

London's labour market and skills profile: summary of key findings

Highlights

- Increased labour and skills challenges in the post-pandemic period, with high demand for digital and transferable skills in London
- Workers with higher-level qualifications remain in demand and are key to sustaining London's high-skilled economy
- Need to support Londoners from disadvantaged groups in accessing jobs and apprenticeships, and boost career progression to address employment gaps
- Employers are reducing investment in employees' skill development, while inequalities undermine some Londoners' access to apprenticeships and work-related training
- Growing need to increase education provision in areas that are relevant for the green economy, and to retrain and upskill those already in employment

This chapter sets out the main characteristics of London's labour market and skills landscape. It reflects key findings from an updated evidence base for the London Local Skills Improvement Plan (*Annex TBC*).¹

Labour market and skills strengths

A large city with a dynamic economy

London is of vital importance to the national economy. With an estimated 8.8 million residents, London is home to almost 17% of England's population. It accounts for over a fifth of the jobs and registered enterprises in England (20% and 22% respectively), and an even higher share of its economic output (28%).

Evidence from different sources point to London as being one of the most productive regions in Europe, supported by a highly skilled workforce.²

¹ The accompanying Annex provides up-to-date and robust macro level information on London's labour market and skills landscape. It builds on the latest London Local Skills Report and follows the broad framework and [data sources](#) set out in the [Analytical Toolkit](#) for Skills Advisory Panels. The main emphasis in the Annex is on analysis at the London level, although key data and trends at sub-regional level are also highlighted. This is complemented by work undertaken by London's sub-regional partnerships.

² e.g., ONS (2018) [Regional and subregional productivity comparisons, UK and selected EU countries: 2014](#)

6.3 million workforce jobs filled by London residents and commuters

London's economy is also an engine of jobs growth. The number of jobs based at employers located in the capital increased by around 1.2 million between 2010 and 2019 – a rise of 25% (compared to 14% England-wide).³ Despite the COVID-19 pandemic, total workforce jobs rose to 6.3 million in the latest period (December 2022), an increase of 269,000 since December 2019.

The strength and resilience of London's economy are boosted by concentrations of activity in knowledge-intensive services, such as finance, information & communication, and professional services. Together these sectors account for around 45% of the (net) increase in jobs since 2010. They include activities such as legal and consulting services, as well as significant parts of London's creative industries (e.g. architecture, marketing) and digital sector (e.g. IT, video games).⁴

But the composition of the labour market varies across London. Many globally competitive businesses are based in central London but attract workers from across the capital and beyond. Employment in other key sectors – including construction, health & social work, and hospitality – is more widely distributed. These sectors offer many mid-skilled⁵ and entry-level roles and provide local employment opportunities for London's residents. Individual boroughs also have their own areas of specialism (e.g., transport & storage in Hounslow and Hillingdon).

London's population: relatively young and highly qualified

London's population is younger and more ethnically diverse than the rest of England. The number of people living in the capital increased considerably in the decade before the pandemic, especially before 2016. Along with rising rates of labour force participation, this boosted the supply of labour available to employers.

The proportion of London's population with at least a level 4 qualification has also been increasing. While there has been uncertainty around the extent of the 'graduate premium' in the UK, there is evidence of continued demand for workers with degree-level qualifications in London – more so than in the rest of England.⁶

These trends partly reflect London's attractiveness to graduates and workers from other parts of the country. They also reflect migration patterns, with a large inflow of international migrants during much of the 2010s offsetting some internal outward migration.⁷ Moreover, the pool of labour available to (some) employers in the capital could increase in the future with the shift to more hybrid or remote working.⁸

³ Note, the surveys used to compile the workforce jobs estimates reflect the location of the workplace.

⁴ Health & social work also made a major (10%) contribution to jobs growth in London since 2010.

⁵ Based on analysis by 2-digit (sub-major) SOC, around a quarter of employment in London is in mid-skill occupations: those where median earnings are above the London Living Wage but which did not normally require a degree-level qualification. Less granular analysis at SOC major group level suggests that the proportion of mid-skilled roles increases to around a third in hospitality and health & social work and around half in construction.

⁶ For a discussion of uncertainties around the graduate premium see: CIPD (2022) [What is the scale and impact of graduate overqualification in the UK?](#). For analysis of the graduate premium by region see: Stansbury et al. (2023) [Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention](#)

⁷ Workers born outside of the UK accounted for 70% of (net) jobs growth in London between 2010 and 2020.

⁸ If remote or hybrid working increases the absolute size of the labour pool.

Access to a wide range of work and learning opportunities for those who know how and where to access them

Many – though not all – Londoners are well placed to benefit from the learning opportunities available in the capital. For example:

- London has England's highest percentage of pupils going into sustained education destinations after both key stage 4 and 16-18 study, boosted by strong outcomes for those from disadvantaged backgrounds.⁹
- Over half (58%) of young Londoners now enter Higher Education by age 19, with particularly high entrance rates for pupils eligible for Free Schools Meals (although progression still varies for Londoners from different backgrounds).
- The capital is also home to around 31 Further Education (FE) colleges, over 40 universities – including four ranked among the world's top 40¹⁰ – and a significant number of other skills providers of different sizes and specialisms.

