7%	2%	0%
	Wandsworth	2%	0%	0%
	Westminster	11%	10%	0%

Source: Index of Multiple Deprivation, MHCLG (2019), 2017 LEP boundaries

2. Skills Supply

Summary

- The share of Londoners with higher-level qualifications is relatively high and growing, with over half of working age residents now holding a ‘high’ level qualification.
- This is partly because many early-career graduates move to or remain in London for work, influenced in part by the availability of higher-skilled employment opportunities.
- Local school performance is also strong, with London recording the highest rate of students continuing in education after 16 to 18 study of any region
- But despite London’s population being more qualified overall, there are still many residents with lower qualification attainment and skills, including challenges in basic literacy and numeracy.
- And despite increasing in recent years, the demand for apprenticeship remains relatively low, with a notable under-representation of certain population groups by subject area.
- There are also signs that the level and quality of workplace training is not being maintained in London, with training volumes below the national average and falling over time.

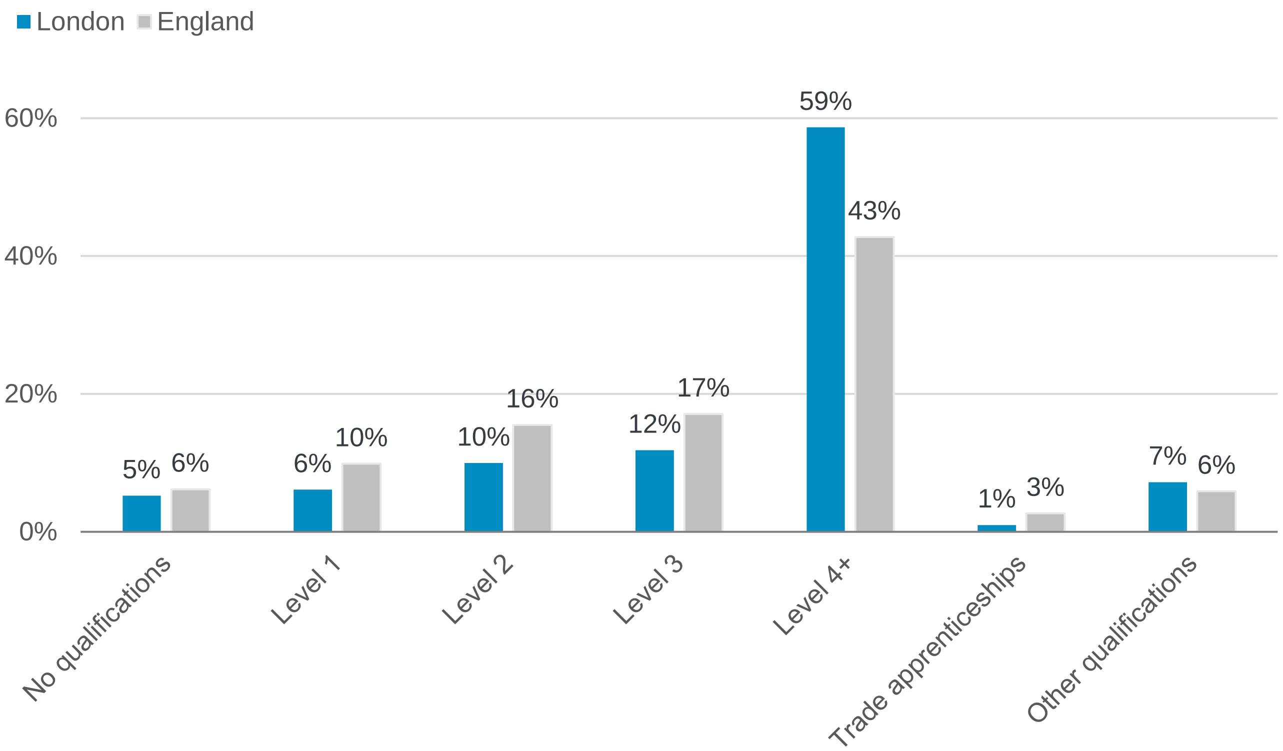
Qualification levels

The proportion of Londoners with higher-level qualifications is above the England average. Around 59% of residents aged 16-64 held a 'high' level qualification (NVQ4 or above) in 2020, compared to 43% across England, and up from 31% in 2004. This is partly because the capital attracts highly qualified people[38]; it is also because more young people are progressing to higher levels of education.[39]

But despite London's population being more qualified overall, there are still large numbers of people with lower skills levels, and challenges related to basic literacy and numeracy.[40]

For example, around one in nine (over 11% of) London residents aged 16-64 had low or no qualifications in 2020. Although this rate is below the national average (16%), it still amounts to 690,100 working age people living in the capital – a far higher number than in other skills advisory panel or local enterprise partnership areas. In total, London accounted for 12% of the 16-64 years-olds in England with low or no qualifications in 2020.

Qualifications of people aged 16-64, 2020



Source: Annual Population Survey, January 2020 – December 2020, 2021 LEP boundaries.

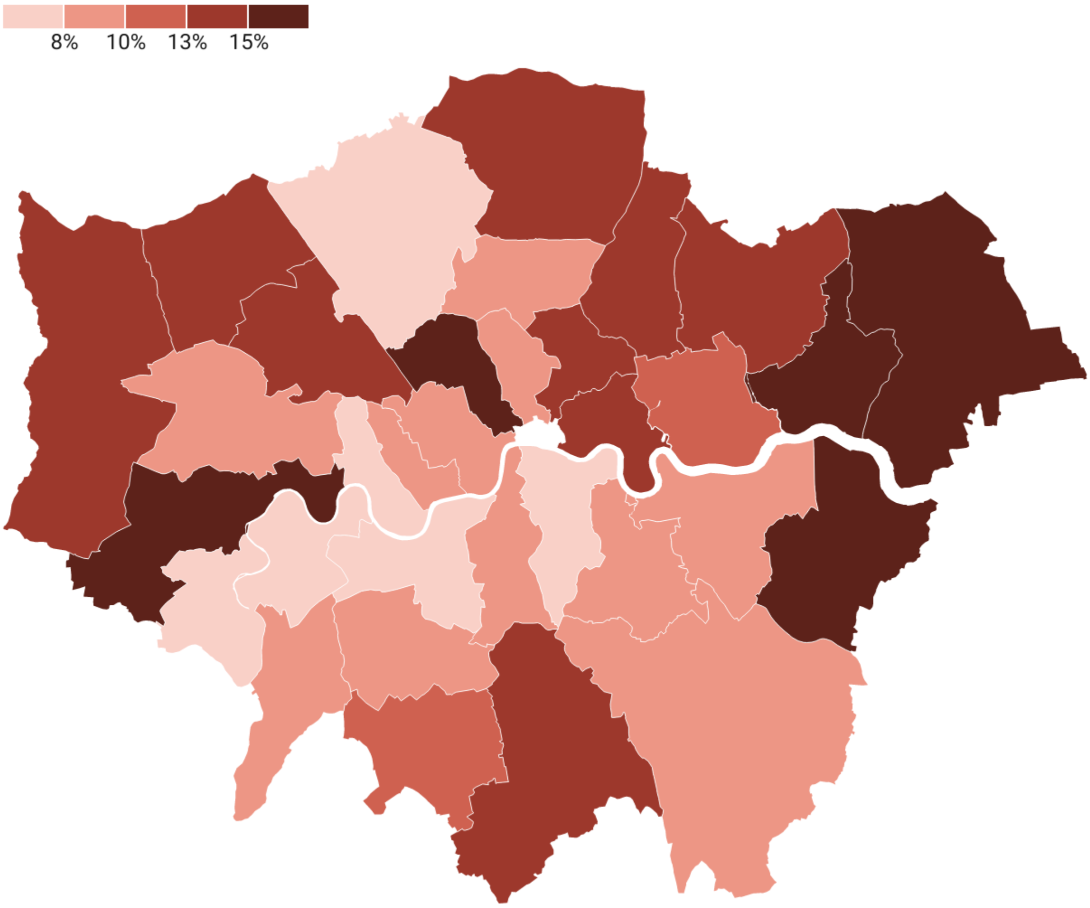
There is also a large degree of variation in skills attainment within the capital. Five London boroughs, including Havering and Hounslow (both 18%), had an above average share of working age residents with low or no qualifications in 2020; while in eight London boroughs the share of residents with low or no qualifications was less than half the England average.

[38] GLA Economics (2020) The Evidence Base for London's Local Industrial Strategy – Final report.
[39] Over half of young Londoners now enter higher education by age 19, the highest rate among UK regions.
[40] GLA Economics (2020) The Evidence Base for London's Local Industrial Strategy – Final report.

Recent analysis by the Centre for Progressive Policy suggests that reducing the share of working age residents without formal qualifications can have a significant (positive) impact on employment outcomes. And as noted in Section 1, this link (between qualification attainment and employment rates) appears to be particularly important in the capital.

For more on the qualifications and skills held by London residents see Chapter 4 of the London Industrial Strategy Evidence Base.

Proportion of residents (16-64) with low or no qualification



Map data: © Crown copyright and database right 2018 • Created with Datawrapper

Source: Annual Population Survey, January 2020 – December 2020. Note: Share of residents aged 16-64 with no qualifications or below NVQ2 level qualifications.

FE Education aims enrolments[41]

Overall, London is the region with the highest level of further education and skills participation in England, albeit with a relatively large number of learners studying at lower levels (below Level 2).[42]

‘Preparation for life and work’ is the leading further education and skills enrolment in London. Out of 359,860 enrolments reported in 2020/21:

- ‘Preparation for life and work’ accounted for most enrolments with 56% (201,400), followed by ‘Health, public services and care’ with 10% (37,500) and ‘Business, administration and law’ with 7% (25,300)
- Science, technology, engineering and maths (STEM) related subjects represented 13% of enrolments.

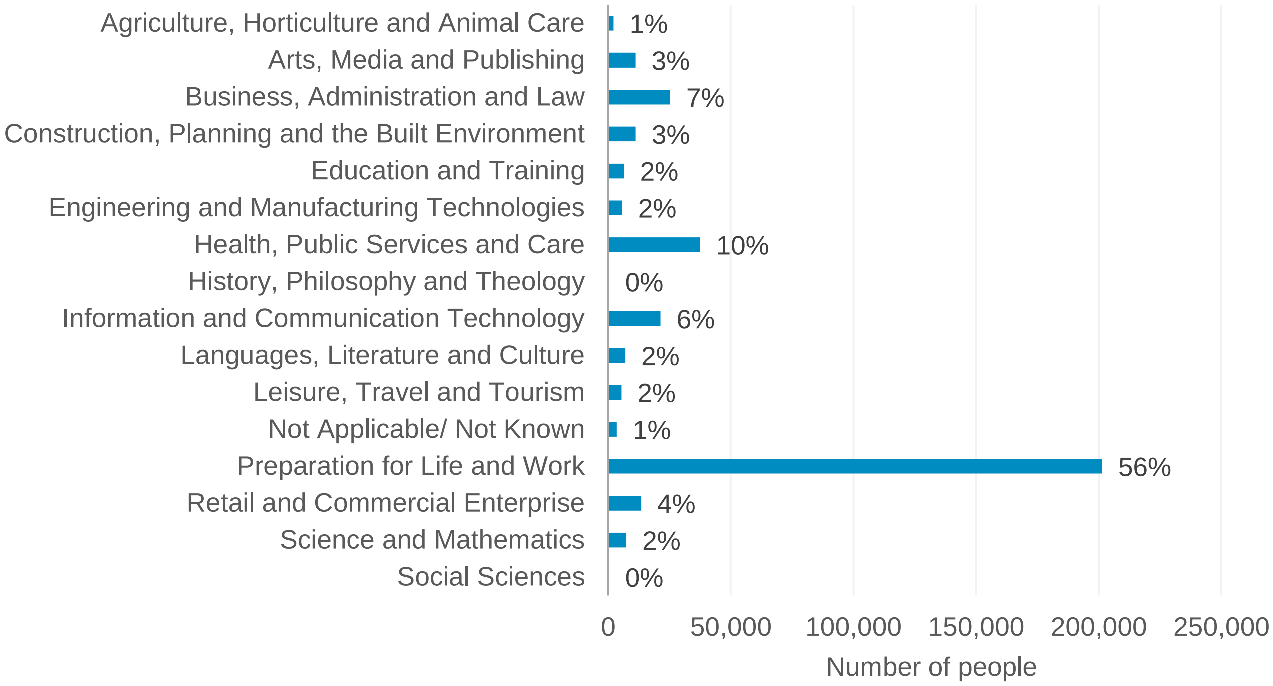
The share of enrolments for most subject areas largely follows a similar ranking in London as for England.

Among learners participating in the GLA’s Adult Education Budget programme in 2020/21, 69% were female and 56% were from black or minority ethnic backgrounds. In addition, 13% considered themselves to have a learning disability and/or health problem and 49% of Adult Skills learners were eligible for the disadvantage uplift funding.[43]

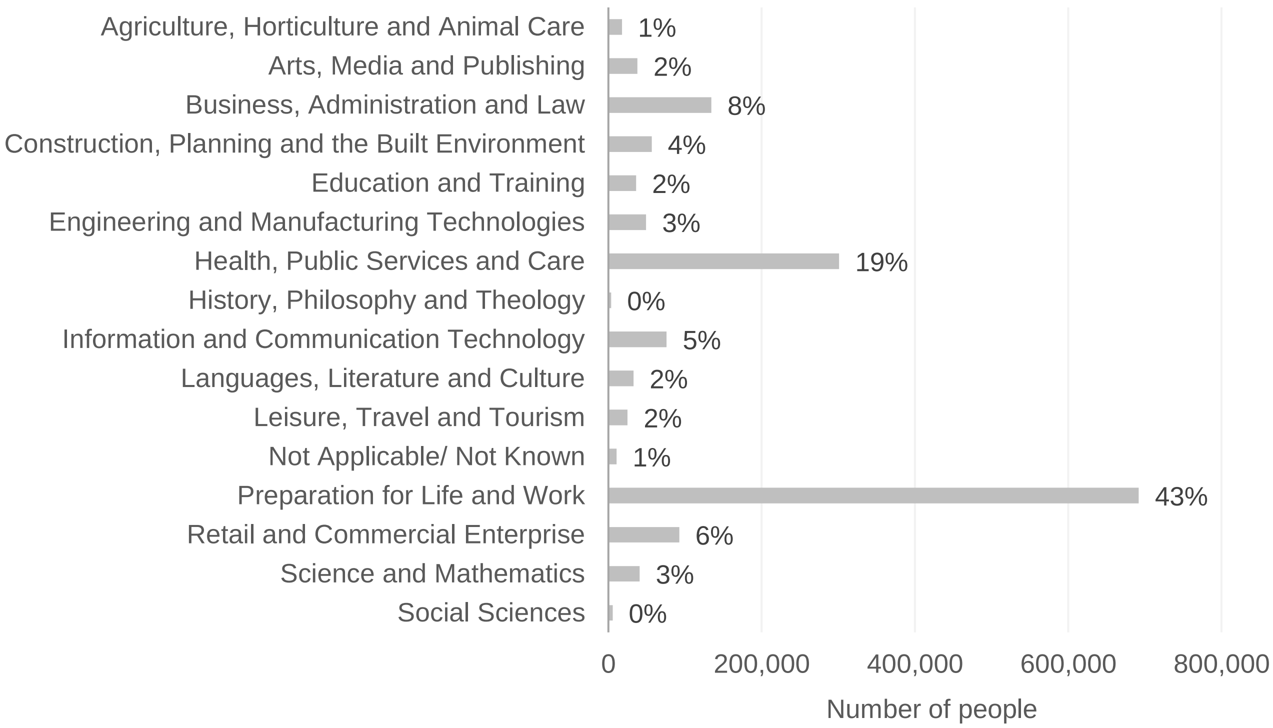
There is also variation in further education and skills aims enrolments by gender. This includes a significant gender imbalance in subject areas with high earnings returns such as ‘Engineering’ and ‘Construction’[44], which are more popular among males, whereas ‘Health and public services’ is a relatively more popular subject area among female learners.

[41] This section was originally titled ‘FE Education and Training Achievements’ but has been replaced with aims enrolments, as data on 2020/21 achievements have not been released in time for this refresh.
[42] Department for Education (2021) Further education and skills: November 2021.
[43] For more information, see: GLA (2021) Adult Education Budget Academic Year 2020/21 (August-July).
[44] Department for Education (2021) Further education: outcome-based success measures.

Aims Enrolments by sector subject area, 2020/21 - London



Aims Enrolments by sector subject area, 2020/21 - England



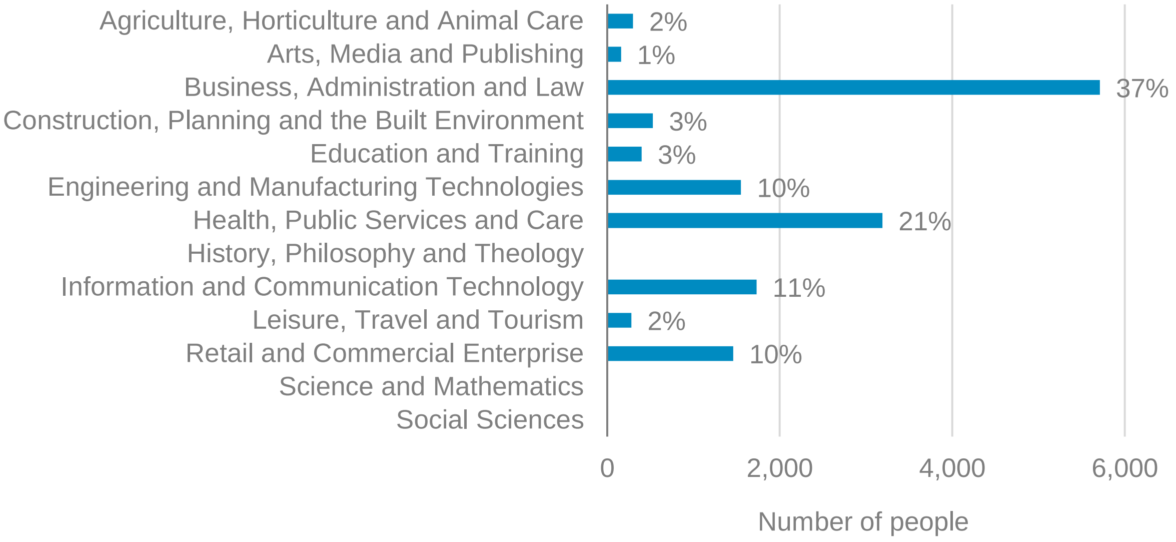
Source: Further Education & Skills data, DfE (published 2021), government region level. Note: geography based on home postcode of learner.

Apprenticeship Achievements and Starts

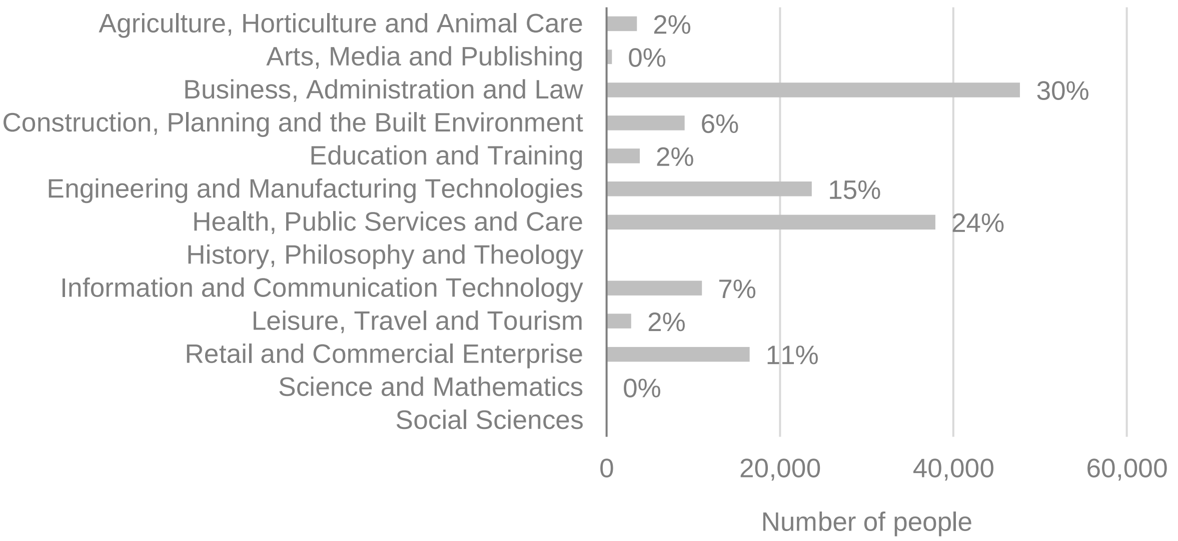
While the overall profile of apprenticeship achievements in London is similar to the national picture, there are some notable differences by subject area.

This includes relatively fewer achievements in ‘Construction’ and ‘Engineering’, and more in ‘Business Studies’. There is also an under-representation of certain population groups in some subject areas. For example, among women in ‘Information & Communication Technology’ and among women (and non-white ethnic groups) in ‘Engineering’.

