

**GLAECONOMICS**

# **Local Skills Improvement Plan**

Evidence Base



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# Introduction

This report serves as an evidence base to support the development of the Local Skills Improvement Plan (LSIP) for Greater London, led by BusinessLDN and its partners.<sup>1</sup>

## Methodology and approach

The report provides up-to-date and robust macro-level information on London's labour market and skills landscape. It builds on the evidence base for the London Local Skills Report, and follows the broad framework<sup>2</sup> and data sources<sup>3</sup> set out in the Analytical Toolkit for Skills Advisory Panels. The focus is on analysis at the London level; this is to complement work being undertaken by London's four sub-regional partnerships.<sup>4</sup>

The report is based on analysis of data from a wide range of surveys, official statistics and quantitative forecasts. Key sources include the following:

- Office for National Statistics (ONS) surveys (e.g. the Labour Force Survey; the Annual Population Survey; the Business Register and Employment Survey), particularly in relation to London's jobs, businesses, residents and labour market.
- Education and skills data from the Department for Education (DfE) and the Higher Education Statistics Agency (HESA), as well as more detailed adult education data sourced from the Individualised Learner Record (ILR).
- Available data on business sentiment from business surveys, including the latest Employer Skills Survey (for 2019) and more recent local business surveys conducted by YouGov and Survation, among other organisations.
- Online job postings data sourced from Lightcast – based on information from newly posted, unique job postings collected from multiple online platforms. There are several caveats to be aware of with this data source.<sup>5</sup>
- The Skills Imperative 2035 employment projections (published March 2023), which provide information on the future size and shape of London's labour market, including employment prospects by industry, occupation and qualification level.
- Skills and jobs dashboards developed by the Unit for Future Skills.

Although the main emphasis is on analysis at the London level, key trends at sub-regional level are highlighted throughout the report, with additional data included in the appendices. Hyperlinks are also included to other publications – including evidence bases, deep dives and data dashboards – where relevant supporting information is available.

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<sup>1</sup> Working with other employer representative bodies, with backing from the Mayor of London and the GLA.

<sup>2</sup> DfE (2020), [Skills Advisory Panels: Data sources](#)

<sup>3</sup> DfE (2018), [Skills Advisory Panels: Analytical Toolkit for Local Skills Analysis](#)

<sup>4</sup> Based on the four groupings into which London boroughs organise themselves: Central London Forward, West London Alliance, South London Partnership and Local London.

<sup>5</sup> This data is, for example, not representative of all job roles, particularly those not widely advertised online. For more information, see: GLA Economics (2022), [Understanding online job postings data](#).

## Structure

The report continues as follows:

### **Chapter 1: London's economy and labour market**

This section provides an overview of London's population, economy and labour market. It looks at employment by sector and occupation. Other key labour market indicators analysed include the employment, unemployment and inactivity rates; and the profile of businesses across various industries, along with their size and performance (birth and survival rates).

### **Chapter 2: Skills and labour supply**

This section details the demographic and skills profile of those who live and work in London. It provides an overview of outputs from the higher education (HE) and further education (FE) systems, and reviews trends in apprenticeships and workplace training.

### **Chapter 3: Analysis of future skills demand**

This section reviews the economic outlook, and attempts to better understand the current and future demand for skills in the capital. It includes analysis of data from online job postings; and employment projections for sectors, occupations and qualifications.

### **Chapter 4: Mapping skills supply and demand**

This section assesses the extent to which the supply of skills in London aligns with labour-market demand, and highlights the skills challenges reported by the capital's employers.

### **Chapter 5: Descriptions of priority sectors**

The following sectors were identified as mayoral priority sectors and informed the Mayor's Academies Programme. They were subsequently identified as priorities (at the London level) for London's LSIP:

- construction
- creative industries
- digital (digital skills are a cross-cutting priority for the LSIP)
- health and social care
- hospitality
- green.

Chapter 5 presents key data and a description of each of these sectors, including an overview of skills and employment data and challenges. Key findings for these priority sectors are also highlighted within chapters 1-4.

# Chapter 1 – London’s economy and labour market

## Summary of key points

- Over the past decade, London’s population growth has been faster than the rest of England’s, with the capital’s labour market absorbing a growing population. However, population growth is expected to slow over the coming years.
- London is the most productive region in the UK. Over the last decade, the capital has become specialised in productive and high-skilled sectors including professional services, information and technology, and finance and insurance.
- A high share of London’s labour force is typically employed in higher-paying and higher-skilled industries and occupations. There are also many entry-level and mid-skilled jobs in the capital across a range of sectors.
- Jobs growth in London strongly bounced back after the pandemic. The number of workforce jobs reached 6.3m in December 2022, up from 5.8m in December 2020. This represents a rise of 550,000 jobs (the highest across all regions).
- Headline labour-market outcomes conceal several labour-market inequalities. Employment rates are lower for women; people with lower-level qualifications; disabled Londoners; and Londoners from Black, Asian and minority ethnic backgrounds.

## What does this section cover?

By many metrics, London’s economy is the strongest of any region in England. But despite creating millions of jobs in recent decades – many in some of the most productive firms and sectors globally – it also suffers from deep labour-market inequalities.

This section documents these recent and longer-term trends, covering headline developments in London’s population and economy. It analyses the profile of London’s business base across various industries, along with their size and performance (birth and survival rates). Finally, it reviews a range of social and labour-market data to better understand trends in – and barriers to – participation and progression in London’s labour market.

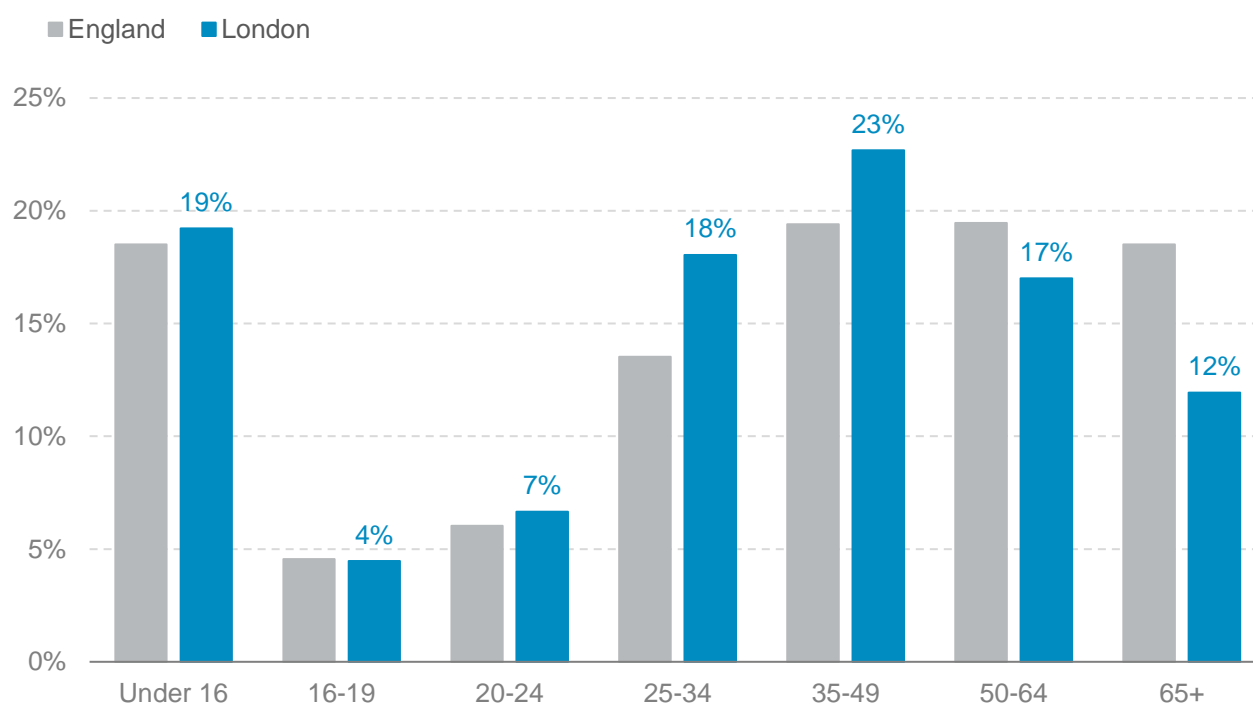
## London's population

There were around 8.8m people living in London in mid-2021, up from 8.2m in 2011.<sup>6</sup> Population growth in the capital outpaced the England average over this time.<sup>7</sup>

Despite some signs of ageing, the capital's population remains comparatively young: the median age is 35.9, compared to 40.5 in England as a whole.<sup>8</sup> As shown in Figure 1, over two-thirds (69%) of residents are between 16 and 64, with a particularly high share of prime working-age residents (aged 25 to 49).<sup>9</sup>

This partly reflects the fact that London traditionally attracts large numbers of graduates from other parts of the UK (although internal net-graduate migration may have become more subdued recently).<sup>10</sup> It also reflects trends in international migration, with much of the growth in London's working-age population coming from residents born outside the UK.

**Figure 1: Population by age group, 2021**



Source: ONS, Mid-year population estimates (2021)

London's population is expected to continue increasing in the coming years. According to the GLA's 2021-based population projections, London's population is expected to grow at an annualised rate of between 20,000 and 63,000 a year from 2021 to 2041. The number of working-age Londoners (aged 16 to 64) is expected to increase by between 83,000 and 683,000 during that time – an average increase of between 4,000 and 34,000 a year.

<sup>6</sup> ONS (2022), [Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland](#)

<sup>7</sup> Particularly among people aged from 35 to 64 years.

<sup>8</sup> This holds across most of the capital. The median age of the resident population was above the England average in only two London boroughs in mid-2021: Bromley (41.3) and Richmond upon Thames (41.8).

<sup>9</sup> ONS (2022), [Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland](#)

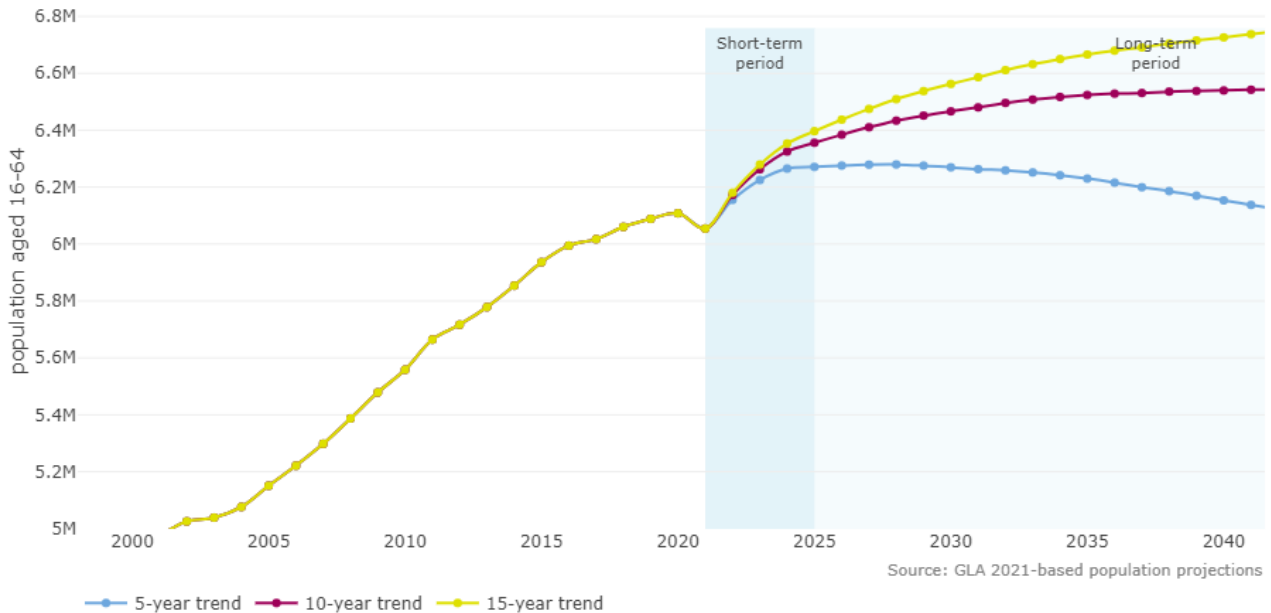
<sup>10</sup> See, e.g., Resolution Foundation (2017), [Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay.](#)

It is worth noting that these projections are based on three population trajectories using differing levels of migration, and the five-year trend variant could be a (conservative) outlier in the longer term.<sup>11</sup> Excluding this variant would imply growth in the number of working-age Londoners of between 24,000 and 34,000 a year from 2021 to 2041.

Even then, this level of growth is lower than in previous rounds of projections.<sup>12</sup> It is also some way below the rate of growth experienced in 2004-16, when London’s working-age population grew by more than 73,000 a year.<sup>13</sup> There are several reasons for this, including a slowdown in growth since 2016; the impacts of the COVID-19 pandemic; and downward revisions to official estimates.<sup>14</sup>

The key implication is that the size of London’s working-age population will likely continue to increase, albeit more slowly than it has in the past decade (especially pre-2016). This will have an impact on the supply of labour available to employers.

**Figure 2: Working-age (16-64 years) population projections, London**



Source: GLA City Intelligence (2023), [Interim 2021-based Population Projection Results](#)

<sup>11</sup> The size of the working-age population in London depends heavily on the level of migration. High net out-migration, as seen in the five-year trend variant, leads to a decline in the working-age population over time.

<sup>12</sup> These projections show the lowest rates of population growth of any produced by the GLA since 2011.

<sup>13</sup> GLA City Intelligence (2023), [Interim 2021-based Population Projection Results](#). Also see [here](#).

<sup>14</sup> More specifically: a slowdown in population growth since 2016 – the result of falling birth rates, a drop in international migration (due in part to Brexit), and a rise in domestic outflows; impacts of the COVID-19 pandemic on mortality and migration flows – with the capital’s population falling for the first time since the 1980s; and downward revisions to official population estimates following the latest Census.



## International migration

Migrant workers make a far higher contribution to the labour market in London than in the rest of the UK. The number of jobs held by non-UK nationals has also increased over time; within that group, there has been a recent sharp increase in the number of non-EU nationals in employment.

New statistics produced by HM Revenue and Customs (HMRC) show that between December 2014 and December 2019:<sup>15</sup>

- the number of payrolled employee jobs held by non-UK nationals living in London increased by 288,000, or 20% (from 1.4m to 1.7m)
- this increase was higher for EU nationals living in the capital (up 193,700 or 29%) than for non-EU nationals (up 150,800 or 6%).

EU and non-EU nationals held a similar number of employee jobs in December 2019, but this has diverged following the pandemic and the introduction of the new immigration system (see Figure 3). While payrolled employments held by EU nationals fell across most regions between 2019 and 2022, London saw the largest decrease thereof (-79,300), and the largest increase in non-EU nationals (+57,900). The latest data shows that:

- non-UK nations living in London accounted for 1.8m payrolled employments in December 2022 – 39% of the total (compared to 18% across England)
- EU nationals accounted for 765,000 payrolled employments held by Londoners (17% of the total) compared to nearly 1.1m (23%) held by non-EU nationals.

Employers recruit migrant workers for different reasons, depending on the needs of different sectors.<sup>16</sup> In December 2022, the share of London payrolled employments held by non-UK nationals was particularly high for the hospitality and construction sectors (58% and 42% respectively), compared to England overall (28% and 12% respectively).

Lower-skilled occupations are generally ineligible for visas under the new points-based immigration system. Consequently, since 2019, there has been a sharp drop in the number of payrolled employee jobs held by EU nationals in sectors such as hospitality. This may have contributed to recruitment difficulties in this period (see section 4).<sup>17</sup>

Recently, there have been strong increases in employments held by non-EU nationals in sectors such as health and professional services. This is consistent with reports of high take-up of skilled worker visas in these areas.<sup>18</sup> Yet there have also been marked increases in jobs held by non-EU nationals in, for example, the retail and hospitality sectors. These will not necessarily be people arriving on work visas, and could include non-EU nationals who arrived in previous years, or who are combining work and study.<sup>19</sup>

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<sup>15</sup> HMRC (2023), [UK payrolled employments by nationality, region and industry, from July 2014 to December 2022](#). Note: these statistics exclude employments from non-payrolled sources such as self-employment.

<sup>16</sup> City-REDI / Institute for Employment Research (2022), [Employer decision-making around skill shortages, employee shortages and migration: Literature Review](#) (commissioned by the Migration Advisory Committee)

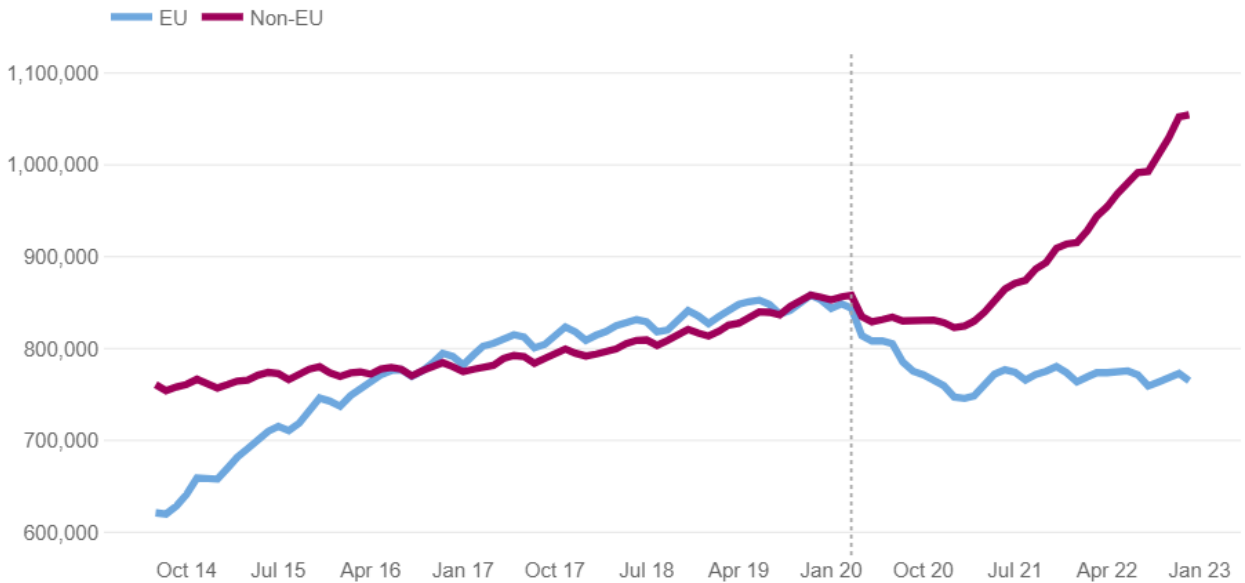
<sup>17</sup> Migration Advisory Committee (2022), [Skills shortages and employers of migrant workers](#)

<sup>18</sup> See, e.g. Financial Times (2023), [Britain after Brexit: The surprising surge in skilled migrants](#).

<sup>19</sup> Migration Advisory Committee (2022), [How is the End of Free Movement Affecting the Low-wage Labour Force in the UK?](#)

### Figure 3: Payrolled employments (non-UK nationals)

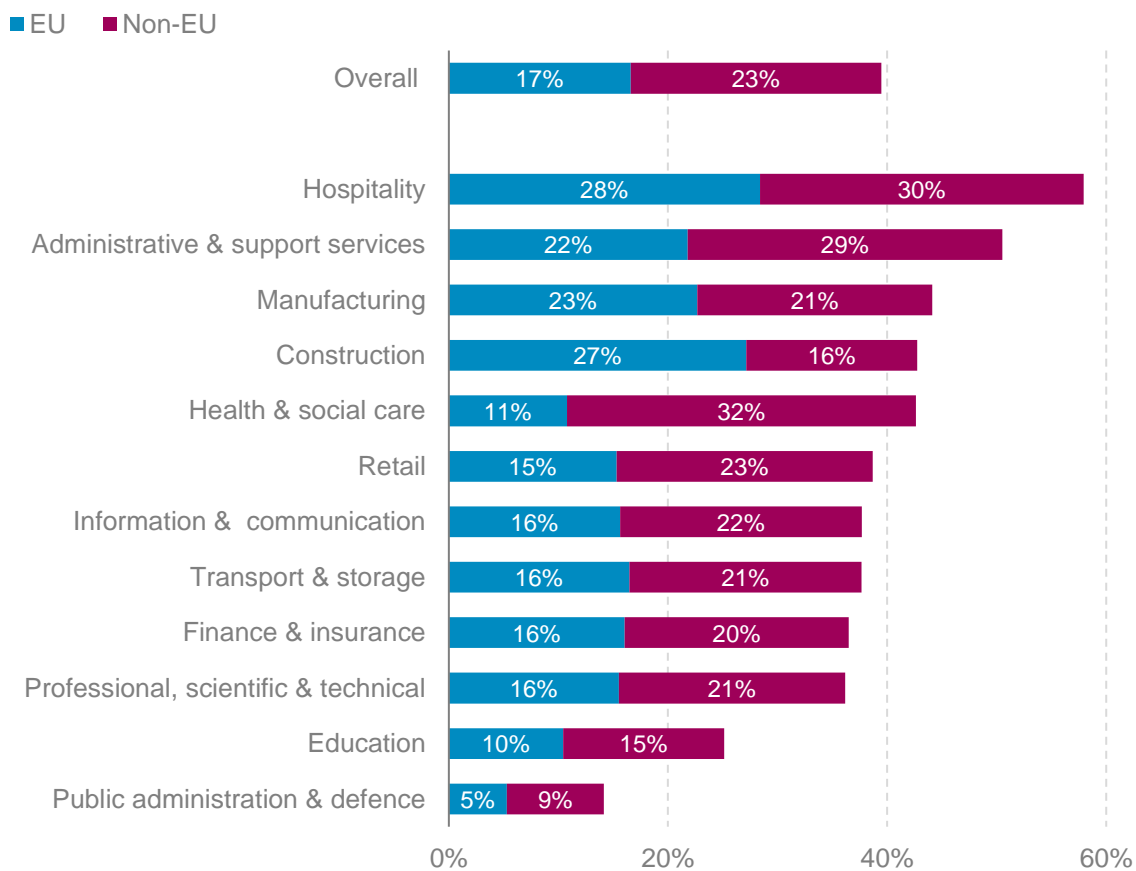
London residents, October 2014 to December 2022



Source: HMRC, Pay As You Earn Real Time Information (non-seasonally adjusted) and Migrant Worker Scan. Vertical line indicates beginning of lockdowns in March 2020.

### Figure 4: Profile of non-UK payrolled employments by industry (%)

London residents, December 2022



Source: HMRC, Pay As You Earn Real Time Information (non-seasonally adjusted) and Migrant Worker Scan, December 2022

### Employment (jobs) by sector

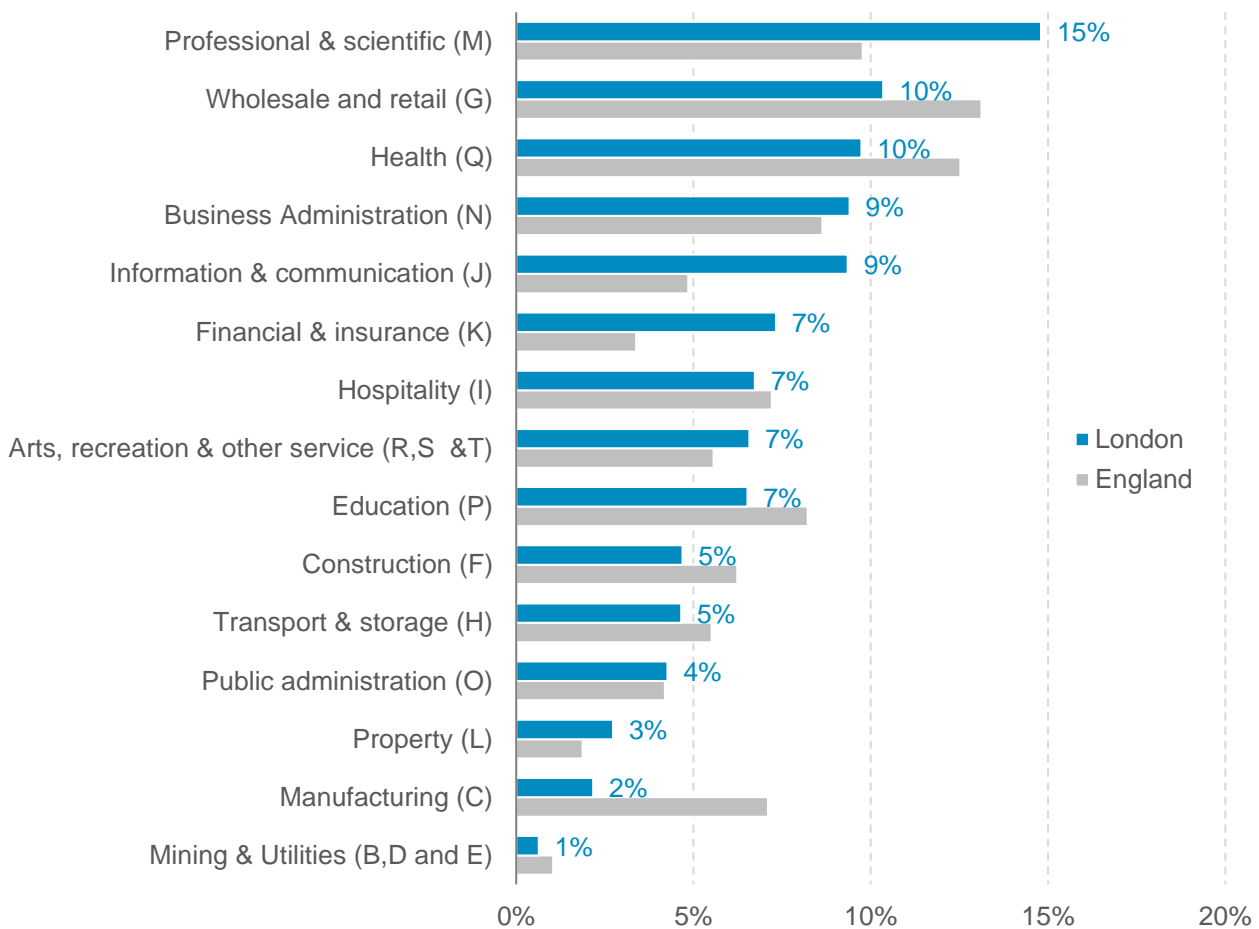
There were around 6.3m jobs in London in December 2022. These jobs were held by a mix of London residents and commuters.<sup>20</sup>

Over recent decades, the composition of the capital’s economy has shifted further towards services and away from primary and production activities. Based on employment share, London (especially central London) is relatively specialised in several highly productive and higher-skilled sectors, such as:

- professional, scientific and technical – 15% of jobs (or 939,000 jobs in December 2022) compared to 10% across England
- information and communication – 9% compared to 5% across England
- finance and insurance – 7% compared to 3% across England.

The largest sectors, in jobs terms, also include wholesale and retail; and health and social care.

**Figure 5: Profile of workforce jobs by selected sector (%), December 2022**



Source: ONS, Workforce Jobs, seasonally adjusted. Note: percentage of total employment by sector. Note: London’s creative industries include jobs in sections M, J and R.

<sup>20</sup> In October to December 2019, for example, there were 4.4m London residents employed in London and a further 1m commuters into London, as well as 311,000 Londoners who commuted to employment outside London. Source: ONS (2022), [Homeworking in the UK – regional patterns: 2019 to 2022](#).

### *Pre-pandemic trends*

London's sectoral mix partly reflects rapid jobs growth in the decade leading up to the COVID-19 pandemic. The number of workforce jobs in London grew by nearly 1.2m (net) between 2010 and 2019 – equal to an extra 132,200 jobs (2.5%) a year on average. This was a far higher rate of growth than the England average for the same period (1.5% a year), and the highest growth rate seen in London in recent decades.<sup>21</sup>

The leading sectors for jobs growth in 2010-19 were professional services (2.9% per year) and information and communication (4.3% per year). These sectors include activities such as legal and consulting services; important elements of London's creative industries (e.g. architecture, marketing); and the digital sector (e.g. software, video games).<sup>22</sup>

Pre-pandemic jobs growth was also relatively strong in other priority sectors – particularly hospitality; health and social care; and construction (see Table 13). Although jobs growth was most pronounced in higher-skilled sectors, almost half (45%) of the net increase in jobs in London between 2010 and 2019 was in occupations that do not generally require a degree-level qualification, according to the ONS skills classification.

### *Post-pandemic trends*

Total employment in London now exceeds pre-pandemic levels on a workplace basis. Having lost around 282,000 workforce jobs in the year to December 2020, the number of jobs at London employers subsequently increased by nearly 542,000. There is a variation in recovery amongst sectors, however, with the capital's specialisation in knowledge-intensive services boosting its headline performance.<sup>23</sup>

Between December 2019 and December 2022, the number of workforce jobs increased in 11 out of 16 industry groups in London, but declined in five sectors.

In keeping with pre-pandemic trends, the bulk of jobs growth came from two sectors: information and communication (+14%) and professional services (+15%). During the pandemic, a higher proportion of businesses in these sectors used homeworking as a business model.<sup>24</sup>

Transport and storage recorded the largest percentage decrease in jobs (-7.4%), followed by hospitality (-7.0%) and construction (-6.5%). Given the nature of the work, these sectors were impacted to a greater degree by COVID-19 restrictions (with, for example, lower use of homeworking).

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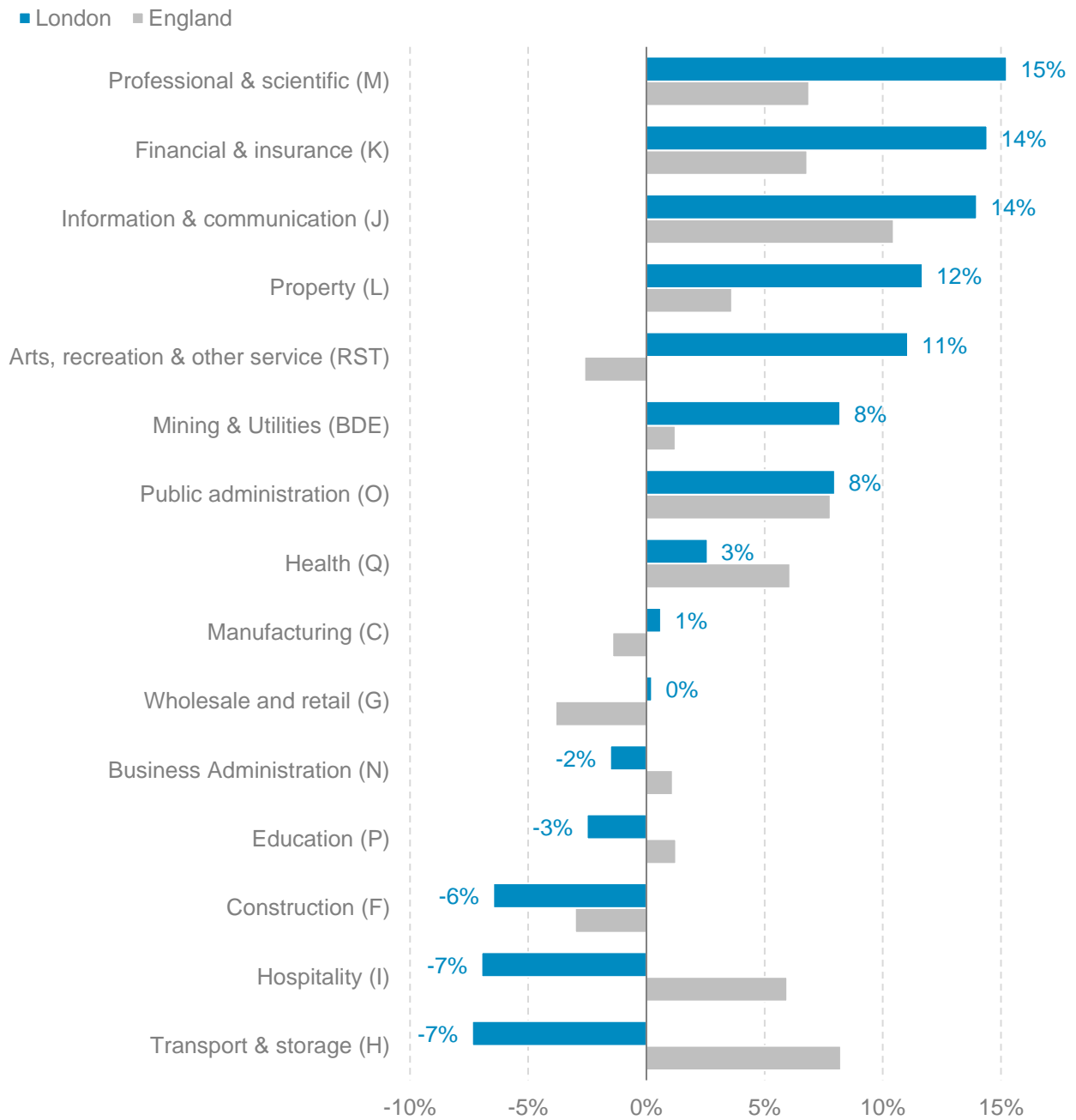
<sup>21</sup> See: GLA Economics (2022), [London labour market projections 2022: Interim update](#) (Appendix B).