Labour market outcomes for residents have also improved over time, narrowing the gap with national rates. Even after the pandemic, London's employment rate remains at historically high levels. Around three-quarters (74.6%) of Londoners aged 16 to 64 were in paid work in the three months to January 2023. Though not as high as the immediately before the pandemic, this is almost 5 percentage points higher than the pre-financial crisis peak. At 4.5%, London's unemployment rate is also close to pre-pandemic levels, having peaked at 7.5% towards the end of 2020.

There has also been progress in reducing inequalities in headline rates of labour market participation. There were, for example, large drops in unemployment among female Londoners and Londoners from black, Asian and minority ethnic backgrounds in the last decade.¹¹

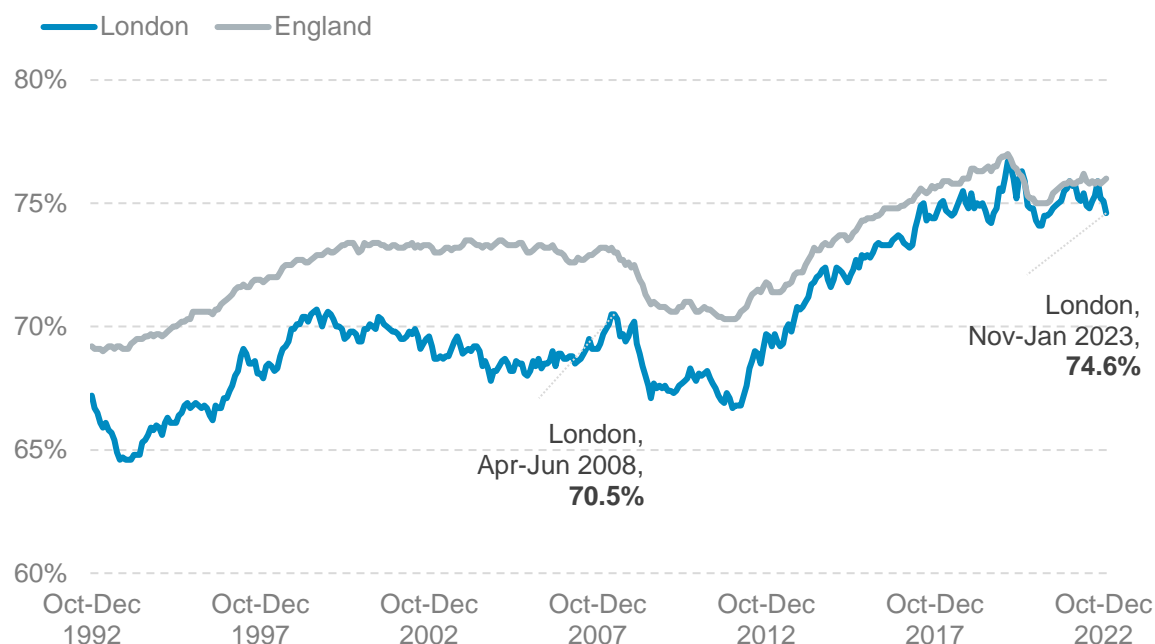
⁹ For example, for state-funded mainstream schools in 2019-20, 91.5% of disadvantaged pupils (i.e. those eligible for pupil premium) in London were in a sustained education, apprenticeship, or employment destination in the year after completing key stage 4 study (after year 11), compared to only 88.2% nationally.

¹⁰ Times Higher Education (2021) [Times Higher Education World University Rankings 2021](#)

¹¹ GLA Economics (2022) [Out-of-work trends in London](#)

Figure 1: 16-64 employment rate (%), 1992-2023

Seasonally adjusted, latest data for Nov-Jan 2023



Source: ONS Labour Force Survey

Despite these positives, London's labour market faces challenges too.

Labour market and skills challenges

Barriers to education and work for some Londoners

London has a higher rate of poverty than other English regions, especially in inner London.¹² Many Londoners face barriers to work and education, leaving some unable to benefit fully from the city's opportunities. The high cost of living in the capital is a major issue – especially for housing, public transport, and childcare.^{13,14}

Moreover, local stakeholders (including FE providers) have highlighted a lack of understanding of opportunities and sources of support.¹⁵ Notably, Londoners from disadvantaged groups – including those in receipt of benefits, with a disability and/or health condition, and whose first language isn't English – will often face multiple and interrelated barriers to learning.¹⁶

Despite improvements to headline employment, there were still 226,000 residents who were classified as unemployed in the three months to January 2023, including

¹² Trust for London (2022) [London's Poverty Profile 2022: COVID-19 and poverty in London](#)

¹³ Padley, M. (2022) [A technical report on the calculation of a minimum London Weighting](#) (e.g. Table 1)

¹⁴ London households in poverty spend around half of their net income on housing costs, rising to almost two-thirds for private renters: Legatum Institute (2022) [Poverty in London, before and during the Covid-19 pandemic](#)

¹⁵ Toynebee Hall (2022) [More than just education: A participatory action research project on adult education in London](#). Also see: Pye Tait Consulting (2019) [Post-18 Education Review: Call for Evidence](#)