Apprenticeship achievements by sector subject area, 2020/21 - London



Apprenticeship achievements by sector subject area, 2020/21 - England



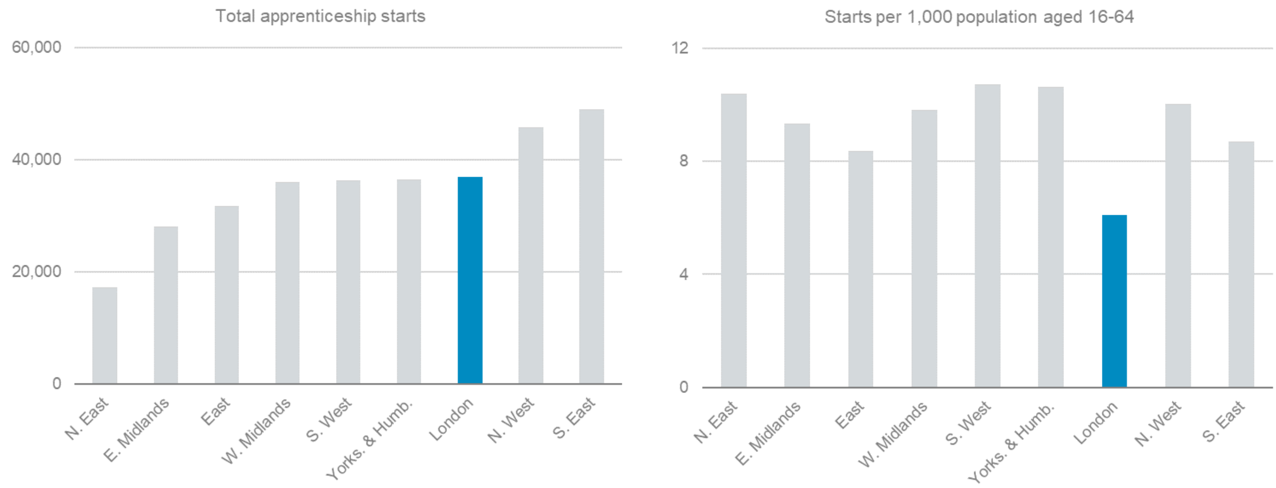
Source: Apprenticeships data, DfE, (published 2021), government region level.

The overall volume of apprenticeship starts in London is high in absolute terms and increasingly geared towards higher levels (see Appendix 7).[45]

Apprenticeship volumes are far lower than in other English regions when normalised by population size, however. For example, despite accounting for 17% of the working age population, London accounted for only 12% of apprenticeship starts in England in 2020/21. And at the time of the 2019 Employer Skills Survey, only 13% of London employers currently had or offered formal apprenticeships on site, compared to 19% nationally.[46]

This is partly explained by higher progression rates to university or higher education, and partly because jobs in London are generally weighted towards 'low-apprenticeship employing' sectors. Yet over 1 in 10 London employers also lack awareness and/or good knowledge about what's involved in an apprenticeship (8% nationally), suggesting that more can be done to promote take-up among employers.

Apprenticeship starts by English Region, 2020/21



Source: Department for Education / ONS mid-year population estimates.

[45] The 36,900 starts in the capital in 2020/21 was 9% higher than the previous year and the third highest among English regions. Around 41% were at higher level and less than a fifth were at intermediate level.
[46] Department for Education (2019) Employer skills survey 2019 England data tables

HE Qualifiers

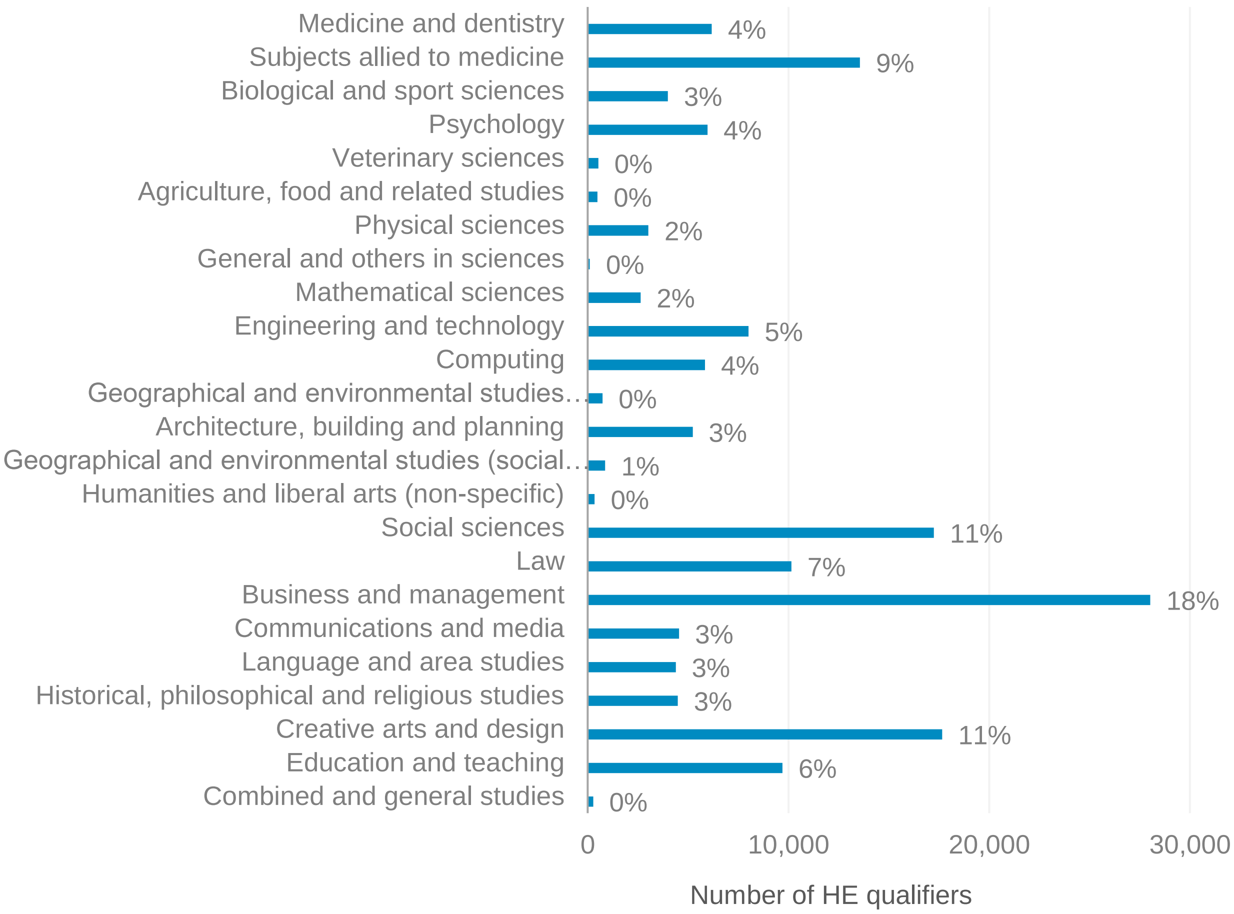
The preferred choice of subjects for students studying at London based HE providers is similar to the national picture. For example, Business studies is the most popular subject nationally and in London (with over 28,000 qualifiers).

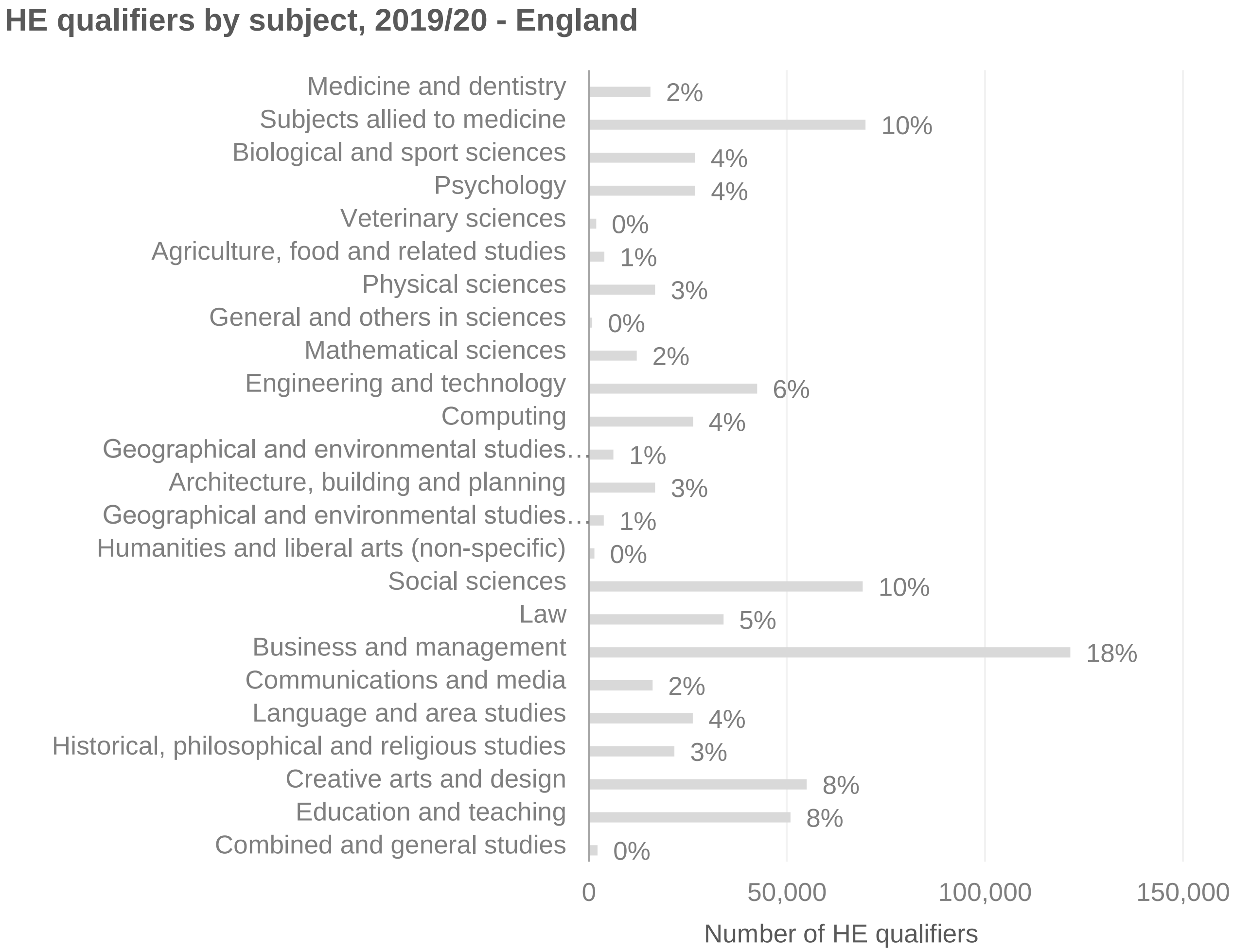
There are also notable areas of specialism in the capital, however. This includes:

- 6,200 qualifiers in Medicine and dentistry (4% vs. 2% nationally).
- 10,100 qualifiers in Law (7% vs. 5% nationally).
- 17,700 qualifiers in Creative arts and design (11% vs. 8% nationally).

There are relatively fewer London qualifiers in other subject areas such as Agriculture and related subjects (490 or less than 1%), Geographical and environmental studies (740 or less than 1%) and Education and teaching (9,700 or 6%).

HE qualifiers by subject, 2019/20 - London





Source: HESA, 2019/2020 qualifiers (published 2021), government region level.

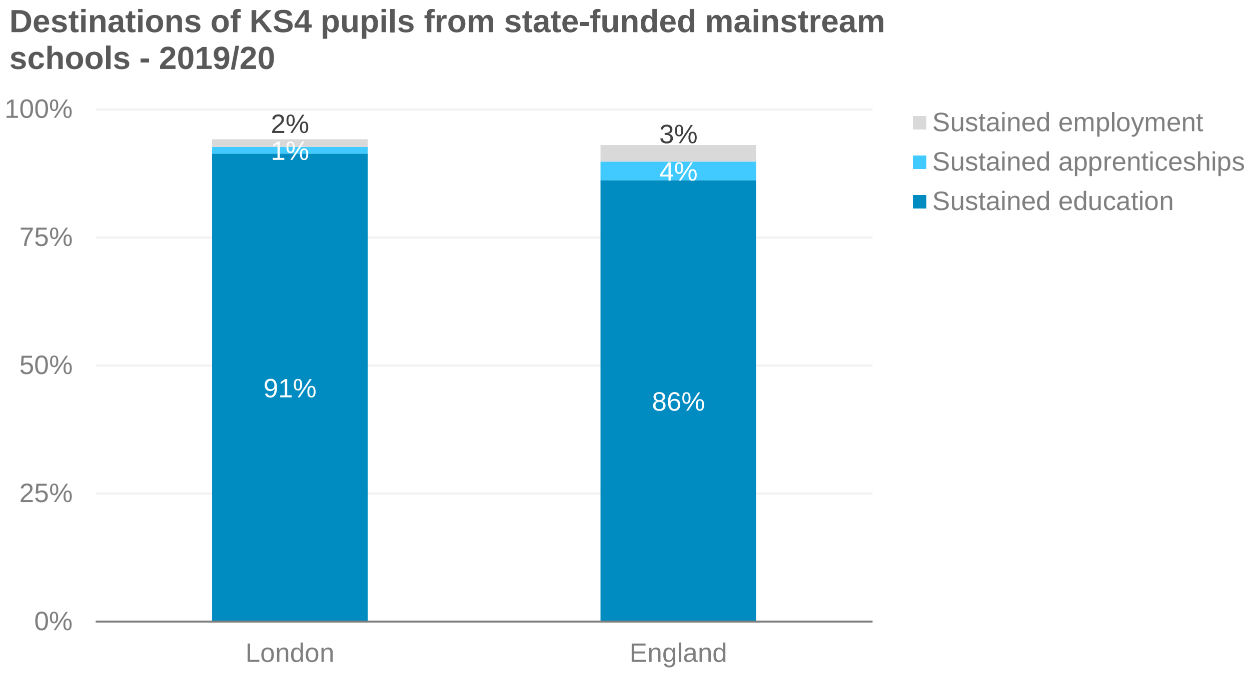
KS4 destinations

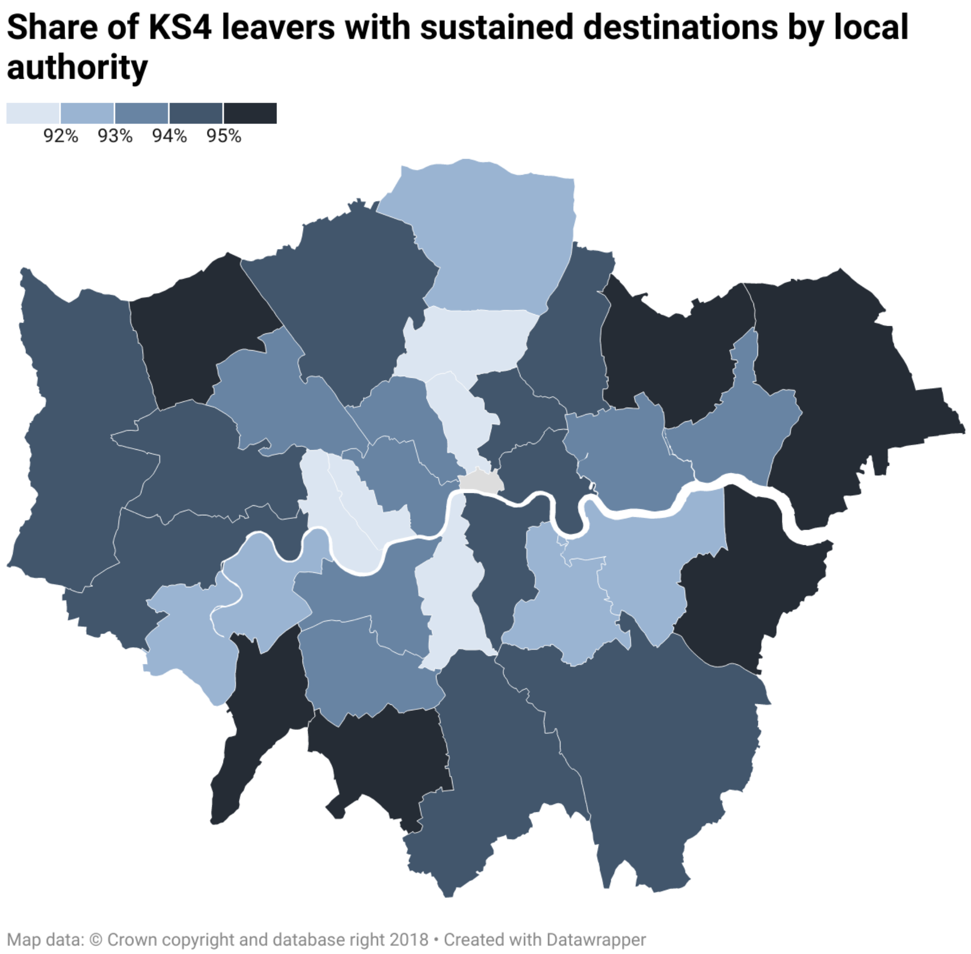
Overall, London has a slightly higher share of KS4 pupils going into a sustained education, apprenticeship or employment destination than across England: 94% of KS4 pupils in London vs. 93% across England.

This is driven by the particularly high share of London KS4 pupils going into a sustained education destination (91% – the highest among government regions), which, in turn, is boosted by the high rate of education outcomes for pupils in London who are eligible for free school meals.[47] At the same time, a relatively low share of London pupils progress to a sustained employment or apprenticeship destination.

Within London, the percentage with a sustained education, apprenticeship and employment destination varies slightly. This ranges from over 96% in Harrow to 91% in Islington.

[47] 88% of finishing KS4 students eligible for free school meals go into a sustained education destination, the highest of any region. Source: KS4 & KS5 destinations of 2019/2020 leavers, DfE, (published 2021).





Source: KS4 & KS5 destinations of 2019/2020 leavers, DfE (published 2021). Note: leavers from state-funded mainstream schools in sustained education, apprenticeship or employment. Excludes City of London.

KS5 destinations

Around 80% of students in London recorded a sustained education, apprenticeship or employment destination in the year after they finished 16 to 18 study (81% for England). By region, London had the highest rate of students continuing in education after 16 to 18 study but the lowest proportion of students taking up apprenticeships (4 percentage points below the England average).

As noted, the latter is partly down to higher progression rates to education, and partly because jobs in London are weighted towards ‘low-apprenticeship employing’ sectors. Some employers also lack good knowledge about what’s involved in an apprenticeship.[48]

By qualification level, over two-thirds (69%) of students who took mainly level 3 qualifications in London continued in an education destination, with the percentage of level 3 students progressing to any sustained destination remaining close to the England average (87% vs. 88%). At level 2 and for all other qualifications the percentage of students recording any sustained destination falls below the England average in London, despite a higher share in sustained education destinations.

Destinations after 16-18 by main level studied (state-funded mainstream schools and colleges), 2019/20

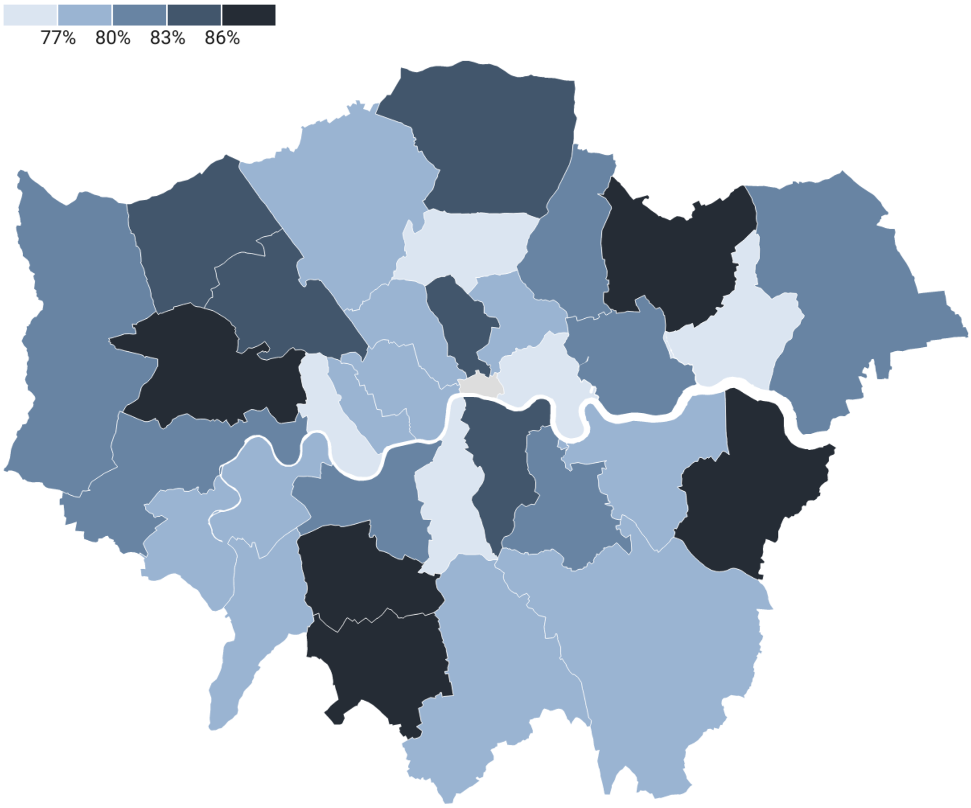
[48] Only 50% of London employers are aware and have good knowledge of apprenticeships / have or offer apprenticeships in 2019, compared to 54% nationally. Source: Employer Skills Survey, 2019 (published 2020).

There is a greater degree of sub-regional variation in sustained destinations after 16 to 18 study. This ranges from 90% in Bexley to 74% in Lambeth. Overall, 15 London boroughs had a sustained destination rate of below 80%.

Most of those who reached the end of 16 to 18 study in 2018/19 continued in education. Although in Bromley and Havering, less than half of students continued studying in the year that followed and a higher percentage went into sustained employment.

For a more detailed discussion see Chapter 7 of the Skills Strategy for Londoners: Evidence Base.