<sup>22</sup> According to ONS Annual Population Survey data, the rate of jobs growth in London's creative industries (4.4% a year) and digital sector (4.7%) exceeded the London average in 2010-19.

<sup>23</sup> Martin, R., Gardiner, B. (2019), The resilience of cities to economic shocks: A tale of four recessions (and the challenge of Brexit). Article in *Papers in Regional Science*, Vol. 98(4)

<sup>24</sup> See, e.g. ONS (2023), [Business insights and impact on the UK economy](#) (Wave 79).

**Figure 6: Change in workforce jobs by sector, December 2019 to December 2022**



Source: ONS, Workforce Jobs, seasonally adjusted

## Employment (jobs) by sub-region

There are also differences in sector mix between London's sub-regional partnership areas.

Employment-based location quotients provide a measure of the relative share of a given industry in different areas.<sup>25</sup> On this basis, Table 1 shows that, for example, the Central London Forward area – which accounts for around 59% of employee jobs in the capital – features a particularly high degree of specialisation in knowledge-intensive services. In the Local London and South London Partnership areas, there is a stronger presence of services that are less knowledge-intensive (e.g. jobs in wholesale and retail, and hospitality).

Nonetheless, most parts of the capital recorded a recovery in workplace employment between September 2019 and September 2021. According to the (less timely) ONS Business Register and Employment Survey, of London's 33 local authorities:

- 19 saw an increase in employment during this period, with the highest rates of growth in Sutton (+15%), Newham (+12%) and Hackney (+12%)
- 13 saw decreases in employment, with the largest declines recorded in Kingston upon Thames (-9%), Bexley (-6%), Ealing (-5%) and Hounslow (-5%)<sup>26</sup>
- the level of employment in Merton was unchanged.

It should be noted that a significant proportion of Londoners in employment work outside their home borough (in 2019, this was between 56% and 81%).<sup>27</sup> However, on average, workers with lower levels of qualifications tend to commute shorter distances.<sup>28</sup>

London's economy also attracts workers from outside the capital, including around a fifth of workers in sectors such as public administration, transport and storage, and construction.<sup>29</sup> Moreover, the pool of labour available to (some) employers in the capital could increase in the future, with a shift to more hybrid or remote working.<sup>30</sup>

<sup>25</sup> 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.

<sup>26</sup> Declines in employment at the local level were mainly driven by sectors such as transport and storage, and business administration. While hospitality employment also declined markedly in parts of central London, this was generally offset by jobs growth in other sectors.

<sup>27</sup> In 2019, between 56% (Westminster) and 81% (Sutton) of employed residents worked outside their home borough. In some outer London boroughs – including Sutton, Kingston upon Thames and Harrow – this included a significant proportion of residents (13-14%) working outside the capital. Source: GLA Economics analysis of ONS Annual Population Survey, January to December 2019.

<sup>28</sup> See: ONS (2016), [Travel to work area analysis in Great Britain: 2016](#). For a map of London's travel-to-work areas by qualification level, see [here](#). Note: high qualifications include those at level 4 or above (degree level); and low qualifications include those at level 1 or below.

<sup>29</sup> Source: GLA Economics analysis of ONS Labour Force Survey, April to June 2022.

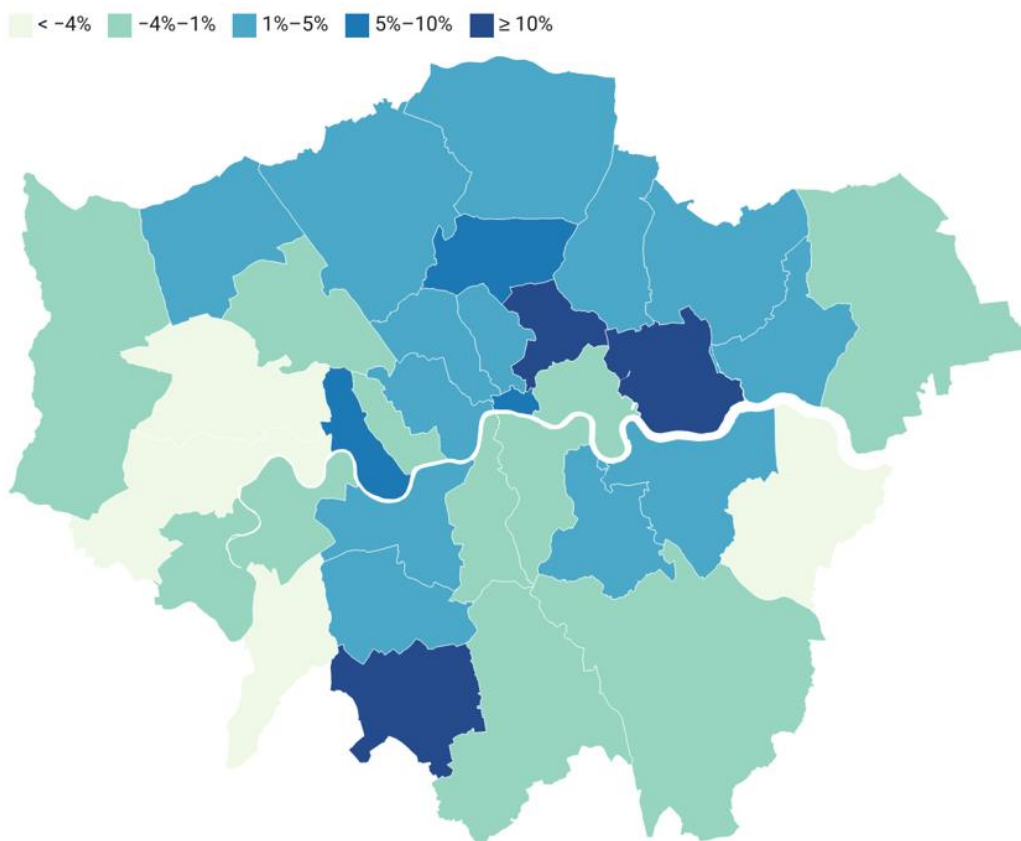
<sup>30</sup> If remote or hybrid working increases the absolute size of the labour pool.

**Table 1: Employment-based location quotient for selected areas, 2021**

	Central London Forward	Local London	South London Partnership	West London Alliance	London (overall)
Knowledge-intensive services	2.1	0.7	1.0	1.2	1.7
Less knowledge-intensive services	0.8	1.1	1.1	1.0	1.0
Low to medium-tech manufacturing	0.2	0.6	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	1.1	0.8	0.7	0.6
Real estate	1.5	0.9	1.0	1.2	1.3

Source: ONS (2021), BRES. Note: for a definition of high-tech and knowledge-intensive service industry groups, see: ONS (2022), [Understanding towns: industry analysis](#) (table 5).

**Figure 7: Change in employment, 2019-21**



Source: ONS, BRES, 2019-21

## Employment by occupation

As the composition of London's economy has changed, the occupations that people work in have also changed. Employment among London residents is now relatively concentrated in occupational groups with typically higher pay and skills compared to the national picture.

More than 63% of Londoners in employment work in the managerial, professional and associate professional occupational groups. This compares to around half of employment in these groups across England (see Figure 8). As a result, London also features lower-than-average shares of employment across other major occupational groups.

This profile is partly the result of pre-pandemic trends, with employment growth from 2010 to 2019 largely driven by jobs in professional occupations. The pandemic also reduced employment in some lower-skilled, elementary occupations.<sup>31</sup>

There are still significant numbers of Londoners employed in occupations across different skill levels.<sup>32</sup> Figure 9 shows the distribution of jobs by [ONS skill level](#). It shows that in 2019, except for the creative industries and the digital sector, most jobs in priority sectors were in roles that the ONS classifies as not normally requiring a degree (i.e., most jobs were in roles at skills levels 1-3). It should be noted, though, that requirements vary by geography and some job holders will possess qualifications beyond what's required for the job. This is particularly the case for associate professional occupations in London.<sup>33</sup>

There is also considerable variation in occupational profile across local authorities within the capital. While more than 80% of employed residents in Islington work in the managerial, professional, and associate professional and technical groups (Standard Occupational Classification (SOC) major groups 1-3), this falls to a third (34%) in Barking and Dagenham.<sup>34</sup>

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<sup>31</sup> The number of Londoners employed in occupations that usually require degree-level qualifications (skill level 4) rose between 2019 and 2021, while the number of Londoners working in lower-skilled, elementary occupations (skill level 1) fell. Also see: GLA (2022), [Local Skills Report Annexes](#).

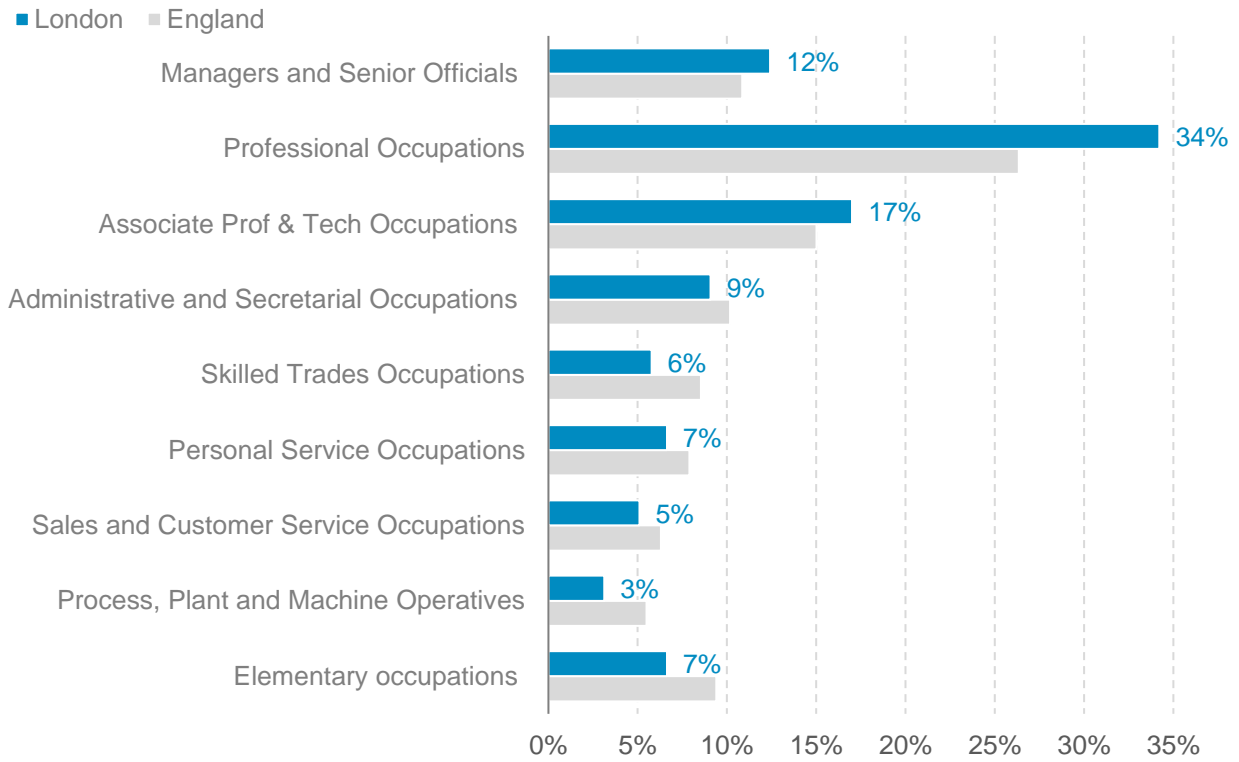
<sup>32</sup> According to the [ONS](#), an occupation's skill level is based on the length of time needed to train a person to become fully competent in the performance of the tasks associated with a job. This, in turn, is a 'function of the time taken to gain necessary formal qualifications or the required amount of work-based training'.

<sup>33</sup> According to the ONS these roles generally require a 'period of post-compulsory education but not normally to degree level'. However, data from the Skills Imperative 2035 research indicates that – unlike in the rest of England – the majority of job-holders in associate professional occupations in London possess qualifications at level 6 and above. This is consistent with the information presented in Table 13 and reflects increases in both the supply of and demand for degree-level qualifications in the capital.

<sup>34</sup> Also see: GLA (2022), [Local Skills Report Annexes](#) (Appendix 3).

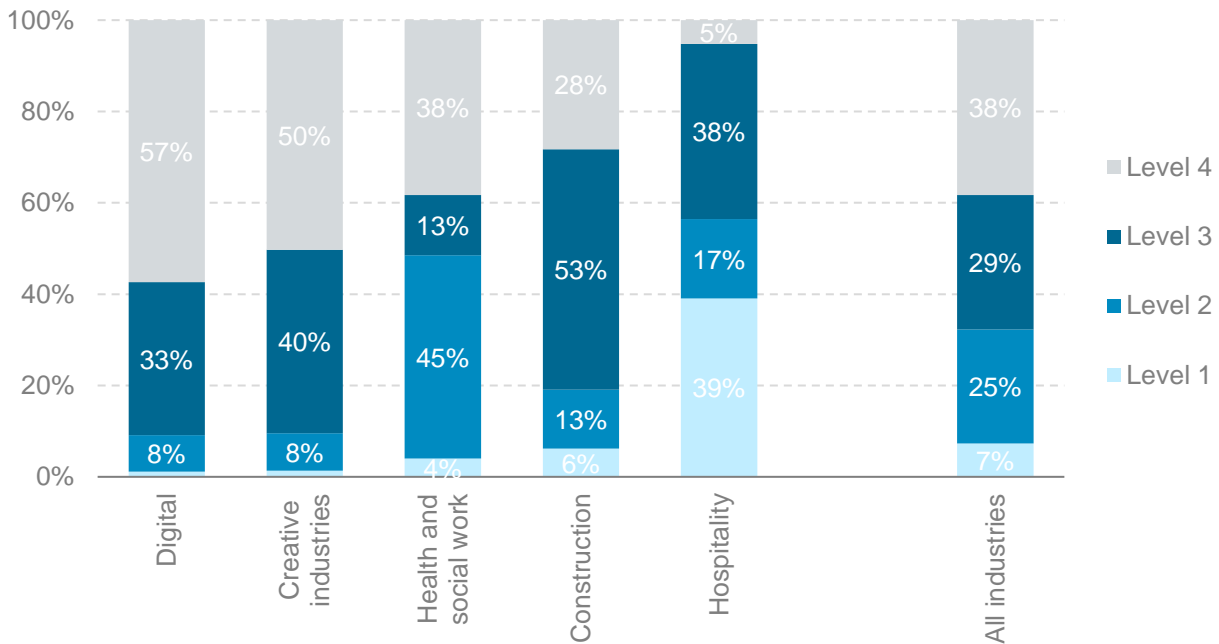


**Figure 8: Employment share by occupation, 2021-22**



Source: ONS, Annual Population Survey, October 2021 to September 2022. Note: Skilled trades includes food preparation and hospitality trades (e.g. chefs, cooks).

**Figure 9: Share of jobs by skills level (based on ONS skill level) and selected sectors, London, 2019**



Source: ONS, Annual Population Survey, January to December 2019. Note: according to the [ONS](#), jobs in occupations at skill level 4 'normally require a degree or equivalent period of relevant work experience'.

## Enterprises by employment size band

London has the highest number of registered businesses – and the highest density of private-sector businesses (relative to adult population) – of any English region.

In March 2022, there were around 536,100 VAT and/or PAYE businesses in London.<sup>35</sup> The profile of businesses by size is similar to the national picture, with small and medium-sized enterprises accounting for most businesses in the capital (see Table 2).<sup>36</sup> Micro businesses (fewer than 10 employees) are marginally more prevalent in London than the rest of England. According to the [ONS](#), these businesses are less likely to adopt structured management practices; they are also less likely to engage with the skills system.<sup>37</sup>

The profile of London's business population varies across sectors and spatially.<sup>38</sup> For example, larger enterprises are more prevalent in central London, and in the health and social care and hospitality sectors. Meanwhile, over 96% of London's registered businesses in construction employ fewer than 10 people (see Table 2, and Appendix 2, for a geographic breakdown).

However, it is important to note that large businesses make a major contribution to employment in most sectors of the capital's economy. Focusing on London's private-sector businesses at the start of 2022, employment breaks down as follows:

- micro and small businesses (fewer than 50 employees): 2.27m employees (41% of London's private sector workforce)
- medium-sized businesses (50-249 employees): 664,000 (12%)
- large businesses (250+ employees): 2.6m (47%).<sup>39</sup>

Looking more closely by industry group, larger businesses account for the bulk of employment in several sectors but the minority in others. For example:

- in the transport and storage sector, 91% of private-sector businesses had no employees, but large businesses still accounted for 64% of employment
- in London's arts and recreation and construction sectors, where freelancing or self-employment are relatively common, large businesses accounted for only 28% and 13% of private-sector employment, respectively.

Appendix 3 provides a more detailed breakdown for all private-sector businesses.

<sup>35</sup> Compared to March 2020, this figure increased by 4,800 businesses (0.9%), although the rate of growth had slowed in the last year.

<sup>36</sup> Focusing on registered businesses in London in March 2022: 526,000 businesses were micro/small (fewer than 50 employees); 7,900 businesses were medium-sized (50 to 249 employees); and 2,200 businesses were large (250 or more employees). Source: UK Business Counts (via Nomis).

<sup>37</sup> OECD (2012), [Upgrading workforce skills in small businesses](#)

<sup>38</sup> For example, nearly half (42%) of large businesses registered in London are concentrated in the City of London, Tower Hamlets, Southwark and Westminster.

<sup>39</sup> Information on private-sector employee numbers is available from the business population estimates that were produced by the Department for Business, Energy and Industrial Strategy (BEIS). These estimates differ from those produced by the ONS. See: BEIS (2022), [Business population estimates 2022](#).

## Business birth and death rates

Overall, London's business environment is relatively dynamic and competitive:

- The rates of business birth (14%) and closure (12%) in London both remained higher than the national average in 2021.<sup>40</sup> This signifies greater churn – a feature that is also reflected in relatively low business-survival rates.<sup>41</sup>
- London has the largest rate of business showing high growth across English regions. Out of 48,900 London businesses that had 10 or more employees, over 3,100 (or 6.4%) were classified as high growth in 2021 (close to the 2019-20 shares).<sup>42</sup>

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, driven by a fall in the rate of business births (down five percentage points since 2015). Uncertainties related to Britain's exit from the EU, and subdued economic growth, were previously cited as factors behind falling business starts. The pandemic also led to a further fall in business creation.

Experimental data from the ONS suggests that this decline in business births has continued into 2022, with business births falling behind business closures in London over recent quarters.<sup>43</sup> This reflects lower business confidence in 2022, particularly in relation to high inflation.<sup>44</sup> However, UK-level data also indicates that the largest volume of net closures during this period was among professional services businesses – a sector that has otherwise recorded strong jobs growth in London in 2022.

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<sup>40</sup> Rates are calculated using the number of business births/deaths as a proportion of active businesses in that year.

<sup>41</sup> 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](#).

<sup>42</sup> ONS (2021), [Growth and High Growth enterprises](#)

<sup>43</sup> ONS (2023), [Business demography, quarterly experimental statistics, UK](#)

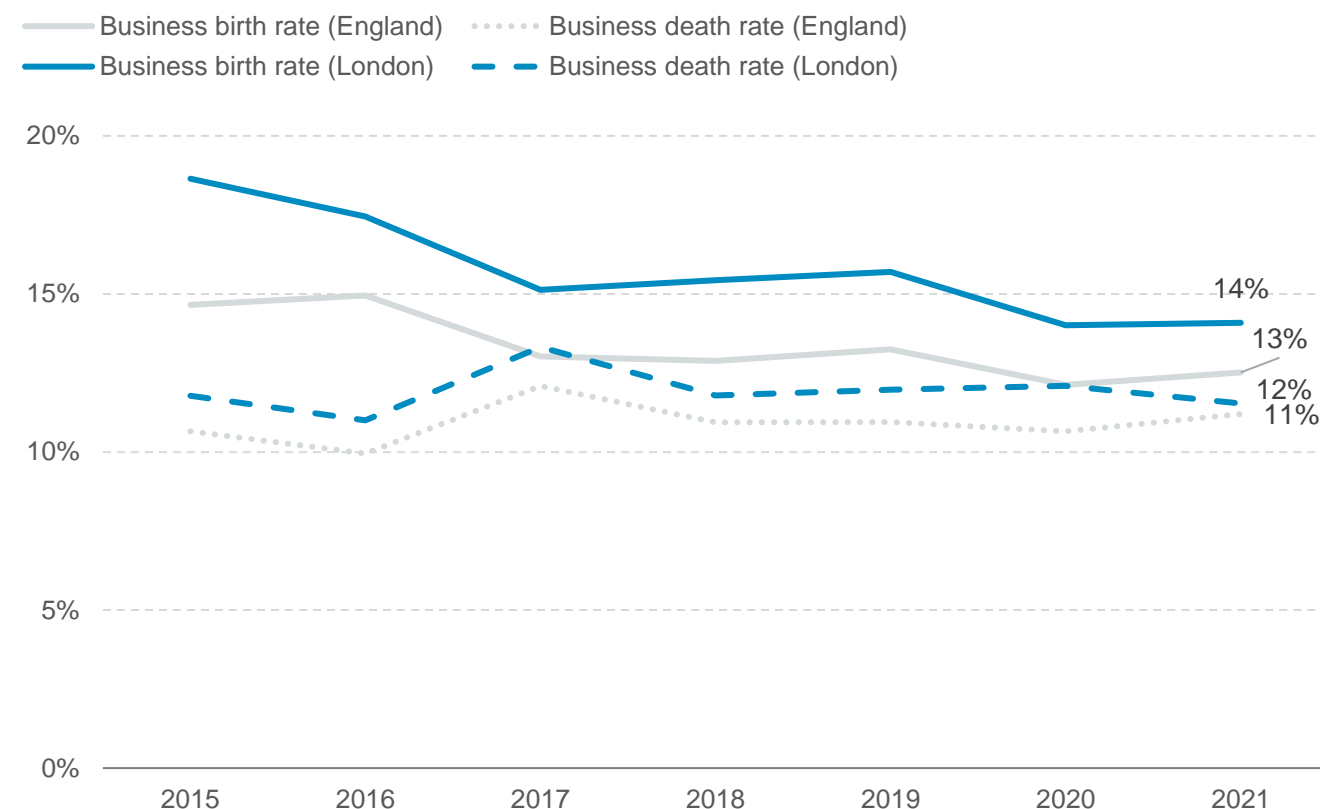
<sup>44</sup> According to London Councils' [2022 London Business 1000 Survey](#), carried out in summer 2022, three-quarters of London businesses (75%) were feeling less confident about the UK economy over the next 12 months.

**Table 2: Profile of VAT and/or PAYE registered enterprises in selected sectors by employment-size band, London, 2022**

	<b>Micro (0-9)</b>	<b>Small (10-49)</b>	<b>Medium (50-249)</b>	<b>Large (250+)</b>
Construction	96.4%	3.2%	0.3%	0.1%
Creative industries	93.1%	5.4%	1.2%	0.2%
Digital	92.3%	5.9%	1.4%	0.3%
Health and social care	76.3%	19.0%	3.7%	1.0%
Hospitality	77.3%	19.2%	2.8%	0.6%
All industries	90.7%	7.4%	1.5%	0.4%

Source: ONS (2022), Business Counts (via Nomis)

**Figure 10: Business birth and death rates, 2014-21**



Source: ONS (2022), Business Demography

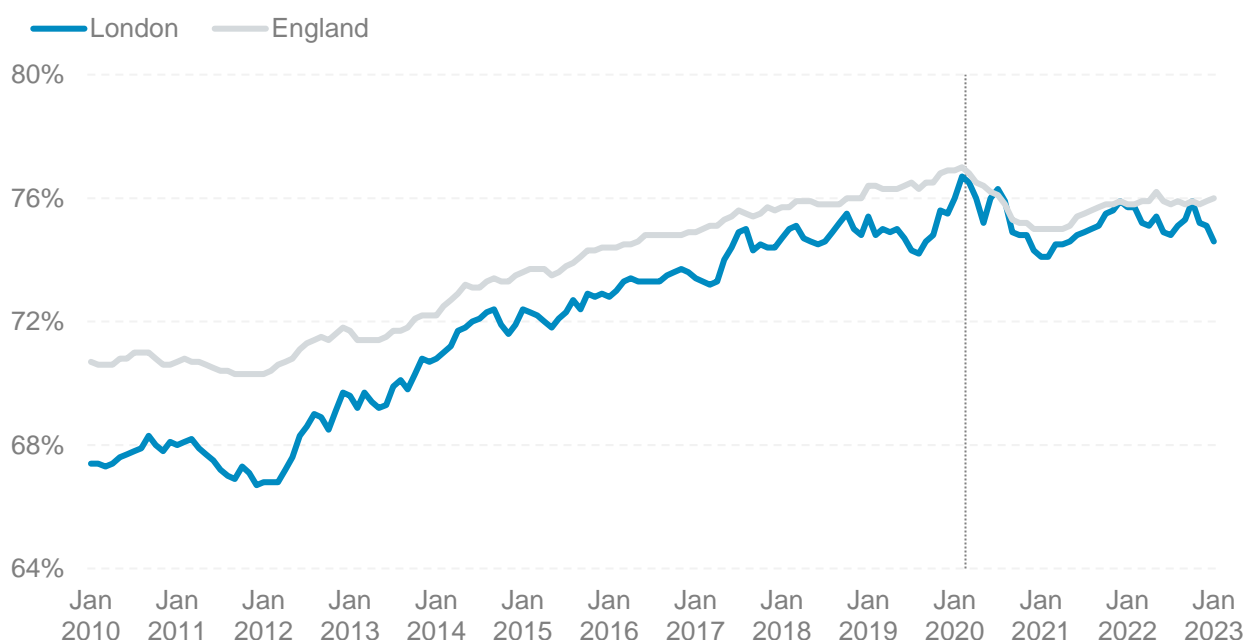
## Resident employment rates and levels

The number of London residents (aged 16 and over) in paid work rose strongly in the decade before the pandemic, increasing from 3.8m at the start of 2010 to over 4.7m at the end of 2019.<sup>45</sup> Despite the pandemic, data for the three months to January 2023 indicates that there were almost 4.8m Londoners in employment, with around 4m (84%) being employees and around 755,000 (16%) being self-employed.<sup>46,47</sup>

Having lagged the national average, the gap between London's employment rate and the national rate has generally been closing over this time, although it widened again in the latest data. For the three months to January 2023, the employment rate in London was estimated at 74.6% compared to 76% for England as a whole (Figure 11).

### Figure 11: Employment rate (% aged 16-64)

Latest data for the three months ending January 2023



Source: ONS, Labour Force Survey. Note: start of the lockdowns in March 2020 indicated by vertical line.

There is variation in employment rates at borough level (Figure 12). Using combined Annual Population Survey data for the 12-month periods ending September 2019, September 2020 and September 2021,<sup>48</sup> the lowest employment rates in London were in Barking and Dagenham (67%), Westminster (68%), and Kensington and Chelsea (68%). The highest rates were in Wandsworth (84%), Havering (81%) and Lambeth (80%). Out of 33 local authorities in the capital, 14 had an employment rate below the England average (75%) for this period.

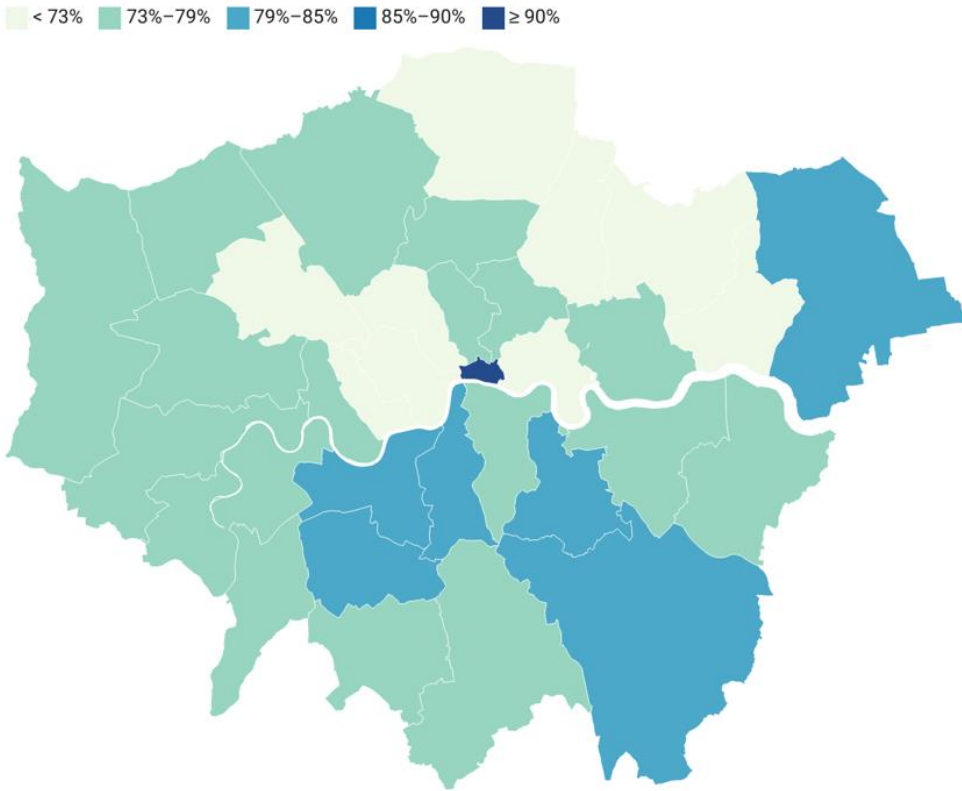
<sup>45</sup> ONS Labour Force Survey: three months ending March 2010 and three months ending December 2019.

<sup>46</sup> Note: employee/self-employed split from ONS Annual Population Survey data for October 2021 to September 2022.

<sup>47</sup> The number of residents in work is lower than workplace-based jobs estimates reported elsewhere. This is because a person can have more than one job, and many jobs in London are held by in-commuters.