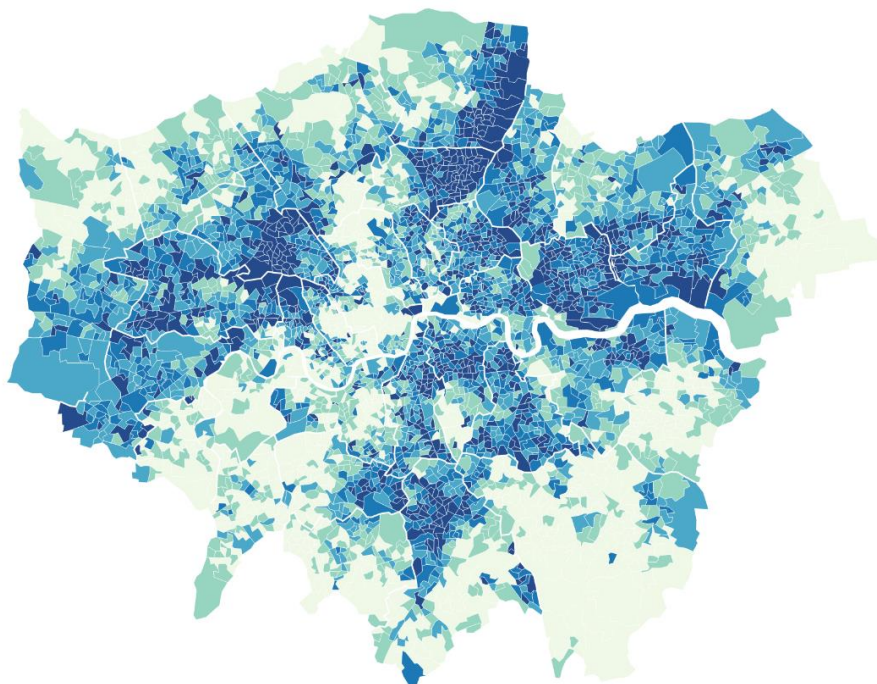
¹⁶ Learning & Work Institute (2018) [Barriers to learning for disadvantaged groups](#)

64,000 Londoners aged 16 to 24.^{17,18} As the economy slows, this figure is likely to rise in the near term.¹⁹ Several London boroughs already have among the highest claimant count rates in the country – led by Haringey, Newham and Barking & Dagenham. As Figure 2 shows, this can be highly localised.²⁰

Figure 2: Claimant count rate (% residents aged 16-64) by London LSOA

Claimant count for February 2023

< 2% 2%-3% 3%-4% 4%-5% ≥ 5%



Map data: © Crown copyright and database right 2020 - Created with Datawrapper

Source: GLA Economics analysis of ONS claimant count by sex and age (via Nomis) and ONS (2021) Population estimates by output areas, electoral, health and other geographies, England and Wales

Headline labour market outcomes still conceal substantial inequalities

Notwithstanding improvements over the last decade, there are still inequalities in outcomes for Londoners from different demographic groups. This has a particular impact on residents from minority ethnic backgrounds, those who are disabled, and for mothers with dependent children.²¹ At the same time, almost half (49%) of Londoners in poverty are in work, a higher rate than in the rest of England.

Wider quality of work measures also presents a mixed picture. For example, a relatively high proportion of employees in London report having good career progression opportunities (60% in 2021 vs. 50% nationally). But this varies widely between different groups. For instance, around 70% of men working in professional

¹⁷ Based on estimates from the ONS Labour Force Survey and ILO unemployment measure. The estimated number of unemployed 16-24-year-olds is based on non-seasonally adjusted data.

¹⁸ Note: although the gap with England's unemployment rate has narrowed in recent years, there is still a 0.7 percentage point difference. This translates to an extra 36,000 unemployed Londoners.

¹⁹ In its February 2023 [Monetary Policy Report](#) the Bank of England forecast the UK unemployment rate to increase gradually from 3.8% in Q1 2023 to 5.3% in Q1 2026. The unemployment rate in London has historically been (1-2 percentage points) higher than the UK average and more sensitive to economic downturns.

²⁰ Claimant count by sex and age (via Nomis). Note: claimant rate as a proportion of residents aged 16-64.

²¹ GLA Intelligence (2021) [Economic Fairness – Employment Gaps](#)

occupations in London report having good career progression opportunities compared to only 45% of women working in caring and other service roles. There are also differences in the incidence of low pay, which is significantly higher for employees with no qualifications or from a Bangladeshi background (for example).²²

Labour market inactivity remains higher than before the pandemic

Many people became economically inactive during or after the pandemic, meaning they did not have a job and were not actively searching for one. At 21.9% in the three months to January 2023, London's inactivity rate was just above the England average, having been lower from early 2020 to spring 2022.

Working age Londoners have left the labour market for a range of reasons. As well as students, a significant share of inactive Londoners are unable to work because of health or caring responsibilities. As Table 1 shows, London also has a relatively high proportion of inactive residents who are looking after family/home. This is likely to reflect (at least in part) the high cost and limited availability of childcare in the capital, both of which are barriers to employment.²³

Notably, there were around 234,600 economically inactive Londoners who said they did want a job in the 12 months to September 2022. This represents an important source of potential labour supply if barriers can be overcome.