Share of 16-18 leavers with sustained destinations by local authority



Map data: © Crown copyright and database right 2018 • Created with Datawrapper

Source: KS4 & KS5 destinations of 2019/2020 leavers, DfE, (published 2021). Note: leavers from state-funded mainstream schools and colleges in sustained education, apprenticeship or employment. Excludes City of London.

FE and skills destinations

Overall, FE and skills destinations for the London region are below the England average for employment but above average for learning outcomes.

Around 57% of adult FE and skills learners in London recorded a sustained employment destination in the following academic year, 3 percentage points below the national average. At the same time, around 46% of learners recorded any learning outcome in the capital, with 28% recording a sustained learning outcome, 4 percentage points above the England average.

In line with the national picture, there is variation by level of qualification – the rate of employment destinations increases with qualification level while learning destinations decline.

Destinations of FE & Skills Learners in 2018/19 - London and England average

	London			England		
	Sustained employment	**Sustained Learning**	**Any learning**	**Sustained employment**	**Sustained Learning**	**Any learning**
All FE & Skills Learners	57%	28%	46%	60%	24%	42%
Level 1	53%	17%	36%	53%	13%	33%
Level 1 ESOL	48%	39%	58%	49%	41%	61%
Level 1 English & Maths	59%	38%	54%	59%	37%	58%
Level 2	73%	15%	32%	73%	13%	32%
Full level 2	58%	38%	51%	64%	38%	50%
Level 2 ESOL	50%	32%	50%	54%	34%	53%
Level 2 English & Maths	65%	40%	56%	67%	37%	55%
Level 3	69%	23%	33%	71%	22%	34%
Full level 3	55%	51%	59%	56%	55%	63%
Level 4	70%	20%	28%	77%	17%	27%
Level 5	68%	11%	23%	82%	9%	20%
Level 6	-	-	-	78%	-	-
Other	50%	29%	40%	37%	26%	42%

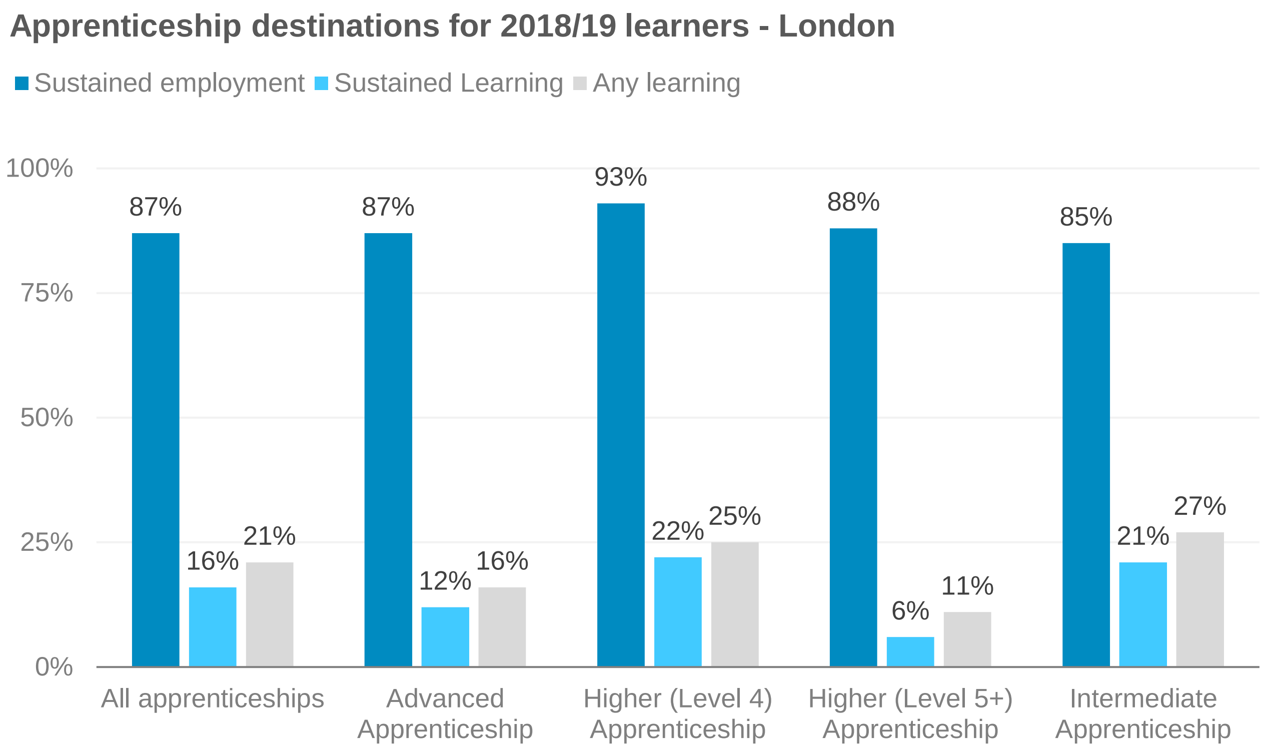
Source: FE outcome based success measures, 2018/19 learners, DfE, (published 2021), government region level. Note: destinations recorded in 2019/2020 for individuals who undertook learning in 2018/2019.

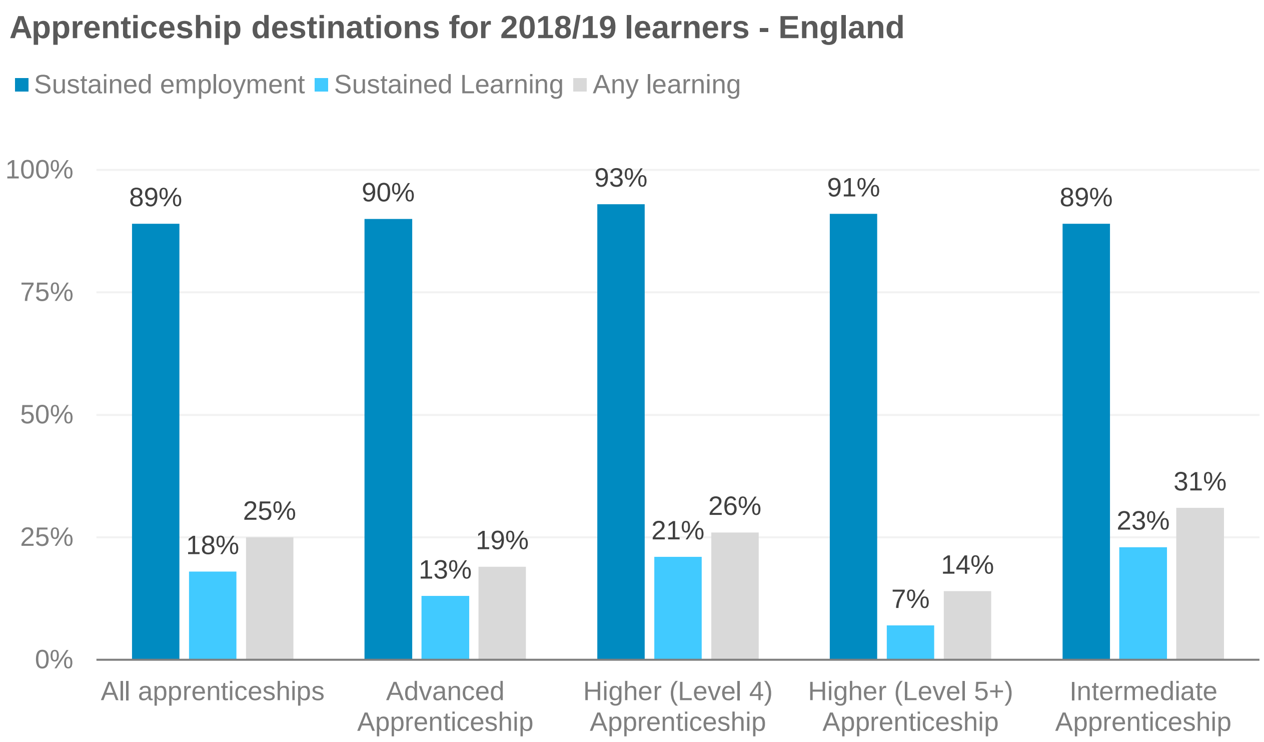
Apprenticeship destinations

Apprenticeship outcomes in London are generally below the national average. Across all levels, 87% of London apprentices progressed to a sustained employment destination (2 percentage points below the England average) while 21% progressed into any learning destination (4 percentage points below average).[49]

There are, again, large differences by apprenticeship level. For example, the rate of progression into employment varies from 85% for intermediate apprenticeships to 93% for level 4 higher apprenticeships. This gap is more pronounced than the England average, which may reflect the demand for higher level skills and qualifications in London compared to the rest of the country.

[49] Note that percentages do not sum to 100 as apprentices may progress to both employment and learning opportunities.





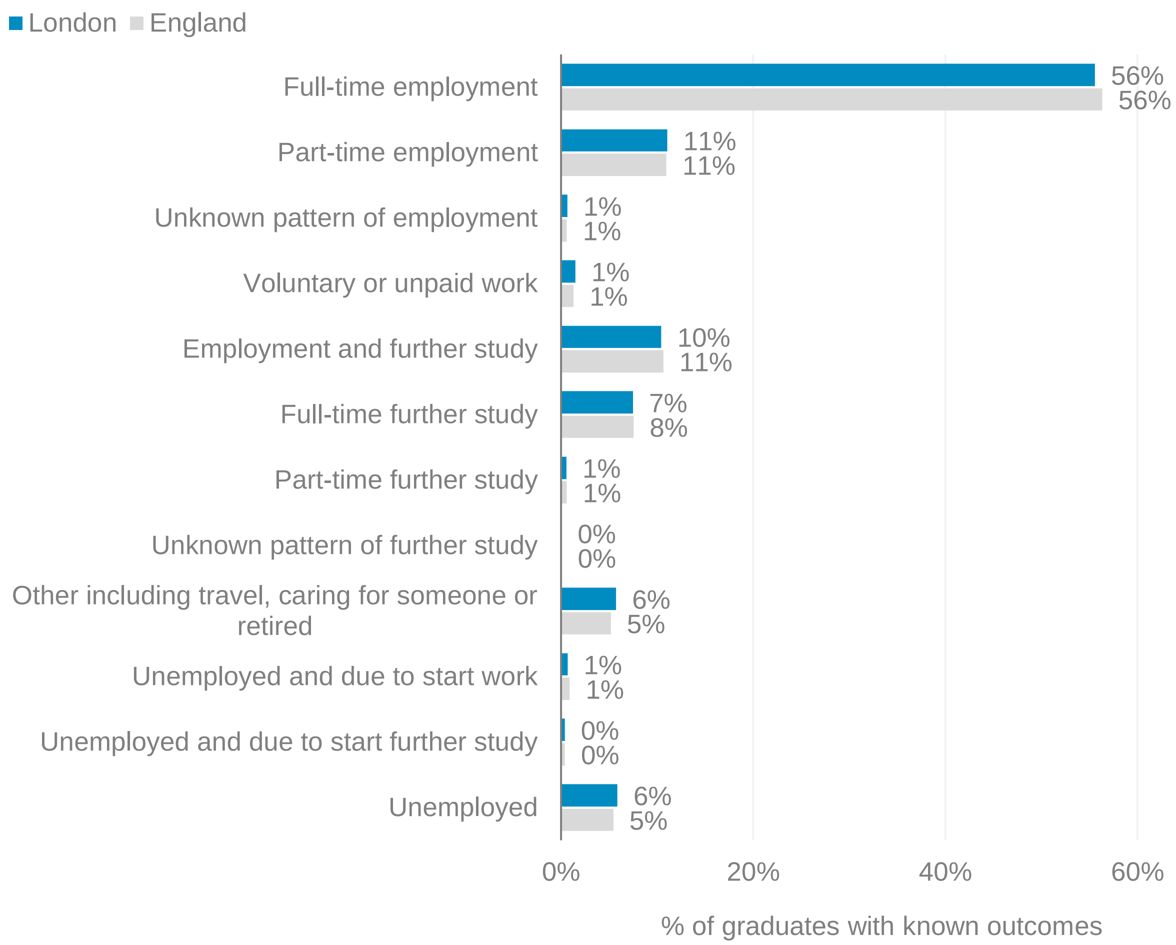
Source: FE outcome based success measures, 2018/19 learners, DfE, (published 2021), government region level.

HE graduate destinations

The profile of HE graduate destinations is similar to the national picture for those studying at providers in London. For example:

- Graduates in employment or unpaid work accounted for 79% of survey respondents in London and 80% for England as a whole.
- The percentage of survey respondents in further study was 18% in London, including 10% who were in both employment and study – both in line with the England average.
- Unemployment, including those due to start work or study, accounted for 7% of graduates in both London and for England as a whole (up from 5% in the previous year).

Graduate destinations for 2018/19 academic year



Source: HESA, 2018/19 graduates (published 2021), 2020 SAP boundaries.

Graduate retention[50]

Many graduates are attracted to work in London. This includes a high proportion of those who study at London based HE providers and graduates from providers in other parts of the country.

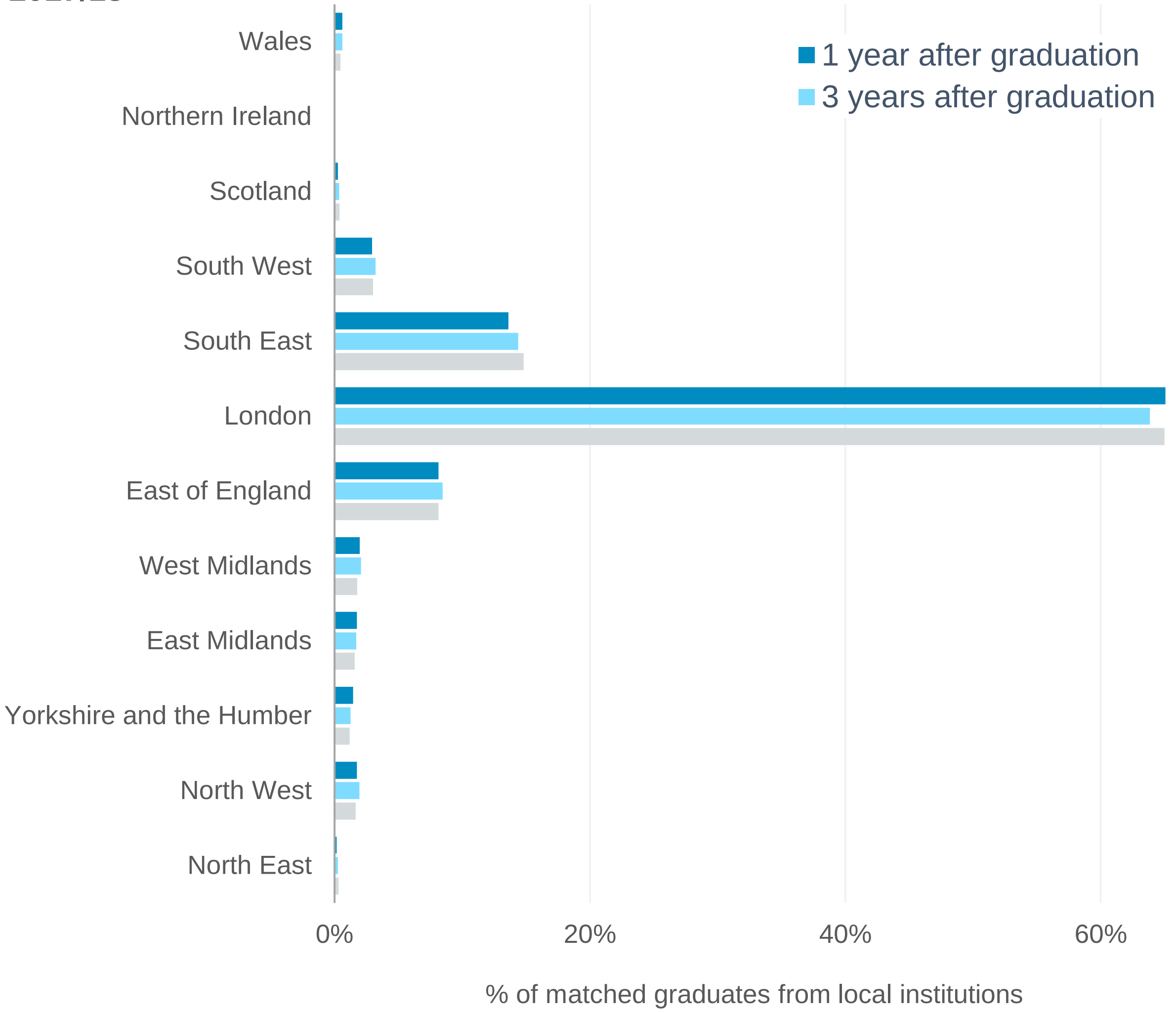
- Around two-thirds of graduates from London providers reside in the capital after graduation, and this holds from one (65%), three (64%) and five (65%) years after graduation.
- One year after graduation, nearly 56,600 graduates from all HE providers in England were residing in London – around 20% of the total graduate population.
- The proportion of graduates from HE providers in England who were residing in London rises to 23% three years after graduation and to 24% five years after graduation.

This reflects the fact that many early-career graduates move to or remain in London for work – influenced by the availability of higher skilled employment and higher earnings after graduation.[51] But there are also a number of graduates who leave the capital to live elsewhere, especially to other parts of the wider south-east. There are even larger numbers of London residents who leave the capital after the age of 30.[52]

Findings from the 2019 employer skills survey indicate that there are very high levels of satisfaction with graduates' preparedness for the workplace among London employers.

[50] This indicator has not been updated since the previous (March 2021) published report.
[51] For example, according to HESA data for 2015/16, 21% of all working graduates were employed in London six months after graduation. This figure was broadly in-line with London's share of UK jobs in 'higher level' occupations in 2016 (defined as: Managers, directors and senior officials, Professional occupations and Associate professional and technical occupations). See: Centre for Cities (2016) The Great British Brain Drain Where graduates move and why.
[52] Note – the overall net inflow to London of 19-29-year olds is relatively small, particularly compared to the net outflow of 30+ year olds. Source: GLA Economics (2020) The Evidence Base for London's Local Industrial Strategy - Final report.

Current region of residence of graduates from HEIs in London, 2017/18



Source: Graduate Outcomes in 2017/18, DfE, (published 2020), 2020 SAP boundaries

Employer provided training

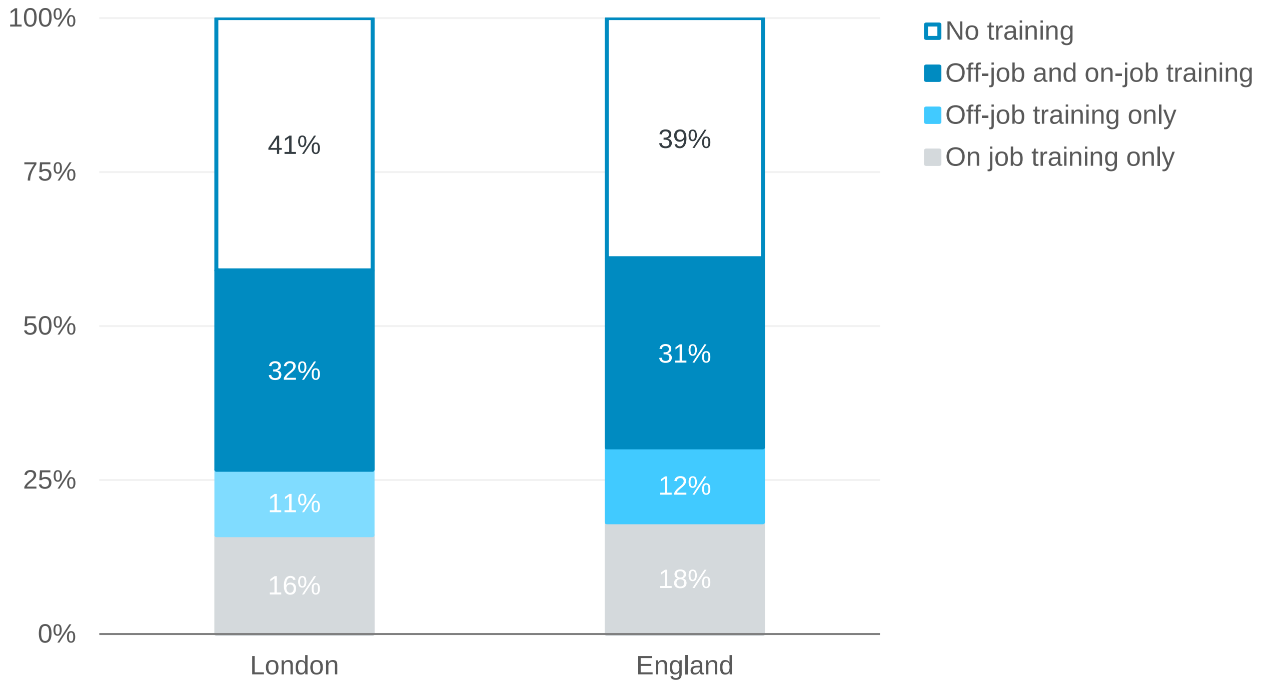
The overall profile of employer training provision in London is similar to the national picture. Over three-fifths (61%) of employers funded or arranged training for employees over the previous 12 months in 2019, with most (32%) providing a combination of off-job and on-job training.

Yet there are signs that the level of workplace training is not being maintained in London. According to the ONS Annual Population Survey only 17% of working age Londoners were in receipt of job-related training in the last 13 weeks in the 12 months to June 2021. This is down from 20% in 2004 and from 18% before the pandemic (April 2019 to March 2020).