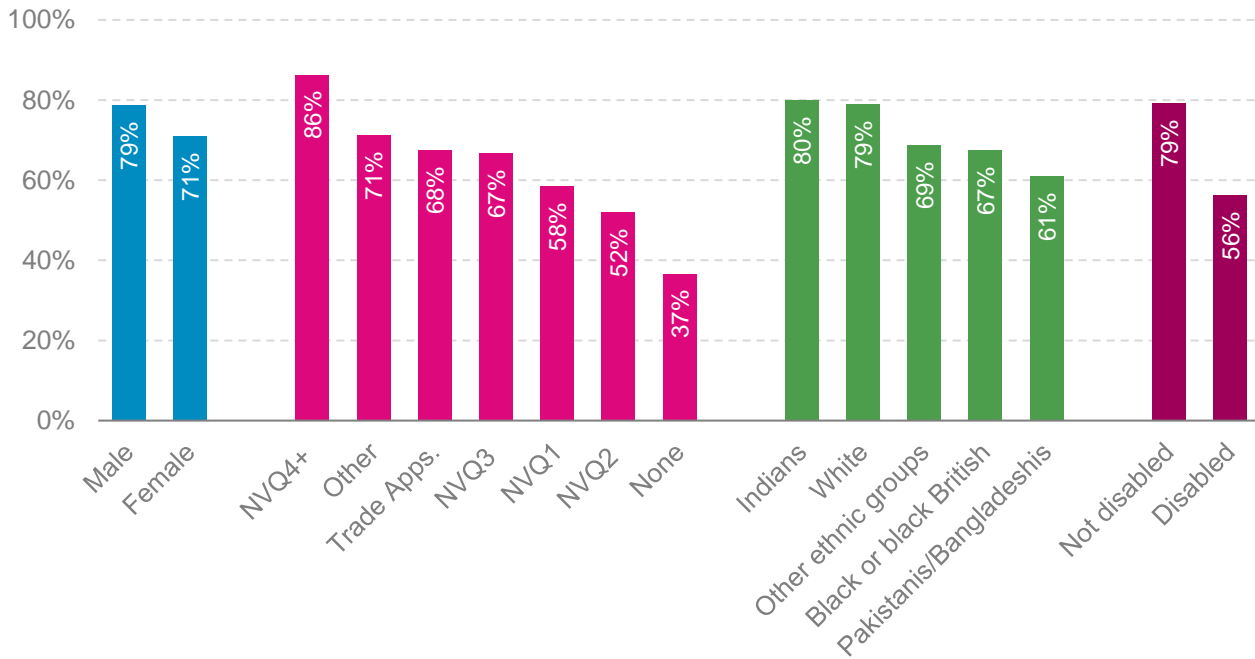
<sup>48</sup> Given sampling variability, the analysis here uses the average of three years' worth of Annual Population Survey data.

**Figure 12: 16-64 employment rate by London borough, average 2019-22**



Source: ONS, Annual Population Survey, average rate for the 12 months ending September, over the three-year period 2020, 2021 and 2022.

**Figure 13: 16-64 employment rate for selected groups, London, 2021**



Source: ONS, Annual Population Survey, January to December 2021. Notes: qualifications refer to highest level held. Disability status is based on Equality Act core or work-limiting disability – this identifies people as disabled who have a long-term physical or mental health condition that affects their day-to-day activities.

Gaps in London's employment rates by gender and ethnicity have narrowed over the last decade or so. However, there is scope to improve labour market participation and the diversity of the workforce in the capital if employment gaps can be closed further. This is all the more pressing in light of the growing demand for qualified workers in the capital.<sup>49</sup>

For example, compared to the average rate of employment for all working-age Londoners in 2021 (75%), data from the ONS Annual Population Survey shows the following:

- Employment rates remained relatively low among women (71%) versus men (79%); and among Londoners with lower-level qualifications, and for those without any formal qualifications (37%).
- Londoners from 'mixed', 'other', 'Black', and 'Pakistani/Bangladeshi' ethnic groups also had below-average employment rates, as did disabled Londoners (56%).
- Employment rates also varied by [parental status](#). Women with dependent children who want to work, and lone parents in particular, have low employment rates compared to the rest of the country.

The role of skills is particularly important in London.<sup>50</sup> The employment rate for Londoners aged 16-64 with degree-level qualifications (NVQ4+) is more than twice that for those without any formal qualifications (86% vs. 37%) – a wider gap than in the rest of England. More broadly, the employment rate for Londoners with the highest qualifications below NVQ level 4 is generally lower than for their counterparts in other parts of the country.

The diversity of the London workforce also varies across different sectors in the capital. For example, in construction, people from Black, Asian and minority ethnic backgrounds held only 21% of jobs in 2021, compared to 34% across all other industries. In terms of age, people aged 16-29 held 18% of jobs in the construction sector, compared to 21% across all other industries.<sup>51</sup> There are also issues with (for example) the under-representation of women in the digital sector and the lack of diversity in the creative industries.<sup>52</sup>

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<sup>49</sup> Also see: RAND Europe (2022), [Skills needs in selected occupations over the next 5-10 years](#).

<sup>50</sup> 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. Source: Cedefop (2017), [Investing in skills pays off: The economic and social cost of low-skilled adults in the EU](#).

<sup>51</sup> ONS Annual Population Survey, January to December 2021.

<sup>52</sup> For more on the factors driving the underrepresentation of certain groups of Londoners in the workplace, see: GLA Communities and Social Policy Unit (2022), [Workforce Integration and Inclusion in London's Growth Sectors](#).

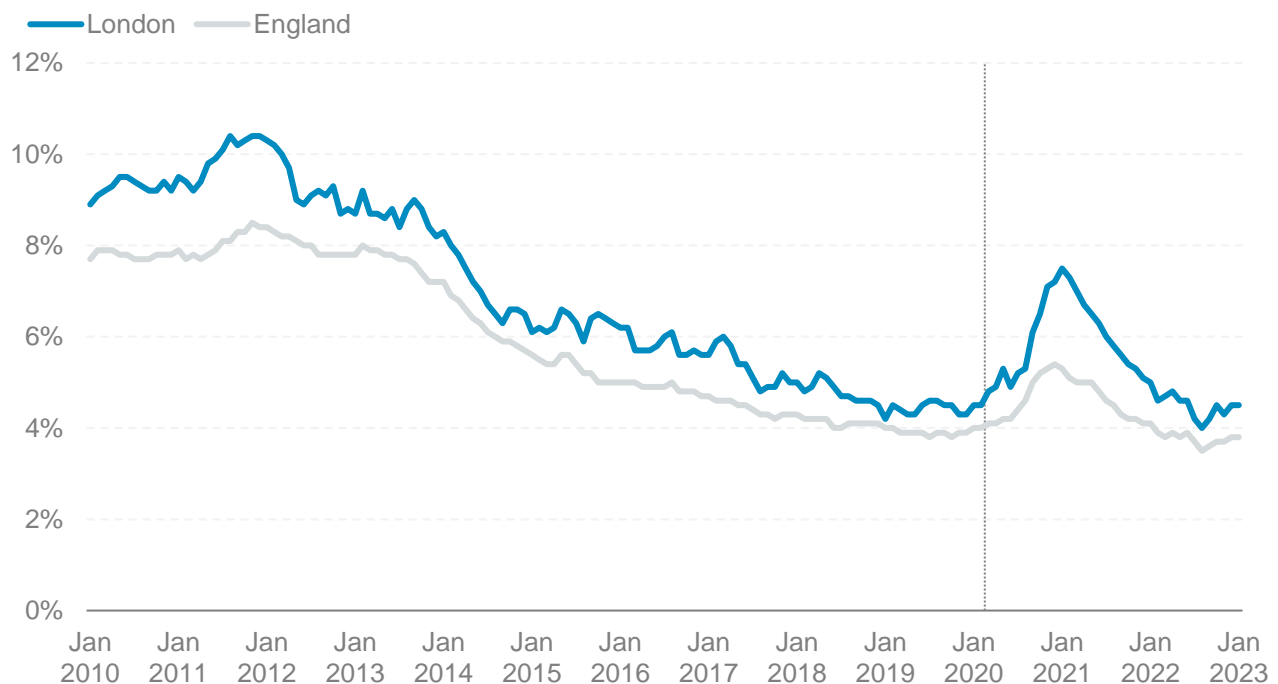
## Unemployment rate

London’s unemployment rate was trending downwards for most of the last decade. Having increased to above 10% at the end of 2011 (in the aftermath of the 2007-08 financial crisis), unemployment declined to around 4.3% in the three months ending December 2019. The number of unemployed Londoners fell from over 400,00 to 213,000 over this time.

While the pandemic led to an increase in unemployment, it has since fallen back to, or below, pre-pandemic levels.<sup>53</sup> London’s unemployment rate reached a post-pandemic high of 7.5% in three months to January 2021, with around 379,000 Londoners looking for work. The unemployment rate then declined to a record low of 4% in mid-2022, before rising slightly over recent months. The latest data showed unemployment at 4.5% in the three months to January 2023, with around 226,000 Londoners classified as unemployed.

**Figure 14: Unemployment rate (% of economically active aged 16+)**

Latest data for three months ending January 2023



Source: ONS, Labour Force Survey. Note: start of the lockdowns in March 2020 indicated by vertical line.

London’s unemployment rate has been above the England average since 2010. While the gap closed at the start of 2019, the rate of unemployment among Londoners was, on average, around one percentage point higher than the national rate across this time. For the three months to January 2023, London’s unemployment rate was the joint-highest among [English regions](#) (in line with the West Midlands, and above the North East of England).

Unemployment varies between local areas within London. According to ONS model-based estimates for the 12 months to September 2022, the unemployment rate ranged from 2.9% in Bromley to 6.3% in Waltham Forest (see Appendix 4). On this measure, unemployment

<sup>53</sup> GLA Economics (2022), [Out-of-work trends in London](#)



is higher in the Local London and West London Alliance sub-regional partnership areas, although there is uncertainty around these survey-based estimates. The claimant count ([below](#)) provides a more robust indication of local labour-market trends.

Some groups of Londoners also experience unemployment rates that are disproportionate to their share of the population. Table 3 is drawn from recent [GLA Economics analysis](#). It presents a detailed breakdown of unemployment estimates for different groups of Londoners aged 16-64 in January-December 2021 (when the headline unemployment rate was around 5.7%). The table shows the following:

- For nearly six in 10 unemployed Londoners aged 16-64, their highest qualification was at level 4 or above. Londoners with no formal qualifications accounted for 7% of the unemployed population, and had an unemployment rate of 14%.
- The unemployment rate was higher among Londoners aged 18-24 who were not in full-time study (15%, or 51,700 people); Londoners from a mixed/multiple ethnic background (11%); and disabled Londoners (9%).

Most spells of unemployment are short term. Nearly three-quarters (74%) of unemployed Londoners aged 16-64 had been out of work for less than a year in 2021. However, long-term unemployment increased during the pandemic; and a relatively high proportion of Londoners searching for work have been unemployed for 12 months or more.<sup>54</sup> This could present challenges, as the likelihood of finding new employment tends to decrease as the length of the unemployment spell increases.<sup>55</sup>

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<sup>54</sup> In 2021, 19% of London's unemployed people were out of work for 12-24 months; this was only 15% in the UK overall. Source: ONS, Annual Population Survey.

<sup>55</sup> ONS (2021), [Which groups find it hardest to find a job following a period out of work?](#)

**Table 3: Profile of unemployed Londoners aged 16-64 by selected groups, 2021**

Type of category	Category value	Share of population (16-64)	Share of total unemployed (16-64)	Unemployment rate
Age	16-19	6%	13%	37%
	20-24	9%	19%	14%
	25-49	60%	47%	4%
	50-54	9%	7%	4%
	55-59	8%	8%	6%
	60-64	7%	5%	6%
FT student status	FT student, 18-24	5%	8%	22%
	Not FT student, 18-24	7%	19%	15%
Disability	Equality Act disabled	17%	21%	9%
	Not disabled	82%	78%	5%
Ethnicity	Bangladeshi	4%	5%	9%
	Black	11%	16%	9%
	Chinese	2%	2%	8%
	Indian	8%	5%	4%
	Mixed/Multiple ethnic	4%	6%	11%
	Other Asian	4%	5%	7%
	Other ethnic group	5%	8%	9%
	Pakistani	2%	3%	7%
White	60%	51%	5%	
Qualification level	No qualifications	5%	7%	14%
	Below NQF level 2	6%	12%	14%
	NQF level 2	10%	12%	10%
	NQF level 3	12%	16%	8%
	NQF level 4+	59%	43%	4%
	Other qualifications	7%	8%	7%
	Trade apprenticeships	1%	1%	9%
Sex	Female	49%	49%	6%
	Male	51%	51%	5%

Source: ONS, Annual Population Survey, January to December 2021 via GLA Economics (2022), [Out-of-work trends in London](#)

## Claimant count

The claimant count is the number of people claiming Jobseeker's Allowance, plus the number of people claiming Universal Credit who are required to seek work. It is useful for tracking changes in the labour market at a local level. Note, however, many new claimants will not be wholly unemployed, partly due to changes in Universal Credit eligibility.<sup>56</sup>

As Figure 15 shows, the claimant count in London increased rapidly following the start of the pandemic, rising from 190,000 in January 2020 to a post-pandemic peak of 510,000 in March 2021. As with unemployment, the claimant count then fell sharply, before levelling off over recent months. According to the latest estimates, there were 285,000 London residents claiming unemployment-related benefits in February 2023, which was still 98,000 higher than in March 2020.

**Figure 15: Claimant count London, January 2020-February 2023**



Source: Claimant count by sex and age (Nomis) – data is not seasonally adjusted

The claimant count rate also varies significantly within London and tends to be higher in areas with lower rates of qualification attainment (see Figure 24 in section 2). Across London local authorities in February 2023:

- Haringey had the highest claimant rate at 6.6%, followed by Newham (6.3%) and Barking and Dagenham (6.2%)<sup>57</sup>
- Newham had the highest claimant count level at 15,700, followed by Brent (14,300) and Croydon (14,100).

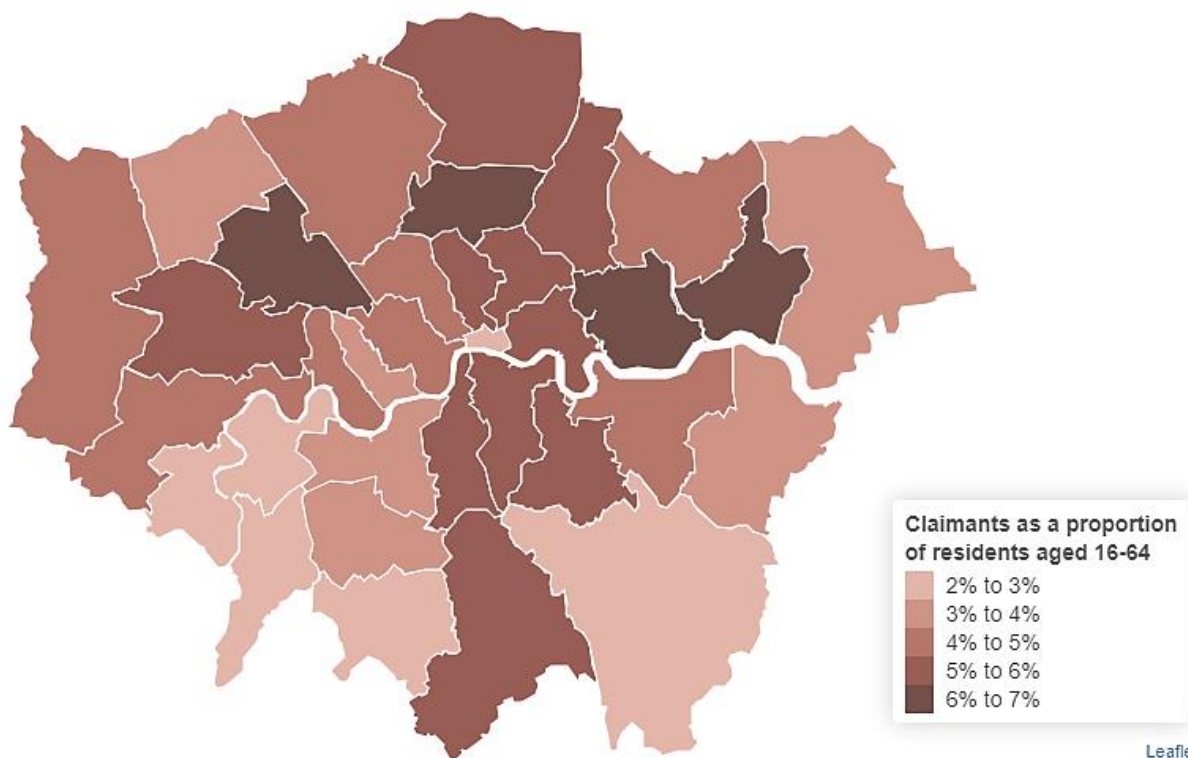
It should be noted that several London boroughs have among the highest claimant count rates among in the country, including five out of the top 15 local authorities in England.<sup>58</sup>

<sup>56</sup> House of Commons Library (2023), [People claiming unemployment benefits by constituency](#)

<sup>57</sup> This is the claimant count as a proportion of population of those aged 16-64.

<sup>58</sup> ONS (2023), [Claimant Count by unitary and local authority \(experimental\)](#)

**Figure 16: Claimant rate by London local authority, January 2023**



Source: Claimant count by sex and age (Nomis) – data is not seasonally adjusted. Note: contains Ordnance Survey data, crown copyright and database rights (2015).

For more detailed breakdowns, see: GLA Economics (2023), [Claimant Count data for London Boroughs – March 2023](#).

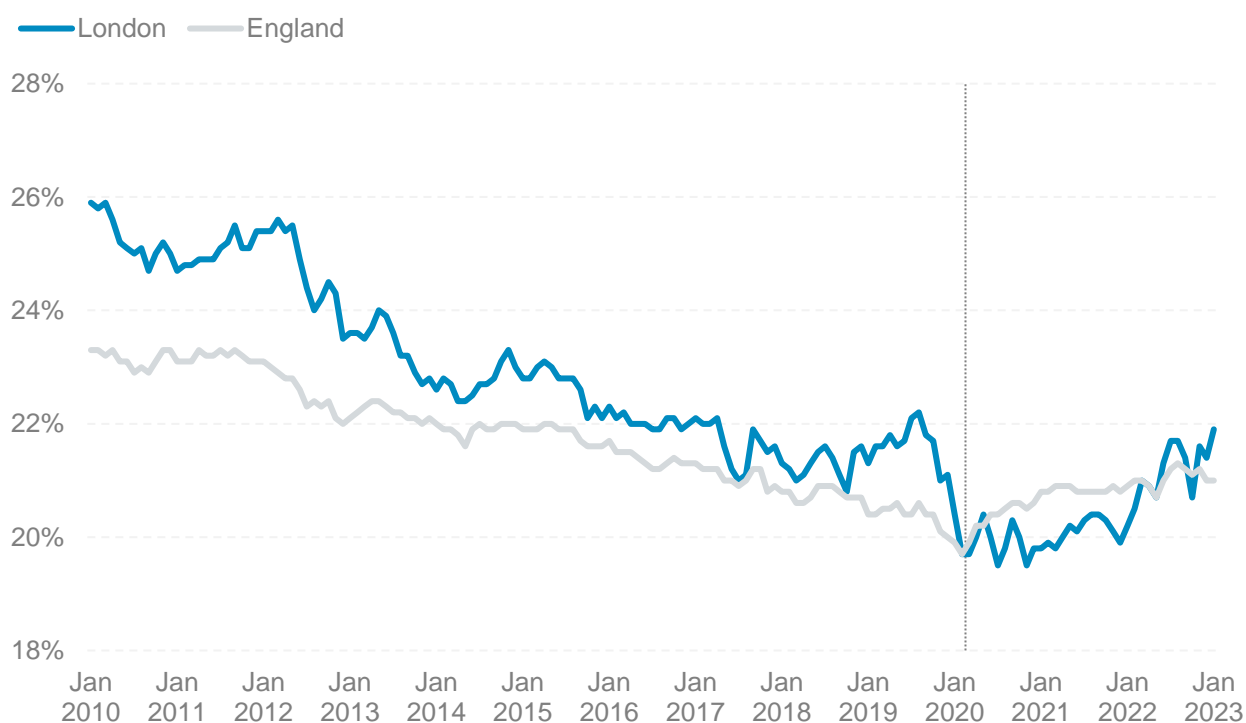
## Economic inactivity

London's economic inactivity rate – the proportion of those aged 16-to 64 who are not in work, and who are either not looking for or unable to work – was estimated at 21.9% for the three months ending January 2023, in line with the national average.<sup>59</sup> This was an increase of 1.6 percentage points on the previous year. The number of economically inactive Londoners aged 16-64 was estimated at 1.3m, an increase of 106,000 from a year earlier.

Before the pandemic, London usually had a slightly higher inactivity rate than for England as a whole, a position that was briefly reversed during the pandemic (Figure 17).

### Figure 17: Economic inactivity (% of residents aged 16-64)

Latest data for the three months ending January 2023



Source: ONS, Labour Force Survey. Note: start of the lockdowns in March 2020 indicated by vertical line.

There is variation in the economic inactivity rate for residents living in different London boroughs. Taking an average over three years,<sup>60</sup> the lowest inactivity rates were in Wandsworth (13.4%) and Lambeth (15.2%), whilst the highest were in Barking and Dagenham (29.4%) and Camden (28.5%) (see Appendix 5).

Between 2010 and 2021, there was a decline in inactivity rates for women; Londoners aged 50-64; Londoners from Black, Asian and minority ethnic groups; and Londoners with disabilities.<sup>61</sup> However, inactivity rates remain higher among certain groups, including Londoners from a Bangladeshi background (36% of those aged 16-64), women (25%),

<sup>59</sup> ONS, Labour Force Survey

<sup>60</sup> ONS, Annual Population Survey, average data for period October 2019 to September 2020 to October 2021 to September 2022.

<sup>61</sup> GLA Economics (2022), [Out-of-work trends in London](#)

and people with no qualifications (57%). Close to a third (32%) of economically inactive Londoners aged 16-64 are disabled.

In 2021, almost four-fifths of London's economically inactive population said that they did not want to work. However, for many in this group, this was a temporary stance.<sup>62</sup> Around 260,300 economically inactive Londoners indicated that they did want to work, including 72,000 Londoners who were inactive due to caring responsibilities.<sup>63</sup> This represents an important source of potential labour supply if barriers can be overcome.

Overall, the most common reasons for being recorded as economically inactive among Londoners aged 16-64 were being a student (34%); looking after family or home (21%); and being long-term sick or disabled (19%). Londoners who had retired from work were the fourth-largest group, at 7% of the inactive working-age population. The relative position of the four top reasons for economic activity have remained the same over time, but the share of inactive Londoners who have cited each reason has fluctuated. The number of Londoners who are inactive due to long-term sickness or disability increased from 230,000 in 2011 to 242,000 in 2021. This was just under the number of those looking after family or home (270,000 in 2021).

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<sup>62</sup> Only 15% said they would definitely not work again in the future; and 8% said they were unlikely to work in the future.

<sup>63</sup> This included Londoners who were recorded as economically inactive because they: were looking after family/household members (72,000); were students (69,600); had another reason (60,400); and were experiencing long-term illness (42,600).

**Table 4: Profile of economically inactive Londoners aged 16-64 by selected groups, 2021**

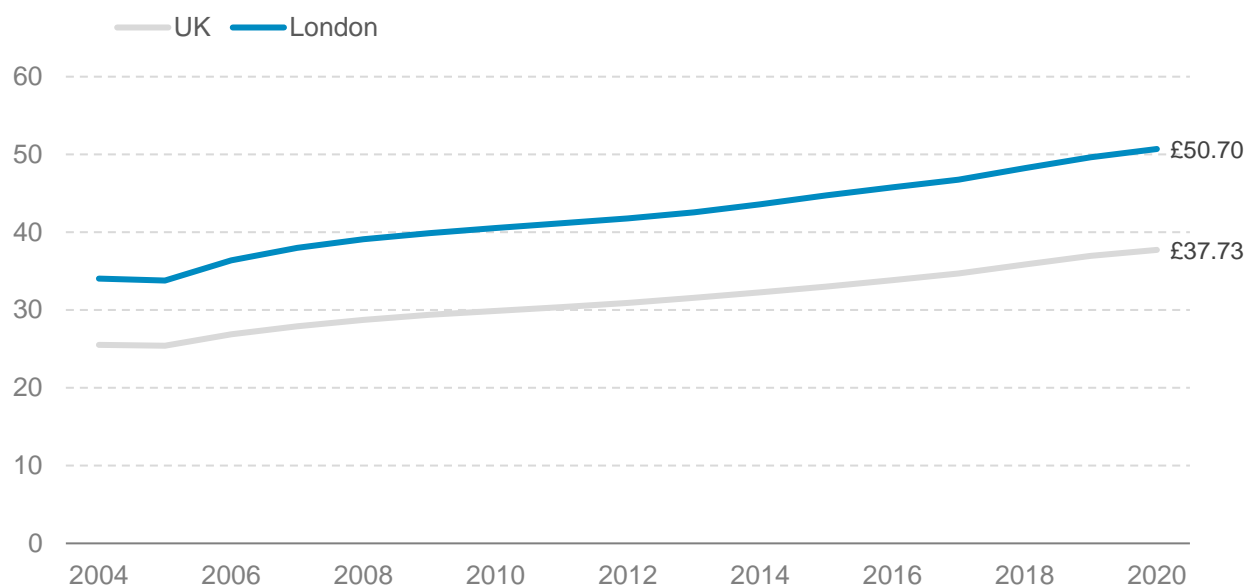
Type of category	Category value	Share of population (16-64)	Share of total inactive (16-64)	Inactivity rate
Age	16-19	6%	22%	74%
	20-24	9%	13%	31%
	25-49	60%	36%	12%
	50-54	9%	8%	17%
	55-59	8%	9%	21%
	60-64	7%	13%	38%
FT student status	FT student, 16-17	3%	13%	86%
	FT student, 18-24	5%	17%	69%
	Not FT student, 18-24	7%	5%	15%
Disability	Equality Act disabled	17%	32%	40%
	Not disabled	82%	66%	17%
Ethnicity	Bangladeshi	4%	7%	36%
	Black	11%	14%	26%
	Chinese	2%	2%	25%
	Indian	8%	6%	17%
	Mixed/Multiple ethnic	4%	5%	28%
	Other Asian	4%	4%	22%
	Other ethnic group	5%	7%	28%
	Pakistani	2%	4%	30%
White	60%	51%	17%	
Qualification level	No qualifications	5%	15%	57%
	Below NQF level 2	6%	9%	32%
	NQF level 2	10%	20%	42%
	NQF level 3	12%	16%	27%
	NQF level 4+	59%	30%	10%
	Other qualifications	7%	8%	24%
	Trade apprenticeships	1%	1%	25%
Sex	Female	49%	59%	25%
	Male	51%	41%	17%

Source: ONS, Annual Population Survey, January to December 2021 via GLA Economics (2022), [Out-of-work trends in London](#)

## Labour productivity in London

London has the highest level of labour productivity, on average, of any region in England. As Figure 18 shows, gross value added (GVA)<sup>64</sup> per hour worked was around a third higher than the UK average in 2020 (£50.70 per hour worked vs. £37.70 per hour worked). This differential is partly a reflection of London's education and employment mix.

**Figure 18: Current (smoothed) GVA per hour worked, 2004-20 (£)**



Source: ONS, [Subregional Productivity](#)

Two points are worth noting.

First, while this gap has persisted since 2004, the growth rate in London has slowed significantly in the post-financial crisis period.<sup>65</sup> Between 2007 and 2019, output per job increased by just 0.2% per year in constant prices, accounting for 42% of the overall slowdown nationally.<sup>66</sup> London's productivity growth is also likely to have fallen behind other comparable global cities over this time.<sup>67</sup>

Second, headline statistics also mask disparities in performance within the capital. Labour productivity in Tower Hamlets is, for example, more than twice as high as in Lewisham. Several London boroughs have productivity levels below the UK average.<sup>68</sup>

For more on productivity performance in London see: GLA Economics (2019), [Productivity trends in London](#).

<sup>64</sup> A measure of the value added of goods and services produced in the economy.

<sup>65</sup> In nominal terms, GVA per hour worked increased by 2.3% per year on average between 2010 and 2020, below the UK average (2.4%).

<sup>66</sup> See: Centre for Cities (2023), [Capital losses: The role of London in the UK's productivity puzzle](#).

<sup>67</sup> The analysis also provides suggestive evidence that this could be linked to lower immigration of higher-skilled workers, although the findings are not clear.

<sup>68</sup> Including Sutton, Wandsworth, Barking and Dagenham, Waltham Forest, Newham, Haringey, and Lewisham. See: ONS (2022), [Subregional productivity: labour productivity indices by local authority district](#).

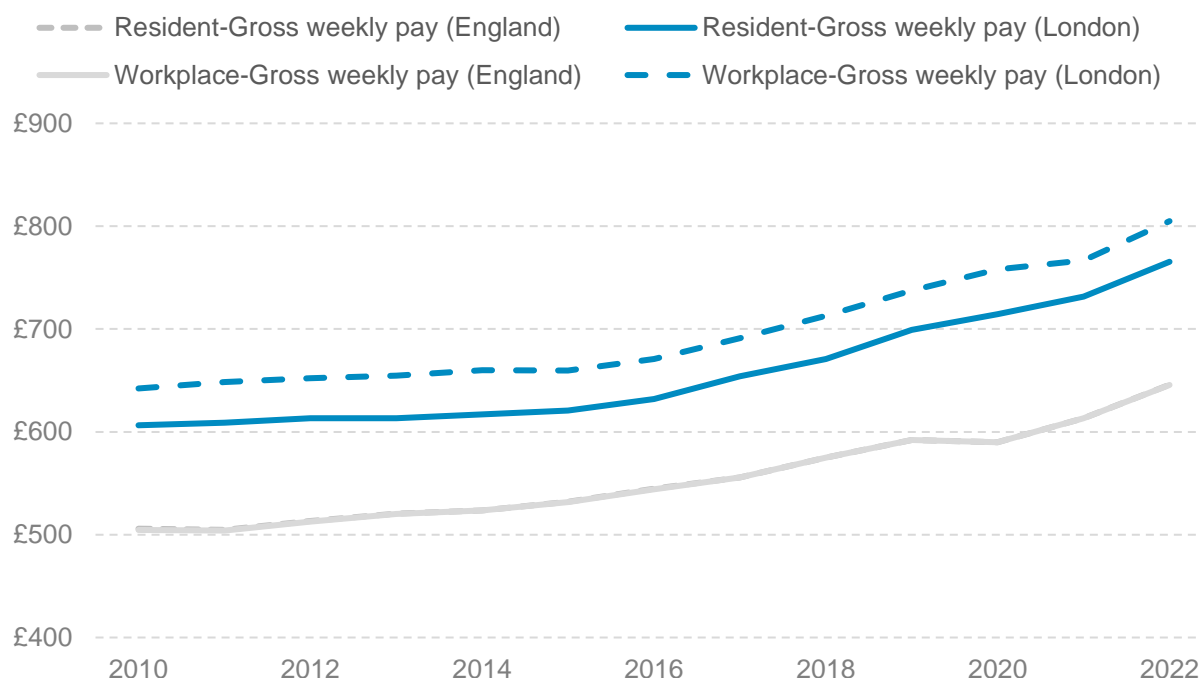


## Wages and real earnings

In line with its high overall level of labour productivity, London exhibits high median earnings – both for residents and (especially) on a workplace basis. This high average pay also reflects the share of London’s labour force employed in higher-paying industries and occupations.<sup>69</sup>

Having stagnated in the immediate post-financial crisis period, the average (median) level of full-time gross weekly earnings in London grew steadily from 2014 to 2020 – on both a resident and workplace basis. As shown in Figure 19, this rate of pay growth accelerated from 2020 to 2022. This is partly a result of compositional effects (e.g., a fall in part-time and lower-paid jobs during the pandemic boosted average earnings).<sup>70</sup> But recent trends also reflect contextual changes, including high inflation and a tighter labour market.

**Figure 19: Median gross weekly wage for full-time workers, 2010-22 (£)**



Source: ONS, ASHE, 2022. Note: the resident and workplace-based series for England overlap.

Despite this increase, average earnings fell in 2022 once adjusted for inflation. In real terms, the median level of earnings for a full-time employee working in the capital was 1.6% lower in 2022 than in 2019. In turn, this means that typical employee real pay was around 6.3% lower in 2022 than in 2010, compared to 4.3% lower for England overall.

This trend of falling real pay has continued into 2023,<sup>71</sup> with pressures to increase pay contributing to reported recruitment difficulties.

Accounting for the cost of living in London, the earnings picture looks less positive:

<sup>69</sup> A recent report estimated that more than two-thirds of the spatial variance of wages in the UK can be explained by worker characteristics and occupations. See: Stansbury et al. (2023), [Tackling the UK’s regional economic inequality: Binding constraints and avenues for policy intervention](#).

<sup>70</sup> Recent trends are affected by measurement issues and compositional effects, as explained by the ONS.

<sup>71</sup> See: GLA Economics (2023), [London labour market update](#).