Table 1: Profile of economically inactive Londoners by main reason

Aged 16-64, Oct 2021-Sep 2022

	Number	Percentage	Wants a job	Not want a job
Total	1,265,800	100%	234,600	1,031,100
Student	419,900	33%	56,900	363,100
Looking after family/home	299,100	24%	63,900	235,200
Temporary sick	18,000	1%	7,200	10,800
Long-term sick	249,100	20%	42,400	206,700
Discouraged	2,100	0%	~	1,700
Retired	92,700	7%	3,700	89,100
Other	184,800	15%	60,100	124,700

Source: ONS Annual Population Survey (via Nomis)

Parts of the capital's population only hold 'lower-level' qualifications

Around a fifth of London residents aged 16-64 did not hold a qualification at level 2 in 2021 (equivalent to GCSEs at grades A*-C or 9-4).²⁴ This was just below the England average (20% vs. 22%). However, it still amounts to 1.2 million people living in the capital – a higher number than in any other English region. There is also a high proportion of adult Londoners with lower proficiency in 'basic skills' (numeracy, literacy, and English language skills) compared to adults in England as whole.

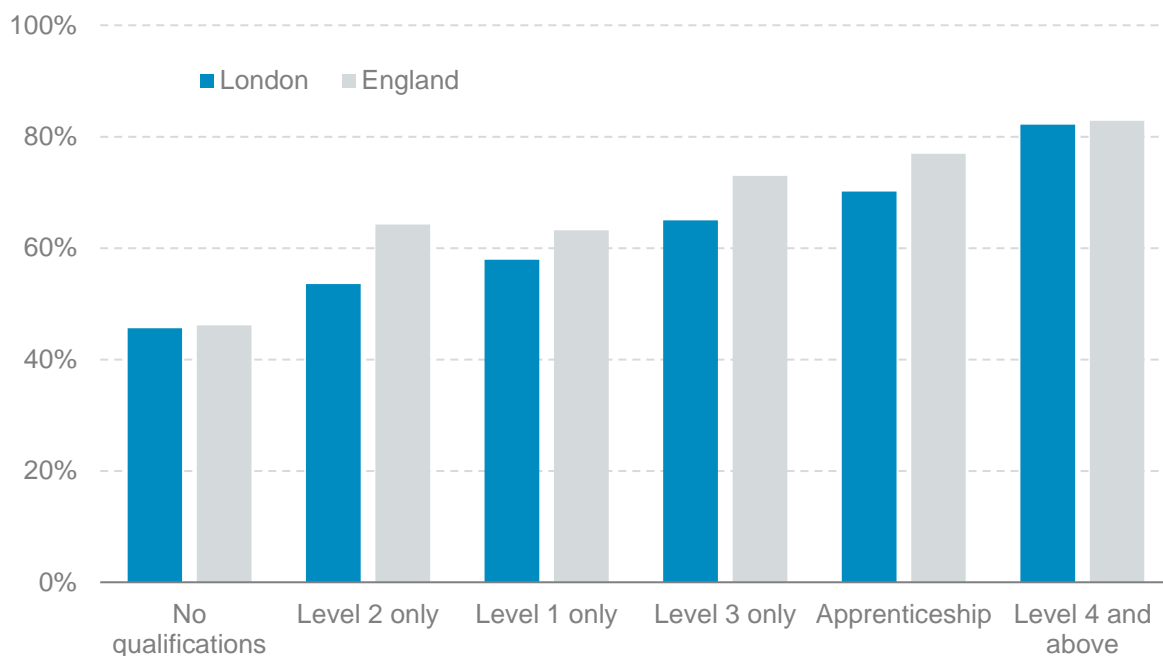
²² Previous studies have also highlighted barriers to in-work progression in the capital. See, for example: IPPR (2016) [Jobs and skills in London: Building a more responsive skills system in the capital](#)

²³ e.g., see: IPPR (2016) [Jobs and skills in London: Building a more responsive skills system in the capital](#)

²⁴ Estimate as at Census Day, 21 March 2021.

This is a concern. Research at the national level has shown that adults without qualifications at level 2 or above are more likely to be unemployed or have low-paid jobs.²⁵ Londoners with lower-level qualifications are also less likely to be in employment than their counterparts in other parts of the country (Figure 3).²⁶

Figure 3: 16-64 employment rate by highest qualification level, 2021



Source: ONS Census 2021. Note: (i) excludes 'Other qualifications' for presentation purposes; (ii) although the census was carried out at a unique time this finding is consistent with data from other sources.