And while headline trends track the national average, the share of London employers providing training towards nationally recognised qualifications is low. Only 23% of employers offered training leading to a recognised qualification in 2019 – the lowest for any local enterprise partnership area.[53]

A high proportion of London employers would like to provide more training – lack of staff time and especially a lack of funds for training were the main barriers reported in 2019.[54]

Employers providing training over past 12 months, 2019



Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

There is also an important inequality dimension to training: more qualified individuals remain disproportionately likely to benefit, while cost and lack of time are barriers for

[53] Department for Education (2020) Employer skills survey 2019 LEP data tables.
[54] Department for Education (2020) Employer skills survey 2019 LEP data tables.

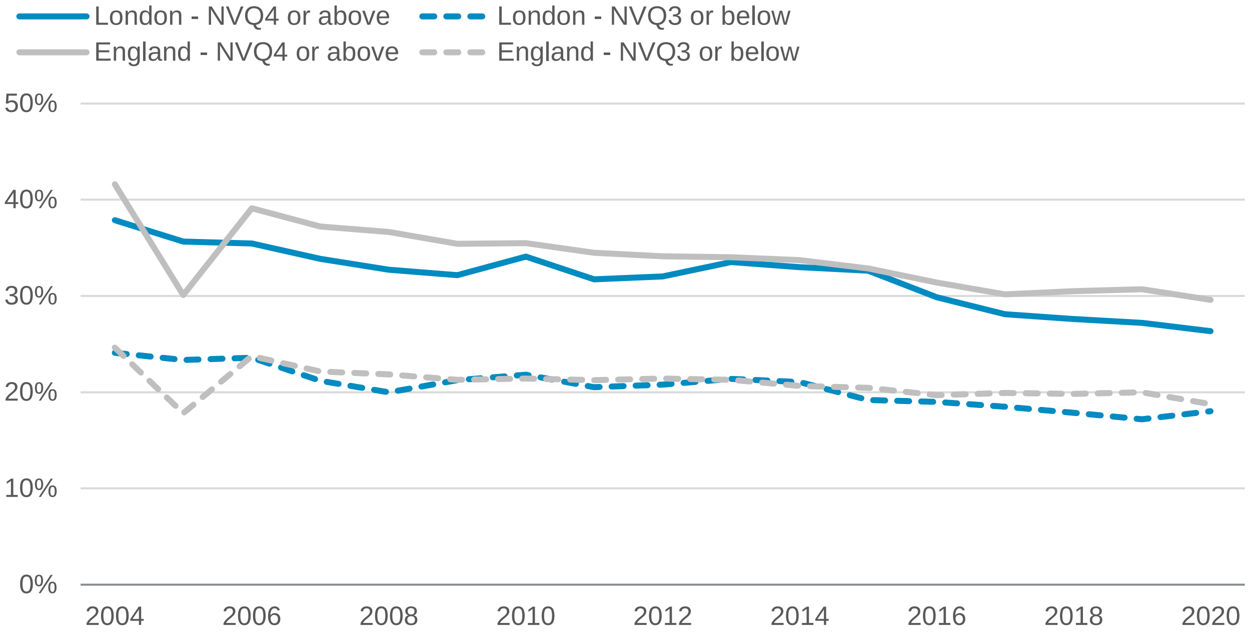
Londoners taking on learning opportunities.[55] Younger people, ethnic minorities and women are most likely to report a lack of resources to invest in their own human capital.

This inequality contributes to a widening skills gap, despite evidence that those in mid-skilled roles receive a higher wage boost from training.[56]

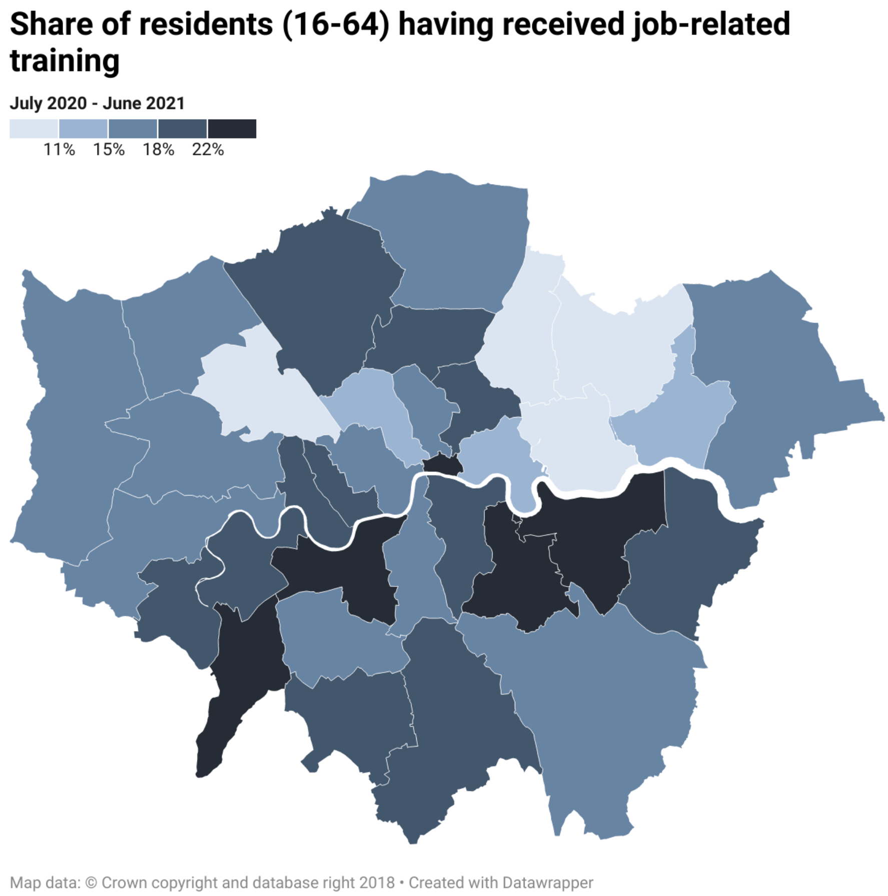
The percentage of Londoners in receipt of job-related training also varies widely at a sub-regional level. According to ONS Annual Population Survey data for the 12 months to June 2021, this ranges from 25% in Wandsworth to only 8% in Waltham Forest.

[55] A survey of Londoners suggests that cost (49% report this as one of their two top barriers) and lack of time (40%) are the main barriers for individual taking on learning opportunities. GLA/You Gov poll, 18-21 Dec 2017, representative sample of 1,088 London adults, conducted as part of the Skills Strategy consultation.
[56] ONS (2019) Characteristics and benefits of training at work, UK: 2017.

% of 16-64 year olds who received job-related training in the past 13 weeks by level of qualification attainment



Source: Annual Population Survey (2021).



Source: Annual Population Survey (2021), July 2020 to June 2021. Note: share of residents aged 16-64 who had received job-related training in last 13 weeks.

3. Skills Demand

Summary

- Recent medium-term forecasts suggest a gradual economic recovery for London with a return to pre-pandemic growth trends after five years.
- Pre-COVID-19 projections anticipated relatively robust employment growth in London over the coming decade, albeit at a lower rate of growth than in the last decade.
- Employment growth was expected to be particularly strong in services activities, including in business services (e.g. Information technology) as well as non-market services (e.g. Health and social work).
- Employment in higher-skilled occupational groups was also projected to continue to grow, with ongoing demand for higher-level qualifications in London.
- Over two-thirds of London employers report needing to develop the skills of their workforce, with employer demand for a mix of complex analytical, operational and digital skills.
- Online job postings data show a large increase in postings from September 2021, with the majority of postings for high-skilled positions.

Sector growth forecasts (medium-term)

The latest medium-term macroeconomic scenarios from GLA Economics estimate that several sectors in London will begin to recover in 2022, in line with the overall economy.[57]

The baseline scenario assumes that business and consumer confidence improve as the pandemic subsides, but that long-term scarring persists for some time. Despite government policies softening negative labour market impacts, and the return of some international visitors, the forecasts suggest economic restructuring and geographic mismatches in the labour market will slow London's economic recovery. The estimates therefore reflect a scenario with a gradual return to economic growth, where London's economy would only return to pre-COVID-19 trends after five years or longer.

The sectors with the highest estimated growth in real GVA and workforce jobs are Hospitality (34% GVA growth and 5% jobs growth) and Arts & recreation (26% GVA growth and 5% jobs growth), though both sectors saw significant estimated falls in jobs in 2021. All sectors are expected to see positive real GVA growth in 2022 and workforce jobs growth is also expected to be positive across most sectors. The overall real GVA growth rate is estimated to be 5.0% and workforce jobs growth is estimated at 2.1% in 2022.

Sector growth forecasts (long-term)

According to the latest GLA Economics' trends-based projections – produced prior to COVID-19 pandemic and the UK's exit from the European Union – employment in London will reach 6.9 million by 2041, equal to an additional 49,000 jobs per year. Much of this long-run growth was expected to come from sectors where London is relatively specialised, with the largest increases projected for the Professional & Real Estate and Information & Communication sectors.[58]

More recent Working Futures research gives an indication of trends for the decade to 2027. This research – also produced before COVID-19 – projected that London would see the largest percentage increase in employment among UK nations or regions, albeit at a slower rate of growth that seen in previous decades.[59] The Business & other service sector was expected to account for most of the growth in employment in London, with almost half (49%) of London's employment by 2027.

The table below provides a more detailed breakdown of London level projections by industry group. The industry groups with the highest forecast *rate* of growth include Information technology, Other services, Engineering and Health and social work. Industries with the lowest forecast growth include Rest of manufacturing, Agriculture and Transport and storage activities.[60]

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[57] GLA Economics (2021) Macroeconomic scenarios for London's economy post COVID-19 - December 2021.
[58] GLA Economics (2017) Long Term Labour Market Projections 2017.
[59] 0.4% per year in 2017-2027, down from 2.0% per year between 2007 and 2017. Note: GLA Economics long-run projections (2017) expected employment to grow from 2016 at an annual average rate of 0.78 per cent a year.
[60] Note – the projected net change in employment (expansion demand) tells only a part of the story in terms of the future skill requirements in London. Expansion demand represents 234,000 jobs in the period between 2017 and 2027, but there will be a need for around 1.9 million workers to replace those leaving the labour force over this time.

Please note these forecasts were produced prior to COVID-19:

London Enterprise Panel

Sectors with **highest** forecast growth rate (2017-2027)	Sectors with **lowest** forecast growth rate (2017-2027)
1) Water and sewerage	1) Rest of manufacturing
2) Information technology	2) Agriculture
3) Other services	3) Transport and storage
4) Engineering	4) Food drink and tobacco
5) Health and social work	5) Real estate

Source: Working Futures, 2017-2027 (published 2020), 2017 LEP boundaries.

Occupation growth forecasts

In line with headline sectoral trends, long-run employment growth in London was also expected to be more prominent at the top of the occupational distribution according to recent GLA Economics projections, in addition to limited jobs growth at the lower end and some job losses in the middle.[61]

Again, Working Futures 2017-2027 gives a more recent indication of (pre-COVID) trends for the coming decade. This research broadly accords with the occupational trends noted above, with London expected to the see the strongest (net) growth among Managers and Professionals, as well growth in Caring, leisure and service roles (SOC Major Groups 1-3 and 4). Declines were expected in Administrative & Secretarial, Sales & Customer Service and Skilled, Process and Elementary roles (SOC Major Groups 5-6 and 7-9).[62]

The table below reports a breakdown of these projections by detailed occupational group. It shows that the occupations with the highest forecast growth *rate* to 2027 are those within Caring personal service occupations, Teaching and educational professional and Health and social care associate professionals. Several mid-skilled occupations are among those with the lowest forecast rate of growth, including Secretarial and related occupations.

[61] GLA Economics (2016) Long Term Labour Market Projections 2016.
[62] Although the projected net change in employment tells only a part of the story in terms of future skill requirements. Replacement demands (e.g. due to retirement) mean there are likely to be job openings in every major SOC group.

Please note these forecasts were produced prior to COVID-19:

London Enterprise Panel

Occupations with **highest** forecast growth rate (2017-2027)		Occupations with **lowest** forecast growth rate (2017-2027)	
1)	Caring personal service occupations	1)	Secretarial and related occupations
2)	Teaching and educational professionals	2)	Process, plant and machine operatives
3)	Health and social care associate professionals	3)	Skilled metal, electrical and electronic trades
4)	Corporate managers and directors	4)	Administrative occupations
5)	Health professionals	5)	Elementary trades and related occupations

Source: Working Futures, 2017-2027 (published 2020), 2017 LEP boundaries

The Working Futures research also highlights the high demand for high-level qualifications in the London labour market. Over the period 2017 to 2027 the percentage of employed people holding a first or postgraduate degree as their highest qualification in London was expected to increase from 52% in 2017 to 64% in 2027 – the highest percentage of graduates for any UK region or country.

Skills that need developing

According to the Employer Skills Survey 2019 over two-thirds of London employers anticipated the requirement to develop the skills of their workforce in the coming year (67%) – one of the highest rates among local enterprise partnership areas (64% across England as a whole).

The main skills reported to be lacking among the existing workforce are similar to the national picture and include a mix of:

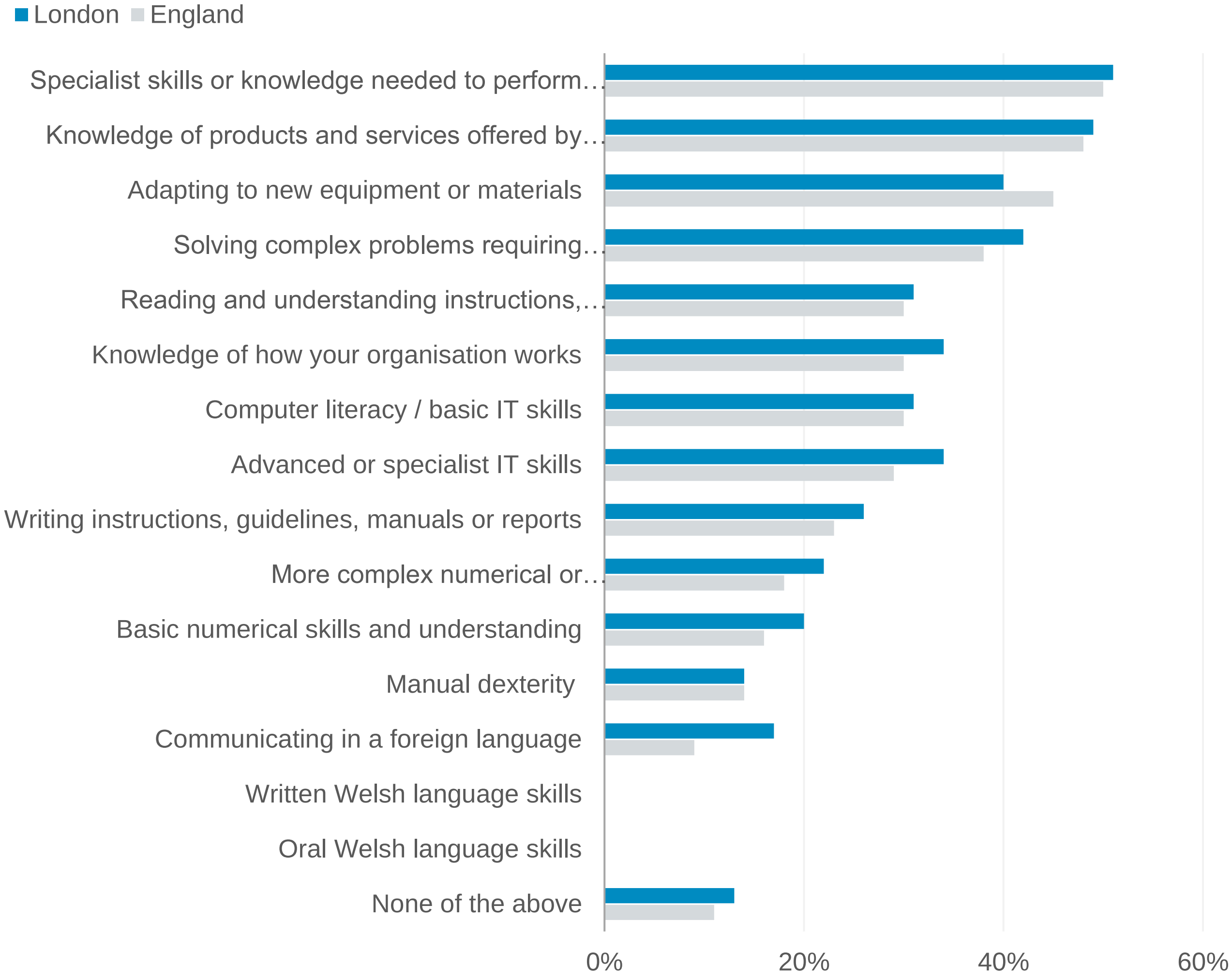
- Complex analytical skills (cited by 42% of employers in London vs. 38% nationally).
- Operational skills (cited by 55% of employers in London vs. 52% nationally).
- Digital skills (cited by 49% of employers in London vs. 47% nationally).

More recently, the latest London Business 1000 survey suggests that there has been a significant increase in the proportion of London businesses facing challenges with technical/job-specific skills in their workforce (cited by 23% of London businesses in 2021, up from 19% in 2020).

Looking more closely at the specific skills needs reported by London employers in the 2019 Employer Skills Survey, 'advanced IT or specialist skills' (34% vs. 29% across England) and 'communicating in a foreign language' (17% vs. 9% across England) stand out as being in particularly high demand.

The relatively high demand for advanced or specialist IT skills is likely to reflect the presence of (for example) significant Digital and Creative Industries sectors in London (Annex B). However, it also reflects the need to develop digital skills across the economy (including in relation to net zero ambitions).[63]

Skills that will need developing in the workforce, 2019



Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

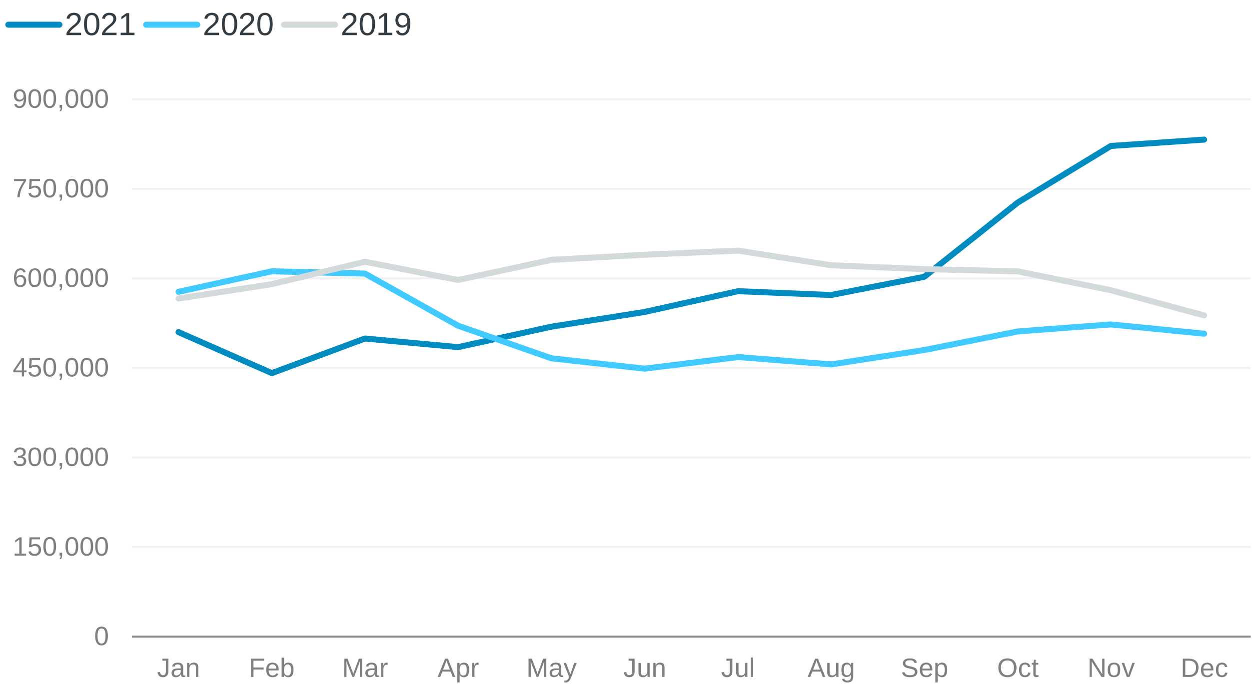
[63] Recent UK-level analysis carried out for the Industrial Strategy Council suggests that the most widespread area of under-skilling in the UK is likely to be in basic digital skills, which are set to become more advanced in the future.

Online job postings data

The number of online postings for jobs in London dropped sharply as a result of the coronavirus pandemic and the measures to contain it – more than in other parts of the country. According to Emsi Job Posting Analytics:

- The total number of unique online postings for jobs in London fell by 29% between February and July 2020, in-line with the national picture.
- While there were signs of a recovery after the first national lockdown ended, London recorded a slower rate of recovery than in other parts of the country – online job postings were still down 6% on the previous year in December 2020.
- Job postings fell again in the first months of 2021, following the introduction of further lockdown measures, but postings have since rebounded significantly and far exceeded pre-pandemic (2019) levels in December 2021.