- High costs, especially for housing, erode the pay premium for many workers living in London, including for those with lower levels of education.<sup>72</sup>
- According to the [Trust for London](#), 1m adults in working families were in poverty in London in 2019-20, a 15% increase over the last decade.<sup>73</sup>
- 13.6% of employee jobs were paid below the London Living Wage in 2022. This share has fallen recently, although is now above the UK as whole (12.2%).<sup>74,75</sup>

By sector, hospitality has the highest proportion of low-paid jobs in London, with almost half of employee jobs paid below the London Living Wage in 2022. There are also large numbers of low-paid employees working in the wholesale and retail, business administration, and health and social care sectors.<sup>76</sup> Linked to these sectoral differences, large pay gaps also exist between London residents from different backgrounds. The incidence of low pay is higher for younger Londoners and those with lower levels of education. It is also more prevalent among women; employees from a Bangladeshi or Pakistani origin; and disabled employees.<sup>77</sup>

Several London boroughs' low-pay rates are among the highest in the country. The highest in London is Haringey (34% of employee jobs paid below the London Living Wage), Bexley (33%), and Redbridge (31%).<sup>78</sup> However, it's important to note that many residents work outside their home borough, and often benefit from higher pay. As Figure 19 also shows, there is a long-standing gap between resident and workplace earnings in London (with the latter being higher overall). This is particularly the case in central London boroughs, such as Tower Hamlets and Southwark, where commuters occupy a large number of jobs.<sup>79</sup>

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<sup>72</sup> Stansbury et al. (2023), [Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention](#)

<sup>73</sup> Almost half (49%) of Londoners in poverty are in work, a higher rate than in the rest of England (45%).

<sup>74</sup> From a peak of 20.5% in 2018. See: Living Wage Foundation (2022), [Employee jobs paid below the living wage: 2022](#).

<sup>75</sup> According to the [Living Wage Foundation](#) this is partly down to the lower impact of national minimum wage increases in the capital compared to other lower-wage areas. London's higher Living Wage (and earnings overall) means that recent increases to the minimum wage – which have [boosted pay for low-paid workers in](#) – have had less of a downward effect on the share of employee jobs paid below the Living Wage in London.

<sup>76</sup> Trust for London (2022), [London's Poverty Profile: Low-paid jobs in London](#)

<sup>77</sup> More than three in five working Londoners without qualifications are low-paid. See: Trust for London (2022), [London's Poverty Profile: Low-paid Londoners](#).

<sup>78</sup> In absolute terms, the highest number of low-paid jobs in London is in Westminster. See: Trust for London (2022), [London's Poverty Profile: Low-paid jobs in London](#).

<sup>79</sup> For a more detailed discussion of the links between 'high-tech employment' and wages for low-skilled workers see: Lee and Clarke (2019), [Do low-skilled workers gain from high-tech employment growth? High-technology multipliers, employment and wages in Britain](#).

## Quality of work

Measures of job quality for London employees (from [ONS data](#)) show that, relative to the UK average, the capital performed well overall.<sup>80</sup>

Employees in London reported the highest likelihood of progressing in their career across all UK regions (60% in London vs. 55% UK-wide). They were also least likely to receive low pay relative to the national measure (7.9% in London vs. 13.2% UK-wide). Based on a local measure of relative low pay, however, Londoners were most likely to be in low-paid employment. Indicators such as being unpaid for overtime and working unsatisfactory numbers of hours were also more common in London.

Headline job-quality outcomes partly reflect the occupational profile of jobs in London. For example, opportunities for career progression are more prevalent in managerial and associate professional occupations, while being employed on a zero-hour contract is more prevalent in elementary occupations.

Job quality also varies in several other dimensions, including by sector, demographic background and place of work in London. For example, Table 5 indicates that, in 2021:

- relative low pay (on a local measure) in London was more common for employees in hospitality (38.5%), arts and recreation (28.1%), and retail (27.3%)
- not working satisfactory hours was more prevalent among employees in finance and insurance (30.8%), hospitality (29.1%), and arts and recreation (24.6%)
- opportunities for career progression were less common among employee in real estate (46.3%), administration and support, and the wholesale sector (both 46.6%).

Linked to this sectoral picture, there is also variation in job quality for employees in different London boroughs (Appendix 6) and for workers with different demographic characteristics (Appendix 7).

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<sup>80</sup> GLA Economics (2023), [Quality of jobs for London workers](#)

**Table 5: Selected job-quality indicators by industry (%), January to December 2021**

Main industry	Not satisfactory hours (%)	Relative low pay (local measure) (%)	Opportunities for career progression (%)	Zero-hours contract (%)
Administrative and support service	27.1	30.4	46.6	6.8
Arts and recreation	24.6	28.1	52.8	10.3
Construction	19.1	8.0	56.2	*
Education	23.4	16.7	52.0	3.7
Finance and insurance	30.8	3.6	74.4	0.3
Hospitality	29.1	38.5	51.9	11.5
Health and social care	13.1	20.5	61.3	4.3
Information and communication	19.0	7.5	69.2	*
Manufacturing	21.9	16.8	59.6	*
Other service activities	22.8	17.4	56.6	*
Professional, scientific and technical	19.3	9.5	66.5	0.5
Public administration and defence	17.1	7.4	62.6	1.0
Real estate	19.3	14.7	46.3	*
Retail	19.0	27.3	48.2	3.8
Transport and storage	20.2	18.6	59.9	3.9
Wholesale	17.5	21.5	46.6	3.1
London	20.8	16.2	60.2	2.8
England	17.4	12.9	55.0	2.9

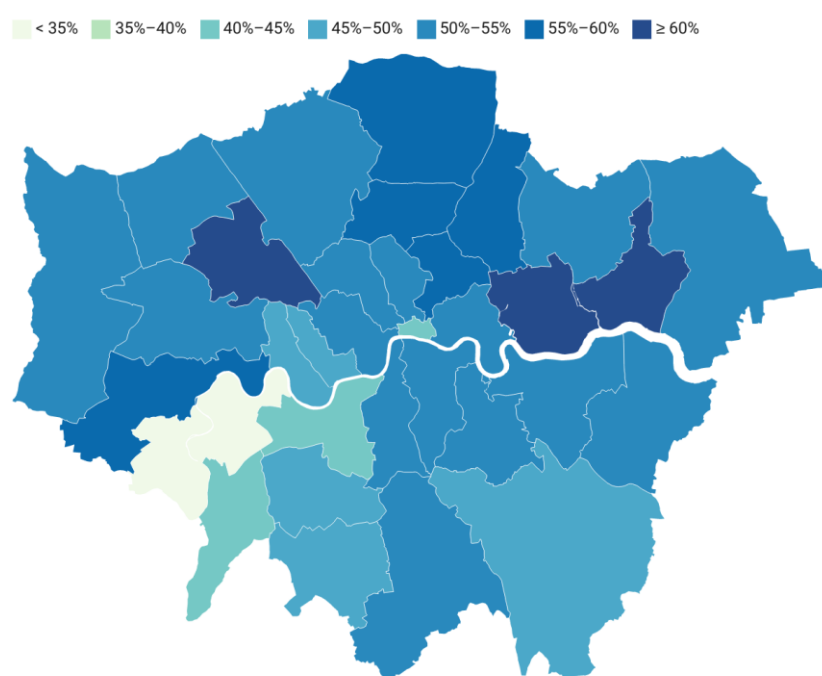
Source: ONS (2022), [Job quality indicator tables, UK](#). Notes: \*no/missing data due to small sample size. Low-pay employment defined as below two-thirds of the average (median) hourly pay of all employees living in the same local authority.

## Deprivation

According to ONS census data, the proportion of households in England that are classified as 'deprived' in at least one or more dimension<sup>81</sup> declined from 57.5% in 2011 to 51.6% in 2021. In London, the share declined even further: from 60.1% to 51.9%.<sup>82</sup>

However, there are still areas of London with a relatively high degree of deprivation. For example, among England's [local authorities](#) with the highest proportion of households deprived in at least one dimension, three of the top 10 were in London: Barking and Dagenham (62%), Newham (61%) and Brent (60%). Those with the highest proportion of households deprived in all four dimensions included Camden and Westminster (both 0.7%).

**Figure 20: Households deprived in one or more dimensions, 2021**



Source: ONS (2021), Census

At a more granular level, London presents a mixed picture when it comes to deprivation.<sup>83</sup> 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.

<sup>81</sup> Households are considered deprived if they meet one or more of the following four dimensions of deprivation: (i) any member of the households is either unemployed or economically inactive due to long-term sickness or disability; (ii) no person in the household has at least five or more GCSE passes (grade A\* to C or grade 4 and above) or equivalent qualifications, and no person aged 16 to 18 years is a full-time student; (iii) any person in the household has general health that is 'bad' or 'very bad' or is identified as disabled; and (iv) the household's accommodation is either overcrowded, with an occupancy rating of negative 1 or less (implying that it has one fewer room or bedroom required for the number of occupants), or is in a shared dwelling, or has no central heating.

<sup>82</sup> ONS, [Census 2021: Household and resident characteristics, England and Wales](#)

<sup>83</sup> Trust for London (2020), [English Index of Multiple Deprivation \(rebased for London\) \(2019\)](#)

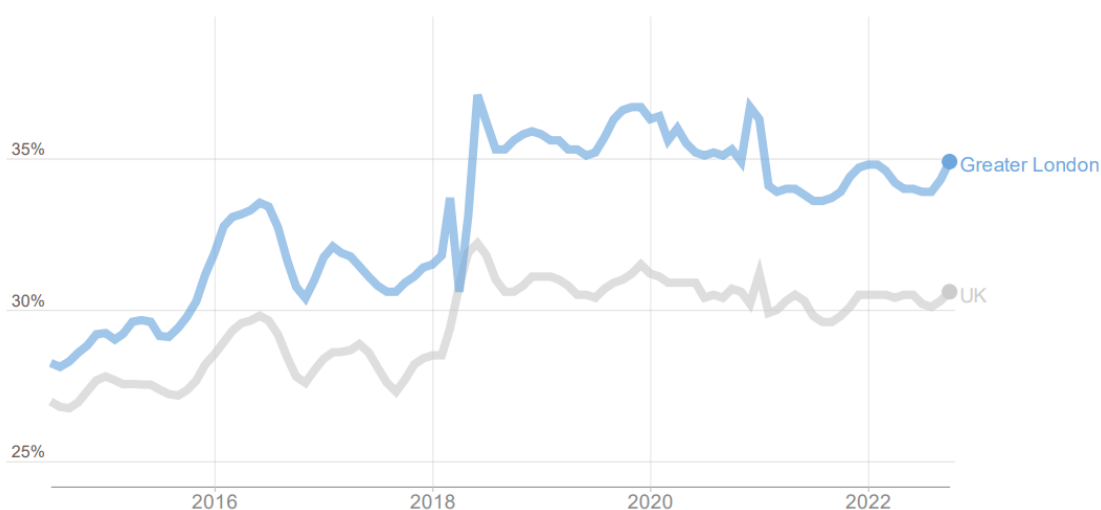
## Costs of living in London and labour market participation

Cost-of-living pressures have impacted on Londoners. The proportion of Londoners saying they were 'financially struggling' increased from 12% in January 2022 to 20% in March 2023, close to previous peaks of 20% seen in September and December 2022.<sup>84</sup>

Housing affordability in London is particularly low. Analysis by the GLA highlights that affordability deteriorated sharply in 2020, with housing costs rising to 43% of income for typical private renting households in London and 39% for social housing renters.<sup>85,86</sup> Average London house prices were twice those of the UK average in 2019.<sup>87</sup>

High housing costs can erode the economic benefits and high wage-premium of living in London, especially for low and middle-income households. While the median household income in London is significantly higher than average before housing costs, the median figure for income after housing costs is much closer to the figure for the whole of the UK.<sup>88</sup>

**Figure 21: Average of achieved rent as a share of household income, for new tenancies**



Source: HomeLet, [Home rental index](#)

Research also finds that Black, Asian and other minority ethnic household who privately rent in London tend to spend a higher share of income on rent compared to White households. The rising cost of living is also impacting the vulnerability of private renters in London. For instance, the number of landlord claims against tenants for possession of their property has been increasing in recent months, after falling prior to the pandemic.<sup>89</sup>

<sup>84</sup> GLA Opinion Research (2023), [GLA YouGov Cost of living polling](#)

<sup>85</sup> GLA (2022), [Housing in London](#)

<sup>86</sup> The share of rent for new tenancies in London accounted for 34.9% of tenant income in October 2022. This is above the share for the UK at 30.6% but below the previous peak of 36.7% of tenant incomes reached in December 2020. See: GLA City Intelligence (2023), [The State of London](#).

<sup>87</sup> Stansbury et al. (2023), [Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention](#)

<sup>88</sup> Agrawal, S. and Phillips, D. (2020), [Catching up or falling behind? Geographical inequalities in the UK and how they have changed in recent years](#)

<sup>89</sup> Ministry of Justice (2023), [Mortgage and landlord possession statistics](#)

In terms of the affordability of transport, data for 2019-21 finds that London households spend, on average, £27 per week on public transport compared to £18 for England as a whole (the highest across all regions). Public transport also accounts for the highest proportion of household expenditure at 4.1%, compared to 3.2% England-wide.<sup>90</sup>

Childcare costs also affect labour market participation. In London, around 70% of mothers with dependent children were in paid work in 2020,<sup>91</sup> which is lower than the England level of 76%. While the percentage of mothers who have dependent children, and are in paid work, had increased across London (by 12 percentage points between 2012 and 2020), childcare costs in London are high and rising compared to other regions. Coram Family and Childcare's [Childcare Survey 2022](#) found that the costs for children under two have continued to increase; and that there is rising demand, and inadequate provision, at the local authority level. At £184 per week, the price of 25 hours a week (part-time) care for children under two, at a nursery in inner London areas, was the highest across all regions, followed by outer London (£155 per week). This compares to the average price of £141 across England.

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<sup>90</sup> ONS (2022), [Family spending workbook 3: expenditure by region](#)

<sup>91</sup> ONS (2020), [Employment in London and the UK by parental status](#)

## Chapter 2 – Skills and labour supply

### Summary of key points

- The share of Londoners with higher-level qualifications is relatively high and has grown since 2011, with nearly half of adult residents now holding a qualification at NVQ level 4 or above (often a university degree).
- 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 and higher-paid employment opportunities.
- Local school performance is also strong, with London recording the highest rate of students continuing in education, after finishing 16-18 study, of any region in England.
- 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. Falling levels of funding available for FE have exacerbated these challenges. However, mayoral programmes have sought to respond to these issues, and improve access to courses for all Londoners.
- Despite increasing take-up at higher levels, the overall demand for apprenticeships in London 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.

### What does this section cover?

This section outlines the range of education and skills provision in London, and the outcomes learners achieve at different stages. This is partly dependent on how Londoners engage with the education and skills system. Many Londoners follow an academic route (e.g. from A levels to university) into employment. This is explored in subsections on Key Stage 4 (KS4) destinations, 16-18 destinations, HE qualifiers, HE graduate outcomes and HE retention. The skills supplied by those not following an academic route are often provided by the FE sector and other technical education and skills provision such as apprenticeships. This is detailed in subsections on apprenticeships; FE; the Adult Education Budget (AEB) and mayoral programmes and impact; FE and skills destinations. For those already in employment, there is also an ongoing need to train, retrain and upskill. This is discussed in the final section on employer-provided training.



## Qualification levels

London's resident population is relatively highly qualified. In 2021, at the time of the census, half of Londoners aged 16-64 held a higher-level qualification (NVQ4 or above).<sup>92</sup> This was equal to around 3.0m people or 50% of all London residents, compared to a rate of 37% across England as a whole.<sup>93</sup>

The proportion of working-age Londoners with qualifications at NVQ4 or above has increased by nine percentage points since 2011. There are two key reasons for this: the capital attracts highly qualified people; and more young people are progressing to higher levels of education.<sup>94</sup> Note, however, changes from the 2011 census are also partly due to changes in census questions, so caution should be taken when comparing the results.

Although London has a higher qualification profile overall, there were still around 763,000 Londoners aged 16-64 without any formal qualifications in 2021 (13% of the working-age population). London has the highest number of people with no formal qualifications by English region; the capital accounts for 17% of all those across England, aged 16-64, with no qualifications.

More broadly, around 1.2m, or 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).

There is also a large degree of variation in qualification attainment within the capital:

- Level 3+ attainment rates were below the England average (58.9%) in six London boroughs, including Barking and Dagenham (52.8%) and Havering (55.1%).<sup>95</sup>
- In 11 London boroughs, attainment levels were 10 percentage points higher than the England average – Wandsworth had NVQ3+ attainment of 78.8%.
- GLA Economics analysis also shows that there can be variation in attainment within boroughs that is not captured when looking borough-level averages.

Despite this, an increase in qualification attainment is evident for residents across London – all boroughs had a higher share of NVQ3+ attainment in 2021 compared to 2011.

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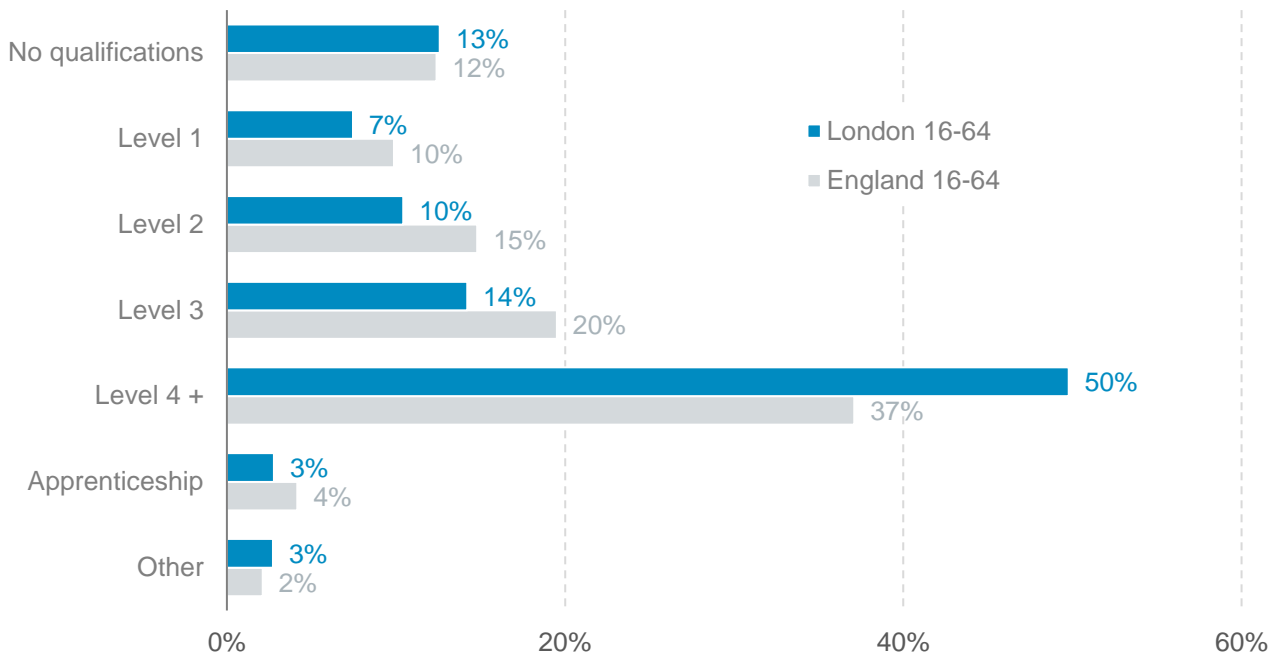
<sup>92</sup> Most people in this group are likely to hold a degree. However, this group also includes other HE qualifications below degree level, such as Higher National Certificates and Higher National Diplomas. The census did not collect information specifically on degree holders.

<sup>93</sup> This data is based on the Census 2021 where fieldwork happened during the COVID-19 pandemic, therefore some caution should be used when interpreting results.

<sup>94</sup> Over half of young Londoners now enter HE by age 19, the highest rate [among UK regions](#).

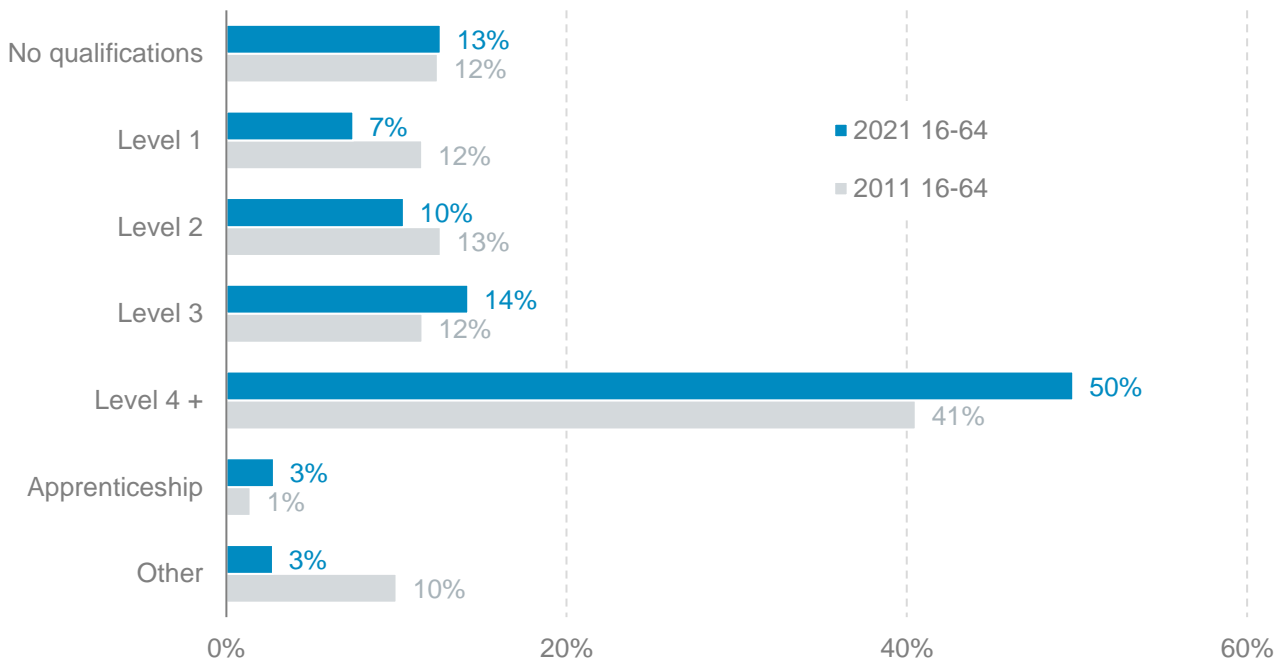
<sup>95</sup> In line with recent DfE research, level 3+ is assumed to include 10% of other qualifications and 50% of trade apprenticeships. See: DfE (2012), [Local authority Skills levels](#).

**Figure 22: Highest qualifications held by people aged 16-64, 2021**



Source: ONS (2021), [Census](#)

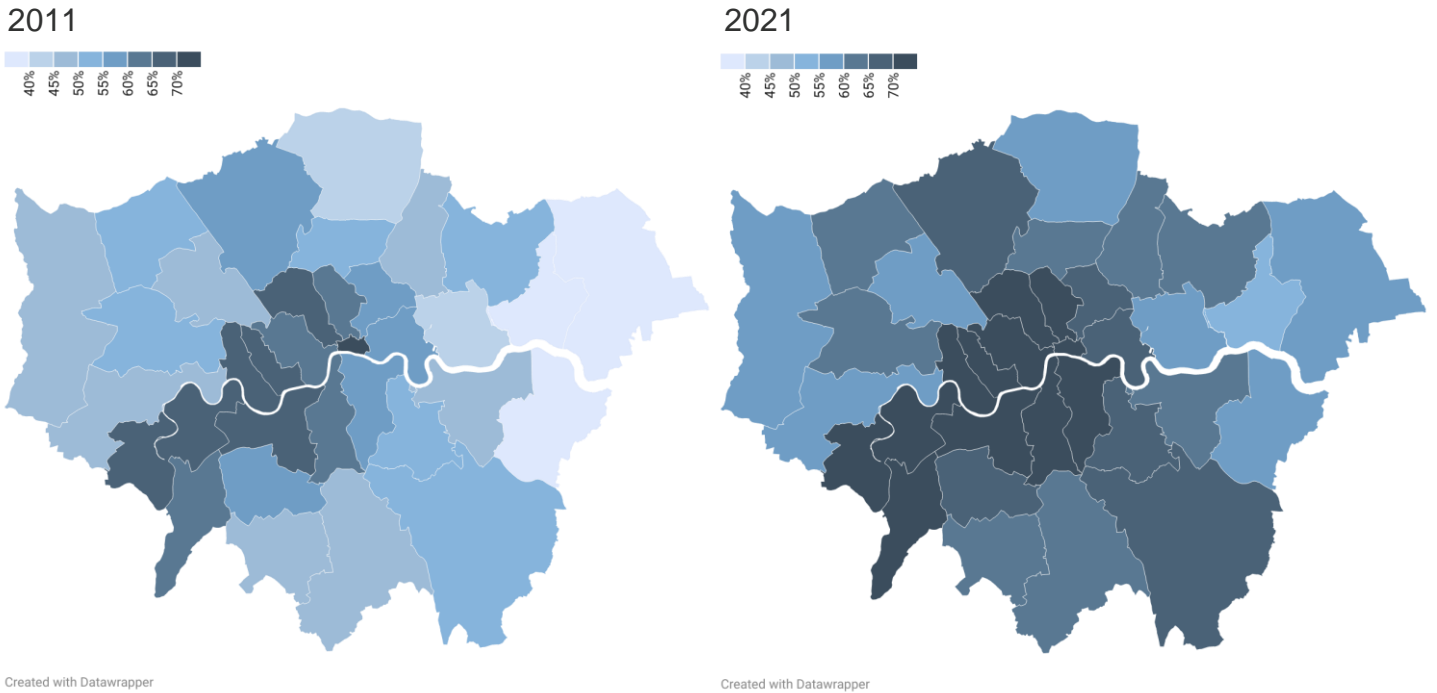
**Figure 23: Highest qualifications held by Londoners aged 16-64, 2011 and 2021**



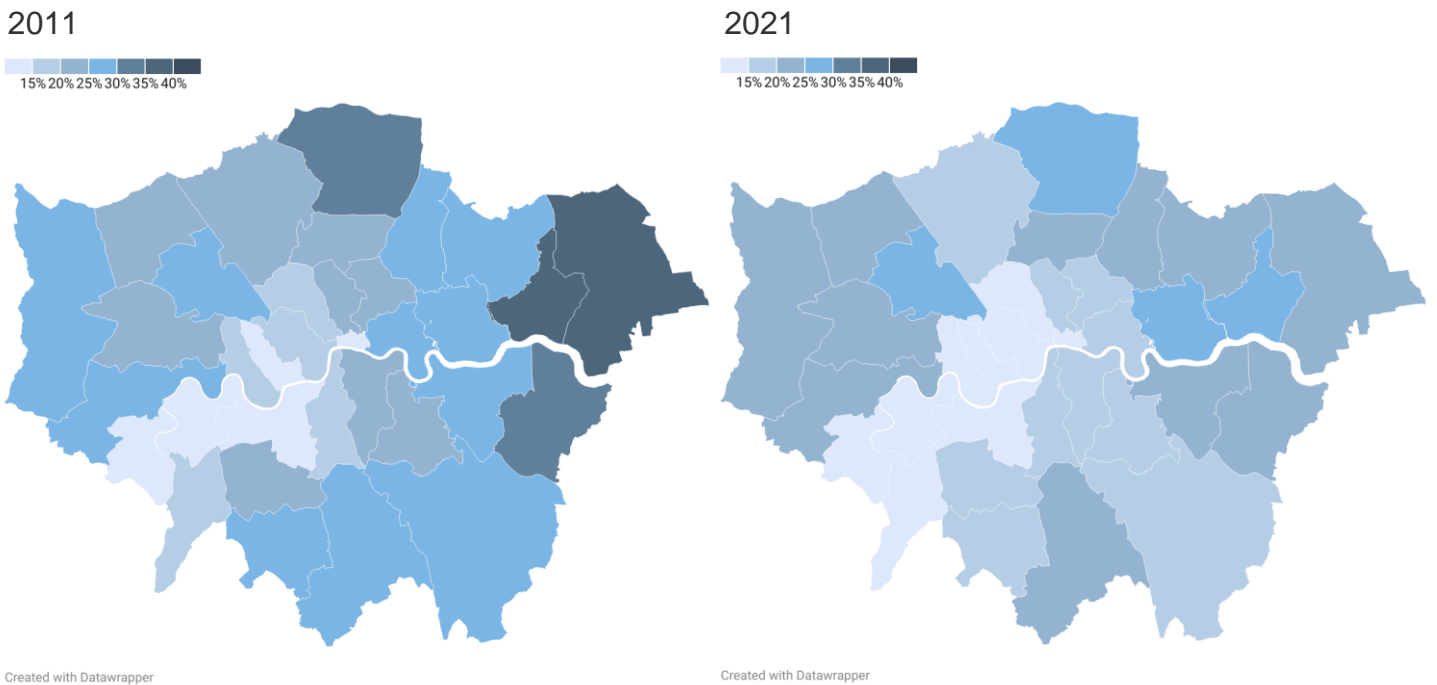
Source: ONS (2021), [Census](#). Note: The structure and content of the Census 2021 questions on qualifications were different from those in the 2011 Census. This has an impact on changes over the decade.<sup>96</sup>

<sup>96</sup> There were some methodological changes in the way in which highest qualification levels were obtained in the 2011 and 2021 Censuses which may partially explain differences in attainment. For more information see: ONS (2023), [Qualifications question development for Census 2021](#).

**Figure 24: Qualifications profile by London borough, 2011 and 2021**  
Percentage of residents aged 16-64 with qualifications at level 3 or above



Percentage of residents aged 16-64 with highest qualifications below level 2



Source: ONS (2011 and 2021), Census. Note: The structure and content of the Census 2021 questions on qualifications were different from those in the 2011 Census. This has an impact on changes over the decade.

## KS4 (14-16) destinations

Most of the 81,000 KS4 pupils in London that left state-funded schools in summer 2020 continued in education. Overall, London has a slightly higher share of KS4 pupils going into a sustained education, apprenticeship or employment destination (95%) than across England (94%).

This is driven by the particularly high proportion of London's KS4 pupils going into a sustained education destination (93% – the highest among English regions). This is, in turn, boosted by the high rate of education outcomes for pupils who are eligible for free school meals.<sup>97</sup> At the same time, a relatively low share of London KS4 pupils progressed to a sustained employment or apprenticeship destination.<sup>98</sup>

## KS5 (16-18) attainment and destinations

Overall, around 63,000 out of 80,000 students in London (79%) recorded a sustained education, apprenticeship or employment destination in the year after summer 2020, when they finished KS5 study. This was in line with the England average (79%).

By region, London had the highest share of students continuing in education after KS5 study; but the lowest share of students taking up apprenticeships (four percentage points below the England average).<sup>99</sup> This is equivalent to 52,000 students progressing in education (with 38,000 studying at university) compared to 2,000 doing apprenticeships.

This can be partly explained by a greater focus on academic routes in London. At KS5, participation in A levels is more common in London compared to technical routes. For example, as shown in Figure 25 and Figure 26, London has the highest share, among English regions (45%, or 40,000 students) of KS5 students achieving at least two A levels; and the lowest share doing an L3 technical qualification.<sup>100</sup> These measures are not comprehensive, but generally reflect the relative take-up of these different pathways.

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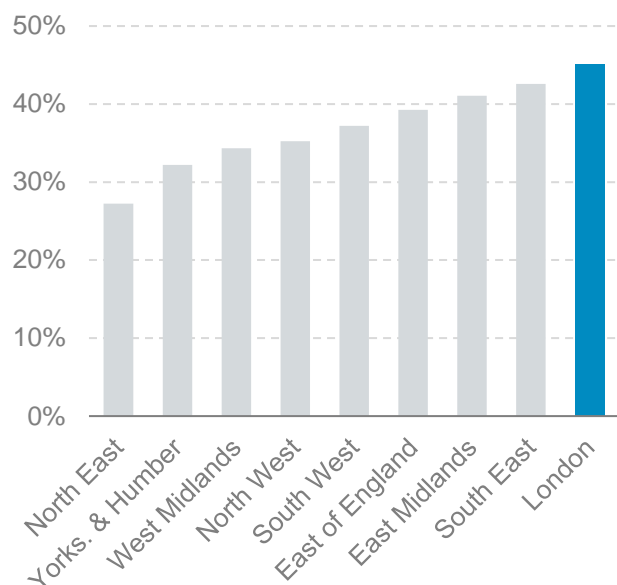
<sup>97</sup> 92% of London's finishing KS4 students eligible for free school meals go into a sustained education destination, the highest of any region.