Participation in lifelong learning has been declining, although there are signs of recovery in the capital

These trends highlight the importance of supporting Londoners to up-skill and re-skill. However, public spending on adult education has reduced in the last decade, especially in the first half of the 2010s.²⁷ As Figure 4 shows, this led to sharp falls in the number of adult learners in London and across England. More recently, the pandemic also had a significant impact on adult learning, with overall participation in FE and skills in the 2021/22 academic year still below 2018/19 levels.²⁸

Following the pandemic, the recovery in FE and skills participation has been stronger in London than in other parts of the country, led by an increase in learners in education and training (up by 10% compared to 2019/20). The overall rate of

²⁵ Department for Business, Innovation and Skills (2014) [Estimation of the labour market returns to qualifications gained in English Further Education](#): BIS Research Paper Number 195.

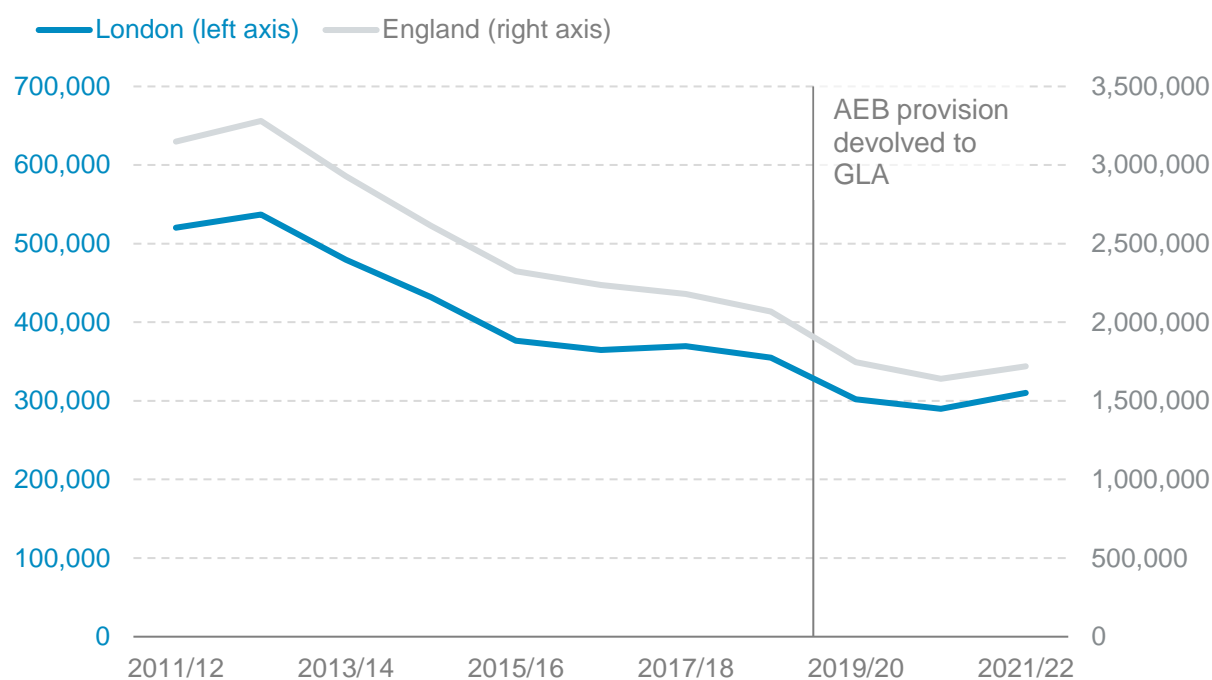
²⁶ At 14%, the unemployment rate for Londoners with low or no qualifications (i.e. below level 2) was also over three times higher than for those qualified at level 4 or above (4%) in 2021. See: GLA Economics (2022) [Out-of-work trends in London](#). This has been linked to both the high demand and supply of skills in London, with the latter leading to a more competitive labour market for those with lower levels of attainment.

²⁷ L, Sibieta, L. and I, Tahir and B, Waltmann (2022) [Adult education: the past, present and future. London: IFS](#)

²⁸ Further education and skills include all age apprenticeships and publicly funded adult (19+) learning, including community learning, delivered by an FE institution, a training provider or within a local community.

participation in further education and skills training is now higher in London than in England as a whole, particularly for courses below level 2.²⁹

Figure 4: Trends in adult FE and Skills participation, 2011/12-2021/22



Source: Source: DfE (2022) Further Education and skills – 2021/22.

But London still has both a lower rate of adults starting on apprenticeships, particularly for younger age groups, and fewer employers offering apprenticeships than in other parts of the country.³⁰ This is partly explained by higher rates of enrolment in higher education, and partly because of London's sectoral mix (with more jobs in traditionally 'low apprenticeship-employing' sectors). However, the number of apprenticeship starts in London is also relatively low in sectors which tend to have a higher take-up rates, such as construction.³¹

Apprenticeships have also become more focused at advanced and higher levels over recent years. However, research suggests that young Londoners have benefited less from the introduction of the Apprenticeship Levy and the subsequent expansion of apprenticeships at these levels.³²

Workplace training activity has also been falling in London

Employer investment in training in the UK is relatively low by international standards, even though participation is strong.³³ The proportion of employers in London

²⁹ At 5,380 participants per 100,000 population, compared to 5,150 nationally. This is driven by higher rates of participation in education and training and community learning in the capital, especially for courses below level 2.