Total unique job postings in London by month

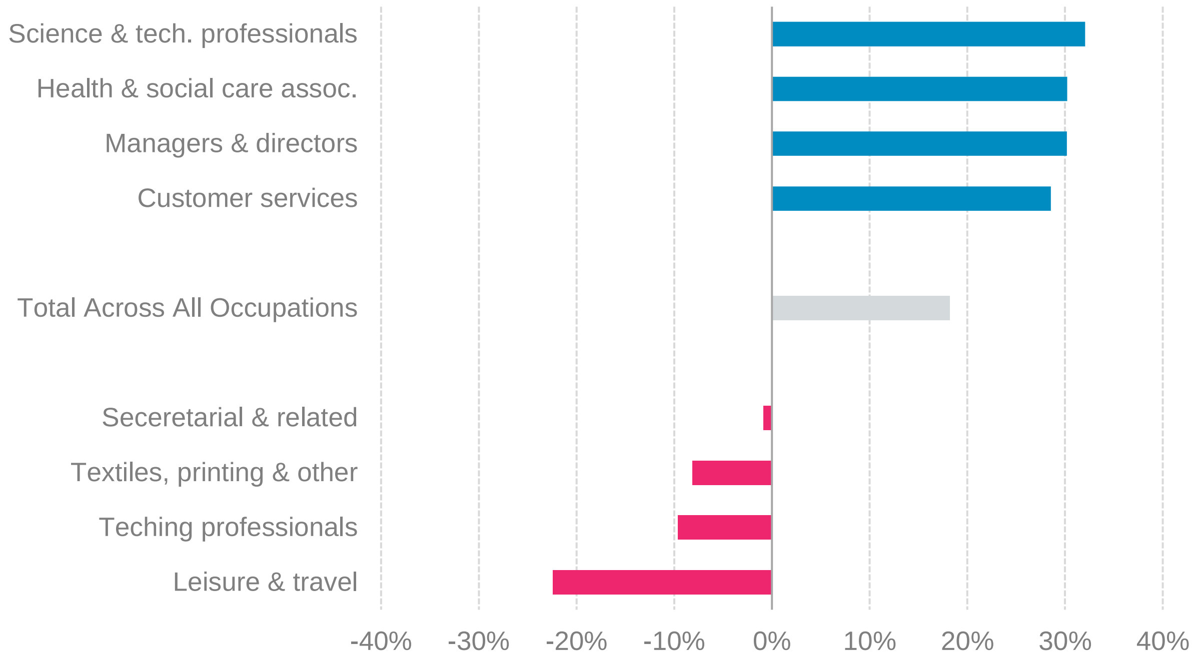


Source: Emsi, 2021. For more information see: Emsi at economicmodelling.co.uk.

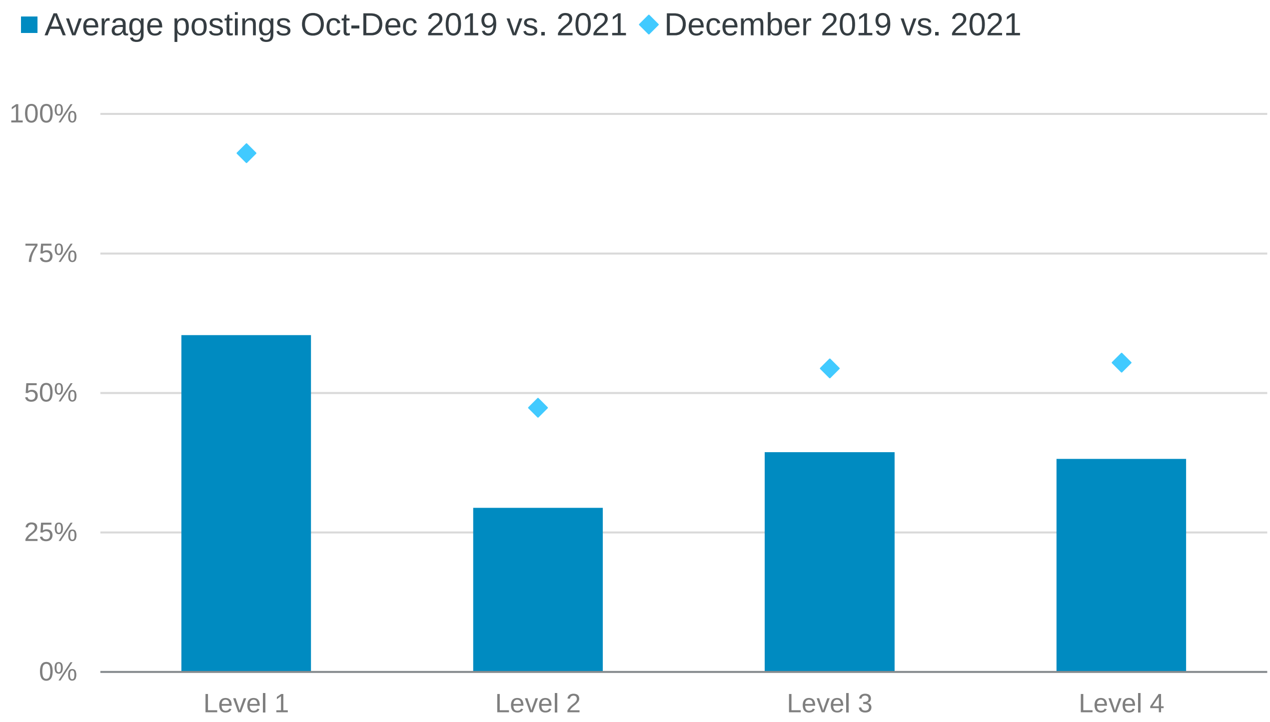
Some occupations have seen higher demand growth than others in the capital. Yet focusing on average job postings in the period October-December, the increase between 2019 and 2021 has been significant for occupations across all ONS skill levels. Levels 2, 3 and 4 saw increases between 29% and 39%, while occupations in level 1, including elementary occupations, saw an increase of 60%.[64] In absolute terms level 1 occupations saw an increase of 13,300 postings over 2019 levels, while level 4 occupations, the largest group, saw an increase of 87,000 unique online job postings during this time.

[64] The significant increase in job postings for elementary occupations may be associated with a recovery in labour demand following the sharp fall in employment in these occupations in the initial stages of the pandemic (see Section 1).

Change in new online job postings by 2-digit SOC
Oct-Dec 2021 vs. 2019, highest and lowest growth (%)*



Change in unique job postings by ONS skill level



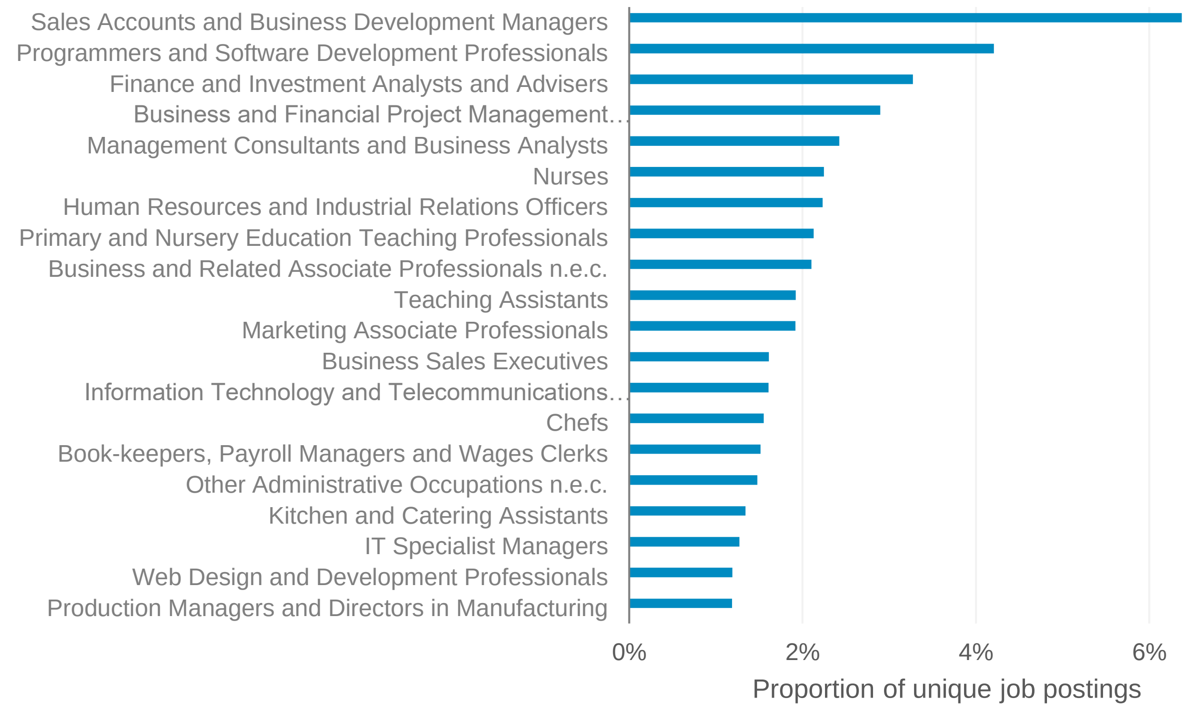
Source: Emsi, 2021 and ONS occupational skills mapping. For more information see: Emsi at economicmodelling.co.uk. Note: *relative growth for occupations with at least 1,000 postings.

The leading occupations (4-digit SOC) for unique online job postings in October to December 2021 included:

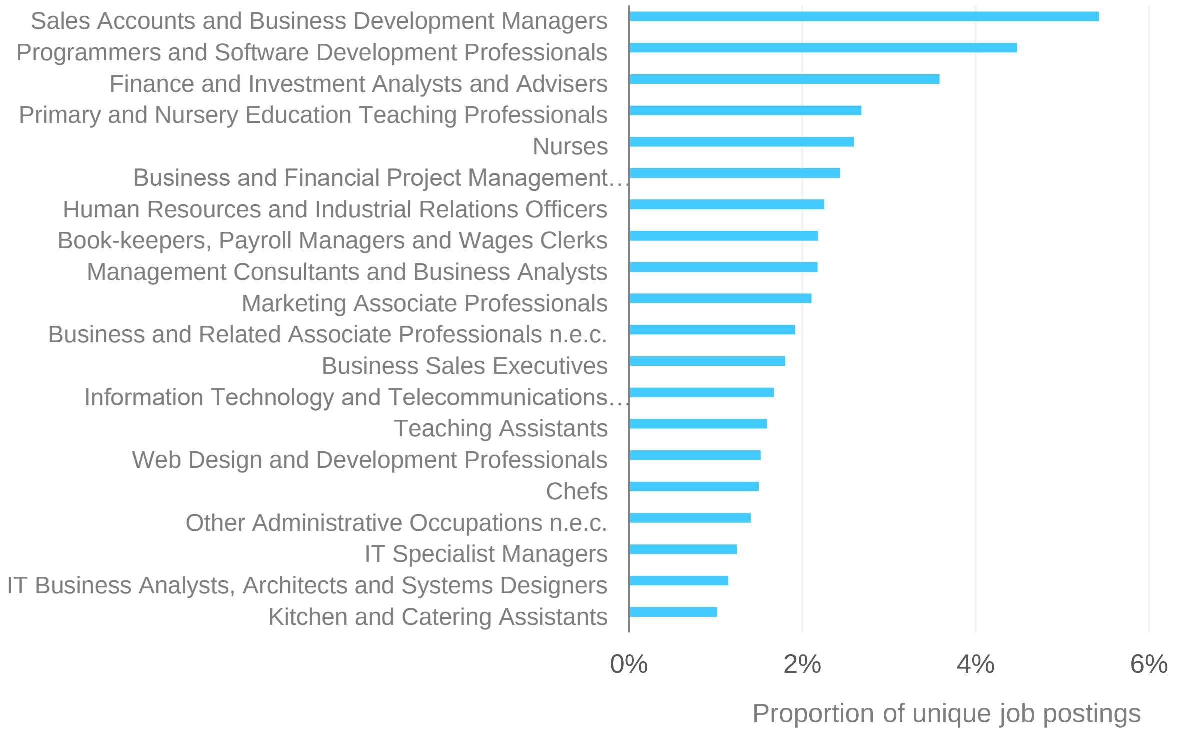
- Sales accounts and business development managers – 50,600 unique job postings or 6% of the London total.
- Programmers and software development professionals – 33,400 or 4% of the total.
- Finance and investment analysts and advisers – 26,000 or 3% of the total.
- Business and financial project management professionals – 23,000 or 3% of the total.

This ranking is broadly similar to the same period in 2019 and reflects many of London's sectoral specialisms (e.g. in business and IT services). Of the occupations noted above, 'Business and financial project management professionals' and 'Sales accounts and business development managers' experienced the strongest rate of growth in postings between the two periods (up by 64% and 62% respectively).

Top 20 posted occupations in London, Oct-Dec 2021 (4-digit SOC)



Top 20 posted occupations in London, Oct-Dec 2019 (4-digit SOC)



Source: Emsi, 2021. For more information see: Emsi-economicmodelling.co.uk

4. Mapping Skills Supply and Demand

Summary

- The overall skills match in London is strong, with high supply and demand for skills.
- However, employer surveys still show unmet demand for skills – 15% of employers reported a skills gap or skills shortage vacancy in 2019, up from 14% in 2017.
- And recent business survey evidence suggests that recruitment difficulties are on the rise, partly due to a lack of applicants, with the UK's exit from the EU considered a significant skills and labour market challenge by some London employers.
- These aggregate level statistics also hide more troubling data for particular sectors and occupations, including for health and skilled construction related positions.
- Pre-pandemic, London also had a problem with the under-use of skills – while it is unclear if or how the pandemic will affect these trends, policies are likely to be needed to support employers to improve the usage of skills in the workplace.
- There are also signs that the impacts of EU exit and the coronavirus pandemic may lead to new mismatches between skills supply and demand in certain sectors.

Skills situation summary

As discussed in the previous section, the demand for skills and labour in London is high. The capital also tends to have a higher rate of vacancies than in other parts of the country:

- Around 19% of establishments reported at least one vacancy in 2019 according to the Employer Skills Survey (17% nationally; 22% in 2017).
- According to the latest London Business 1000 survey, over half of London businesses plan to recruit in the next 12 months (54%, up from 41% in 2020).

The supply of labour in London is also strong, but employer surveys still show unmet demand.

According to the Employer Skills Survey, around 15% of London employers reported either a skills gap or skills shortage vacancy in 2019. This was below the national average (17%) but slightly higher than reported in 2017 (14%). There were also signs to suggest that skills problems when recruiting became more ‘concentrated’ in 2019.

The more timely London Business 1000 survey also suggests that there has been an increase in the proportion of London businesses facing issues with skills in recent months. Only two-fifths (40%) of decision-makers said that their business did not face any skills challenges in July-September 2021, down from half (49%) last year. This increase in skill-related challenges has been especially pronounced in relation to skilled manual/technical roles (cited by 26% of business decision-makers in 2021, up from 21% in 2020).

Proficiency of the workforce

In London, the overall proportion of the workforce considered to be lacking in full proficiency (i.e. to have a skills gap) has been relatively low – less than 4% in 2019, a lower skills gap density than in most LEP areas.

But while this proportion is lower than nationally, it still equated to around 190,000 employees with skills gaps in 2019. A relatively high share of London employers also reported that skills gaps impacted on business performance (69% vs. 66% nationally).

Skills gaps frequently arise because staff are new to their role or yet to complete training. At the same time, a third of London employers with skills gaps reported challenges related to new working practices or technologies in 2019. As noted above, the latest London Business 1000 survey also suggests that there has been a recent increase in the share of London businesses facing challenges with technical/job-specific skills in their workforce.

Still, to the extent that there have been supply and demand imbalances in London's workforce, the greater problem has usually been a lack of demand. At 36%, the proportion of establishments with underutilised staff was above the national average (34%) in 2019. It remains to be seen if or to what extent this is altered by the coronavirus pandemic.

The adoption of 'High Performance Working' practices is one way for employers to make better use of workforce skills. Employers making better use of skills are likely to be more productive. Yet only 9% of organisations in London were regarded as high-performance employers in 2017, leaving scope to promote the take-up of these practices.

	Proportion of staff not fully proficient	Proportion of establishments with any under-utilised staff
London	3.6%	36%
England	4.6%	34%

Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

Depending on how it is measured, London's labour market may also feature a higher proportion of 'overeducated' workers than in the rest of the country, and this generally carries a wage penalty.[65] This is partly down to the composition of London's labour force and widening access to English language training and improving the recognition of international qualifications could have particular economic benefits in the capital.[66]

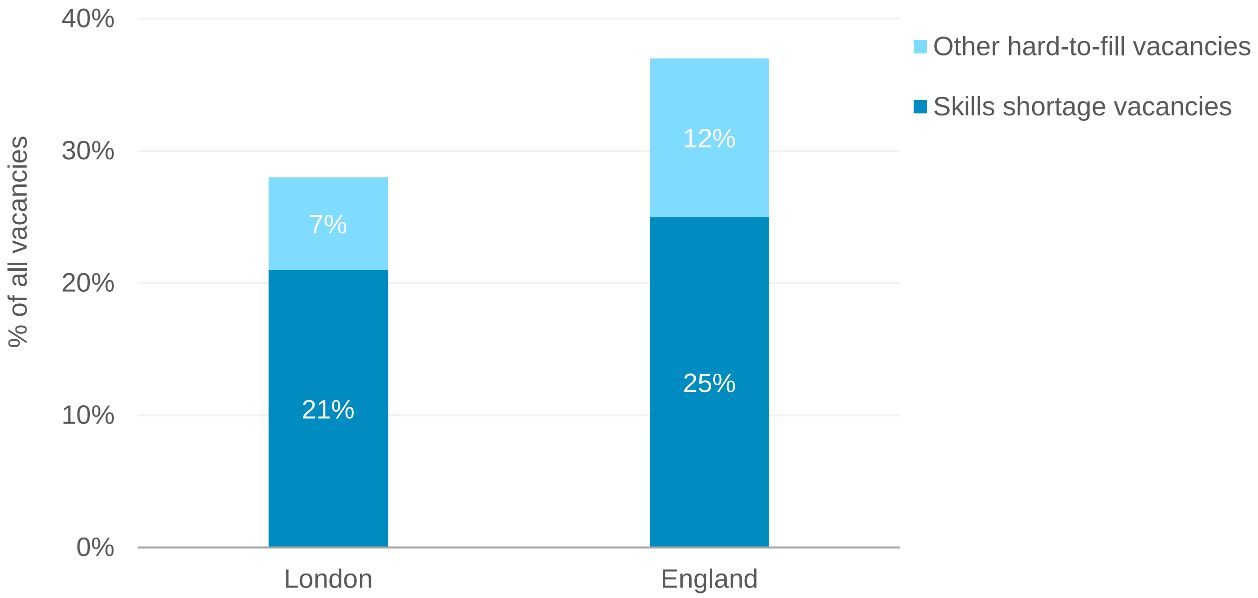
[65] ONS (2019) Overeducation and hourly wages in the UK labour market; 2006 to 2017
[66] IPPR (2019) Measuring the benefits of integration: The value of tackling skills underutilisation.

Hard-to-fill and skills shortage vacancies

Focusing on hard to fill vacancies from the 2019 Employer Skill Survey:

- 5% of London employers reported that they had skill-shortage vacancies. This is up from 4% in 2017 and equates to a total of around 43,000 vacancies which are hard to fill because of a lack of the required skills, qualifications or experience.
- These skill-shortage vacancies comprised over a fifth (21%) of all vacancies in London (4 percentage points below the England average); with a further 7% of vacancies being are hard-to-fill for other reasons (5 percentage points below).
- The incidence of skills shortage vacancies often reflects a lack of 'workplace skills' rather than mismatches in qualification levels – a lack of specialist skills or knowledge is the main cause of skill-shortage vacancies in London.

Proportion of all vacancies that are hard-to-fill due to skills shortages or other reasons, 2019



Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

In a dynamic economy, some degree of skills mismatch is always likely. Notwithstanding data limitations, these headline findings remain largely consistent with London being in a 'high skills equilibrium', with employers' skill needs generally met successfully in 2019.[67]

Recruitment of non-UK nationals has been a common way of responding to hard-to-fill vacancies in London, with 51% of employers facing hard-to-fill vacancies reporting that they use this recruitment route (38% nationally).[68] This suggests that skills deficiencies in

[67] See: GLA Economics (2018) Skills strategy for Londoners: Evidence base.
[68] Department for Education (2020) Employer skills survey 2019 LEP data tables.

the capital could be compounded were Brexit or the coronavirus pandemic to result in a significant reduction in the supply of migrant workers (see below).

These aggregate level statistics also hide more troubling data for particular sectors and occupations.

- In London, the Construction sector had the largest share of skill shortage vacancies in 2019, at 40%; this was followed by Health and social work, at 32%.

Consistent with skills challenges in these sectors:

- London employers face the greatest challenges in finding suitably skilled candidates for Skilled Trades occupations, particularly for Skilled Construction and Building Trades (51% of vacancies in these roles were skill shortage vacancies in 2019).
- There are also challenges for employers recruiting to fill vacancies in some (but not all) positions in Professional occupations – including for Science, research, engineering and technology professionals and Health professionals (38% and 37% of vacancies in these roles were skills shortage vacancies in 2019 respectively).

This evidence of skills challenges may be of particular concern given the high level of job openings anticipated in Professional occupations. The overall share of hard-to-fill vacancies in Caring personal service roles (45% of vacancies were hard to fill in 2019) could also be an issue given the rate of growth expected in these position (see above).

Overall, employment levels in Skilled Trades occupations had been projected to decline in London between 2017 and 2027. However, the need to replace the existing skills that will be ‘lost’ – as a result of retirements and other labour turnover – means there will still be job openings and therefore important education and training requirements in this area.