<sup>98</sup> For more information, see: GLA (2022), [Local Skills Report Annexes](#) (pages 22-23).

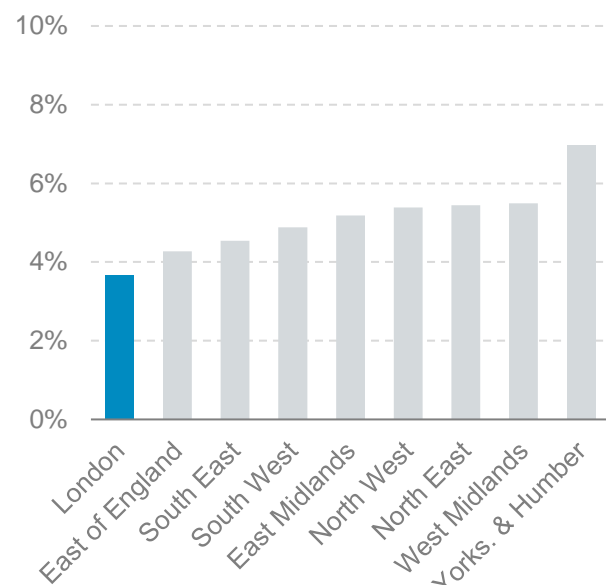
<sup>99</sup> In 2020-21, there was also a significant drop in the number of Londoners moving into sustained employment after 16-18 study (falling from 17% in 2019-20 to 12%). This is likely because of the impact of the COVID-19 pandemic. These students appear to have mainly opted to move into sustained education instead: 64% of Londoners continued in an education destination in 2020-21, up from 60% in 2019-20.

<sup>100</sup> L3 technical qualifications here is based on the DfE's tech level category. These are level 3 technical qualifications recognised by employers. They are for post-16 students wishing to specialise in a specific industry, occupation or technical role. The data does not currently include the newly introduced T Levels.

**Figure 25: Percentage of potential students achieving at least two A levels**



**Figure 26: Percentage of potential students doing an L3 tech qualification**



Source: DfE (2022), [A level and other 16 to 18 results, 2021-22](#)

There is also a gap in London employers’ understanding of technical compared to academic qualifications, with particularly low awareness of new T Level qualifications.<sup>101</sup>

**What are T Levels?**

T Levels are new, technical-based qualifications for students to take after GCSEs. T levels take two years to complete and are equivalent to taking three A levels. They involve both learning in a school or college setting, and approximately 45 days of industry placement. They differ from apprenticeships in that students do not earn a wage while studying, and the majority of the course is in a school or college (whereas classroom-based learning constitutes only 20% of an apprenticeship). T Level students will also undertake a broader programme of learning, suitable for a wider range of occupations.

Across England, over 16,000 students have started a T Level since the qualifications were launched in 2020. The government has provided financial support for providers over recent years.<sup>(i)</sup> There were 20 London-based providers delivering T Levels in the 2022-23 academic year. This is expected to increase to 51 providers in 2023-24.<sup>(ii)</sup>

Notes: (i) For example, £250m of funding was available through the T Level Capital Fund to help providers in acquiring facilities and equipment in 2020, 2021 and 2022; and a further £150m was provided for academic year 2023-24. (ii) See: DfE (2023), [Providers delivering T Levels and the T Level transition programme](#).

<sup>101</sup> A poll of 130 senior London business decision makers in mid-July 2022 found that 82% fully understood the term ‘A level’; this was 20% for ‘T Level’, 39% for ‘BTEC’, and 60% for ‘apprenticeships’. Source: Public First (2022), [Public First Poll for Phoenix Business](#) (results weighted by business size and region). The 2021 Employer Pulse Survey also found low employer awareness of T levels and a higher awareness of apprenticeships among employers in London.

## HE qualifiers

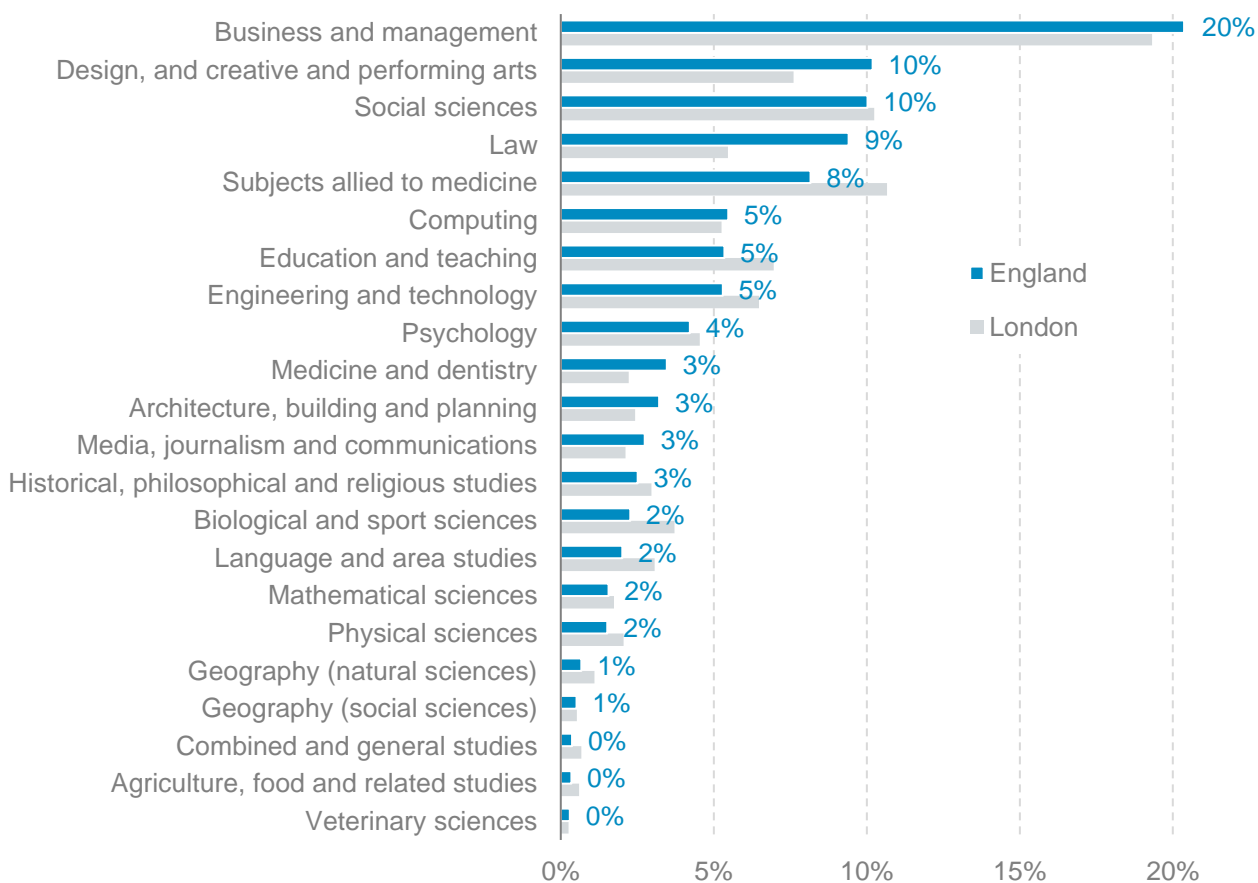
There are 108 HE institutions (universities, HE colleges and other specialist providers) across London, accounting for a total of 507,000 students in 2021-22. This includes over 40 universities.

The preferred subject choices for students at London-based HE providers is similar to those made by students nationally. For example, business and management is the most popular subject nationally and in London (with over 39,000 qualifiers in the capital). As shown in Figure 27, below, there are also notable areas of specialism in the capital, including:

- 17,800 qualifiers in law (9% vs. 5% nationally)
- 19,300 qualifiers in creative arts and design (10% vs. 8% nationally)
- 6,600 qualifiers in medicine and dentistry (3% vs. 2% nationally).

There are also relatively fewer London qualifiers in subject areas such as subjects allied to medicine (8% vs. 11% nationally), education and teaching (5% vs. 7%), and engineering and technology (5% vs. 6%).

**Figure 27: HE qualifiers by subject of study, 2021-22**



Source: HESA (2023), [HE qualifiers by HE provider and subject of study, 2019-20 to 2021-22](#)

## HE graduate outcomes

On average, degree-level qualifications have significant labour market benefits. Headline outcomes for graduates in London are similar to those in the rest of England. Five years after graduating from a first degree, 85% of graduates from London-based HE providers were in either sustained employment or further study, compared to 87% for England.

As Figure 28, below, shows, there is limited variation, between different subject areas, in sustained employment or study outcomes five years after graduating. However, there is more substantial variation, across different subject areas, in earning levels for individuals with first degrees (Figure 29). Five years after graduation in the 2019-20 tax year, the highest median earnings were seen among those with degrees in medicine and dentistry; economics; and physics and astronomy.

Even with London's qualifications profile, demand for graduates remains higher than in other parts of the country. Despite supply increasing, [research](#) shows that, over recent years, there has been no decrease in the wage premium for graduates working in London, unlike in other UK regions.<sup>102</sup> In line with the earnings data shown in Figure 29, below, there is a particularly high premium and demand for degree-level skills specific to science, technology, engineering and maths (STEM) in London.

This is consistent with evidence of falling rates of graduate [over-qualification](#). Still, in 2020, around 30% of graduates in London were working in roles that did not require a degree-level qualification,<sup>103</sup> a situation that generally carries a pay penalty.<sup>104</sup> This is partly down to higher rates of overqualification among employed graduates born outside the UK. Improving access to English-language training<sup>105</sup> and recognition of international qualifications could have benefits in London through better use of migrant skills.<sup>106</sup>

It's also important to note that not all students who start university go on to graduate. While the academic year 2019-20 saw the lowest non-continuation rate in several years, London's average non-continuation rate<sup>107</sup> for students under 21 was around 6% in 2019-20 – the highest of any English region.<sup>108</sup> This rate varies significantly between institutions within London, with previous research also showing a link between non-continuation and ethnicity; prior attainment; socio-economic status; and gender.<sup>109</sup> Many universities have been doing more to decrease dropout rates over recent years. They are also being required to develop targets to reduce dropout rates.<sup>110</sup>

<sup>102</sup> Stansbury et al. (2023), [Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention](#). Also see: Britton et al. (2021), [London calling? Higher education, geographical mobility and early-career earnings](#).

<sup>103</sup> See: GLA City Intelligence Unit, [Economic Fairness: Underutility](#)

<sup>104</sup> ONS (2019), [Overeducation and hourly wages in the UK labour market; 2006 to 2017](#)

<sup>105</sup> GLA funds ESOL learning for those who are unemployed; it also co-funds individuals who are in receipt of low wage. For more information, see: GLA (2022), [Grant funding and performance management skills](#)

<sup>106</sup> IPPR (2019), [Measuring the benefits of integration: The value of tackling skills underutilisation](#)

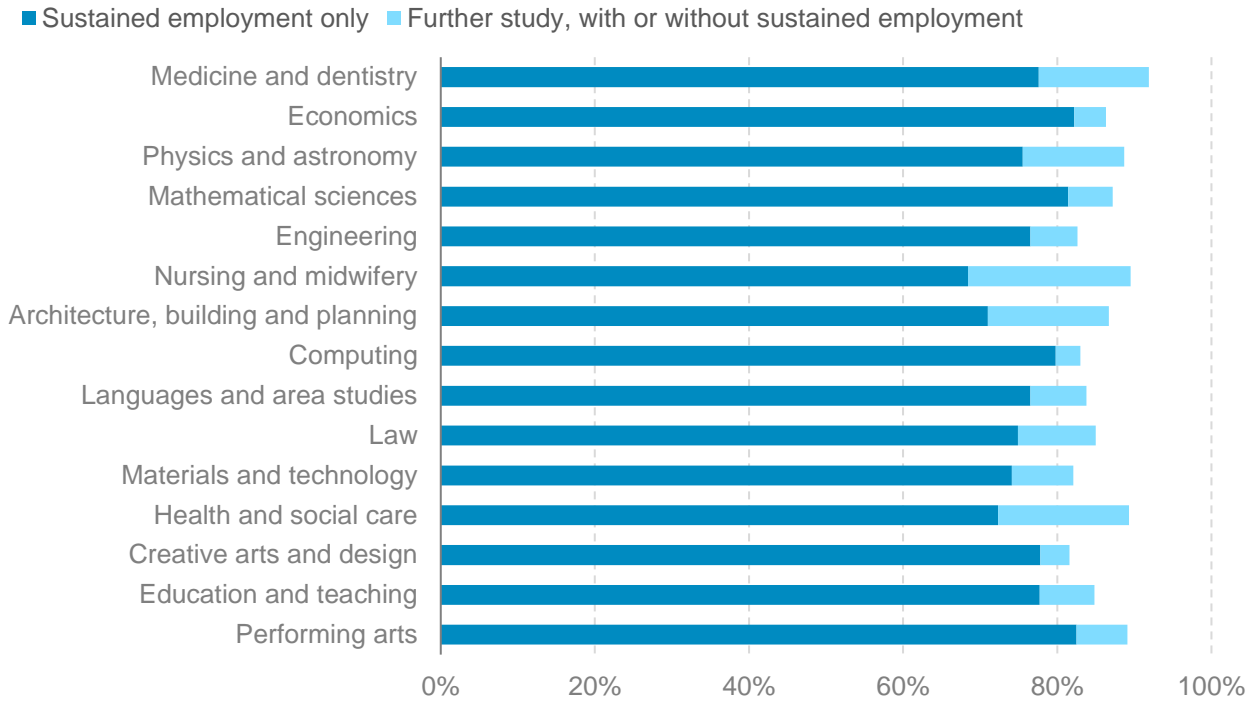
<sup>107</sup> See: [HESA definition of non-continuation](#).

<sup>108</sup> The UK's HE non-continuation rate for students under 21 stood at 5.3%.

<sup>109</sup> From 16% for London Metropolitan University to 2% for Imperial College. See: Social Market Foundation (2019), [Building on success: increasing higher education retention in London](#).

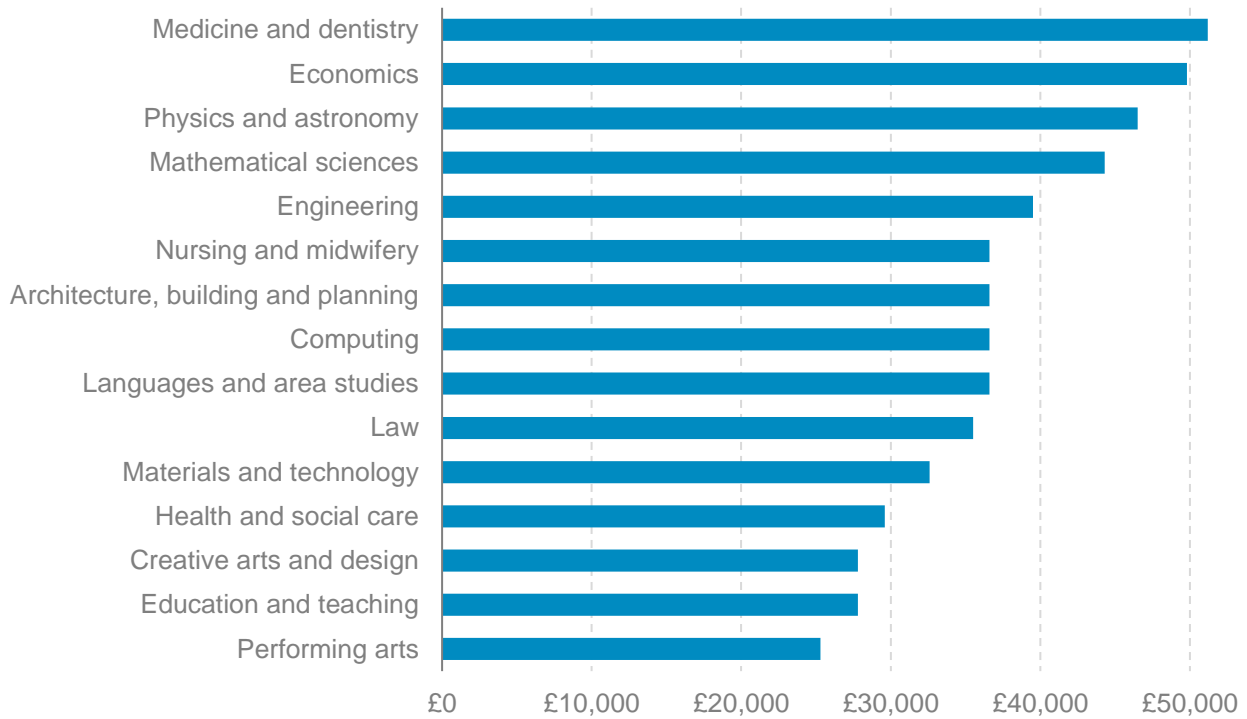
<sup>110</sup> DfE (2021), [New levelling up plans to improve student outcomes](#)

**Figure 28: Sustained positive destination rate five years after graduating from first degree in London; selected subjects**



Source: DfE (2022), [LEO Graduate outcomes provider level data, 2019-20](#)

**Figure 29: Median earnings five years after graduating from first degree, London, selected subjects**



Source: DfE (2022), [LEO Graduate outcomes provider level data, 2019-20](#)



## Graduate retention

Many graduates are attracted to work in London. This includes both 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 for one year after graduation (65%), three years (64%) and five years (61%). However, it falls more significantly after 10 years (58%).
- One year after graduation, nearly 58,300 graduates and postgraduates from all HE providers in England were residing in London – around 21% of the total graduate population.
- The proportion of graduates from HE providers in England residing in London remains around 22% in the three to 10 years after graduating.

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. But there are also many 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.<sup>111</sup> Recent research by academics from the London School of Economics explores the inter-regional flows in London and surrounding areas, which can be partially explained by housing and environmental factors.<sup>112</sup>

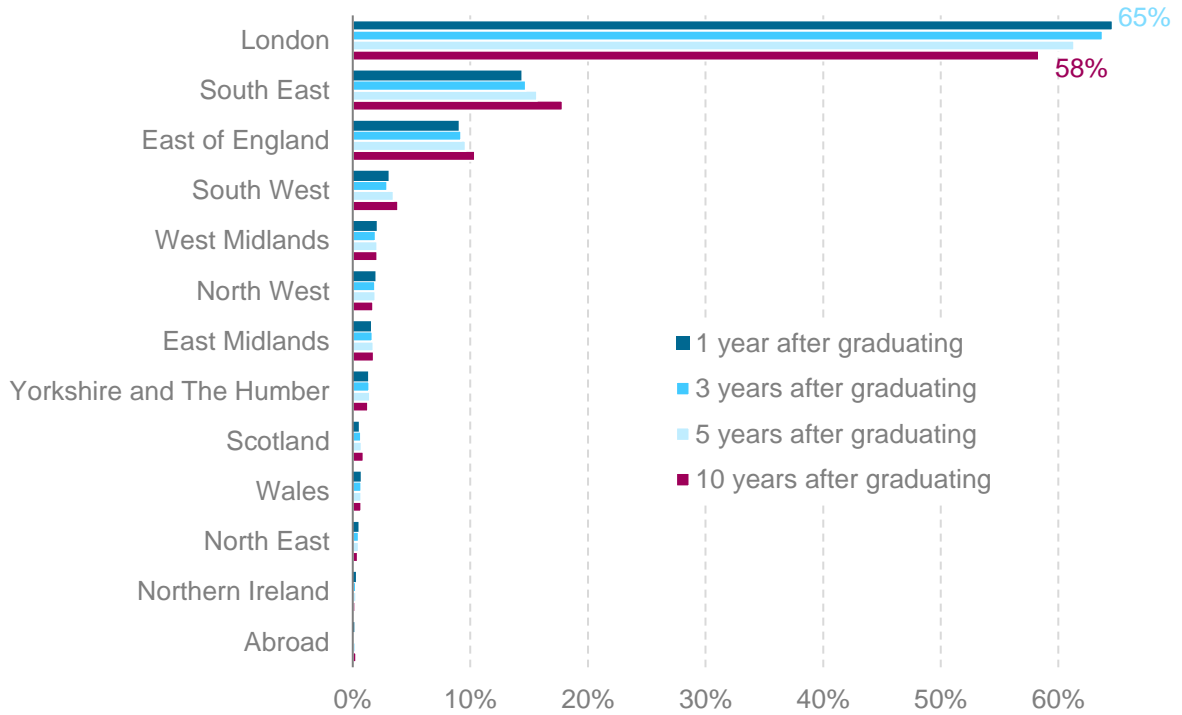
The movement of graduates to London also varies by subject studied. Notably, there are relatively large (net) movements of graduates to London in the education; finance and insurance; information and communication; and professional and technical sectors. In contrast, there is a net movement of students out of London after graduation in the health and social care sector.

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<sup>111</sup> The overall net inflow to London of those aged 19-29 is relatively small, particularly compared to the net outflow of those aged 30 and over. Source: GLA Economics (2020), [The Evidence Base for London's Local Industrial Strategy – Final report](#).

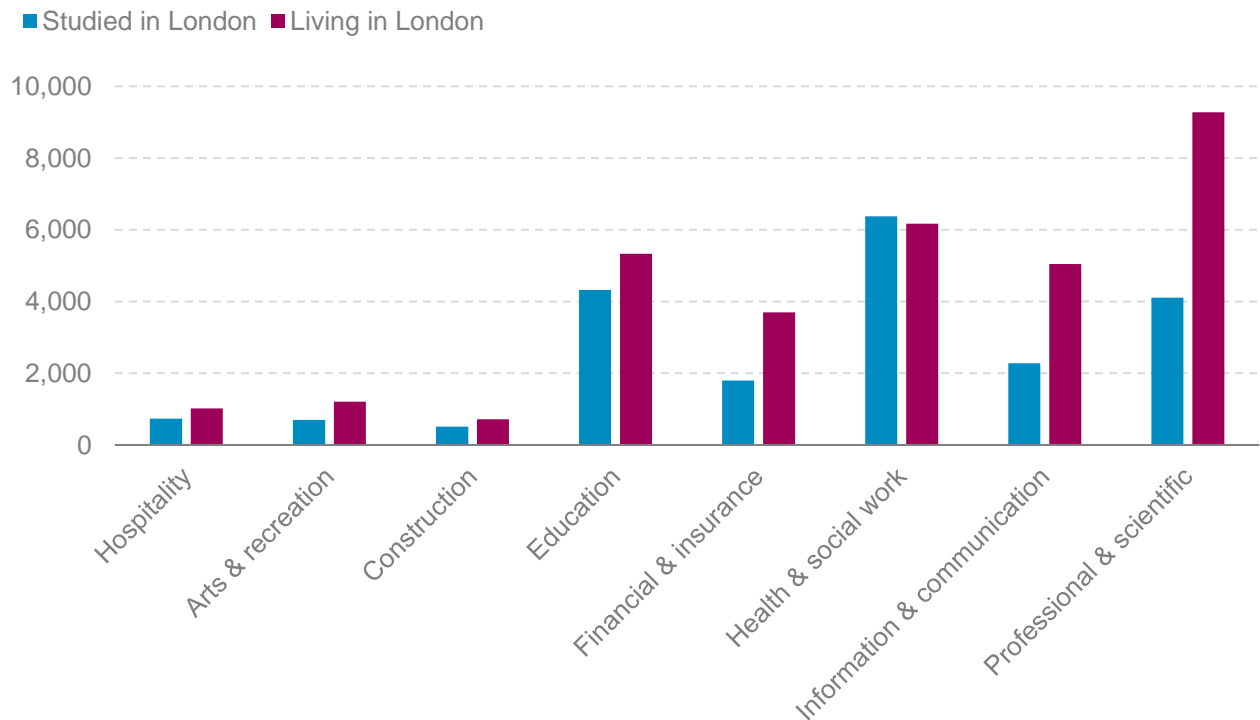
<sup>112</sup> Gordon, I. et al/LSE Consulting (2018), [Review of Research on Migration Influences and Implications for Population Dynamics in the Wider South East](#)

**Figure 30: Current region of residence of graduates (including postgraduates) from HE institutions in London, 2019-20**



Source: DfE (2022), LEO Graduate outcomes provider level data, 2019-20

**Figure 31: Number of employed first-degree graduates who studied in London, compared to those living in London five years after graduating, by selected industries**

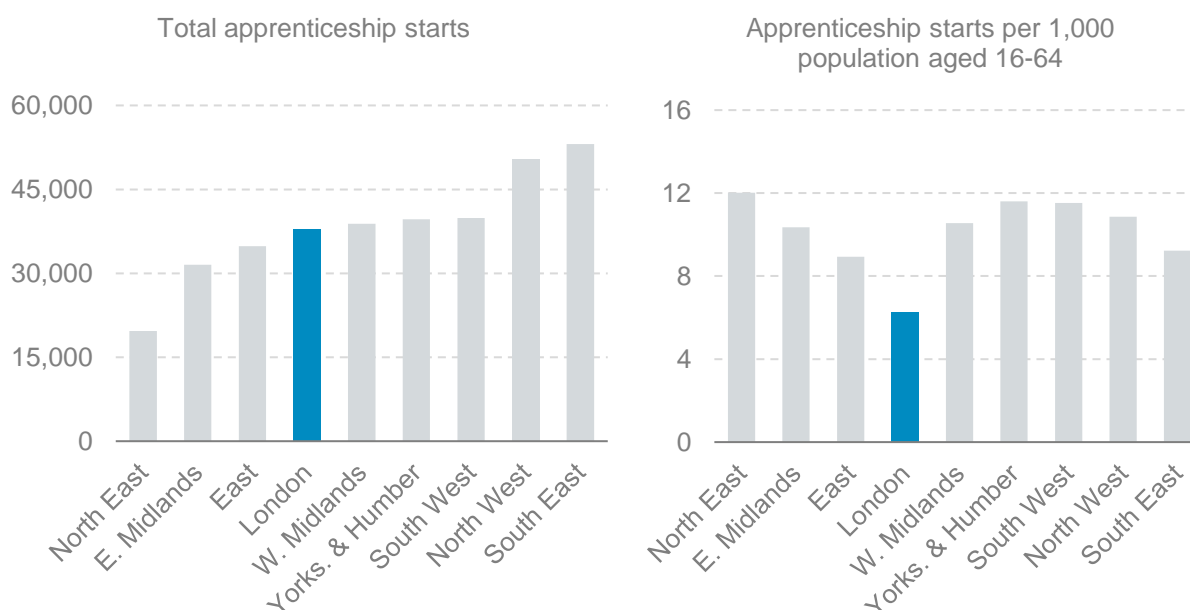


Source: DfE (2022), LEO Graduate outcomes provider level data, 2019-20

## Apprenticeships

There were an estimated 37,790 apprenticeship starts in London in 2021-22. Compared to other regions in England, London's skills system has a smaller proportion of apprentices. For example, despite accounting for 17% of the working-age population,<sup>113</sup> London accounted for only 11% of total apprenticeship starts in England in 2021-22.

**Figure 32: Apprenticeship starts by English region, 2021-22**



Source: DfE (2022), [Apprenticeships and Traineeships, 2021-22](#). Note: Population based on ONS mid-year population estimates (2021).

The low proportion of apprenticeship starts in London is partly explained by higher progression rates to university or HE,<sup>114</sup> and partly by the fact that jobs in London are generally weighted towards low-apprenticeship-employing sectors. However, sector mix is only a partial explanation. London has a lower number of apprenticeship starts relative to workforce jobs within most sectors, most notably in public administration and construction.

Additionally, a small number of Londoners (3,790) do traineeships, but there are concerns about the quality of traineeships in terms of outcomes, as explored below. The standalone national traineeship programme will end in August 2023, although traineeships can still be offered by providers locally.

The 2021 Employer Pulse Survey (conducted by the DfE) found that only a minority of London employers (8%) lack awareness and/or good knowledge about what's involved in an apprenticeship.<sup>115</sup> The survey also found that the main reasons London employers do not offer apprenticeships were structural (64%) – including, for example, the size of their establishment or the skills needed in the industry. In contrast, over four in 10 (44%) London employers lacked awareness of traineeships.

<sup>113</sup> Based on calculations from the 2021 Census.

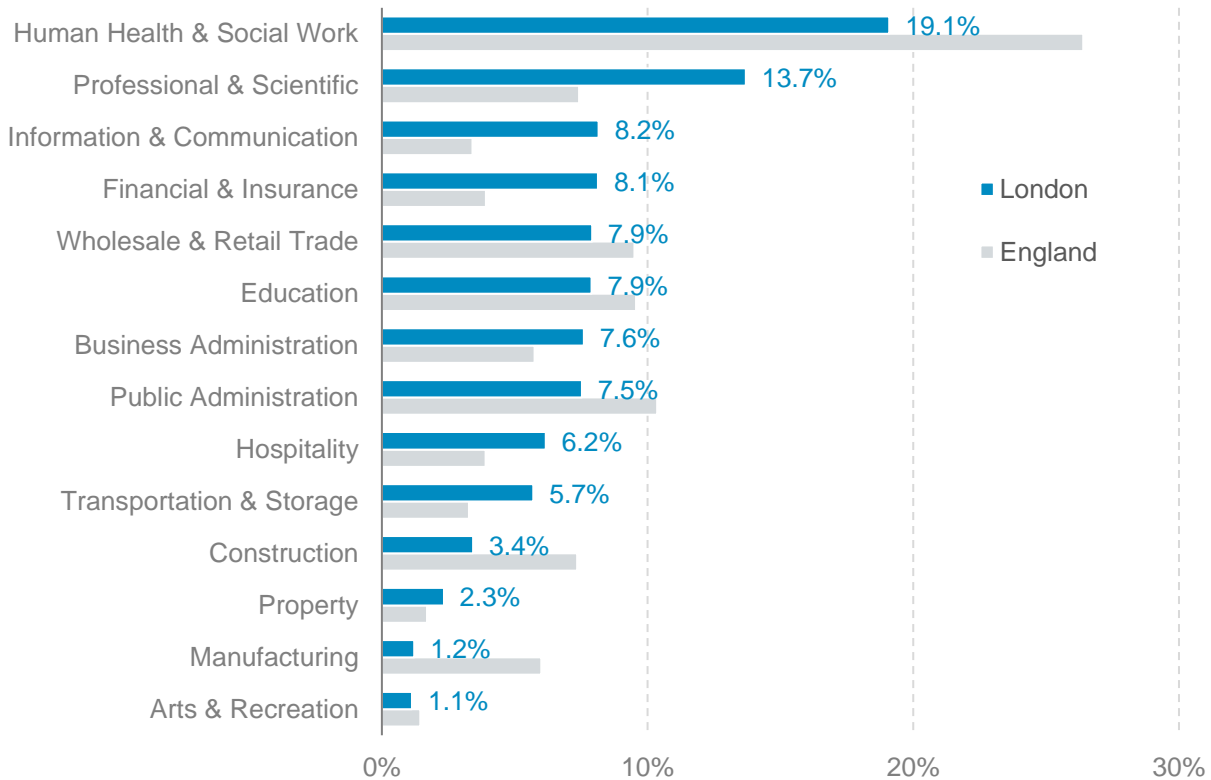
<sup>114</sup> Appendix 8 shows apprenticeship and traineeship starts by 1,000 population aged 16-64 without NVQ4+.

In this measure London has the third lowest starts compared to other English regions, rather than the lowest.

<sup>115</sup> The Employer Pulse Survey was conducted in 2021. It surveyed 507 establishments in London.