³⁰ Despite accounting for 17% of the working age population, London accounted for only 12% of apprenticeship starts in England in 2020/21. 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.

³¹ See: GLA Economics (2023) [London Apprenticeships Update 2021/22](#)

³² Apprenticeships starts for Londoners aged under 25 declined by 22% from 2016/17 to 2021/22, with the biggest fall among those under 19 (-49%). See: GLA Economics (2023) [Recent apprenticeships trends in London](#)

³³ Learning & Work Institute (2022) [Raising the bar: Increasing employer investment in skills](#)

providing training is slightly below the national average, with signs that the quality of training – as measured by volume or expenditure – has declined recently.

Overall, employers in London invested around £8.0 billion in training in 2019. This level has fluctuated over the last decade. However, the increase in the size of the workforce means that the spend per employee was around 30% lower than in 2011 in real terms (compared to 17% lower across England as a whole). The proportion of employers providing training for nationally recognised qualifications has also declined over time, while only 18% of all working-age Londoners were in receipt of job-related training in the last 13 weeks in the 12 months to September 2022.

The reasons behind these trends are not well understood. The expansion of higher education and increases in qualification attainment are factors. Budget constraints, shifts in business strategy, and wider economic factors (including those linked to Brexit and, more recently, the pandemic) are also likely to have played a part.³⁴

Table 2: Trends in employer training in London, 2011-2021

Year	Percentage of employers providing:		Volume of training:		Value of training (2019 prices):	
	Any training	For a nationally recognised qualification	Per employee (days per year)	Per trainee (days per year)	Total investment	Per employee
2011	64%	38%	3.9	7.5	£9.3bn	£2,260
2013	64%	26%	3.7	6.1	£8.1bn	£1,900
2015	65%	26%	3.8	6.3	£10.3bn	£2,300
2017	65%	24%	4.0	6.2	£8.6bn	£1,810
2019	58%	22%	3.5	6.0	£8.0bn	£1,580
2021	48%	n/a	n/a	n/a	n/a	n/a

Source: GLA Economics analysis of Employer Skills Survey 2011, 2013, 2015, 2017, 2019 and Employer Pulse Survey 2021. Note: research indicates a notable reduction in off-the-job training between 2019 and 2021. This table contains statistical data from ONS which is Crown Copyright.³⁵

Furthermore, less qualified workers are less likely to access work-related training.³⁶ This inequality diminishes the social returns from employer training and contributes to widening skills gaps – despite evidence that those in mid-skilled roles can receive a higher wage boost from training.³⁷ Cost and lack of time are barriers to taking on training opportunities, as well as a lack of awareness of the potential benefits.

³⁴ Li, J., et al. (2020) [Trends in job-related training and policies for building future skills into the recovery](#). Centre for Vocational Educational Research.

³⁵ The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data.

³⁶ Londoners with qualifications at level 4 or above were 1.5 times more likely to participate than their counterparts with qualifications at level 3 or below. Source: ONS Annual Population Survey, Jan-Dec 2021.

³⁷ ONS (2019) [Characteristics and benefits of training at work, UK: 2017](#)

Are current skills mismatches a problem?

The overall skills match in London was generally strong in the lead up to the COVID-19 pandemic. Yet surveys still showed unmet needs, with 15% of London employers reporting a skills gap or skills shortage vacancy in 2019. There were also signs that skills challenges were becoming more concentrated, particularly when recruiting for skilled trades workers and, to a lesser extent, engineering and health professionals.

Recruitment difficulties have broadened post-pandemic. This is partly down to a surge in labour demand and a drop in the supply of available workers.³⁸ There are also issues related to pay levels and/or wider working conditions in some sectors, including parts of hospitality and health and social work. The ramifications of the UK's exit from the EU present other challenges for some London employers.³⁹

This picture is echoed in surveys of London businesses. According to the London Business 1000 survey, only around a quarter (27%) of decision-makers did not report any skills challenges in mid-2022, down from 49% in 2020.⁴⁰ Another recent survey of London business leaders and HR managers found that nearly two-thirds (65%) of businesses with open job vacancies were struggling to fill positions.⁴¹

For many employers, skills shortages can be attributed to a lack of available candidates with the required skills and experience.⁴² The capital's above-average rate of unemployment also suggests there is a shortage of workers with certain skills and/or geographic mismatches. The types of skills that London employers report finding difficult to obtain when trying to recruit include planning and organising, problem solving, customer handling, numeracy and literacy, and IT skills.

The factors driving recruitment difficulties also vary by sector and occupation. However, potential measures to address them would generally include:⁴³

- Increasing the attractiveness of certain sectors and occupations, including addressing pay and progression.
- Making use of underutilised labour, including taking steps to improve the diversity and inclusion of the workplace.⁴⁴
- Developing and enhancing the skills of the existing workforce, addressing skills gaps, and improving staff retention.

³⁸ GLA Economics (2023) [Online job postings quarterly update - January 2023](#)

³⁹ Recruitment of non-UK nationals had 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 used this recruitment route in 2019.

⁴⁰ YouGov surveyed 1,369 London business decision-makers online between 29 July and 19 September 2022.