Please note these forecasts were produced prior to COVID-19:

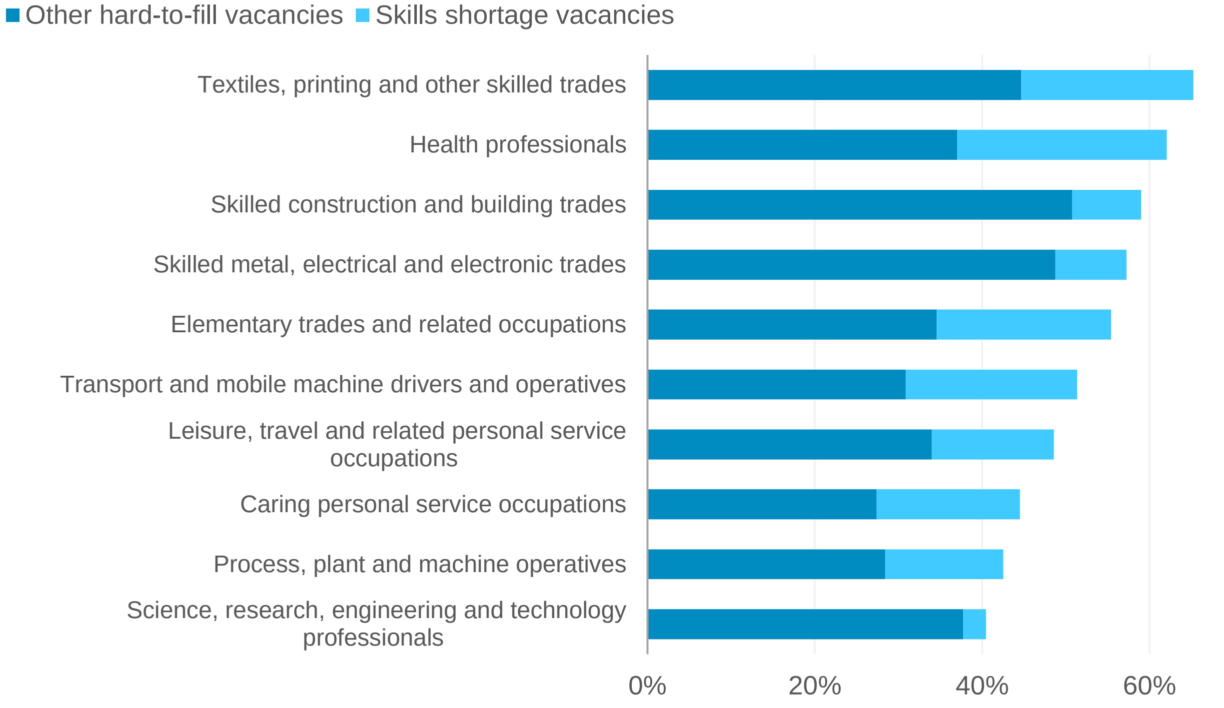
Employment Change by Occupational Group and Replacement Demand in London, 2017-2027

thousands

Sub-Major Group (2-digit SOC)	Net Change	Replacement Demand	Total Requirement
Corporate managers and directors	71	195	267
Other managers and proprietors	12	68	80
Science, research, engineering and technology professionals	36	89	125
Health professionals	34	102	136
Teaching and educational professionals	55	130	184
Business, media and public service professionals	59	201	260
Science, engineering and technology associate professionals	2	29	31
Health and social care associate professionals	13	39	52
Protective service occupations	-2	16	14
Culture, media and sports occupations	14	87	101
Business and public service associate professionals	67	205	272
Administrative occupations	-54	124	69
Secretarial and related occupations	-53	26	-28
Skilled agricultural and related trades	2	8	11
Skilled metal, electrical and electronic trades	-19	30	11
Skilled construction and building trades	5	49	54
Textiles, printing and other skilled trades	-15	36	21
Caring personal service occupations	46	110	156
Leisure, travel and related personal service occupations	1	38	39
Sales occupations	-22	80	58
Customer service occupations	9	32	41
Process, plant and machine operatives	-9	8	-1
Transport and mobile machine drivers and operatives	-9	67	58
Elementary trades and related occupations	-5	10	5
Elementary administration and service occupations	-2	172	170

Source: Working Futures, 2017-2027 (sub-national/sub-regional workbooks)

Proportion of vacancies that are hard-to-fill due to skills shortages or other reasons, 2019 - top ten 2-digit SOC groups in London



Source: LMI for All API. Note – Skilled agricultural and related trades excluded due to low reliability.

Migrant workers and recruitment challenges

Looking forward, there is a risk that the coronavirus pandemic combined with a more restrictive post-Brexit immigration regime[69] could have a significant impact on the supply of labour and skills in London.

As outlined in Section 1, workers born outside of the UK play an important role in London. Evidence also shows that London has been the major destination for Skilled Work visa holders over the past decade. The attractiveness of London as a destination for migrants has been cited as a key determining factor. According to the 2019 Employer Skills Survey, employers in London are also more likely than those in other regions to say that they had recruited, or tried to recruit, non-UK nationals in order to fill hard-to-fill vacancies.

But even with unemployment still above pre-pandemic levels, there are sectors that look set to experience labour shortages under the post-Brexit immigration regime.[70] Moreover:

- While uncertain, recent ONS figures suggest that the number of jobs held by EEA workers in London fell by around 12% between January-March 2020 and April-June 2021, while jobs held by non-UK/EAA workers fell by 8% (see Appendix 8).
- Some of these workers may have left London during the pandemic[71] – as the economy reopens, it is unclear how many of them will return to the capital.
- Brexit was cited as the main skills and labour market challenge over the next 12 months in the latest London Business 1000 survey, while national ONS surveys also suggest that a lack of EU applicants is contributing to recruitment issues.

Reliance on workers born in EU and non-EU countries varies by economic sector. It also varies significantly by detailed occupation (Appendix 9). By two-digit SOC code, 'Food Preparation' and 'Skilled Construction & Building Trades' have the largest shares of EU-born workers in London (29% of workers aged 16-64 were born in EU countries in 2020). By contrast, 'Drivers & Mobile Machine Operators' and 'Caring Personal Services' have the highest shares of non-EU workers (53% and 50% born in non-EU countries in 2020).

Employers recruiting for some roles will also be more able to respond to changes in immigration policy respond than others.[72] Previous GLA Economics research indicated that (three-digit SOC) roles such as 'Construction & Building Trades', 'Food Preparation & Hospitality Trades' and 'Childcare Services' were more exposed to policy changes.[73]

Local intelligence suggests that London employers in several different sectors are already struggling to recruit partly due to the UK's exit from the EU, including in hospitality,

[69] In volume terms London was the region 'most affected' by the skilled worker policy proposals that were outlined in the government's 2018 immigration white paper, accounting for a third of the projected reduction in long-term EEA worker inflows. Source: HM Government (2018) The UK's future skills-based immigration system.
[70] See, for example: Resolution Foundation (2020) Home and away: The UK labour market in a post-Brexit world.
[71] This could be a result of job loss and/or wanting to be near family members during the crisis. Many migrant workers are not expected to return to the UK due to travel restrictions and improved opportunities in their home countries.
[72] See, for example: GLA Economics (2019) Potential impacts of skills-based immigration policies in London.
[73] Looking ahead, the costs and complexity of sponsoring migrant workers are potential barriers for some firms engaging with the new immigration system. As highlighted in recent Migration Observatory research: 'most employers are not licensed sponsors and will have no experience of sponsoring overseas workers through the immigration system'.

construction (including for both general and more specialist construction roles, such as dry lining or roles in rail construction) and social care. These shortages could have a negative impact on organisational performance, particularly in the short to medium term.[74]

Where they do exist, recruitment difficulties are likely to reflect a combination of persistent labour shortages (i.e. where there are not enough people able to do the job) and/or long-standing challenges in attracting UK-born candidates to fill certain jobs, often because of issues related to pay or conditions.[75] As well as measures to support skills and training, it may be important to improve the level of pay and quality and design of jobs to address shortages (e.g. through the London Living Wage and the Mayor's Good Work Standard).

Sub-regional supply and demand forecasts

Sub-regional labour markets within London may also face mismatches between demand and supply, partially due to the effects of the pandemic and Brexit.

For example, forecasting for the West London Alliance at the sub-regional level suggests that there may be a decline in demand in several occupations which do not require a high level of qualifications, such as secretarial jobs, during the remainder of the decade.[76] At the same time, an increase in demand for employees in Health, Public Service, and Care roles in light of Brexit and in Information and Communications Technologies in light of demand for digital skills, may mean training supply for these sectors requires expansion.

[74] For example, through loss of orders to competitors or higher operating costs; lower employment in one sector could also lead to undesirable spillovers for others (e.g. if 'bottlenecks' constrain economic activity).
[75] e.g. Rolfe, H (2018) It's all about the Flex; Green, A. (2019) Low-Skilled Employment in a New Immigration Regime.
[76] West London Alliance (2021) Analysing demand for and supply of skills in West London.

Annex B – Descriptions of Priority Sectors

This section provides descriptions of a range of priority sectors from an employment and skills perspective.

It covers the following priority sectors identified by the Department for Education:

- Adult Social Care
- Construction
- Digital and Technology
- Haulage and Logistics
- Manufacturing

It also covers the following sectors identified for the Mayor of London's Academies Programme:

- Creative Industries
- Digital
- Health and Social Care
- Hospitality

Creative Industries

The creative industries are a significant contributor to London's economy. According to the latest DCMS estimates there are around 786,000 jobs and 104,100 businesses in the sector in London – around a third of the UK total in both cases (35% and 34% respectively). The sector is also relatively high paying, with median gross weekly pay of £767 in 2021.[77]

Following strong jobs growth in lead up to the pandemic, COVID-19 had a significant impact on London's creative industries sector.[78] However, recent data suggests that a recovery is underway, with the number of new online job postings for London-based jobs in creative occupations more than doubling between December 2020 and December 2021 (from 12,900 to 26,400).

The demand for skills across the creative industries tends to be focused on higher level occupations.[79] There were 262,000 new unique job postings for jobs in creative occupations in London in 2021, with high demand for programmers and software developers (87,900 postings), marketing associates (37,600 postings) and web designers (26,200 postings).

The pace of change in the creative industries is significant and the sector also faces long-standing skills challenges.

Prior to the pandemic, 4 in 10 London employers in the creative industries said they had jobs affected by skills issues. Specific shortages were identified in relation to ICT-related skills, such as knowledge of computer programming languages, software development and web development.[80] Online job postings also indicate strong demand for general business skills in the sector, including in relation to marketing, project management and communication skills.

The recruitment of EU workers has been an important source of labour for creative industries employers where skills have not been available from the domestic workforce. With over half of London's creative businesses employing migrant workers, the coronavirus pandemic combined with a more restrictive post-Brexit immigration regime is likely to have a particularly significant impact on the supply of skilled labour in the capital.

The need to upskill the existing creative workforce is also widely recognised. However, in-work training can be challenging in the creative industries, particularly for freelancer or individuals working in smaller firms. Many parts of the creative industries also face diversity challenges, for example in terms of gender and ethnicity.[81] There is also a significant gender pay gap for the creative industries in London.[82]

[77] For employee jobs based in London. Source: DMCS (2021) DCMS Sector National Economic Estimates: 2011 - 2020.
[78] The number of employee jobs in creative industries fell by 13% between October 2019 and 2020. Source: ONS BRES.
[79] Over 91% of creative industries jobs in London were considered high-skilled in 2016, compared to 52% of jobs in non-creative industries. Source: GLA Economics (2017) London's creative industries – 2017 update.
[80] PEC (2020) Workplace perspectives: skill needs, mismatches and development in the Creative Industries
[81] GLA Economics (2017) London's creative industries – 2017 update
[82] The gender pay gap for the creative industries sector in London was 21.6%, compared to 19.7% at the UK level. Source: DCMS (2021) DCMS Sector National Economic Estimates, 2011 - 2020: Gender Pay Gap in DCMS sectors, 2016 to 2021

Construction

Prior to COVID-19 the construction sector had been one of the fastest growing sectors in London in employment terms.[83] Despite the impact of the pandemic (see Note on labour market impacts of COVID-19 in London), London is expected to see significant employment growth in the construction sector in the coming years.

The Mayor of London has announced significant housing targets, including plans to start building 116,000 new affordable homes by 2022. Infrastructure (driven by HS2) and commercial projects are also important sources of new works in London, while repair and maintenance account for almost a third of construction activity in the capital.

Given these demands, London's construction workforce is expected to increase at a relatively fast rate between 2020 and 2025 (1.2% per year vs 1.0% UK-wide). The CITB estimates that current levels of recruitment will need to increase to attract an extra 17,250 workers in London over the next five years, equal to 3,450 new workers each year.

Construction job vacancies in the UK are currently at record levels[84] and new workers will be required to fill a range of roles. According to Emsi data there were 107,700 new online postings for construction-related occupations in London in 2021, with high demand for surveyors (12,800 postings), carpenters (3,200) and gas engineers (2,300).[85]

Alongside these demand pressures, London is facing challenges retaining its existing skills base. The construction sector already had the highest share of skill shortage vacancies in London before COVID-19 (see Section 4). Yet with over a fifth of construction jobs held by workers born in the EEA in 2020, the pandemic combined with a more restrictive post-Brexit immigration regime is having a significant impact on the supply of labour in the capital.[86]

According to an ONS business survey, a quarter (25%) of UK construction businesses trading in mid-December reported labour shortages. Local intelligence also suggests that some London employers are facing acute shortages of construction workers (e.g. dry lining).

At the same time, the sector does not perform well on a range of workforce diversity metrics (for example in terms of gender and ethnicity). There are also signs that London's construction workforce has been ageing in recent years, with around 33% of construction jobs in the capital held by workers aged 50 and over in 2020.[87]

[83] From 2015 to 2019, the number of employee jobs increased by 41% in London (14% in England overall). However, the sector was severely affected by the pandemic as the number of employee jobs in London decreased by 14% from 2019 to 2020, compared a decrease of 4% for England overall. Source: ONS BRES.
[84] ONS (2022) Vacancies and jobs in the UK: January 2022
[85] Based on Emsi occupation-based definition. Note, as well as general construction skills, carpentry (7% of postings), plumbing (7%) and civil engineering (5%) skills were in high demand.
[86] While uncertain, recent estimates from the ONS suggest that the number of construction jobs held by EEA workers in London fell by a third (36%) between January-March 2020 and April-June 2021, compared to a 2% drop in construction jobs held UK-born workers. Source: ONS (2021) Jobs by country of birth.
[87] This is up from up from 22% in 2017 and may partly reflect the changing composition of the workforce, for example a reduction in the number of jobs held by workers born in the EEA. Source: ONS (2022) Jobs in London and UK excluding London, by industry and age, 2004 to 2020.

Digital (and Technology)[88]

London has a thriving digital and tech sector, and high employer demand for digital skills.[89]

According to the latest DCMS estimates there are around 543,000 jobs and 77,000 businesses in the digital sector in London (both around 31% of the UK total). Evidence suggests that the capital's economy has particular strengths in scientific research & development and financial services (including FinTech), while there has been significant growth in areas like film & TV production and computer programming in recent years.

Although the pandemic had a major impact on the sector, there are signs that a recovery is now underway.[6] Overall, there were 241,00 new online postings for London-based jobs in digital occupations in 2021, with high numbers of postings for programmers and software developers (87,900), IT professionals (34,100) and web designers (26,200). The number of tech specialist jobs in London is also expected to increase over the coming decade.[90]

The need for digital skills and workers is not limited to the digital sector, however.

Recent analysis by Burning Glass Technologies suggests that at least baseline digital skills are required in 87% of advertised roles in London.[91] Meanwhile a third (34%) of employers in London report that most of their workers require advanced digital skills – a higher share than in other regions.[92] In terms of specific digital skills, data analysis and design skills are important to London's finance and creative industries (among other sectors); there is also high demand for digital marketing and programming skills.

Yet severe digital skill shortages are also predicted in the coming decade, with the greatest challenge currently faced by employers in London. Over 4 in 10 (44%) London employers reported skills gaps in relation to advanced digital skills in 2021, while over half (53%) said they struggle to recruit employees with the advanced digital skills they need.[93]

Against this backdrop of rising recruitment difficulties, the digital sector also faces significant diversity challenges. There are, for example, stark gender inequalities when it comes both to ICT training at all levels, and employment in the digital sector.[94] As in the creative industries, there is also a significant gender pay gap for the digital sector in London.[95]

[88] For more information on London's tech sector, see: GLA Economics (2020) The Evidence Base for London's Local Industrial Strategy (Appendix to Chapter 6).
[89] The unrivalled scale of London's digital sector, with the largest number of jobs and businesses among UK regions, is a key factor for its continued high growth as the digital economy benefits from positive agglomeration effects.
[90] Local Government Association (2021) Councils' role supporting the digital skills pipeline
[91] 6 percentage points above the UK average. See: Burning Glass Technologies (2019) No Longer Optional: Employer Demand for Digital Skills
[92] WorldSkills UK / Learning and Work Institute (2021) Disconnected: Exploring the digital skills gap
[93] WorldSkills UK / Learning and Work Institute (2021) Disconnected: Exploring the digital skills gap
[94] In 2019, only 19% of workers in digital job positions within the tech sector in London were women, while the share was 26% nationwide. Source: Tech Nation (2021) The future UK tech built. Note: tech sector definition may differ.
[95] The gender pay gap for the creative industries sector in London was 22.3%, compared to 21.9% at the UK level. Source: DCMS (2021) DCMS Sector National Economic Estimates, 2011 - 2020: Gender Pay Gap in DCMS sectors, 2016 to 2021

Green

The Mayor of London has set a target for London to be net zero carbon by 2030, putting London at the forefront of global cities and UK action on climate change. This transition to a greener economy will have major implications for the labour market and skills system.

Research suggests that there were already 234,300 jobs in green priority sectors (i.e. those that have an important role to play in meeting net zero and environmental goals) in London in 2020, with that number set to increase significantly in the coming years.[96] According to WPI Economics, the number of jobs in green priority sectors could reach 505,000 by 2030, an increase of around 27,000 per year. The largest growth is expected to come from:

- Green finance (137,600 jobs in 2030, up from 50,700 in 2020)
- Homes and Buildings (117,600 jobs in 2030, up from 58,200)
- Power (126,600 jobs in 2030, up from 82,900)
- Low Carbon Transport (69,200 jobs in 2030, up from 13,700)

A wide range of existing job roles will also have to change as a result of the transition to a greener economy.[97] To meet these changes in requirements there is an urgent need to increase education provision in subjects and courses that are relevant for green jobs, as well as the proportion of learners progressing to employment within green priority sectors.

Yet given the scale of labour demand, supporting those already in the labour market to retrain and upskill to acquire relevant green skills will also be key.

However, the proportion of workers in receipt of training is comparatively low in occupations affected by greening.[98] Only a fifth (20%) of individuals surveyed in 2017-19 who worked in a 'green occupation' in their main job reported receiving training in the past three months, compared to a quarter (25%) in non-green occupations. Employers have called for a wider range of modular qualifications to be delivered flexibly for employees.[99]

In terms of skills requirements, research for the GLA suggests there will be a particular requirement for skilled trades workers (e.g. electricians, plumbers and construction trades)[100] – an area where London already faces long-standing skills shortages (see Section 4). Enabling STEM and project management skills will also be needed; while digital skills are seen by employers as a vital tool for reducing their carbon emissions.

There is also considerable scope to increase the diversity of employment in occupations affected by greening.[101]

[96] WPI Economics (2021) Green Jobs and Skills in London: cross-London report
[97] GLA Economics (2022) Identifying Green Occupations in London
[98] GLA Economics (2022) Identifying Green Occupations in London
[99] RCU Ltd (2022) Green Skills Adult Education Provision in London
[100] RCU Ltd (2022) Green Skills Adult Education Provision in London. Note: analysis by WPI Economics also indicates a requirement for around 13,600 extra skilled trades jobs per year. Source: WPI Economics (2021) Green Jobs and Skills in London: cross-London report.
[101] Jobs in green occupations are more likely to be held by men than women (73% were held by men in 2017-19) and a relatively high proportion of job holders are from a White ethnic background (74% compared to 67% for non-green occupations) with fewer from ethnic minorities. Source: GLA Economics (2022) Identifying Green Occupations in London.

Haulage and logistics

The haulage and logistics sector[102] is relatively small in London in employment terms but had been growing quickly in the years before the coronavirus pandemic. There were 49,000 employee jobs within this sector in London in 2020, accounting for around 1% of overall employment, compared to 2% for England as a whole. However, the sector grew by 92% between 2015 and 2020 in London, double the rate in England overall (40%).[103]

While the sector saw significant employment growth in early stages of the pandemic[104], there are also worker shortages within individual occupations. At the UK level, the number of heavy goods vehicle (HGV) drivers has declined over the past four years, especially following the pandemic.[105] The number of road transport drivers (which also includes occupations such as taxi drivers and bus drivers) has also declined in London recently.[106]

A shortage of HGV drivers can negatively affect the ability of firms to trade internationally. In an October 2021 survey by the ONS, 22% of UK businesses reported challenges with importing due to lack of hauliers and 10% reported export challenges.[107] Lack of drivers could also have contributed to recent food supply shortages in the UK.[108] When asked whether they were unable to find any essential food items, 18% of Londoners surveyed in December 2021 responded 'yes', compared to the UK average of 13%.[109]

The overall sector average wage is relatively high in London. The average weekly salary is around £821 for employee jobs in London, higher than the median gross salary of £767 in London overall.[110] But salaries for HGV drivers in particular are relatively low and working hours are relatively long. At the UK level, HGV drivers worked an average of 48 hours per week in 2019, significantly higher than the national average of 33 hours.[111]

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[102] In this sector the haulage and logistics sector is mainly defined using the following four-digit SIC sectors: 'freight transport by road' (49.41), 'warehousing and storage' (52.10) and 'cargo handling' (52.24).
[103] ONS (2021) Business Register and Employment Survey
[104] The number of employee jobs continued to grow from 2019 to 2020, by 16% in London and 7% in England overall. Source: ONS (2021) BRES
[105] ONS (2021) Fall in HGV drivers largest among middle-aged workers
[106] ONS (2021) Changing trends and recent shortages in the labour market, UK
[107] ONS (2021) Fall in HGV drivers largest among middle-aged workers
[108] See e.g. Guardian (2021).
[109] ONS (2021) Coronavirus and the social impacts on Great Britain: Personal experience of shortage of goods.
[110] Emsi data (2021).
[111] The average (mean) hourly salary for HGV drivers was £12.25 in the UK in 2020, significantly lower than the overall national average of £17.57. Source: ONS (2021) Fall in HGV drivers largest among middle-aged workers

Health and social care

The health and social care sector a significant employer in London and across the UK. There were around 577,000 employee jobs in London in 2020, accounting for 11% of employment. The sector accounts for around 13% of UK employment on average.[112]

Though younger than other regions, London's population is also ageing. The ONS estimates that the number of Londoners aged 65 and over will increase from 1.1m to 1.6m people between 2020 and 2035, an increase of 43%.