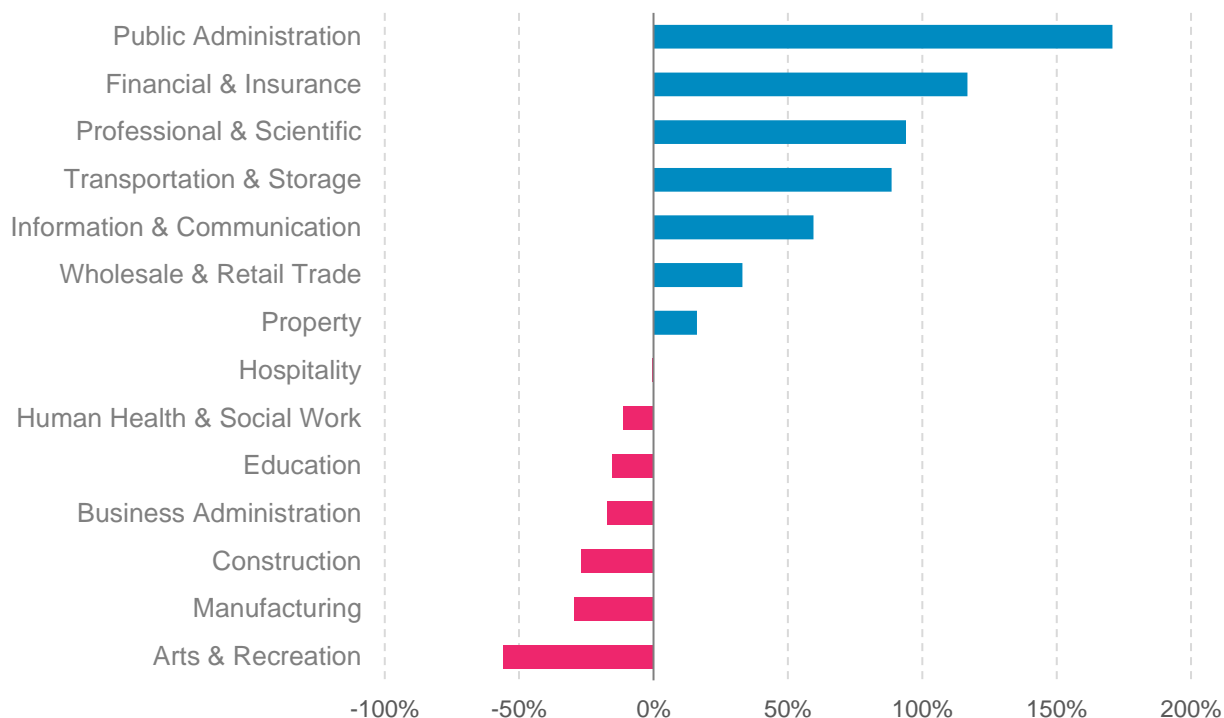
As shown in Figure 33, below, a substantial proportion of apprenticeship starts in both London and England are in health and social care (around 19% and 26% respectively). However, in London, technical sectors account for a much higher proportion of starts: the combination of professional and scientific, information and communication, and finance and insurance sectors account for 30% of London’s apprenticeship starts, compared to only 15% in England as a whole.<sup>116</sup>

**Figure 33: Share of apprenticeship starts by sector, 2020-21**



Source: DfE (2022), [Apprenticeships in England by industry characteristics, 2020-21](#)

<sup>116</sup> The subjects that apprentices study also varies by demographic background. See [here](#) for data on apprenticeship starts by ethnicity and subject sector area, and [here](#) for starts by gender and subject sector area.

**Figure 34: Percentage change in apprenticeship starts, 2016-17 to 2020-21, London**

Source: DfE (2022), [Apprenticeships in England by industry characteristics, 2020-21](#)

The number of apprenticeships starts in these technical sectors has increased substantially since 2016-17 (in finance and insurance, and professional and scientific, they have doubled). In contrast, the number of arts and recreation starts has fallen by 56% since 2016-17; in construction, 27%; and in health and social care, 11%.<sup>117</sup>

In recent years, apprenticeship starts in London have increased for older apprentices and larger businesses, and at higher levels.<sup>118</sup> Evidence suggests this is partly linked to the introduction of the apprenticeship levy in 2017, as well as wider reforms. There are concerns that young people have benefitted less from the expansion of higher-level apprenticeships over recent years,<sup>119</sup> with a range of barriers potentially discouraging young people from taking up apprenticeships.<sup>120</sup>

The shift towards higher-level apprenticeships is most marked for the largest apprenticeship sectors in London. In 2016-17, 18% of apprenticeship starts for apprentices in finance and insurance businesses were at higher level (NVQ4+), but this rose to 71% in 2020-21. Similarly, higher-level starts in professional, scientific and technical businesses rose from 20% to 71% (and, strikingly, starts at level 6 and above rose from 4% to 54%).<sup>121</sup>

<sup>117</sup> This fall of 11% is equivalent to 1,200 fewer health and social care apprentices.

<sup>118</sup> GLA Economics (2023), [London Apprenticeships Update 2021-22](#). Note: apprenticeship levels are classified as: Intermediate (NVQ2), Advanced (NVQ3), Higher (NVQ 4-7) and Degree (NVQ 6-7).

<sup>119</sup> Such as [research by the Centre for Vocational Education Research](#).

<sup>120</sup> Such as [research by the National Foundation for Educational Research](#).

<sup>121</sup> For more detail see Appendix 9.

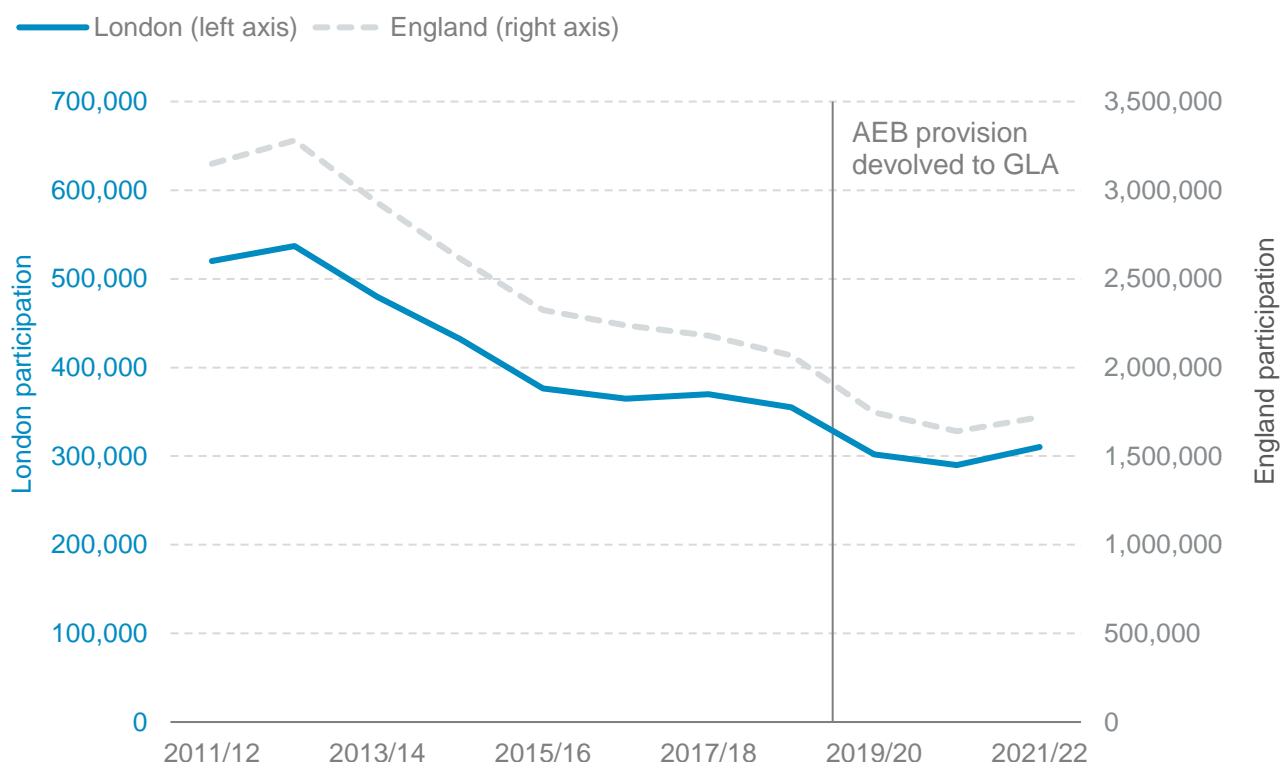
### Further education: education and training, and community learning<sup>122</sup>

FE and skills training play an important role in developing skills and raising attainment for Londoners with lower or no formal qualifications.<sup>123</sup> It can also help those with HE attainment who are looking to retrain and change career.

There were over 1,100 different providers of FE and skills training (including apprenticeships) for London learners in 2021-22.<sup>124</sup> This bulk of these (796) were independent training providers (ITPs). It also included 119 FE colleges and 187 other public providers (e.g. local authorities and HE institutes). Over 120 providers were in receipt of GLA funding allocations, including 31 FE colleges and 48 ITPs.

Since 2011, participation in FE and skills training has fallen sharply across both London and England. This fall was exacerbated by the pandemic, with participation falling from 355,000 in 2018-19 to 289,800 in 2020-21. It also follows a large decrease in funding for classroom-based adult education, which fell across England from £2.6bn in 2011-12 to £1.5bn in 2021-22 (in 2022-23 prices).<sup>125</sup> The latest data shows a partial recovery, though, with 310,200 London learners participating in FE and skills in the 2021-22 academic year.

**Figure 35: FE and skills 19+ participation, London and England**



Source: DfE (2022), [Further education and skills, 2021-22](#)

<sup>122</sup> DfE FE and skills data includes data on apprenticeships; community learning; education and training provision; traineeships; the Offenders’ Learning and Skills Service; advanced learner loans; and other ESFA provision funded by the Education and Skills Funding Agency.

<sup>123</sup> For instance, courses can deliver basic skills in literacy, numeracy, ESOL and IT.

<sup>124</sup> As defined by learners with a London home postcode.

<sup>125</sup> See: IFS (2022), [Annual report on education spending in England: 2022](#).

The post-pandemic recovery has been varied across FE course type. Education and training learner participation<sup>126</sup> numbers have recovered strongly in London (growing by 10% between 2019-20 and 2021-22), while community learning fell by 17%. This compares positively to the rest of England, where there was a slightly smaller fall in community learning (15%), and a 2% fall in education and training participation.

In 2021-22, London had higher-than-average participation in FE and skills. There were 190 starts in FE and skills per 1,000 individuals aged 16-64 without level 4 qualifications; the figure for England is 104. This is evident for both community and learning, and education and training, with participation rates being 120% and 114% higher than the England average, respectively.<sup>127</sup> This difference in education and training is largely due to Londoners studying qualifications below level 2 (including basic skills).

The profile of education and training enrolments largely follows a similar ranking in London and England, with preparation for life and work the leading subject area. Out of 396,900 enrolments reported in 2021-22:

- preparation for life and work accounted for most enrolments (57%, or 228,200 enrolments) followed by health, public services and care (10%, or 40,000 enrolments) and IT (6%, or 23,500 enrolments)
- STEM-related subjects represented 9% of enrolments.

For community learning, out of the 126,500 enrolments:

- preparation for life and work accounted for a smaller share of enrolments (23%, or 29,000 enrolments). The largest share of enrolments is in arts, media and publishing (35%, or 44,100 enrolments) and the third largest is languages, literature and culture (15%, or 18,900 enrolments).
- STEM-related subjects represented 8% of enrolments.<sup>128</sup>

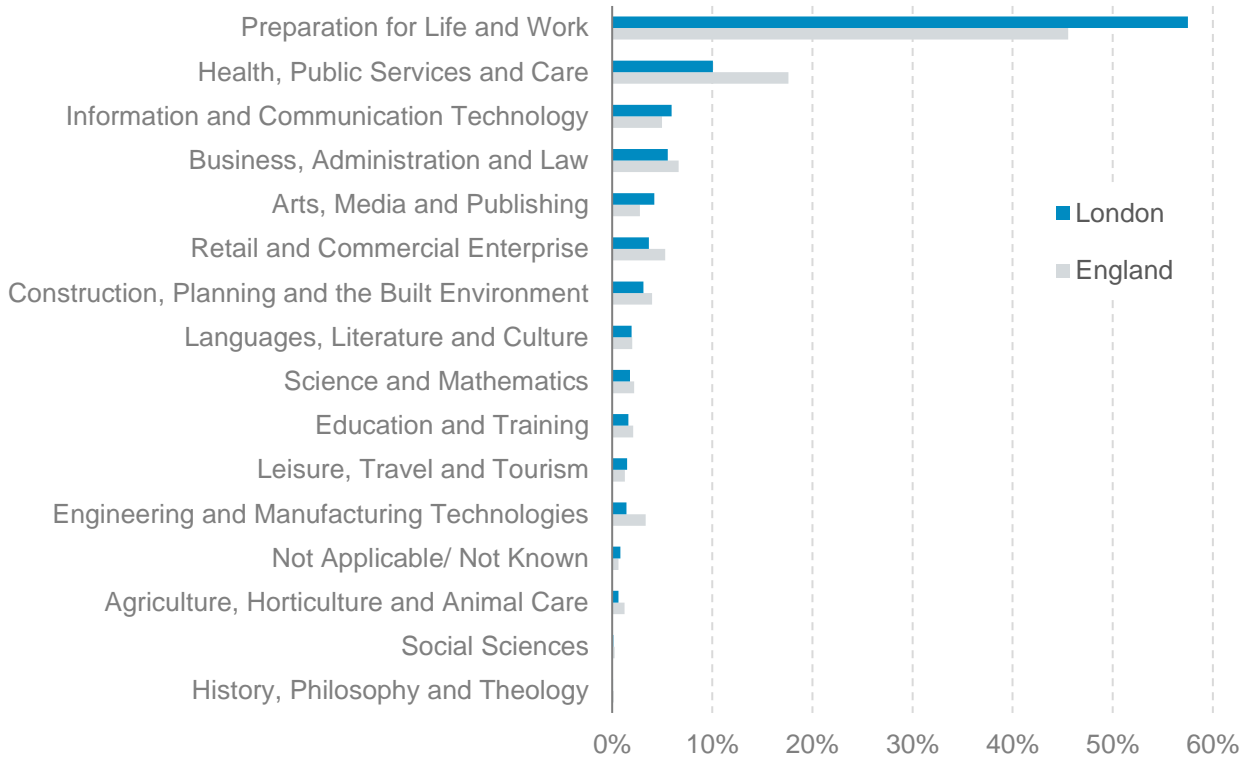
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<sup>126</sup> Courses funded by the Education and Skills Funding Agency are included within education and training.

<sup>127</sup> Analysis of participation rates per 1,000 population shows similar trends.

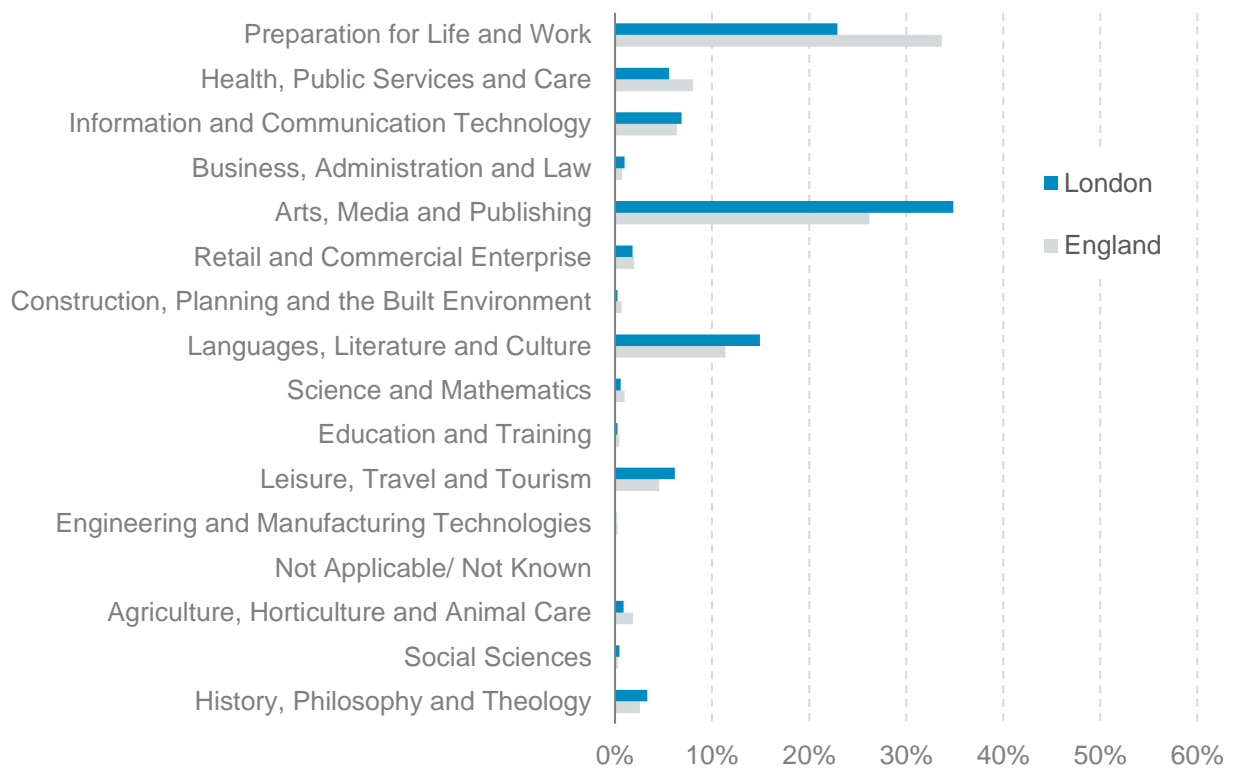
<sup>128</sup> Note that community learning courses tend to be much shorter courses (for instance half a day), meaning that categorising courses into subject areas can be more problematic.

**Figure 36: Education and training aims enrolment by subject area, 2021-22**



Source: DfE (2022), [Further education and skills, 2021-22](#)

**Figure 37: Community learning aims enrolment by subject area, 2021-22**



Source: DfE (2022), [Further education and skills, 2021-22](#)



Since 2019-20, some subject areas have shown a sustained and significant rise in education and training aims enrolments:

- 10,900 more information and communication aims enrolments (a rise of 86%)
- 8,600 more health, public services and care aims (27%)
- 28,000 more preparation for life and work aims (14%)

For community learning, there have been some significant falls:

- 8,300 fewer languages, literature and culture aims (a fall of 30%)
- 5,000 fewer business, administration and law aims (-10%)

### **Recruitment challenges in FE colleges**

Recent research by the Institute for Fiscal Studies (IFS) has raised concerns about a decline in the competitiveness in college teachers' salaries, compared to those between 2010-11 and 2019-20.

The research also found a high level of staff turnover: 25% of college teachers leave a year after entering the profession; and almost half have left three years in.<sup>(i)</sup> This raises concerns about colleges being able to provide high-quality teaching for FE courses.

Data from DfE provides further evidence of challenges in London.<sup>(ii)</sup> Between 2009-10 and 2019-20, FE teacher headcount fell from 9,900 to 6,720; in 2019-20 prices,<sup>(iii)</sup> median FE teachers' pay fell from £41,900 to £37,700 – a fall of 10% in real terms.

Notes: (i) IFS (2023), [What has happened to college teacher pay in England?](#) (ii) See: DfE (2021), [Further education college workforce analysis](#). (iii) Adjusted using the Consumer Prices Index including owner occupiers' housing costs (CPIH) averaged across the academic year.

## Adult Education Budget and other mayoral programmes

In 2021-22 there were 221,280 learners participating in learning through the devolved AEB.<sup>129</sup> The previous data on community learning and education and training roughly corresponds to provision in London's AEB.<sup>130</sup>

- £321m was allocated to GLA for adult education provision in 2022-23, with another £26m in free courses for jobs funding.<sup>131</sup>
- 126 providers received GLA funding allocations in the last academic year, with provision occurring across 1,920 different locations in London.

The location of AEB delivery is distributed across London. The largest number of enrolments were in central and north London, although it should be noted that many residents travel outside of their home borough to participate in AEB (see Figure 41), as well as learning online.

**Figure 38: Location of AEB delivery for providers in London by number of enrolments, 2020-21**



Source: GLA (2023), ILR 2021-22. Note: This map shows the number of enrolments for providers in London, however provision of GLA's AEB also takes place outside of London. The dot size is proportionate to the number of enrolments.

<sup>129</sup> From 1 August 2019, the Secretary of State for Education delegated responsibility for the commissioning, delivery and management of London's AEB to the Mayor.

<sup>130</sup> The AEB does not include apprenticeships, traineeships and advanced learner loans. The AEB also does not generally include qualifications above level 3 (although in 2022-23 a few level 4 courses were funded through the AEB). Therefore, the number of learners is lower than in the DfE figures for education and training. Due to differences in postcode lookups, there are also small differences in geographical definitions.

<sup>131</sup> DfE (2023), [Adult education budget: devolved grant determination letters 2023](#)

The Mayor can introduce new flexibilities to the AEB. These entitle certain groups in London to full funding of courses. In 2021-22, around 23,600 learners in receipt of a low wage participated in the AEB through this flexibility, up by 18% from 2020-21. Flexibilities were also introduced to support London's recovery from the COVID-19 pandemic.<sup>132</sup>

As provision is partially aimed at equipping Londoners with the skills to access and progress in the labour market, the demographic breakdown of AEB learners partly reflects the profile of unemployed and inactive Londoners presented in section 1 (tables 3 and 4). Among those participating in the GLA's AEB programme in 2021-22, 69% were female; and 59% were from Black, Asian or minority ethnic backgrounds.<sup>133</sup> In addition, 13% of learners considered themselves to have a learning disability and/or a health problem, while 49% of adult skills learners were eligible for the disadvantage uplift funding.<sup>134</sup>

In 2021-22, the Free Courses for Jobs (FCFJ) scheme was introduced and had 5,510 enrolments.<sup>135</sup> This scheme funds adults aged 19 and over to gain certain level 3 qualifications if they do not already have one; or if they are unemployed or earning below the National Living Wage. The majority (60%) of participants in 2021-22 were studying health, public services and care. As with the rest of the AEB, there were more female participants (68%) than male in the scheme, although the FCFJ had lower shares of learners with learning difficulties and/or disabilities (LLDD) and learners from Black, Asian and minority ethnic backgrounds.

Take-up of the AEB also varies across the capital. The rate of participation as a share of the resident population without higher-level (NVQ4+) qualifications ranges from 13% in Hammersmith and Fulham to 3% in Havering. This is not solely driven by the location of provider – over a quarter (26%) of AEB enrolments in 2021-22 took place either online or in a different borough, compared to the learner's home postcode. As Figure 41 shows, this is particularly the case for some outer London boroughs. For example, in Bromley, Kingston upon Thames and Sutton, around 40% of AEB learners living in the borough were doing learning online or in a different borough.<sup>136</sup>

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<sup>132</sup> There is also a small number of learners funded through flexibilities on British Sign Language courses and SEND funding flexibilities.

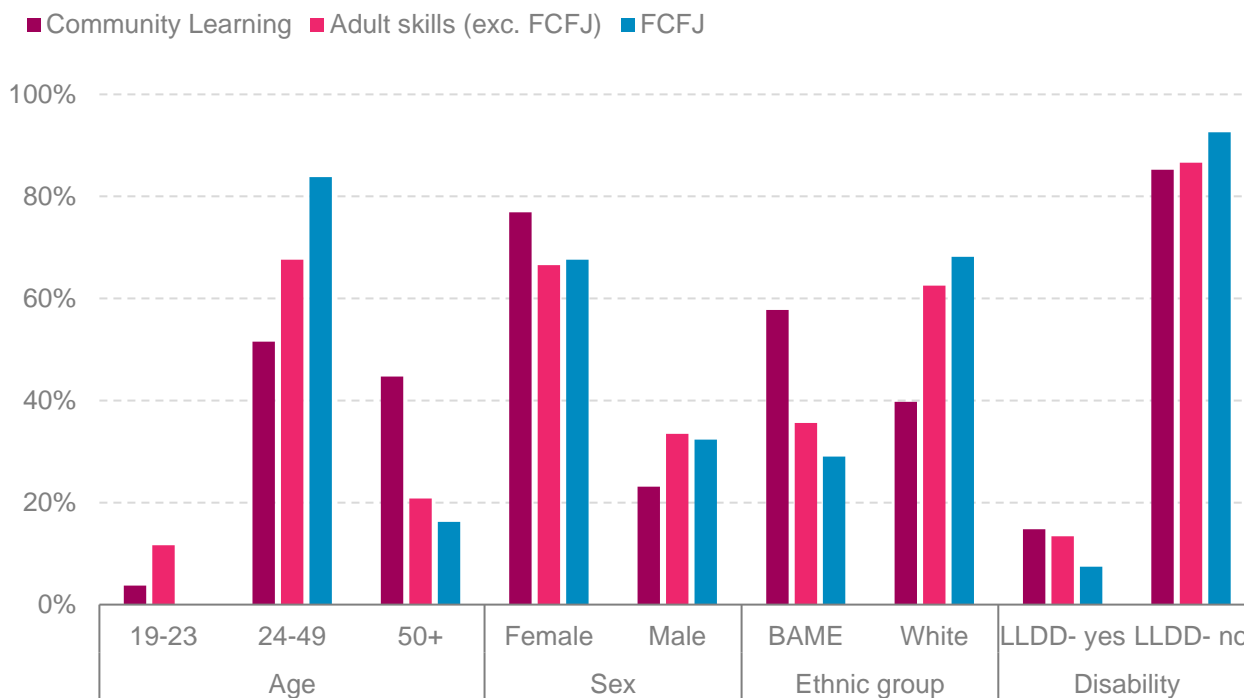
<sup>133</sup> As shown in figure 39, community learning courses tend to have a higher share of women and learners from Black, Asian or minority ethnic backgrounds.

<sup>134</sup> For more information, see: GLA (2022), [Adult Education Budget Academic Year 2021/22 \(August-July\)](#).

<sup>135</sup> Free courses for jobs are funded through the NSF. This figure is based on GLA's AEB publication which differs from the FE and skills data produced by DfE, as the DfE's figures are not restricted to the devolved FCFJ budget.

<sup>136</sup> Almost a fifth (18%) of AEB enrolments were online in 2020-21. This can enable a wider range of learners to access the AEB. However, previous GLA research has found online learning does not suit all Londoners, with challenges for some Londoners, including some disabled learners.

**Figure 39: Community learning, adult skills and FCFJ by demographic share, London**



Source: GLA analysis of ILR 2021-22. Note: shares by ethnic group and disability status exclude learners who were reported as ‘unknown’.

Multiply was introduced in 2022 and offers free numeracy skills training to people without GCSE maths (pass grade or equivalent). The GLA received a regional allocation of just under £41m (for three years) for this programme. This is expected to support a minimum of 31,000 Londoners to improve their numeracy skills and confidence through nearly 300 courses across 57 providers.<sup>137</sup> The latest provisional data from the DfE covers the period from August 2022 to January 2023. It shows that there were 2,017 Multiply enrolments in London in that time, representing 45% of all enrolments in England.<sup>138</sup>

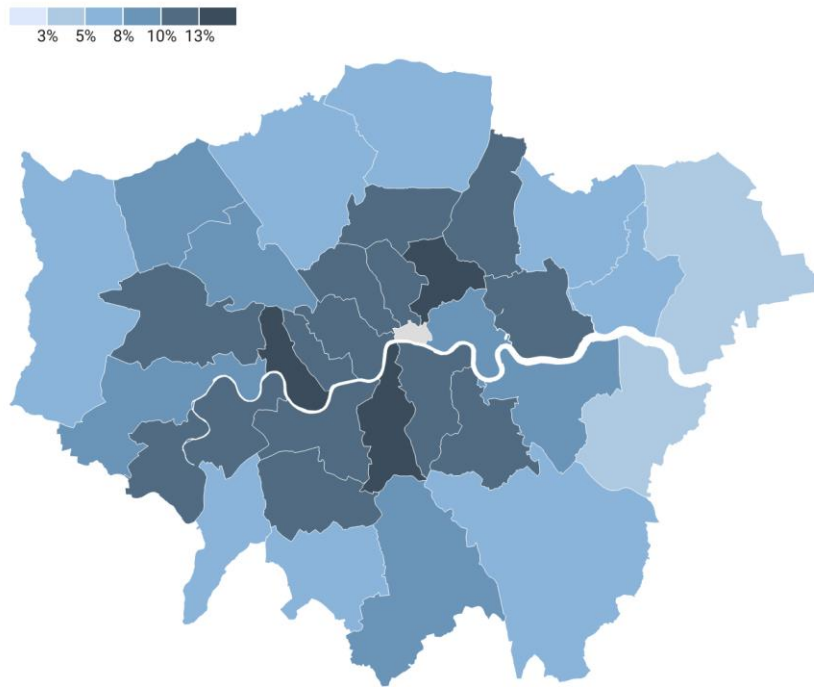
Another new mayoral programme is Skills Bootcamps, for which the GLA has received £19.8m of funding. Skills Bootcamps last up to 16-weeks; help Londoners aged 19+ to progress into employment; and guarantee an interview with an employer at the end of the scheme. The training is predominantly at a higher level (levels 3-5) and aims to help fill vacancies in key sectors identified by the Mayor.<sup>139</sup>

<sup>137</sup> For more information on Multiply, see: GLA, [London Multiply Programme](#).

<sup>138</sup> The initial data also shows that 66% of enrolments were by those aged 35-59, compared to 42% for FE enrolments overall in London.

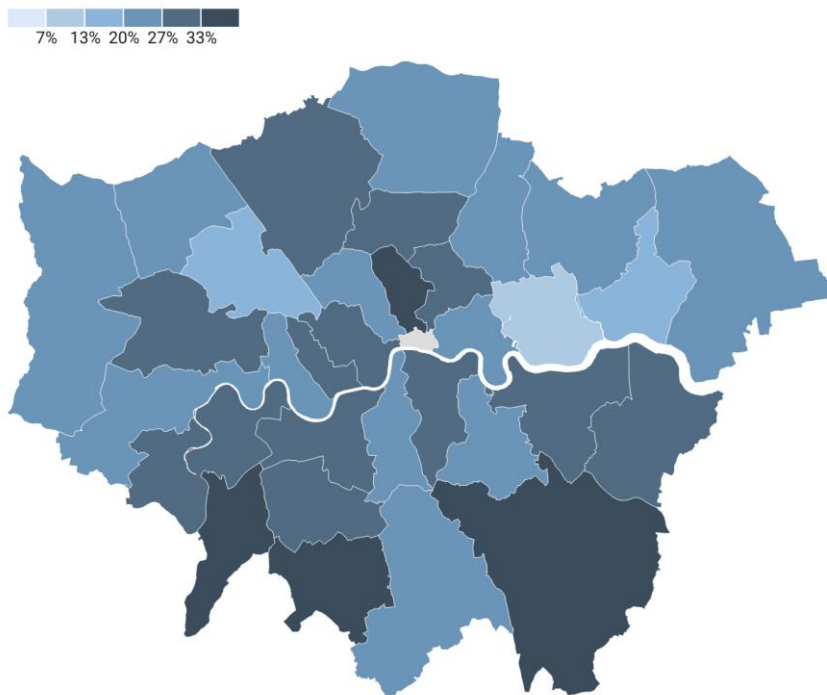
<sup>139</sup> For more information on skills bootcamps, see: GLA, [Skills Bootcamps for Londoners](#).

**Figure 40: Total AEB learners as a percentage of borough population without NVQ4+ qualifications, 2021-22**



Source: GLA (2022), [AEB Data Publication 2021-22](#), and ONS Annual Population Survey, January to December 2021. Note: Learners are assigned to a borough by their home postcode.