⁴¹ London Business Leaders 2022 Poll: an unweighted survey of 1,016 London business leaders and HR managers conducted by Survation via an online panel in December 2022.

⁴² Among those struggling to fill vacancies, a low number of suitable applicants with required skills was cited by 57% of respondents in the London Business Leaders 2022 Poll.

⁴³ For a discussion, see: Eurofound (2023) [Measures to tackle labour shortages: Lessons for future policy](#)

⁴⁴ e.g., see: GLA (2023) [Workforce Integration and Inclusion in London's Growth Sectors](#)

Future skills demand

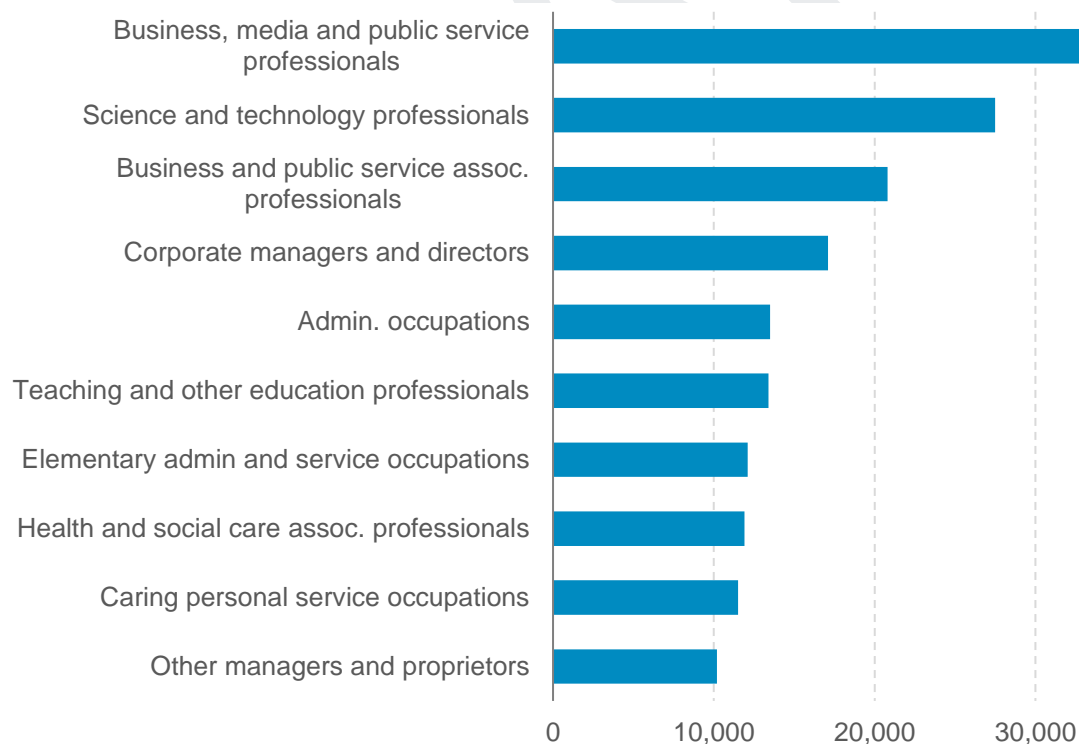
There are signs that London's job market is cooling off. Forecasts suggest that the rate of jobs and outputs growth will weaken in 2023 due to cost-of-living pressures (among other factors), and that consumer-facing sectors will be most impacted.⁴⁵

But recent projections also suggest that employment growth will resume over the coming decade, albeit at a lower rate of growth than in the decade before the pandemic. The level of employment is expected to increase by around 35,000-38,000 jobs a year (net) in the longer-term, with strong growth expected in sectors like professional services, construction, hospitality and health and social work.^{46,47}

At the same time, the need to replace people who leave the workforce due to retirement and other reasons is expected to generate almost six times more job openings in London and continue to outpace net jobs growth.⁴⁸ On this basis, Figure 5 shows the occupations projected to have the highest number of job openings between 2020 and 2035. It features a wide range of roles at different skill levels.

Figure 5: Projected annual average job openings in London from 2020-2035

Top ten occupations (2-digit SOC) for total requirement



Source: Skills Imperative 2035, London LSIP tables ([link](#)). Note: total requirement is equal to replacement demand plus expansion demand (net change).

⁴⁵ It is possible that London will enter a mild recession in 2023, although annual jobs and economic output growth is likely to be positive again in 2024. See: GLA Economics (2022) [London's Economic Outlook: Autumn 2022](#)

⁴⁶ GLA Economics (2022) [London labour market projections 2022: Interim update](#)

⁴⁷ Department for Education (2023) [Labour market and skills projections: 2020 to 2035](#)

⁴⁸ Occupations where employment is projected to increase will require extra workers in addition to those being replaced (to meet growing demand). But even in occupations where employment is expected to decline there will still be job openings due to the need to replace key workers (albeit openings in those areas will fall over time).

There are four key skills-related challenges to highlight.