To meet the needs of this group, Skills for Care project that 69,000 extra jobs could be required in London by 2035, an increase of 29%, with 17,000 extra jobs required by 2025.[113] Research by the Health Foundation also suggests that an increase in health and care staff will be needed to meet demand pressures from the pandemic over the coming decade.

Nationally the number of health & social work vacancies is currently at a record high.[114] Within London, there were around 32,700 new online postings for caring personal services jobs in 2021, with high demand for support workers (5,860 postings), care assistants (3,600 postings) and health care assistants (2,900 postings). Personal care skills were associated with over a quarter of these postings. There were also 100,400 new unique job postings for health professional jobs in London in 2021, with high demand for physiotherapists (4,100 postings), staff nurses (3,900 postings), and occupational therapists (3,700 postings).

However, parts of the health and social care sector are already facing significant workforce challenges with issues related to pay (especially in adult social care[115]), high levels of staff turnover, use of zero hours contracts in areas like adult social care (especially in London[116]), and worker shortages, with the second highest share of skill shortage vacancies in London before COVID-19 (see Section 4). Significant future challenges exist in this area too, including a potential reduction in workforce supply as a result of the new immigration rules.

Meanwhile over a fifth (23%) of UK health and social work businesses trading in mid-December 2021 reported a shortage of workers, compared with 15% across all sectors. Skills for Care analysis suggests that on average 8.9% of roles in London's adult social care sector were vacant in 2020/21, up 2.7 percentage points since 2012/13. This was slightly above the latest headline vacancy rate for the NHS across London in 2020/21 (8.5%).[117]

Access to training is important to supporting the recruitment and retention of a skilled workforce. However, less than half of the direct care-providing workforce (45%) in London hold a relevant social care qualification.

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[112] ONS BRES,
[113] Working Futures forecasts, produced prior to the pandemic, also indicate strong growth in health and social work (employment was expected to increase from 562,000 to 606,000 between 2017 and 2027
[114] ONS (2022) Vacancies and jobs in the UK: January 2022
[115] Median weekly pay in adult social care in London is £519, compared to an average (median) across sectors of £767.
[116] Around 24% of adult social care workers in UK are on zero hours contracts, rising to 42% in London. Source: Skills for Care (2021) The adult social care sector and workforce London.
[117] NHS vacancy rates also vary substantially between London sub-regions. In 2020, for example, the vacancy rate for healthcare assistants was 10 percentage points higher in South West London than in North London.

Hospitality

London has a large and diverse hospitality sector. Despite the impacts of the pandemic, there were over 415,000 jobs in London in September 2021 – accounting for 7% of employment in the capital and a fifth of all hospitality jobs in England.

Working Futures projections, produced prior to the pandemic, suggested that the number of hospitality jobs in London would increase by 20,000 between 2017 and 2027. Accounting for replacement demands[13], there were around 10,000 job openings expected each year in leisure, travel and related service occupations and sales occupations combined. Research by the Centre for London also points to strong growth in demand for chefs in the capital.

COVID-19 has had a significant impact on London's hospitality sector, with younger people and those with fewer skills hit particularly hard.[118] Yet there are also signs of recovery, with 40,300 more accommodation & food jobs in London in September 2021 relative to December 2020 (albeit this was still 43,800 lower than pre-pandemic).

Nationally, the hospitality sector is among those with record numbers of vacancies, with job openings up by 96% compared with pre-pandemic.[14] There were 72,300 new online postings for hospitality-related jobs in London in 2021, with high demand for chefs (25,700 postings), catering and bar managers (4,300 postings) and restaurant managers (3,700 postings).[15]

As the economy has recovered, the hospitality sector has faced significant recruitment challenges. For example, almost 4 in 10 UK hospitality businesses trading in mid-December reported facing worker shortages, while a third (34%) said that vacancies were providing more difficult to fill than usual.

A lack of EU workers is contributing to these difficulties. Almost a quarter (23%) of UK hospitality businesses finding it more difficult to recruit in mid-December cited a reduced number of EU applicants as a factor. [119] Over a third of UK hospitality jobs held by EEA workers are based in London, suggesting this is a particular issue for the capital.[120]

The sector also faces challenges with high labour turnover, which may have increased recently. For example, according to a recent poll conducted by Learning and Work Institute, 42% of employees working in the hospitality sector said they would consider switching jobs or careers after the pandemic, compared with 28% on average (across all sectors).

Local intelligence suggests that many experienced workers within hospitality chose to leave the sector during the pandemic, making it difficult to fill vacancies for experienced hires. This difficulty is exacerbated by low wages – nearly 7 in 10 jobs in accommodation and food service activities paid below the London Living Wage in 2021.[121]

[118] The number of employee jobs in London decreased by 10% from 2019 to 2020, compared a decrease of 7% in England overall. Source: ONS BRES,
[119] ONS (2021) Business insights and impact on the UK economy.
[120] While uncertain, recent estimates from the ONS suggest that the number of hospitality jobs held by workers born in the EEA in London fell by almost half (46%) between January-March 2020 and April-June 2021, compared to an 18% increase in hospitality jobs held UK-born workers. Source: ONS (2021) Jobs by country of birth.
[121] London's Poverty Profile (2021) Low-paid jobs in London

Manufacturing

Despite the impacts of the pandemic[122], there are still around 125,000 manufacturing jobs in London. While accounting for a declining share of employment in London over recent decades, the absolute size of the sector means that there were more people employed in manufacturing jobs in the capital than in other UK city regions before the pandemic.[123]

Working Futures projections, produced prior to the pandemic, estimated that there would be around 2,200 job openings in London's manufacturing sector each year between 2017 and 2022, driven largely by the need to replace workers leaving the labour force.

While UK job vacancies in the manufacturing sector reached a record high at the end of 2021, an ONS business survey also found that 16% of UK manufacturing businesses trading in mid-December were experiencing worker shortages, slightly above the all industry average (15%). The Employer Skills Survey also found that 7% of London's manufacturing employers had a skills shortage vacancy in 2019, compared to 5% of employers across all sectors.

Using a wider definition, Emsi job postings data shows there were 200,100 unique online postings for London-based jobs in higher level manufacturing roles and engineering and technician occupations (combined) in 2021.[124] The highest number of postings were for production managers and directions in manufacturing (25,700 postings), quality assurance and regulatory professionals (23,300 postings) and civil engineers (20,800 postings). The main skills requirements associated with these postings include agile methodology, auditing and building services engineering.

There are also signs that London's manufacturing workforce has been ageing in recent years, with around 35% of manufacturing jobs in the capital held by workers aged 50 and over in 2020.[125]

[122] Employment decreased by 7% in London between 2019 and 2020, more than the 2% decrease across all sectors, and more than the 4% decrease in manufacturing in England overall. Source: ONS (2021) BRES.
[123] Cities of Making (2017) Think manufacturing in London is no more? / ONS (2021) Breakdowns of jobs in city regions by characteristics, 2019
[124] Based on selected engineering, electronic and manufacturing (manager) occupations.
[125] This is up from up from 25% in 2010 and may partly reflect the changing composition of the workforce, for example a reduction in the number of jobs held by workers born in the EEA. Source: ONS (2022) Jobs in London and UK excluding London, by industry and age, 2004 to 2020.

Additional data

The research and analysis highlighted in this section supports the narrative outlined in Annex A. It includes evidence about the labour market impacts of the coronavirus pandemic in London, as well as other analysis produced before the pandemic.

Local Skills Report Annexes – Core Indicators and Additional Data (March 2021)

The previous iteration of the annexes for the Local Skills Report by the GLA.

The Evidence Base for London's Local Industrial Strategy (2020, pre-pandemic)

Presents a clear, comprehensive and robust evidence base on the capital's economy with a view to supporting inclusive growth.

- Chapter 2 summarises recent productivity trends in the capital
- Chapter 3 examines the business population in London in detail
- Chapter 4 provides a summary of qualifications, skills and labour market trends
- Chapter 7 provides a geographic breakdown of economic data

The Skills Strategy for Londoners: Evidence Base (2018)

Presents evidence on the demand for and supply of skills in London. It also covers inequalities in skills and qualifications levels, trends in employer training, and analysis of London's training and education system.

The London labour market projections 2017 (2017)

Presents updated employment projections for London by sector to 2041. The central projections – produced prior to the COVID-19 pandemic and the UK's departure from the European Union – estimate that employment in London will grow at an annual average rate of 0.78 per cent, equivalent to 49,000 jobs per annum, to reach 6.907 million in 2041.

GLA Economics COVID-19 Labour Market Analysis (2021)

Rapid information and analysis on the evolving impacts of the pandemic in London. The latest releases include:

- **Labour market update for London** (January 2022): a summary of the latest headline labour market estimates for London with comparisons to national trends.
- **Labour market data for London Boroughs** (January 2022): a more in-depth look at the number of people claiming unemployment related benefits by local authority.

Additional sub-regional data

The research and analysis highlighted below offers a more granular perspective on employment and skills issues across and within individual London sub-regions.

Green Jobs and Skills in London: cross-London report (November 2021): examines the potential scale and nature of green jobs across London.

How has coronavirus impacted the West London economy? (April 2021): provides an outlook on the extent of the economic impact of the pandemic and a timeline for recovery.

Analysing demand for and supply of skills in West London: an interactive tool and evidence report mapping skills supply against demand.

Local London and Levelling Up (November 2021): explores the challenge faced by the Local London sub-region in the context of the Levelling Up agenda.

The future of the South London economy post Covid-19 (January 2021): provides an assessment of the economic impact on the South London economy and its post-pandemic prospects.

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GLA Economics (2018) Skills Strategy for Londoners: Evidence Base

GLA Economics (2019) Potential impacts of skills-based immigration policies in London

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South London Partnership (2021) Economic recovery action plan.

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West London Alliance (2021) Analysing demand for and supply of skills in West London

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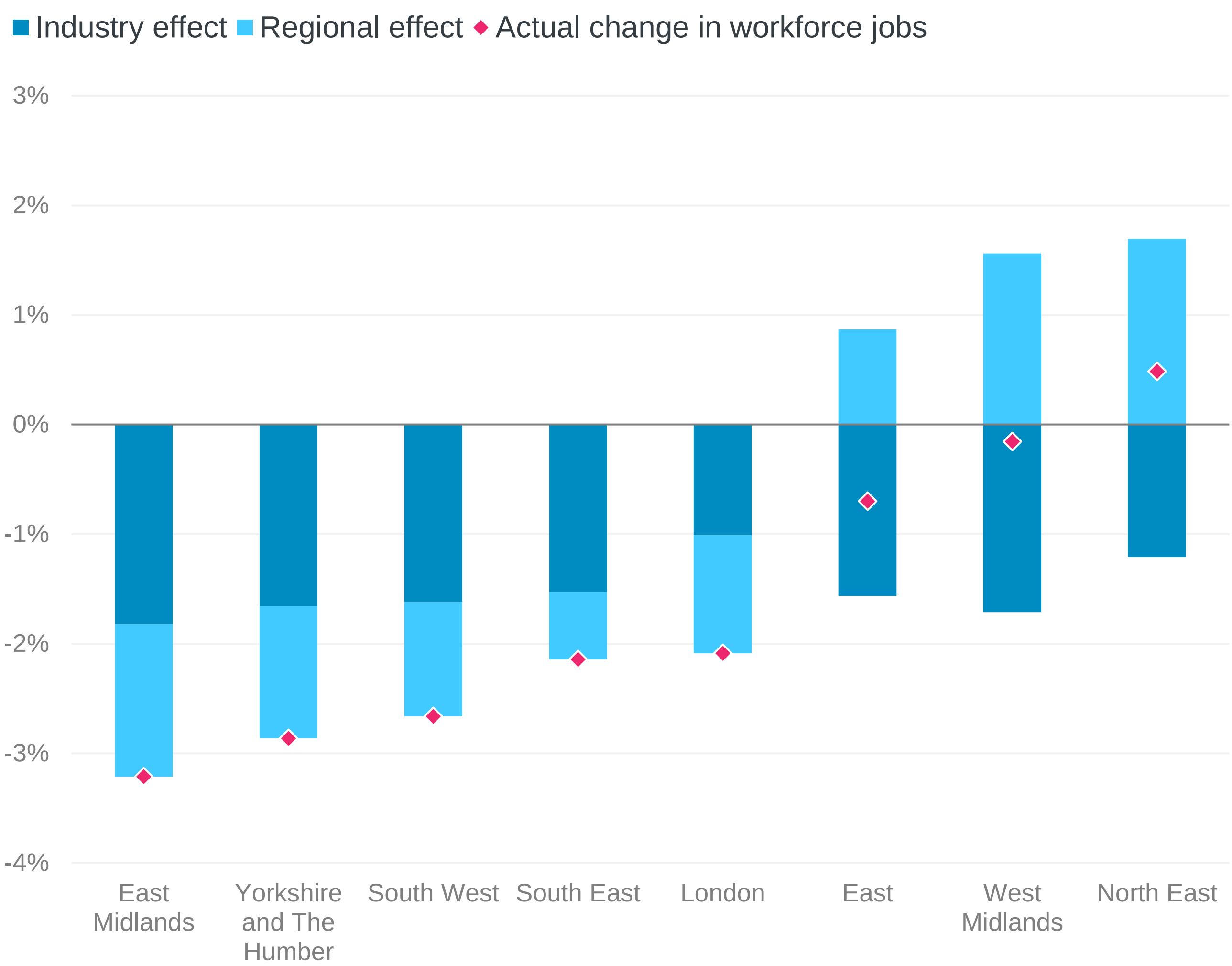
Appendices

Appendix 1

Change in workforce jobs by England region
December 2019 to September 2021



Source: ONS Workforce Jobs / GLA Economics calculations.

(See/return to relevant section)

Appendix 2

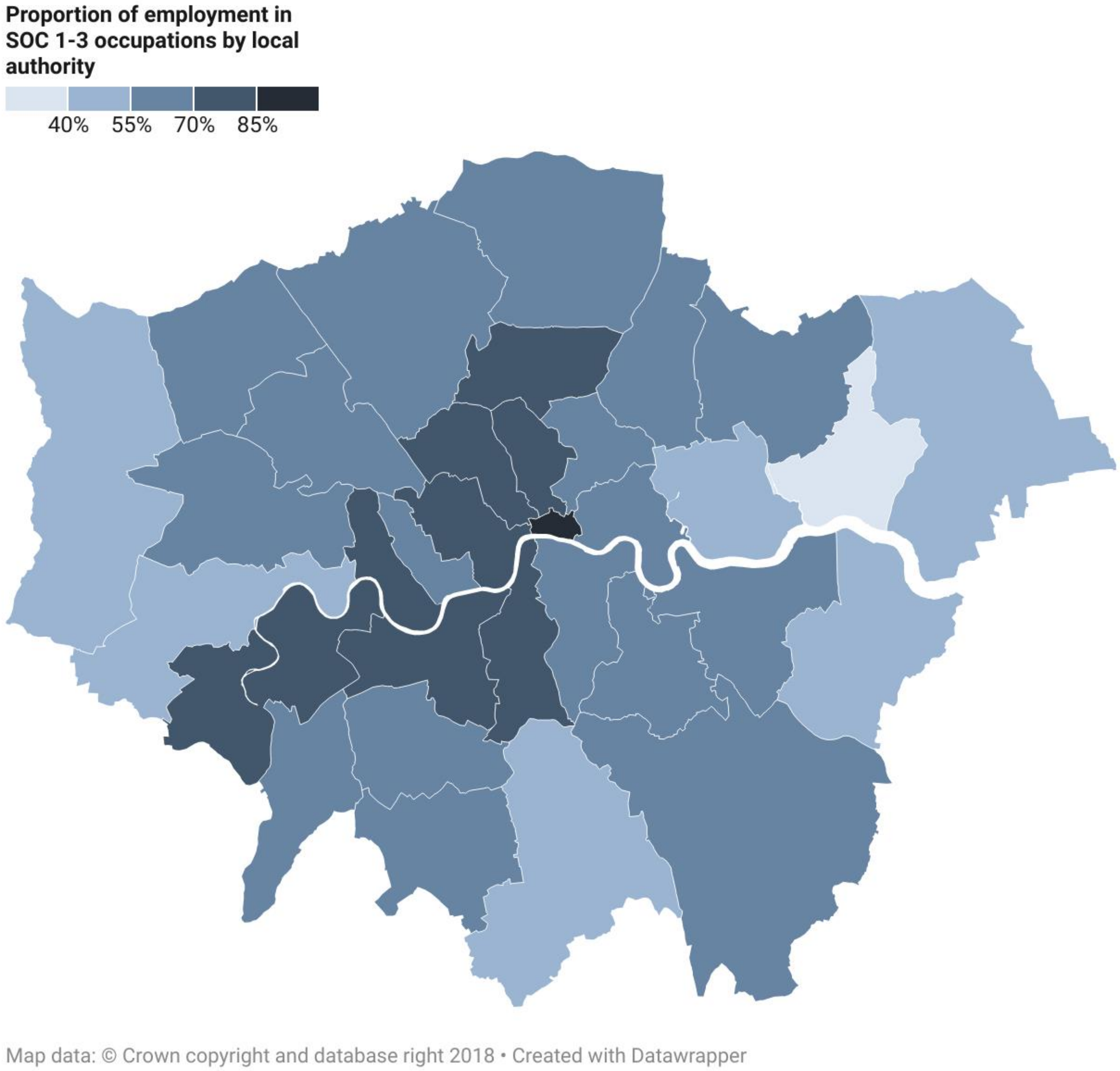
Location quotients for London authorities relative to England overall

	Knowledge Intensive Services	Less Knowledge Intensive Services	Low to Med. Tech Manufact-uring	Med. to High Tech Manufact-uring	Other Production	Real Estate
Barking & Dagenham	0.4	1.2	0.7	2.0	1.1	0.4
Barnet	0.9	1.1	0.4	0.1	0.8	2.3
Bexley	0.6	1.1	1.3	0.3	1.3	1.0
Brent	0.6	1.1	1.2	0.3	1.0	1.2
Bromley	0.9	1.1	0.4	0.2	1.0	1.2
Camden	1.8	0.9	0.2	0.1	0.4	1.1
City of London	3.7	0.3	0.1	0.0	0.3	0.9
Croydon	0.8	1.2	0.2	0.2	0.8	0.9
Ealing	0.7	1.1	1.6	0.4	0.7	1.2
Enfield	0.6	1.2	1.0	0.2	1.0	0.8
Greenwich	0.6	1.2	0.5	0.2	0.9	0.6
Hackney	1.7	0.9	0.4	0.1	0.5	1.8
Hammersmith & Fulham	1.4	1.0	0.3	0.0	0.3	1.1
Haringey	0.6	1.2	0.9	0.1	0.7	2.1
Harrow	1.1	1.0	0.4	0.1	1.0	1.6
Havering	0.6	1.2	0.5	0.4	1.3	0.5
Hillingdon	1.4	1.0	0.7	0.2	0.6	0.5
Hounslow	1.8	0.9	0.4	0.2	0.5	0.8
Islington	2.3	0.7	0.2	0.1	0.4	1.1
Kensington & Chelsea	1.2	1.1	0.2	0.1	0.2	1.9
Kingston	0.9	1.2	0.4	0.3	0.5	0.8
Lambeth	1.0	1.2	0.1	0.1	0.6	1.0
Lewisham	0.6	1.3	0.4	0.1	0.6	1.5
Merton	1.0	1.1	0.6	0.2	0.7	1.1
Newham	0.6	1.2	0.7	0.3	0.9	1.3
Redbridge	0.9	1.1	0.4	0.1	0.9	1.1
Richmond	1.2	1.1	0.3	0.1	0.4	1.6
Southwark	1.8	0.9	0.2	0.0	0.3	1.2
Sutton	0.7	1.2	0.3	0.3	1.1	0.6
Tower Hamlets	2.3	0.7	0.1	0.1	0.3	1.0
Waltham Forest	0.8	1.1	0.6	0.2	0.8	1.0
Wandsworth	0.8	1.2	0.3	0.1	0.5	1.2
Westminster	1.7	0.9	0.2	0.0	0.3	2.4

Source: Business Register and Employment Survey, 2020 (published 2021). Note: location quotients are based on local employment share relative to the England average.

(See/return to relevant section)

Appendix 3



Source: Annual Population Survey, July 2020 – June 2021.
Note: Proportion of resident workers in managerial, professional, and associate professional occupational groups (SOC codes 1-3) by local authority.