**Figure 41: Share of total enrolments taking place online or in another borough by learner home postcode, 2021-22**

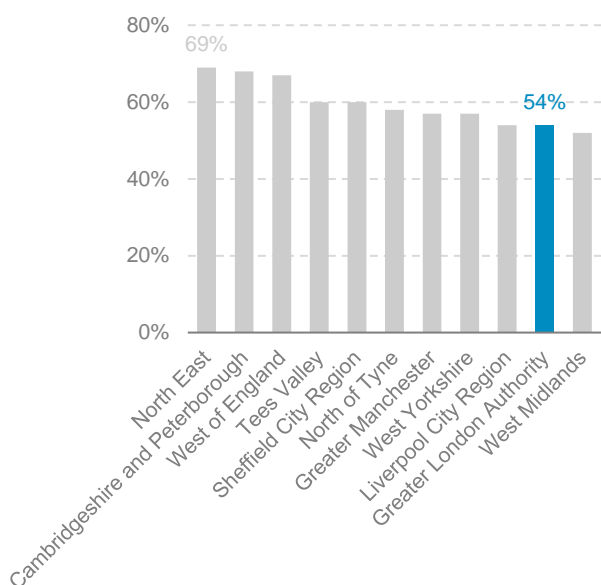


Source: GLA analysis of ILR 2021-22. Note: Learners are assigned to a borough by their home postcode.

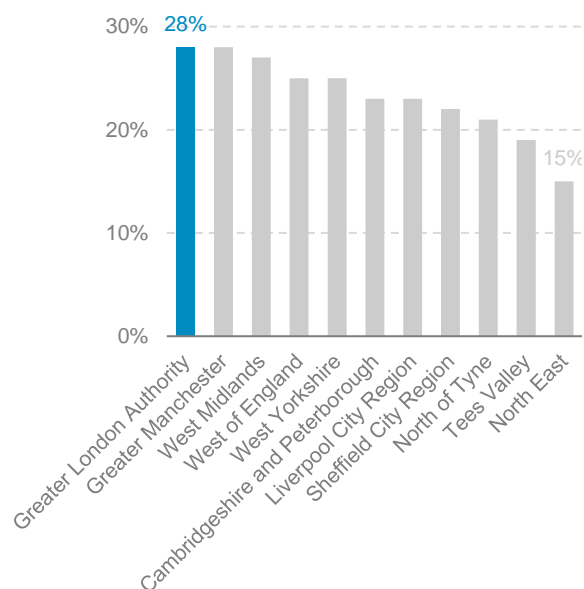
## FE and skills destinations

Around 70% of FE learners in London in 2019-20 had a sustained positive destination (SPD). Overall, FE and skills destinations for the London region are lower than for other devolved authorities for employment outcomes but above average for learning outcomes.<sup>140</sup> This may be related to the background of those studying FE in London. It is also likely to reflect the competitive nature of London’s labour market.

**Figure 42: Sustained employment rate by devolved authority 2019-20**



**Figure 43: Sustained learning rate by devolved authority 2019-20**

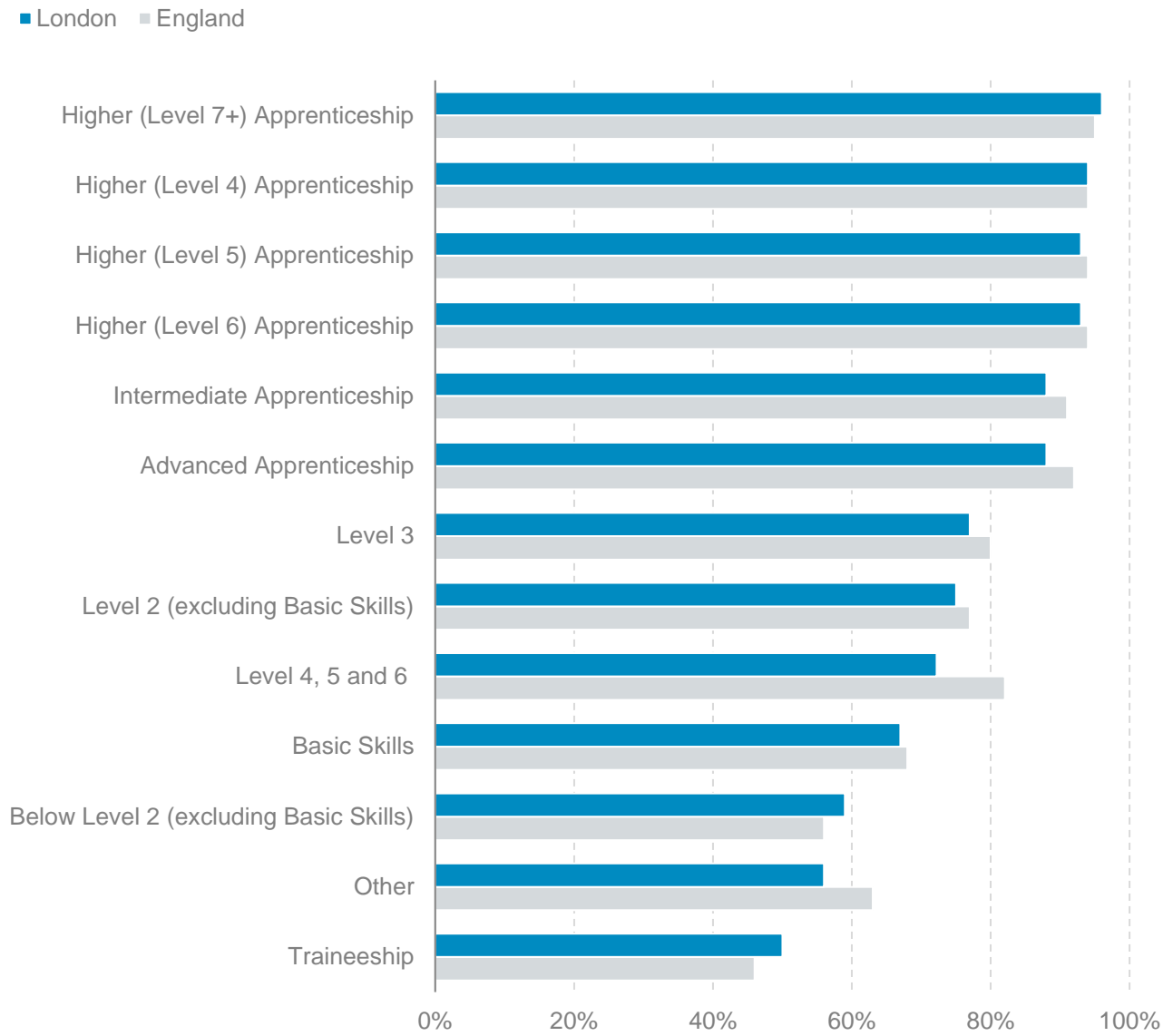


Source: DfE (2022), [Further education: Outcome-based success measures, 2019-20](#)

Apprenticeships have the highest sustained positive destination (SPD) compared to other FE courses, which is likely due to the existing links between apprentices and businesses. Strikingly, only 50% of traineeships have an SPD, although as seen above this is a very small programme in London. Traineeships allow people to gain the skills needed to go into an apprenticeship or job, and particularly used by younger people. Therefore, low positive destination rates may explain some of the fall in apprenticeship starts among young people.

<sup>140</sup> Around 54% of adult FE and skills learners in London recorded a sustained employment destination in the following academic year and 28% recorded a sustained learning outcome.

**Figure 44: SPD Rate in GLA by course level, 2019-20**

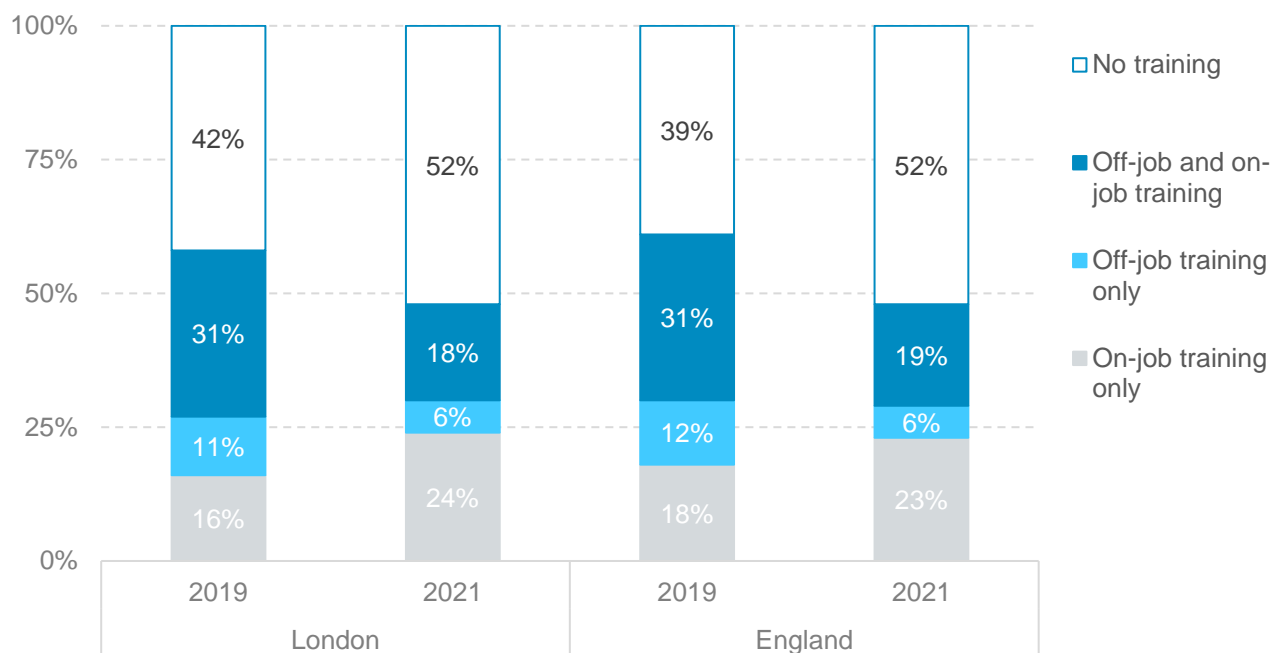


Source: DfE (2022), [Further education: Outcome-based success measures, 2019-20](#)

## Employer-provided training

The overall profile of employer training provision in London is similar to the national picture. Before the pandemic, over half of employers in London (58%) had funded or arranged training for employees over the previous 12 months (compared to 61% nationally); employers in London tended to provide a combination of on-the-job and off-the-job training (31%).

**Figure 45: Employers providing training over past 12 months, 2019 and 2021**



Source: DfE (2022), [Employer Pulse Survey 2021](#) and DfE (2020), [Employer Skills Survey 2019](#)

There was a sharp fall in employer-provided training during the pandemic, particularly for off-the-job training. Between 2019 and 2021, the proportion of employers providing off-the-job training fell from 43% to 24%. This is unsurprising given the economic uncertainty over the period, and restrictions on individuals gathering. However, employers in London were more likely to say that COVID-19 influenced a change in training levels than in other regions.

Employer investment in training may increase as the economy recovers from the pandemic. A recent survey of business leaders and HR representatives in London found that 69% of respondents expected their investment in training to increase in 2023.<sup>141</sup> However, there are signs that investment in workplace training has been falling over a longer period. For example, as Table 6 and Figure 46 show:

- nearly two-thirds (64-65%) of London employers reported providing training from 2011 to 2017, a higher share than in 2019 (58%)
- the total value of employer investment in training fell by 23% in real terms between 2015 and 2019; the level of investment in training per employee fell from £2,260 per employee in 2011 to £1,580 in 2019.

<sup>141</sup> Poll of business leaders and HR managers in London with sample size of 1,016. Fieldwork 6-16 December 2022. Results are unweighted.



**Table 6: Employer-provided training in London, 2011-21**

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	£8bn	£1,580
2021	48%	n/a	n/a	n/a	n/a	n/a

Source: DfE Employer Skills Survey 2011, 2013, 2015, 2017, 2019 and Employer Pulse Survey 2021. Note: investment in training includes fees to external providers, expenditure on equipment or materials and the wages of staff while being trained and of staff delivering training.

This table contains statistical data from ONS which is Crown Copyright. 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. This work uses research datasets which may not exactly reproduce National Statistics aggregates.

### *Employer's engagement with training providers and FE colleges*

Among London employers that sourced external training in 2019, most used commercial organisations (73%), while the share of businesses indicating that they used other channels was lower. Only 15% reported sourcing training from FE colleges, eight percentage points below the England average. Data from the Employer Pulse Survey (which has a smaller sample size, so is less reliable) suggests this share may have increased in 2021 (to 29%), whereas use of HE institutions remained close to 15% in 2019 and 2021.<sup>142</sup>

For businesses that do engage with FE institutions, the engagement is positive. In 2021, 83% of London establishments who used or considered using FE colleges agreed that they offer training in the skill areas their employees require; and 71% agreed that FE colleges offer flexibility around their business's needs. For those that are not engaging, the issue appears to be wider barriers rather than dissatisfaction with FE courses. In 2019, less than 1% of businesses cited the unsatisfactory quality of courses or providers locally as the main reason for not providing employee training.<sup>143</sup>

### *Barriers to employer investment*

There are several reasons employers do not provide training. Lack of staff time and, especially, a lack of funds for training were the main barriers cited in the 2019 Employer Skills Survey. Similar findings were found for a smaller poll of business leaders in 2022.<sup>144</sup>

### *Inequalities in workplace training*

Additionally, there is disparity in the amount of training an employee receives based on their qualification level. As Figure 47 shows, as well as a decline generally in job-related training<sup>145</sup> over the last 15 years, those with qualifications at level NVQ4+ had a nine-percentage point higher share of Londoners having completed job-related training in the past 13 weeks, compared to those qualified (only) at level 3 or below. Research by the IFS also indicates lower rates of on-the-job training for the less educated, as well as for people working in the construction, manufacturing, retail and hospitality sectors.<sup>146</sup>

The percentage of working-age Londoners in receipt of job-related training in the last 13 weeks also varies widely at a sub-regional level. According to ONS Annual Population Survey data for the 12 months to September 2022, this ranges from 29% in Wandsworth to only 5% in Barking and Dagenham.

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<sup>142</sup> A poll of business leaders and HR managers for BusinessLDN in 2022 also found that 23% were engaged with FE colleges.

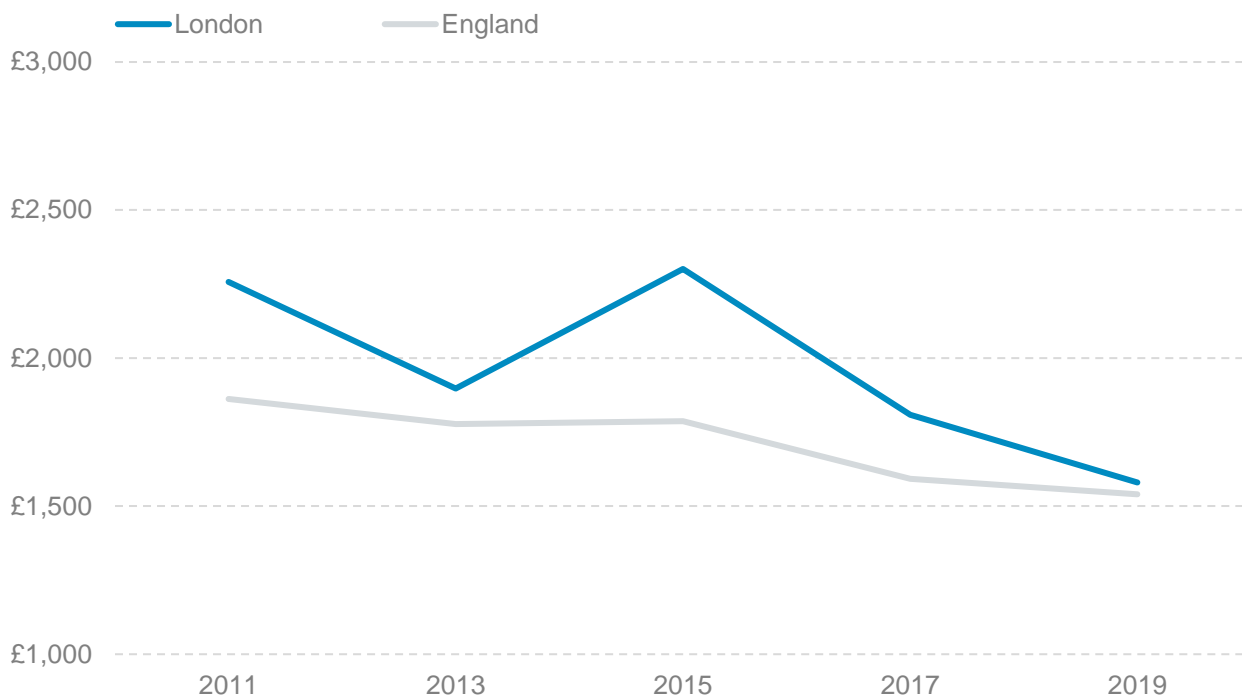
<sup>143</sup> In a poll for BusinessLDN that asked business leaders and HR managers what barriers their business faced in engaging with training for staff, 42% cited the relevance or quality of local training and provision.

<sup>144</sup> BusinessLDN Poll of business leaders and HR managers in London with a sample size of 1,016. Fieldwork 6-16 December 2022. Results are unweighted.

<sup>145</sup> Note, caution should be taken in interpreting the trend given the base is Londoners aged 16-64, rather than employed Londoners, so changes over time are also affected by wider labour-market changes.

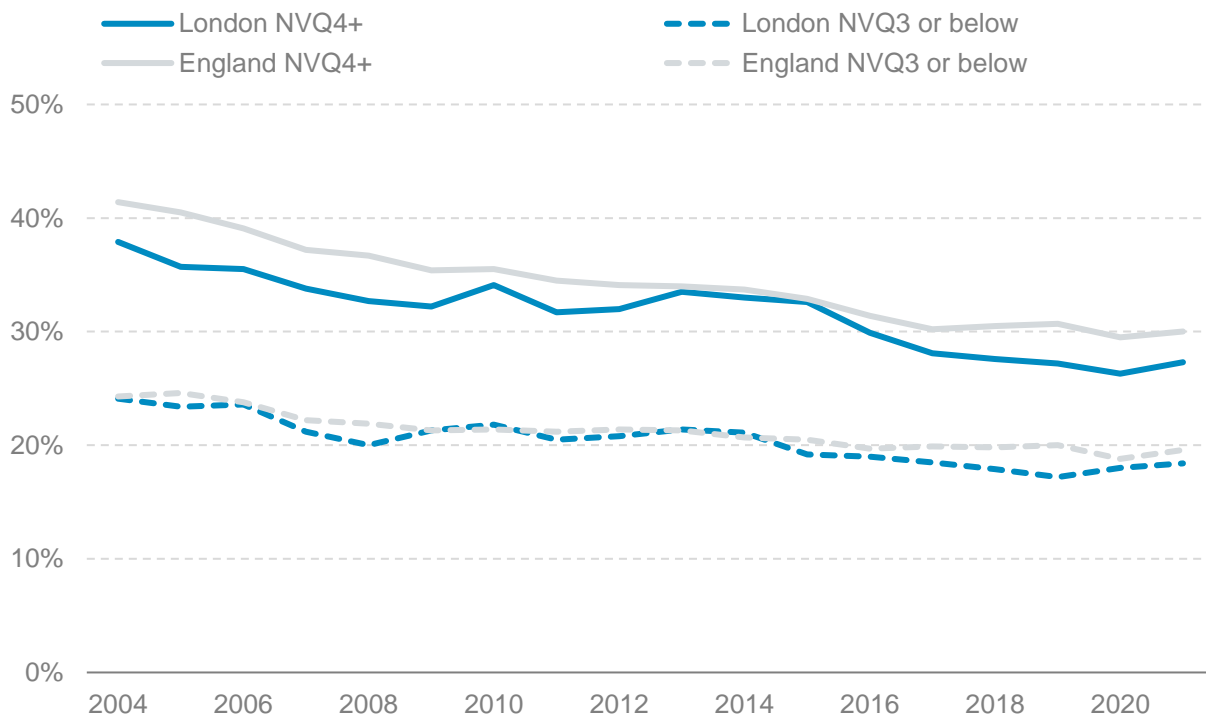
<sup>146</sup> IFS (2021), [Inequalities in education, skills, and incomes in the UK: The Implications of the COVID-19 pandemic](#)

**Figure 46: Employer investment in training per employee, constant (2019) prices**



Source: DfE, Employer Skills Survey 2011-19. Data adjusted by London and England GVA deflators.

**Figure 47: Share of 16–64-year-olds who received job-related training in the past 13 weeks by level of qualification attainment**



Source: ONS, Annual Population Survey, October 2021 to September 2022

## Chapter 3 – Analysis of future skills demand

### Summary of key points

- While the overall size of London's economy has recovered from the pandemic, recent forecasts suggest that the rate of jobs and outputs growth will weaken in 2023 due to ongoing cost-of-living pressures.
- At the same time, the share of employers reporting a need to develop the skills of their workforce has increased in the post-pandemic period. There is evidence of demand for a wide range of job-specific and transferable skills, including management and leadership, analytical, and digital skills.
- The volume of online postings for jobs in London has eased back from post-pandemic peaks in recent months. Longer-term projections suggest that robust employment growth will return over the coming decades, albeit at a lower rate of jobs growth than in the years leading up to the pandemic.
- Employment growth in London is expected to be particularly strong in business and other services, as well as in areas such as hospitality and construction. Reflecting these trends, employment in professional and associate professional sectors will continue to grow, reinforcing demands for higher-level qualifications and skills.
- Although the need to replace workers who leave the labour market will mean continued job openings across all broad occupational groups, the average level of qualifications held is also expected to rise *within* occupations, with particularly strong overall growth projected for postgraduate-level qualifications.
- AI and related technologies could have a significant impact on employment over the next decade, with job gains in some areas and losses in others. However, the overall impact of automation is complex and uncertain, highlighting the need for education and workforce development to prepare for future transitions.

### What does this section cover?

This section considers London's skill needs based on current and future demand. It first reviews the emerging macroeconomic outlook and the current picture of labour demand in the capital based on online job postings data. It also considers the current demand for skills, and looks at what skills employers in London think need developing in their workforces. Finally, it presents evidence on how demand will change over the coming 10-15 years, including projections on which sectors and occupations are most likely to expand (in employment terms) and the implications for workforce qualifications.

## Macroeconomic forecasts (medium-term)

Having recovered from the pandemic in 2022, GLA Economics' latest [forecasts](#) suggested that London's macroeconomic outlook would weaken in the near term.<sup>147</sup> This mainly reflected the ongoing impacts of inflationary pressures and the cost-of-living crisis. Overall:

- London's economic output was expected to fall by 0.8% in 2023 before improving to growth of 1.5% in 2024
- the number of workforce jobs located in the capital was also expected to fall in 2023 (-0.2%) before resuming growth in 2024 (+0.7%).

The economic outlook has improved since these forecasts were produced. While a recession in 2023 remains a possibility, the number of jobs in London is likely to stay above pre-pandemic levels. However, a more pronounced downturn risks exacerbating the negative impacts from the pandemic on consumer-facing sectors, such as hospitality.

What this means for unemployment is uncertain. Having fallen to record lows in recent months, the UK unemployment rate is expected to rise gradually over the medium term. This could have a particular impact on London's labour market, especially for groups that tend to have weaker labour-market outcomes.<sup>148</sup> However, the recent tightness of the labour market is also expected to make employers more reluctant to reduce headcount.

## Online job postings data

There are signs that wider economic conditions are leading to a slowdown in new hiring. Having increased very sharply post-pandemic, the volume of online postings for jobs in London has fallen across most occupations since mid-2022. Comparing the three months to December 2022 with the same period in 2019, postings were around 44% higher in London (compared to 67% higher England-wide). Yet, as shown in Figure 48, below, the total level of online postings is now around 23% lower than the post-pandemic peak.<sup>149</sup>

This could indicate an easing of labour demand. However, despite recent upticks in unemployment, the labour market in London is still considered tighter than normal, with a relatively high number of online postings relative to jobseekers in the capital. This could make it difficult for certain sectors, such as hospitality and social care, to recruit workers. This is because these sectors are more sensitive to broader labour-market conditions, and a tighter labour market can lead to higher competition among employers for workers.<sup>150</sup>

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<sup>147</sup> GLA Economics (2022), [London's Economic Outlook: Autumn 2022](#)

<sup>148</sup> Historically, there has been a gap between the London and UK unemployment rates, particularly during economic downturns. Also see: Volterra Partners (2021), [A detailed study of unemployment in London](#).

<sup>149</sup> The following analysis focuses on online job postings provided by Lightcast. However, GLA Economics analysis shows that trends are similar across a range of other, comparable data sources. See [here](#).

<sup>150</sup> Allas, T. (2023), [Competition for talent will remain fierce in the UK despite economic uncertainty](#)

### Figure 48: Online postings and unemployment levels, London

Data to December 2022, three-month moving averages



Source: Lightcast (2023). Notes: Non-seasonally adjusted. March 2020 indicated by the dotted line.

The higher volume of online job postings in the post-pandemic period also suggests that there may be difficulties in matching available workers with open positions. This could be due to factors such as geographic mismatches or a shortage of workers with certain skills.

According to table 7, there is strong demand for workers in professional and managerial roles, which typically require a degree or significant work experience.<sup>151</sup> However, there are also many online postings for jobs that do not require degree-level qualifications, such as administrative, caring and sales positions. It's worth noting that, despite changes in the level of demand, the mix of online job postings in London was remarkably similar in 2022 and 2019. This is shown at a more granular level (four-digit SOC groups) in Appendix 11.<sup>152</sup>

<sup>151</sup> Online postings for jobs at this skill level accounted for 46% of total postings in London compared to 36% across England, although this partly reflect the types of adverts posted online. Roles at this level may be difficult to access for a large part of London's out-of-work population, given the profile outlined in table 3.

<sup>152</sup> Out of 369 four-digit occupational groups, there was only one difference in the top 20 occupations for online job postings in London in October to December 2022 and October to December 2019. In other words, 19 out of the top ranked 20 four-digit occupations were the same, with the top six occupational groups in the same order in both periods.

**Table 7: Monthly unique online job postings by two-digit SOC, October to December 2022**

Sub-major group (two-digit SOC 2010)	Average postings in period (Oct-Dec 2022)	Change on mid-2022 (Apr-May 2022)	Change on pre-pandemic (Oct-Dec 2019)
Science, research, engineering and technology professionals	20,200	-9,900	6,400
Business, media and public service professionals	17,800	-5,500	5,700
Business and public service associate professionals	15,600	-4,700	4,300
Corporate managers and directors	13,000	-3,600	3,600
Administrative occupations	9,200	-1,000	3,400
Science, engineering and technology associate professionals	5,900	-1,900	1,900
Sales occupations	5,800	-1,400	1,500
Health professionals	5,600	-1,800	1,400
Caring personal service occupations	5,600	-500	1,900
Teaching and educational professionals	5,400	-2,000	1,100
Other managers and proprietors	5,000	-1,600	1,600
Elementary administration and service occupations	4,700	-1,300	2,000
Secretarial and related occupations	3,100	-300	1,100
Textiles, printing and other skilled trades	2,800	-1,400	1,100
Culture, media and sports occupations	2,600	-1,000	100
Customer service occupations	2,200	-400	700
Skilled metal, electrical and electronic trades	1,900	0	600
Health and social care associate professionals	1,800	-200	700
Leisure, travel and related personal service occupations	1,400	-400	400
Process, plant and machine operatives	1,100	-100	500
Transport and mobile machine drivers and operatives	1,100	-200	400
Skilled construction and building trades	1,000	0	400
<b>Total across all occupations</b>	<b>134,500</b>	<b>-39,300</b>	<b>40,900</b>

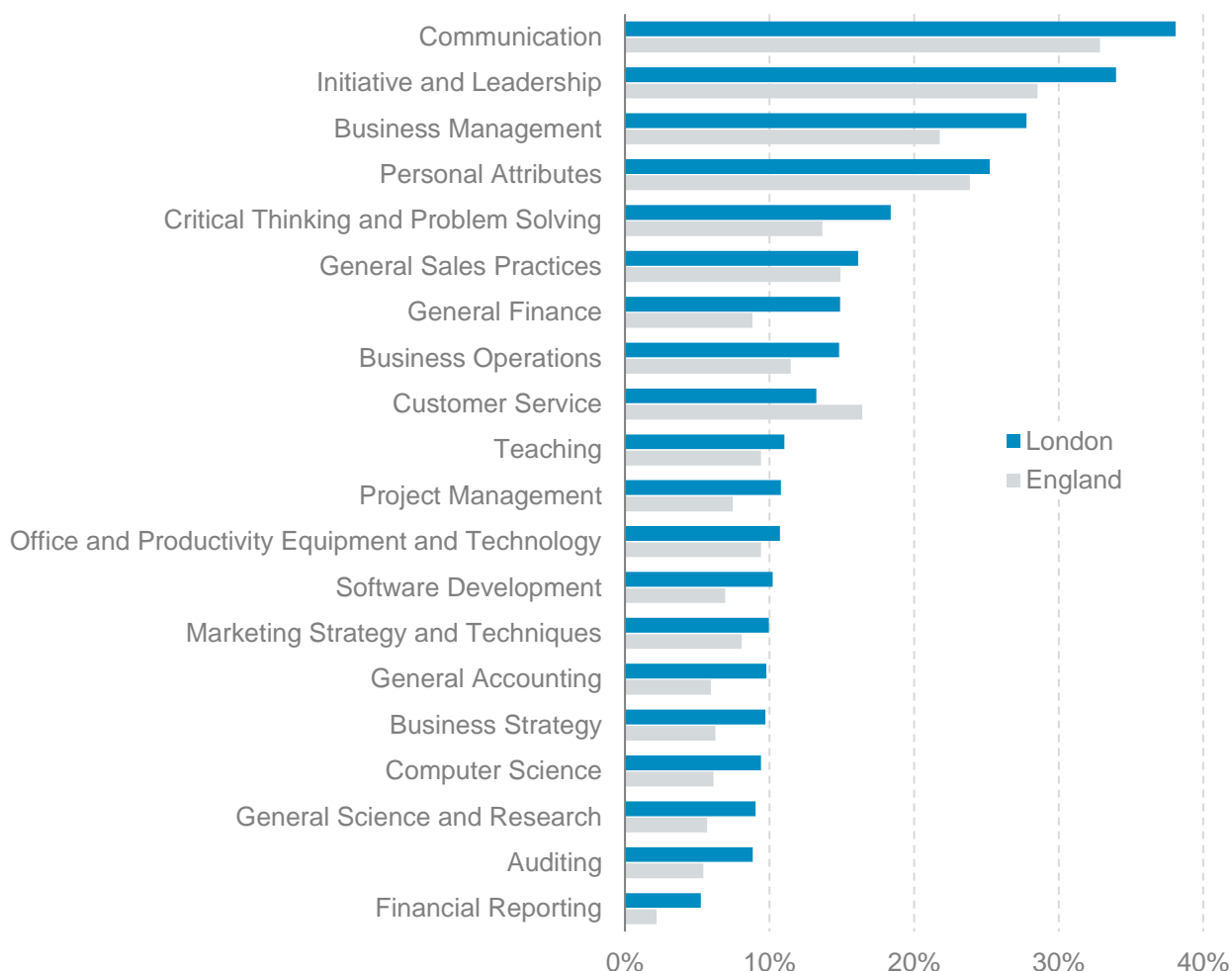
Source: Lightcast (2023). Note: Number of unique new postings in the period. Based on two-digit SOC 2010 codes, excluding occupations with fewer than 1,000 postings; estimates rounded to nearest 100.

Reflecting these trends, the mix of skills and qualifications that employers were asking for was also similar in 2019 and 2022. Figure 49 shows a breakdown of the main skills featured in online postings for jobs in London based on Lightcast skills sub-categories.<sup>153</sup>

- The most common types of skills or qualifications asked for were transferable skills such as communication (38% of online job postings), initiative and leadership (34%), and business management (28%).
- Compared to the national picture, London postings were especially likely to feature skills in areas such as computer science, software development, general finance and marketing.

This timelier picture of skills demand from online job postings, while imperfect, seems to align with other survey-based evidence (below).

**Figure 49: Top 20 skills or qualification featured in online postings for jobs in London and England, October to December 2022 (% of total unique postings)**



Source: Lightcast (2023). Note: percentage of total unique new postings in the period.

<sup>153</sup> Based on a ranking of over 442 skills sub-categories. For more information see [here](#).