Continued demand for higher-level skills

Although London has one of the most qualified workforces in the country, evidence suggests that there will be an ongoing requirement for higher-level skills in the coming years. The percentage of people employed in London holding at least a first degree is expected to increase to 80% in 2035, up from 65% in 2020.⁴⁹

There will continue to be people employed in the capital with qualifications below level 6, including at levels 4-5.⁵⁰ However, the key implication is that London's labour market is likely to become even more challenging for those with lower levels of attainment, more so given the impact of structural changes such as from automation.

To meet future requirements, it will be important to continue to improve attainment across the labour force, both among new labour market entrants and for those already in the workforce. This should include sub-degree qualifications (e.g., at levels 4-5) where there is evidence of strong labour market returns.⁵¹

Changing economic needs

London's economy has proven resilient to previous economic shocks.⁵² But existing economic realities could generate further labour market mismatches.

Some sectors, particularly hospitality, are yet to fully recover from the pandemic and also face pressures from worker shortages and high inflation. At the same time, they are also more likely to provide employment opportunities for young people and those with lower-level qualifications, and so there is a risk of widening employment disparities in London's labour market.

Developing transferable skills is key if workers are to become resilient to future shocks.⁵³ OECD research suggests that workers in London could benefit from additional training in areas like basic skills, complex problem-solving skills, systems skills (e.g. time management), and reasoning abilities.^{54,55}

Automation/digitalisation

Because of the distinct sectoral and occupational composition of London's economy, the probability of jobs in the capital being automated is generally lower than elsewhere. Nonetheless, tasks in almost every job are likely to change as interaction

⁴⁹ Department for Education (2023) [Labour market and skills projections: 2020 to 2035](#)

⁵⁰ By 2035, this is expected to include almost 739,000 people with qualifications at levels 4-5 and around 938,000 people with qualifications at levels 2-3.

⁵¹ Espinoza, H., et al. (2020) [Post-18 education: who is taking different routes and how much do they earn?](#)

⁵² For example, Martin, R., & Gardiner, B. (2019) [The resilience of cities to economic shocks](#)

⁵³ OECD (2021) [OECD Skills Outlook 2021](#). Other research indicates evidence of growing rewards for 'soft skills', e.g. Skills and Productivity Board (2022) [Understanding current and future skills needs](#)

⁵⁴ OECD (2021) [Future-Proofing Adult Learning in London, United Kingdom](#)

⁵⁵ Online job postings data and employer surveys also suggest there is strong demand for transferable skills in areas like communication, management and leadership, and problem-solving.

with technology increases.⁵⁶ There is likely to be increased demand for social, creative, and logical reasoning abilities, especially at more advanced levels.

Employer demand for digital skills is also particularly high in London. Upskilling digital skills is the main priority for workforce development in London,⁵⁷ with signs that digital skills will be in even greater demand due to remote working.⁵⁸ In a recent survey over half (56%) of respondents felt that their business would need more advanced digital skills over the next 2 to 5 years while a third (33%) felt that more basic digital skills would be required. Yet, compared to other parts of the country, businesses in London report more challenges in meeting their digital skills needs.⁵⁹

The demand for specific digital skills is likely to evolve rapidly as the pace of technology progresses. The main IT-related skills gaps identified by employers in 2019 included basic and advanced Microsoft Office skills and communicating via email.⁶⁰ There is also evidence of high demand for software development skills.

Transition to a greener economy

The transition to a greener economy will have an impact on a wide range of jobs and sectors. There were an estimated 234,000 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 the number of jobs in these sectors expected to grow to 505,000 by 2030 (in a central scenario). Jobs growth is expected to be particularly strong in green finance, homes and buildings, power, and low-carbon transport.⁶¹

To meet the projected expansion in green priority sectors in the coming decade, there is a growing need to increase education provision in subjects and courses that are relevant for green jobs. There is also a need to support those already in the labour market with retraining and upskilling so that they can acquire the skills they need. Yet evidence suggests that the proportion of workers in receipt of training in occupations most affected by the green transition is relatively low at present.⁶²

The implications for skills and training are wide-ranging. There are likely to be increased requirements for general construction workers and electricians (including higher level technical skills) – areas where London employers already report significant skills shortages. At the same time, enabling STEM skills, and generic project management and customer service skills, will also be needed. Digital technology is also seen by employers as a vital tool for reducing carbon emissions.⁶³

⁵⁶ In a 2018 survey, 65% of London businesses expected automation to change their skills needs by 2025, compared to 61% for the UK. Source: London First (2018) [Employment and Skills Action Plan for London](#)

⁵⁷ London Chamber of Commerce and Industry/London Councils (2021) [London Business 1000 \(year 5\)](#)

⁵⁸ London Chamber of Commerce and Industry (2021) [Q3 2021 Quarterly Skills Survey](#)

⁵⁹ WorldSkills UK / Learning & Work institute (2021) [Disconnected? Exploring the digital skills gap](#)

⁶⁰ Department for Education (2020) Employer Skills Survey 2019

⁶¹ WPI Economics (2021) [Green Jobs and Skills in London: cross-London report](#)

⁶² GLA Economics (2022) [Identifying Green Occupations in London](#)

⁶³ RCU Ltd (2022) [Green Skills Adult Education Provision in London](#)