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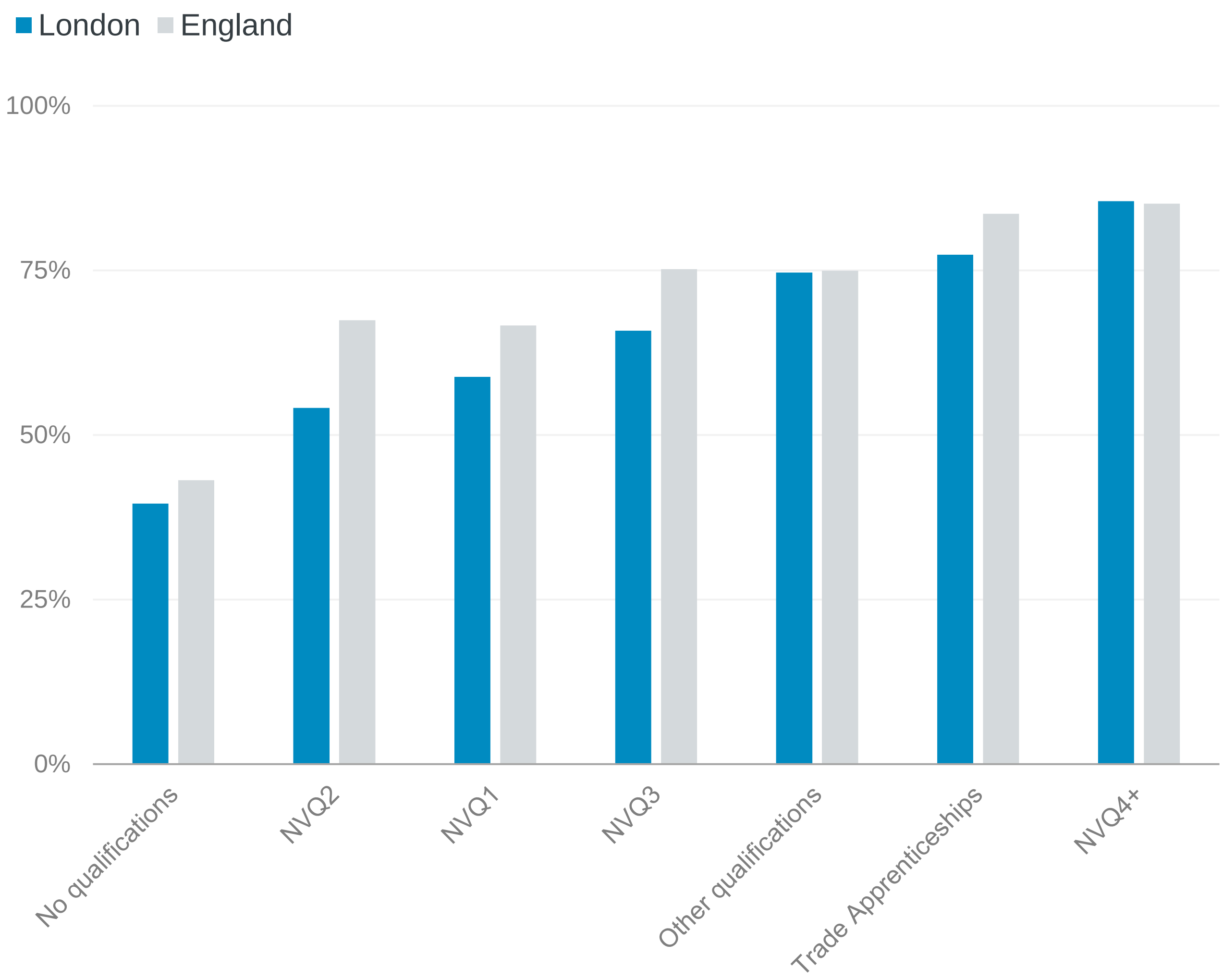
Appendix 4

16-64 employment rate by highest level of qualification, 2020



Source: Annual Population Survey, January – December 2020.

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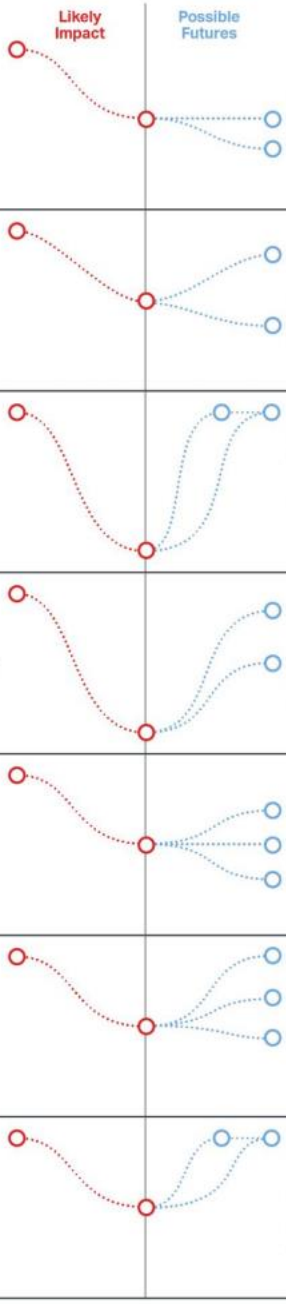
Appendix 5

Drivers of population changes in London

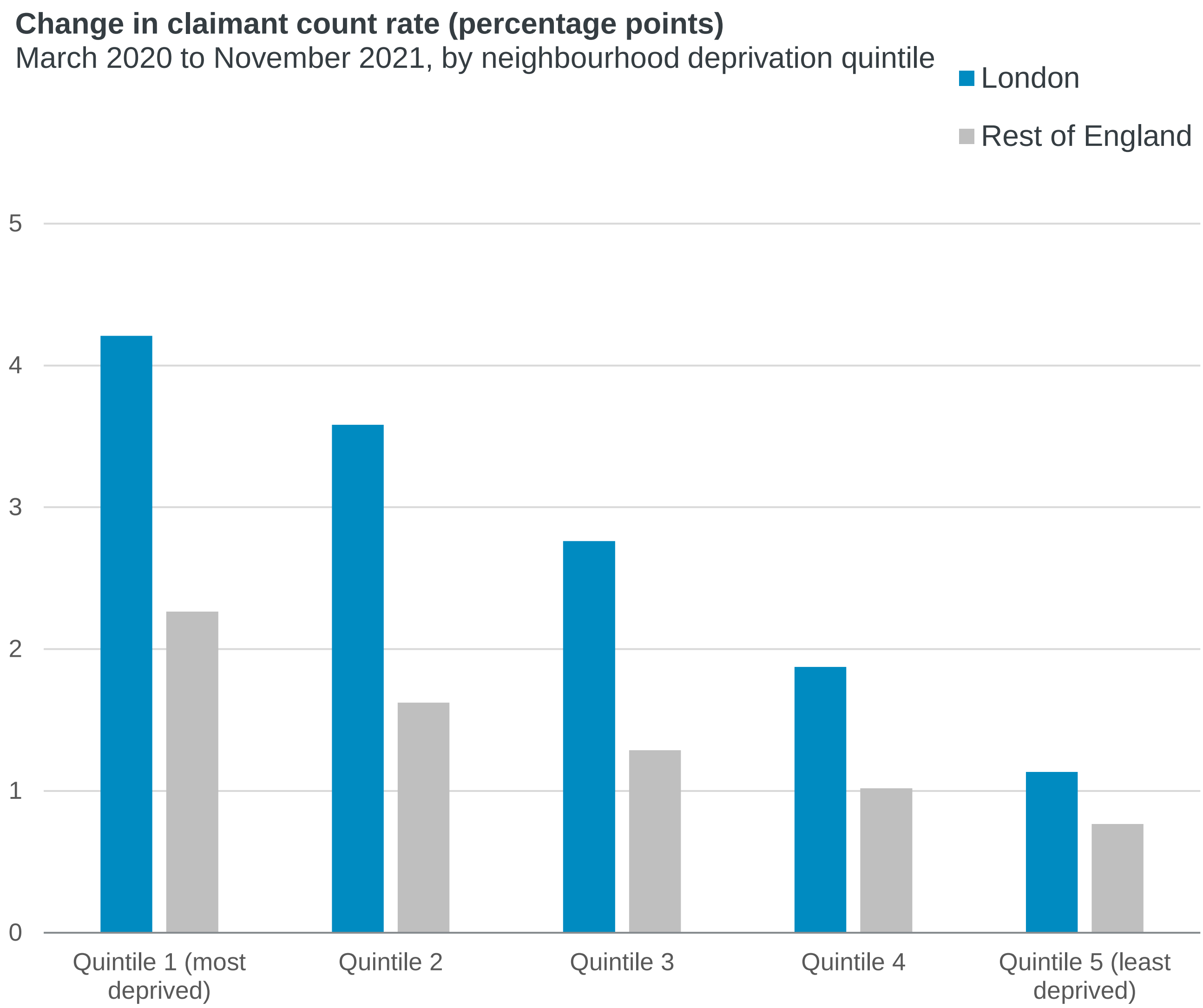


Driver	Short Term	Illustrative Impact on London's Population	Longer Term
COVID-19 Deaths	20 thousand deaths in first two waves of the pandemic.		While the vaccination programme mitigates risk, a third wave could cause many more deaths.
Reduced Birth Rate	Economic uncertainty, job losses and net outlfow of potential mothers reduces conceptions and births.		Potential rebound in fertility rates as postponed births 'caught up'. Birth counts may be more affected by number of potential mothers than by fertility rates themselves.
Loss of Leisure, Hospitality, and Tourism Jobs	Job losses result in net outflow of workers.		A strong economic recovery and return of visitors / workers to central London could see any changes quickly reversed.
Office Closures and Remote Working	Fewer young adults relocating to London for work, and more workers choosing to live further away from central London.		Dependent upon attitude towards remote working, but likely to be a permanent expansion of London's 'commuter belt', and decrease in the occupation density of London's housing stock.
Brexit	Fewer EU migrants into London and increased outflows of resident EU nationals.		Unclear whether outflow of EU citizens after start of pandemic is permanent, or temporary and linked to job losses.
International Travel Restrictions	COVID-19 travel restrictions suppress inflows to the UK more than moves away, leading to net migration outflow.		Return to pre-pandemic inflows dependent on course of global pandemic. Outflows likely to fall in response to previous drop in inflows.
Suspension of In-person Higher Education	Fewer international students in London, and UK students living at their non-term time addresses .		Higher education hoping to return to business as usual for 2021/22 academic year. This will depend on successful suppression of third wave of pandemic.

Source: GLA Demography (2021) Population change in London during the COVID-19 pandemic

(See/return to relevant section)

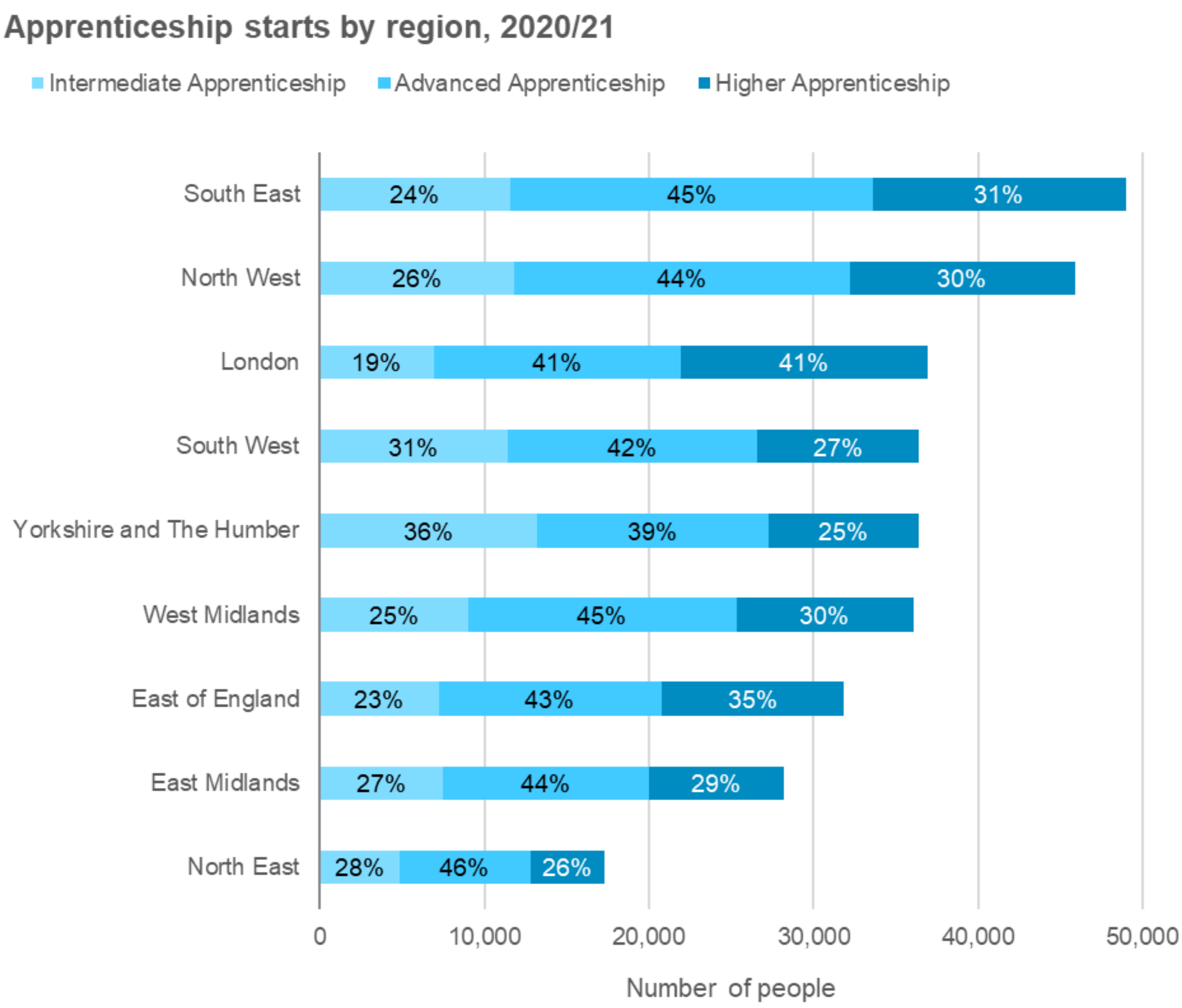
Appendix 6



Source: ONS claimant count & Indices of multiple deprivation 2019.

(See/return to relevant section)

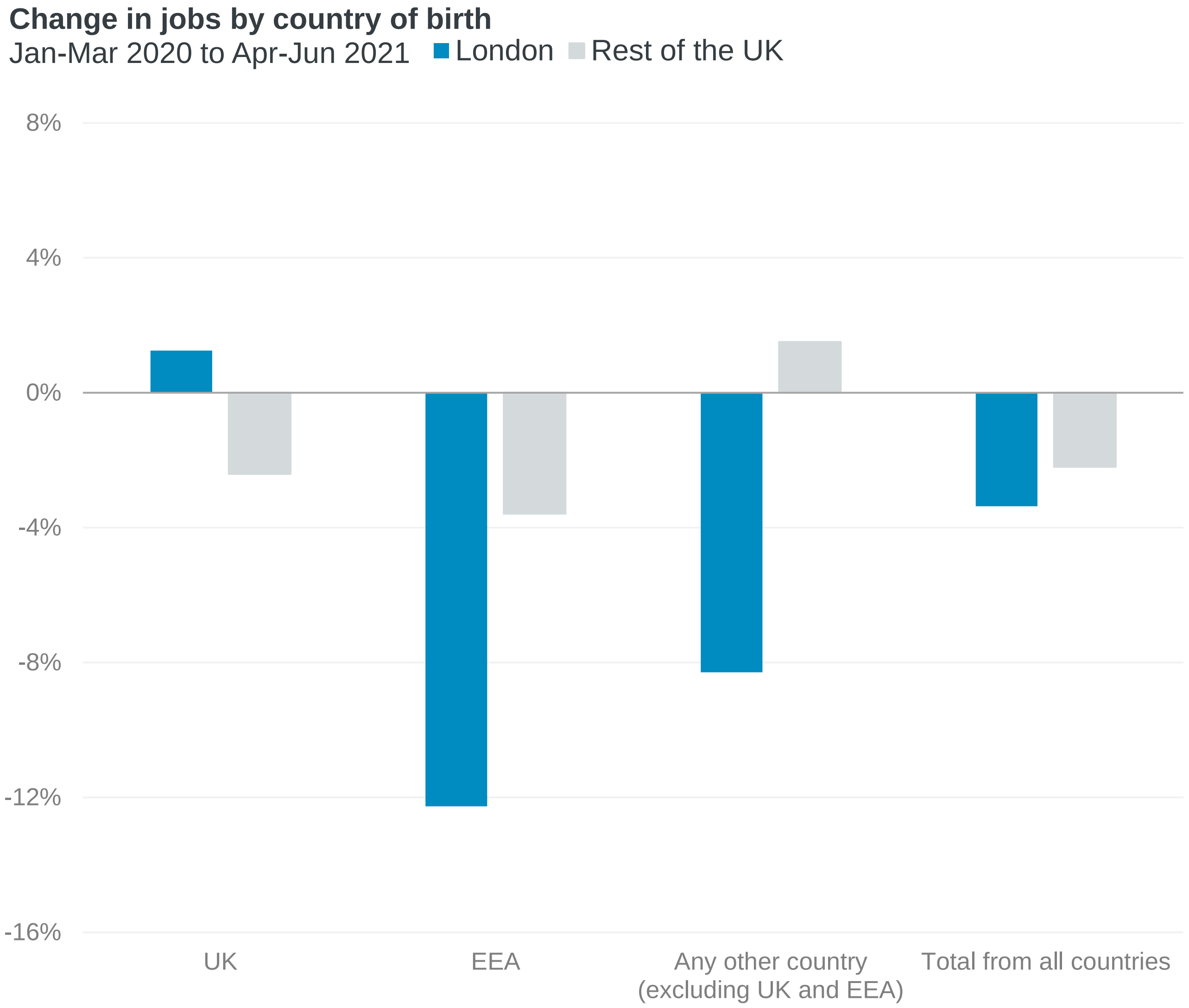
Appendix 7



Source: Apprenticeships data, DfE, (published 2021). Note: August to April starts.

(See/return to relevant section)

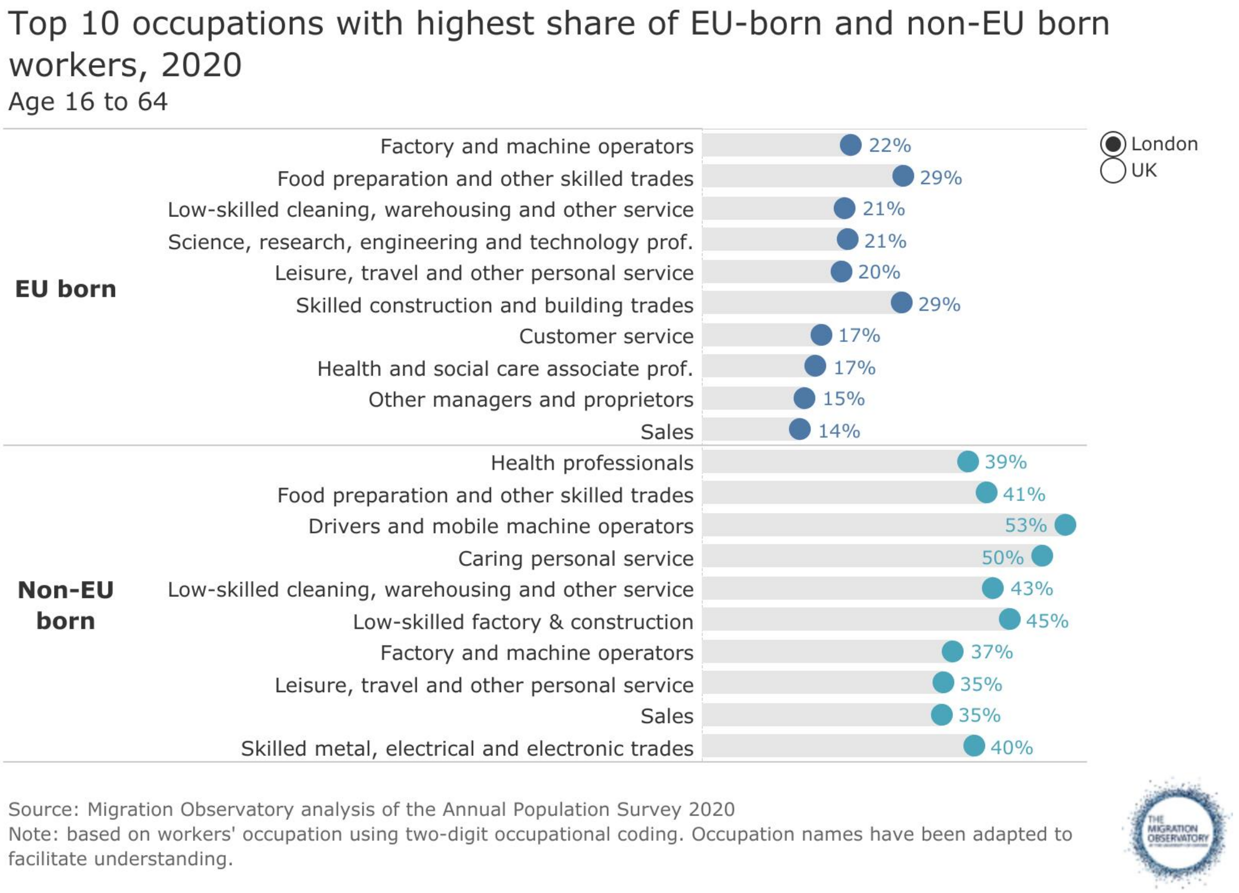
Appendix 8



Source: ONS Labour Force Survey.

(See/return to relevant section)

Appendix 9



Source: Migration Observatory.

(See/return to relevant section)