## Skills that require development in the workforce

According to the 2019 [Employer Skills Survey](#), around two-thirds (67%) of London employers anticipated a need for new skills to be developed in their workforce over the next 12 months. This was up from only 60% of employers in 2017, with higher rates recorded for larger employers.<sup>154</sup>

The **technical and practical skills** that London employers needed to develop in their workforce were similar to the national picture. The single most-cited area was specialist skills or knowledge needed to perform the role. More broadly, the main technical and practical skills that required developing included a mix of:

- operational skills (cited by around 55% of employers in London who anticipated a need for new skills in the next 12 months, vs. 52% nationally)<sup>155</sup>
- digital skills (49% in London vs. 47% nationally)
- complex analytical skills (48% in London vs. 44% nationally).<sup>156</sup>

Focusing on **digital skills**, the IT-related skill that most London employers said needed improving was linked to new or updated company software or systems (cited by 32% of London employers who anticipated a need for new IT skills). However, employers in London were also more likely to report the need for general and advanced digital skills – including Microsoft Office skills in particular, but also programming and design skills.

The Employer Skills Survey also asked which people or **transferable skills** employers felt were lacking among their workforce in 2019. The most common such skill lacking in London was linked to managing time and task prioritisation. More broadly, people and soft skills gaps in London were linked to a need for:

- management and leadership skills (cited by around 55% of employers in London who anticipated a need for new skills in the next 12 months, vs. 48% nationally)
- self-management skills (53% in London vs. 49% nationally)
- sales and customer service skills (46% in London vs. 41% nationally).

These findings broadly align with more recent evidence on future skills demand from a survey conducted in December 2022, by Survation, of London business leaders and HR managers. The most common skills needing to be developed over the next two to five years were advanced digital skills (56%), sector-specific technical skills (49%), basic digital skills (33%) and cross-cutting transferable skills (29%).

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<sup>154</sup> The main reasons Londoner employers gave for needing for new skills include new regulatory and legislative requirements; and the introduction or development of new products and services, new working practices and new technologies/equipment.

<sup>155</sup> Operational skills were defined as knowledge of products and services offered; and knowledge of how the organisation works.

<sup>156</sup> Complex analytical skills included specialist skills or knowledge needed to perform the role, and to devise a situation-specific solution to complex problems.

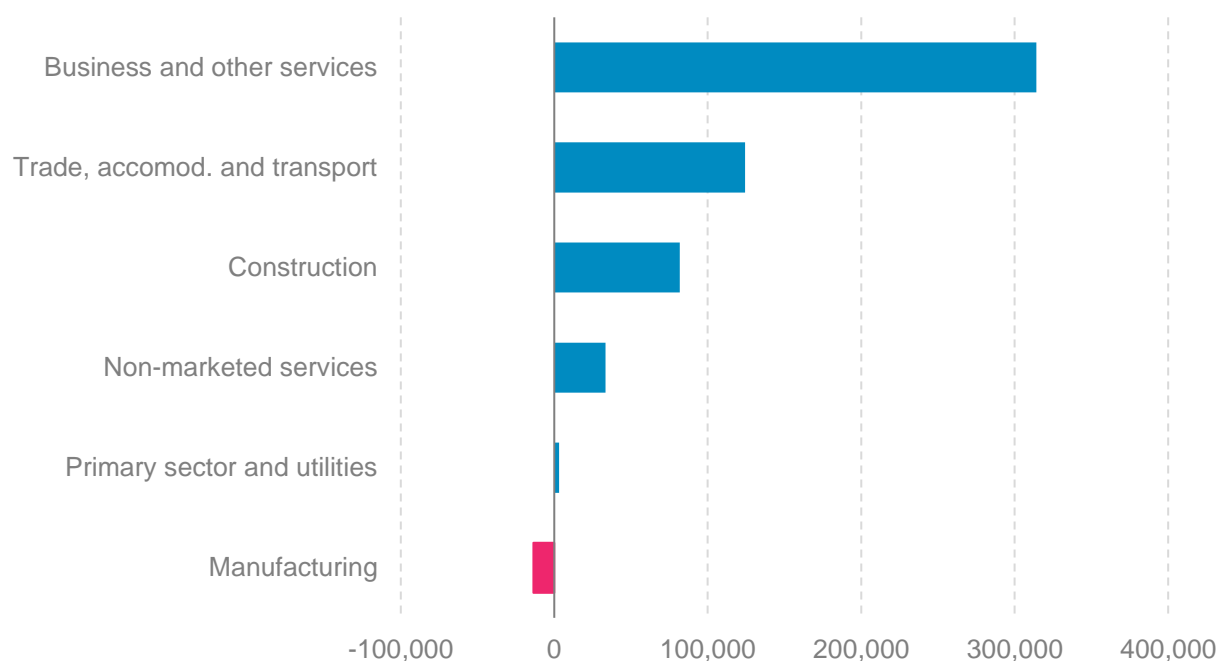
## Sector growth forecasts

According to interim [GLA Economics' trends-based projections](#), employment in London will reach around 6.85m in 2041, equal to an extra 38,000 jobs (+0.6%) a year from 2019 to 2041. Much of this growth is expected to come from sectors where London is more specialised, with strong increases projected for the information and communication and (especially) professional and real estate sectors. Over this period, significant employment growth is also expected in areas such as health and social care, and hospitality.

Regional projections from the [Skills Imperative 2035](#) project offer more detailed information on employment trends to 2035. Outputs from this research – largely produced before recent events such as the cost-of-living crisis – suggest that total employment in London will increase by around 35,000 jobs or 0.6% a year between 2020 and 2035. This is just below the growth rate suggested by GLA Economics' trends-based projections. However, it is far lower than jobs growth in London in the decade before the pandemic (section 1).

The sectoral profile from the Skills Imperative 2035 outputs is similar to GLA Economics' projections. As Figure 50 shows, the bulk (58%) of jobs growth in the capital from 2020 to 2035 is expected to come from business and other services (+314,200), with employment in manufacturing set to decline slightly (-13,600), having been flat in the last decade.

**Figure 50: Net change in employment by broad sector, 2020-35**



Source: Skills Imperative 2035, [London LSIP tables](#). For more detail on these broad sectors see [here](#).

Table 8 provides a summary of London projections for specific industry groups. Those with the highest projected *levels* of jobs growth to 2035 include hospitality, professional

services and construction. The industries with the highest *rates* of jobs growth over this period also include the engineering, and arts and entertainment sectors.

**Table 8: Sectors with highest and lowest projected growth (levels), 2020-35**

Sectors with <b>highest</b> forecast growth		Sectors with <b>lowest</b> forecast growth	
1)	Hospitality	1)	Rest of manufacturing
2)	Professional services	2)	Wholesale and retail trade
3)	Construction	3)	Education
4)	Information technology	4)	Food drink and tobacco
5)	Admin support services	5)	Real estate

Source: Skills Imperative 2035, [London LSIP tables](#). Notes: based on net change. Excluding primary and utilities sectors due to small counts.

## Occupational growth forecasts

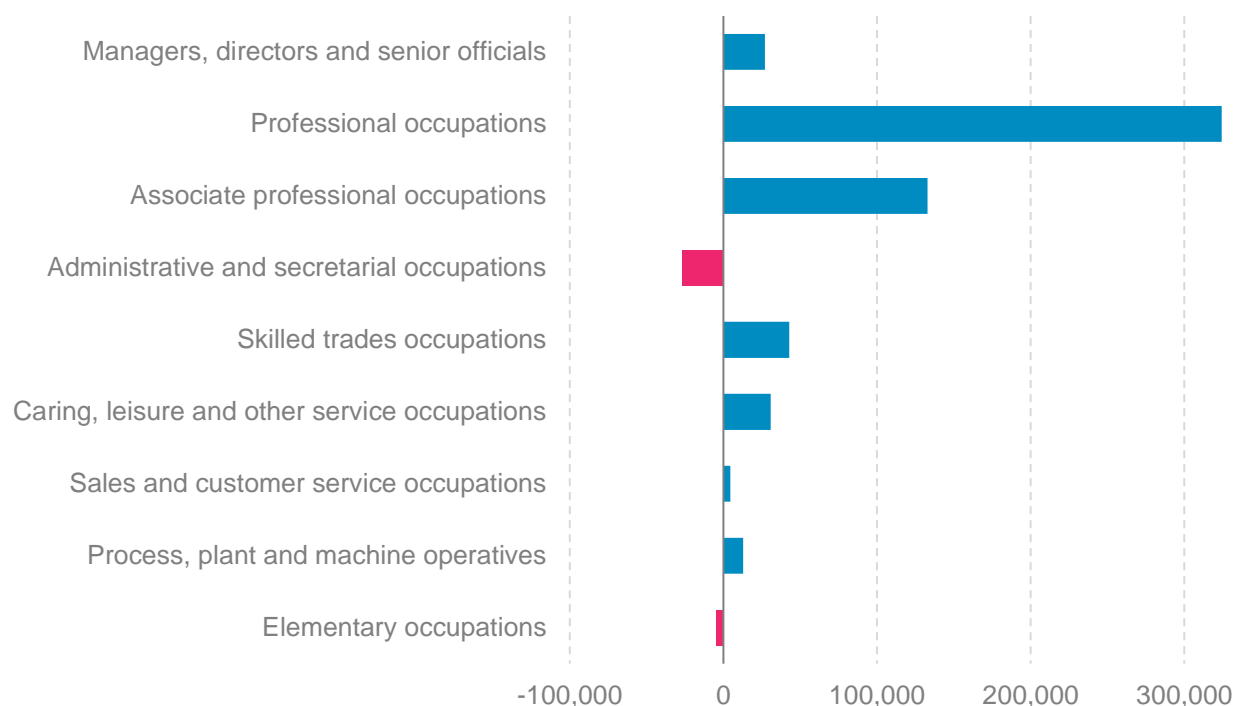
The Skills Imperative 2035 projections also provide information on the likely direction of employment changes in London by occupation between 2020 and 2035.

Reflecting sectoral trends, long-run employment growth in London is expected to remain more prominent at the top of the occupational distribution. Most jobs growth between 2020 and 2035 will come from professional (+343,000) and associate professional (+133,000) occupations: white-collar, non-manual jobs that tend to employ more highly qualified people (though not always at degree level, particularly in associate professional roles).

Overall, a lower level of growth is expected in other mid-skilled occupations, as well as declines within some elementary and administrative and secretarial roles. This is partly down to technology replacing more routine jobs.

One concern is that these occupational shifts could mean fewer opportunities to progress for those at the lower end of the labour market (in terms of pay or occupation). Progression into higher-skilled, higher-paid roles is important to tackle income inequality and poverty. However, previous research showed that London's labour market performs less well on (sustained) progression out of lower-skilled roles than in other regions.<sup>157</sup>

<sup>157</sup> IPPR (2016), [Jobs and skills in London: Building a more responsive skills system in the capital](#)

**Figure 51: Net change in employment by major occupational group, 2020-35**

Source: Skills Imperative 2035, [London LSIP tables](#)

There is variation within these major occupational groups. Table 9 presents a breakdown for more detailed (two-digit SOC) occupations. The roles with the highest net growth from 2020 to 2035 are science, research, engineering and technology professionals; business, media and public service professionals; and health and social care associate professionals. As a continuation of recent trends, administrative, secretarial and sales-related occupations are among those where employment is expected to decline.

**Table 9: Occupations with highest and lowest projected growth (levels), 2020-35**

Occupations with <b>highest</b> forecast growth	Occupations with <b>lowest</b> forecast growth
1) Science, research, engineering and technology professionals	1) Elementary administration and services
2) Business, media and public service professionals	2) Secretarial and related occupations
3) Health and social care associate professionals	3) Sales occupations
4) Business and public service associate professionals	4) Protective service occupations
5) Elementary trades and related occupations	5) Corporate managers and directors

Source: Skills Imperative 2035, [London LSIP tables](#). Notes: based on net change. Two-digit SOC excluding community and civil enforcement occupations due to small counts.

## Total job openings

This picture of net change only tells part of the story. Replacement demands – the need to replace people who leave the workforce for retirement and other reasons – mean that job openings in London are expected across all broad occupational groups.

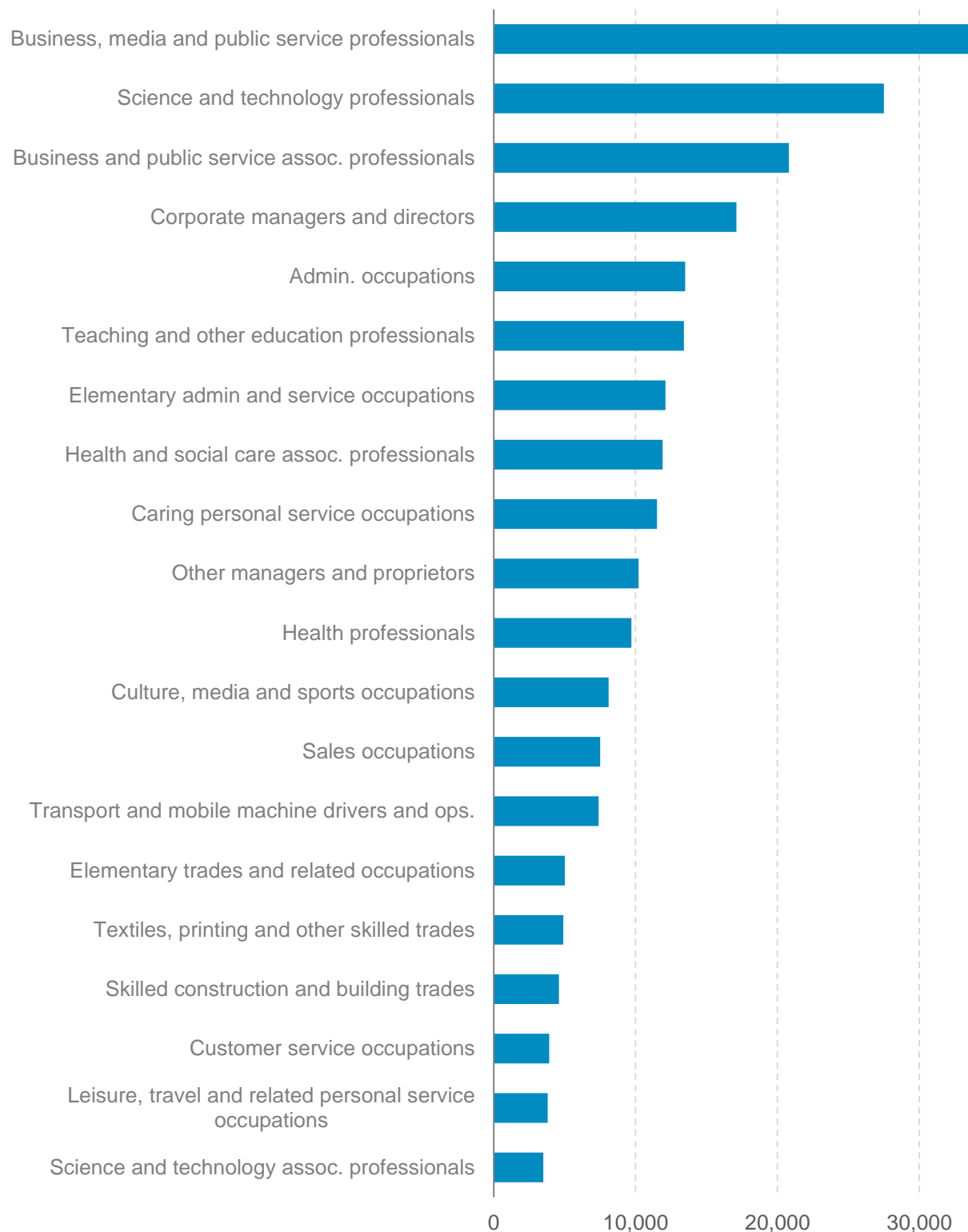
From 2020 to 2035, replacement demands are expected to generate almost six times more job openings in London than net growth on its own. This means that:

- occupations where employment is projected to increase will require extra workers, in addition to those being replaced
- even in occupations where employment is expected to decline (such as administrative and secretarial roles), job openings will arise from the need to replace key workers (albeit the number of opportunities in those areas will fall over time).

On this basis, Figure 52 shows the 20 occupations (two-digit SOC) projected to have the highest ‘total requirement’ per year between 2020 and 2035 (replacement demand plus expansion demand). It features a wide range of occupations, including 10 projected to have over 100,000 job openings a year on average. Notably, this profile broadly aligns with occupational information from online job postings data.

**Figure 52: Projected annual average job openings in London from 2020-35**

Top 20 occupations (two-digit SOC) for total requirement



Source: Skills Imperative 2035, [London LSIP tables](#). Note: total requirement is equal to replacement demand plus expansion demand (net change). The chart shows an annual average number of job openings for illustrative purposes; the actual number is likely to vary over time.

**Table 10: Employment change and replacement demand (000s) by occupational group London, 2020-35**

Sub-major group (two-digit SOC)	Net change	Replacement demand	Total requirement
Corporate managers and directors	-5	262	257
Other managers and proprietors	32	121	153
Science, research, engineering and technology professionals	195	218	413
Health professionals	-4	149	145
Teaching and other educational professionals	11	190	201
Business, media and public service professionals	122	385	507
Science, engineering and technology associate professionals	7	45	52
Health and social care associate professionals	81	98	179
Protective service occupations	-9	23	14
Culture, media and sports occupations	8	113	121
Business and public service associate professionals	45	267	312
Administrative occupations	-6	208	203
Secretarial and related occupations	-21	43	21
Skilled agricultural and related trades	6	18	24
Skilled metal, electrical and electronic trades	0	45	45
Skilled construction and building trades	16	53	69
Textiles, printing and other skilled trades	20	53	73
Caring personal service occupations	27	145	172
Leisure, travel and related personal service occupations	5	52	57
Sales occupations	-11	123	112
Customer service occupations	15	43	59
Process, plant and machine operatives	5	15	20
Transport and mobile machine drivers and operatives	7	103	110
Elementary trades and related occupations	42	32	75
Elementary administration and service occupations	-47	229	182
<b>All occupations</b>	<b>543</b>	<b>3,036</b>	<b>3,579</b>

Source: Skills Imperative 2035, [London LSIP tables](#). Note: excluding community and civil enforcement occupations due to small counts.

## Qualifications projections

The Skills Imperative 2035 projections also indicate that the profile of employment in London will continue to shift towards more people holding higher-level qualifications.<sup>158</sup>

Of people in employment in London, the proportion who are qualified to level 4 or above is expected to rise from 65% in 2020 to 80% in 2035 (compared to the overall England rise from 47% to 60%). The number of people employed in London without any formal qualifications is projected to decrease by more than 50% over this time.

Looking in more detail, as shown in Figure 53 and table 11, the percentage of employed people in London holding a full degree-level qualification (level 6 or above) is projected to increase from 52% in 2020 to 69% in 2035, with the strongest increases projected at level 7 (e.g. postgraduate-degree level). The share of people employed with a highest qualification:

- at levels 2 to 3 is expected to fall from 23% to 14%
- below level 2 is expected to fall from 12% to 6%.

These trends reflect both supply and demand factors. This includes ‘cohort effects’<sup>159</sup> as well as shifts in occupational structure. The qualification profile within occupations is also projected to rise over time, although it’s unclear how much of this is down to increasing skill requirements within jobs, as opposed to increases in supply.<sup>160</sup>

The key implication is that London’s labour market is likely to become even more competitive for those with lower levels of educational attainment, especially given the impact of structural changes such as automation. This could reinforce the challenges that some Londoners face around labour market entry and progression.

Nonetheless, in absolute terms, London will maintain a large number of employed people with qualifications below first-degree level (see Table 11). 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.

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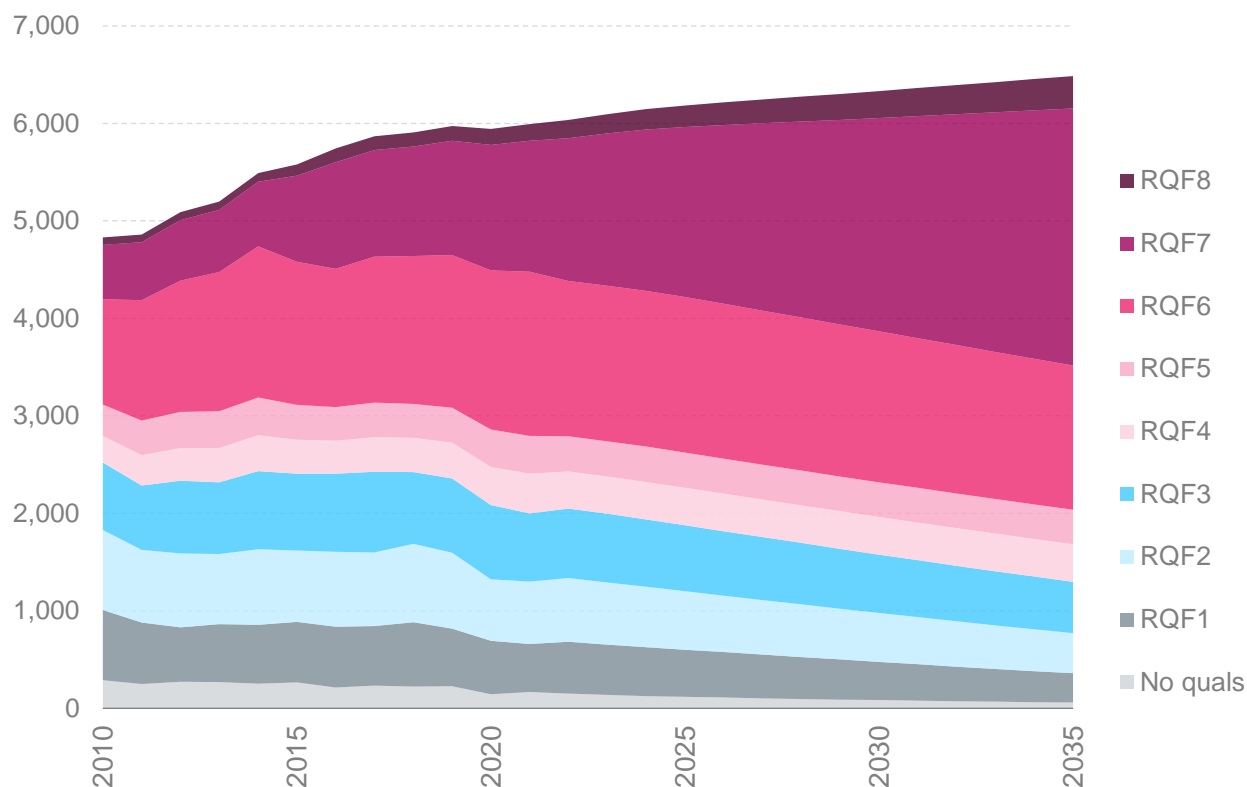
<sup>158</sup> These projections focus on ‘the qualification levels of people in employment ... based on a continuation of current educational trends and certain assumptions about how newly qualified people obtain and retain jobs’ – they are not ‘a projection of the qualification levels required for skill supply to match skill demand’. See: DFE/Wilson, R. A., S-A. Barnes, M. May-Gillings, H. Bui and S. Patel (2019), [Working Futures 2017-2027: Long-run labour market and skills projections](#).

<sup>159</sup> This is because older workers who hold, on average, fewer formal qualifications leave the labour market, and younger workers with higher levels of educational attainment enter it. For example, in 2021 only around 50% of Londoners aged 50-64 held a qualification at level 4 or above, compared to 70% of Londoners aged 25-49. Source: ONS Annual Population Survey (via Nomis).

<sup>160</sup> DFE/Wilson, R. A., S-A. Barnes, M. May-Gillings, H. Bui and S. Patel (2019), [Working Futures 2017-2027: Long-run labour market and skills projections](#)



**Figure 53: Trends in employment (000s) by qualification level, 2010-35**



Source: Skills Imperative 2035, [London LSIP tables](#)

**Table 11: Profile of employment by highest qualification level (%), 2020-35**

	2020	2025	2035
RQF8 Doctorate	3%	4%	5%
RQF7 Other higher degree	22%	28%	41%
RQF6 First degree	27%	26%	23%
RQF5 Foundation degree; nursing; teaching	6%	6%	5%
RQF4 HE below degree level	7%	6%	6%
RQF3 A level and equivalent	13%	11%	8%
RQF2 GCSE (A-C) and equivalent	11%	10%	6%
RQF1 GCSE (below grade C) and equivalent	9%	8%	5%
No qualification	2%	2%	1%
<b>All qualifications</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Skills Imperative 2035, [London LSIP tables](#)

## Automation and the London labour market

Falling costs of computing power, and the development of AI and other technologies, are increasing the range of human tasks that technology can perform. But the evidence about the extent to which jobs will be replaced by automation remains controversial.

Looking forward, a [2021 report by PwC](#) estimated that around 7% of existing UK jobs could face a high (over 70%) probability of automation over the next five years from AI and related technologies, rising to around 18% after 10 years. This finding is in line with [other studies](#) on the potential impacts of automation. However, the analysis also finds that AI will create jobs by boosting productivity and economic growth, highlighting that:

- Net job gains are expected in areas such as health and social work, professional services and information and communications, whereas job losses are expected in the wholesale and retail, public administration, and manufacturing sectors.
- AI is likely to drive a continuation of skill-biased technological change, increasing the demand for higher-level qualifications and skills. For example, higher-paying management and professional occupations are expected to experience more positive employment effects, compared to lower-paying clerical and manual roles.
- While there will be job gains and losses in all regions, the overall employment effects are expected to be more positive in London than in other regions.
- Though some job creation will be directly linked to AI technologies, transferable skills – including digital skills but also soft skills such as empathy, building relationships and collaboration – will also continue to grow in importance.

Several studies have underlined the complexity in predicting the risk of automation as different variables comes into play. Recent [ONS analysis](#) also looked at the change in employment from 2011 to 2017 for occupations at high risk of automation. Although employment in some of these roles declined over this period (e.g. laundry dry cleaners, retail cashiers), it increased in others (e.g. van drivers, kitchen assistants and waiters).

Moreover, [recent research](#) focused on the impacts of large language models on the US labour market suggests that a broader range of workers could be impacted (e.g. 80% of the US workforce could have 10% of their tasks affected). While impacting jobs at all levels, this analysis indicates that higher-income jobs could face greater exposure – roles involving programming and writing skills, for examples, could be more susceptible.

Overall, while automation offers new opportunities such as enhancing productivity, it also poses new and unequal risks to workers, with young people and lower-skilled workers among the most [vulnerable groups](#) in London. To prepare for future transitions, there is a need to promote and widen access to education and workforce development, with demand for social, creative, and logical reasoning abilities expected to increase.

## Chapter 4 – Mapping skills supply and demand

### Summary of key points

- The overall ‘skills match’ in London has historically been strong, with both high supply of and demand for skills.
- Despite a highly skilled workforce, employer surveys still showed some unmet demand: 15% of London employers reported a skills gap or skills-shortage vacancy in 2019, up slightly from 14% in 2017.
- Reports of labour and skills challenges intensified in the post-pandemic period: only 27% of London businesses said they did not have skills challenges in mid-2022, down from half (49%) of businesses in September-November 2020.
- These aggregate-level statistics also hide more troubling data for sectors and occupations, including for certain professional and skilled trades roles. Overall difficulties are likely to have eased since mid-2022, but significant recruitment challenges remain in sectors such as health and hospitality.
- There is scope to improve the provision of training and development opportunities, to ensure that workers are equipped with the skills they need to succeed in a changing labour market.

### What does this section cover?

This section assesses – from an employer perspective<sup>161</sup> – the extent to which the supply of skills in London aligns with labour market demand. It reviews available evidence on skills mismatches and challenges, both within the workforce and when recruiting. It highlights the main challenges that employers report in terms of access to labour and skills; and considers how these challenges have evolved in the post-pandemic period.

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<sup>161</sup> It should be noted that this section does not ask whether demand in London is matched by the skills of London *residents* specifically. The focus is on whether the demand for skills generated by London employers is ‘in balance with’ the supply available, regardless of where workers come from. It also focuses on employers’ reports of (perceived) shortages. In both respects, it focuses on an employer perspective.

## Skills situation summary

### *Pre-pandemic situation*

As outlined in previous sections, the supply and demand for skills in London is high.

Reflecting this, the capital tends to have a higher rate of vacancies than in other parts of the country. Almost a fifth (19%) of employers in London reported at least one vacancy in 2019 according to the Employer Skills Survey (17% nationally; 22% in London in 2017). There are also more online postings for jobs in London than for other English regions.<sup>162</sup>

Even before the pandemic there were signs of unmet demand. Looking again to the Employer Skills Survey, around 15% of London employers reported a skills gap or skills-shortage vacancy in 2019 (Figure 54). This was below the national average (17%) but marginally above the London rate in 2017 (14%). There was some variation within the capital, with a slightly higher rate reported by employers in the South London Partnership area.

### *Post-pandemic trends*

This picture – of relatively high demand, alongside signs of skills gaps and mismatches – has been reinforced in more recent surveys of employers in the capital.

The 2022 [London Business 1000](#), a survey produced by London Councils, found that 61% of businesses had plans to recruit over the next 12 months, up from 41% in 2020.<sup>163</sup> Another recent survey, produced for BusinessLDN, found that almost a quarter (23%) of London business leaders and HR managers had ‘many’ vacancies in their organisation, while only a fifth had no open vacancies.<sup>164</sup> This could be partly down to job turnover, with employment intentions more subdued overall at the start of 2023.<sup>165</sup>

Surveys also point to an increase in skills-related challenges in the post-pandemic period. For example, the London Business 1000 found that only around a quarter (27%) of decision-makers in London did not report any skills challenges in mid-2022, down from 40% in 2021 and 49% in 2020. As Figure 55 shows, this increase in challenges has been especially pronounced for professional/managerial and skilled manual/technical roles.

The rest of this section explores these challenges in more detail. It first reviews issues related to the existing workforce, before turning to recruitment-related difficulties.

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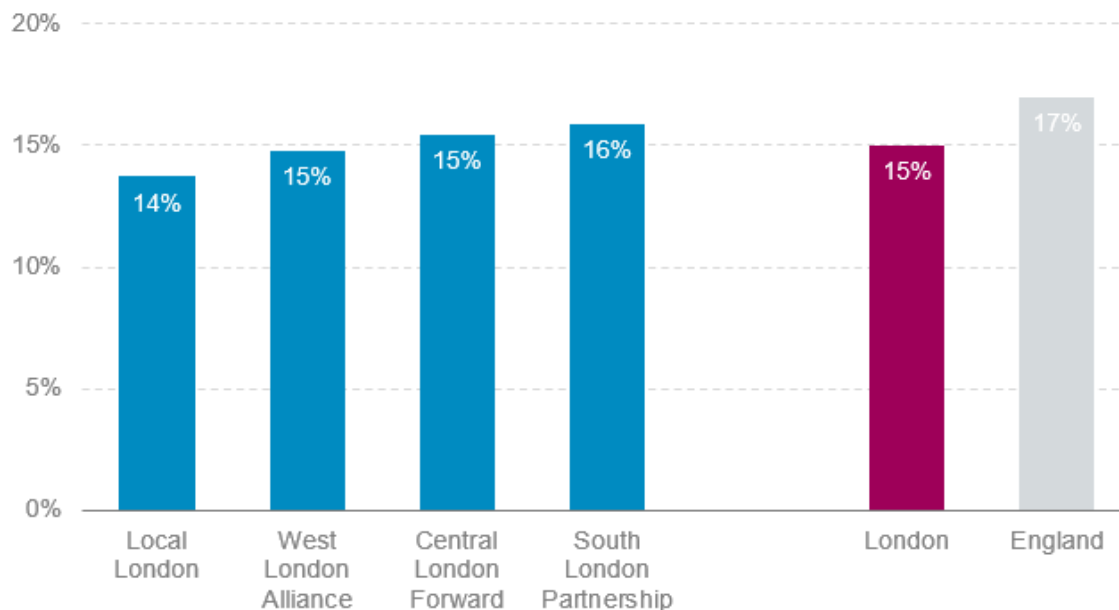
<sup>162</sup> A monthly average of 134,500 new unique postings in October to December 2022 according to Lightcast. Source: Lightcast, 2023. For more on recent trends see: GLA Economics (2023), [Online job postings quarterly update](#). Note: data from other sources suggests a similar picture.

<sup>163</sup> Based on a YouGov survey of 1,369 London businesses conducted in the summer of 2022. The results are weighted to be representative of the businesses population by size and industry.

<sup>164</sup> 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.

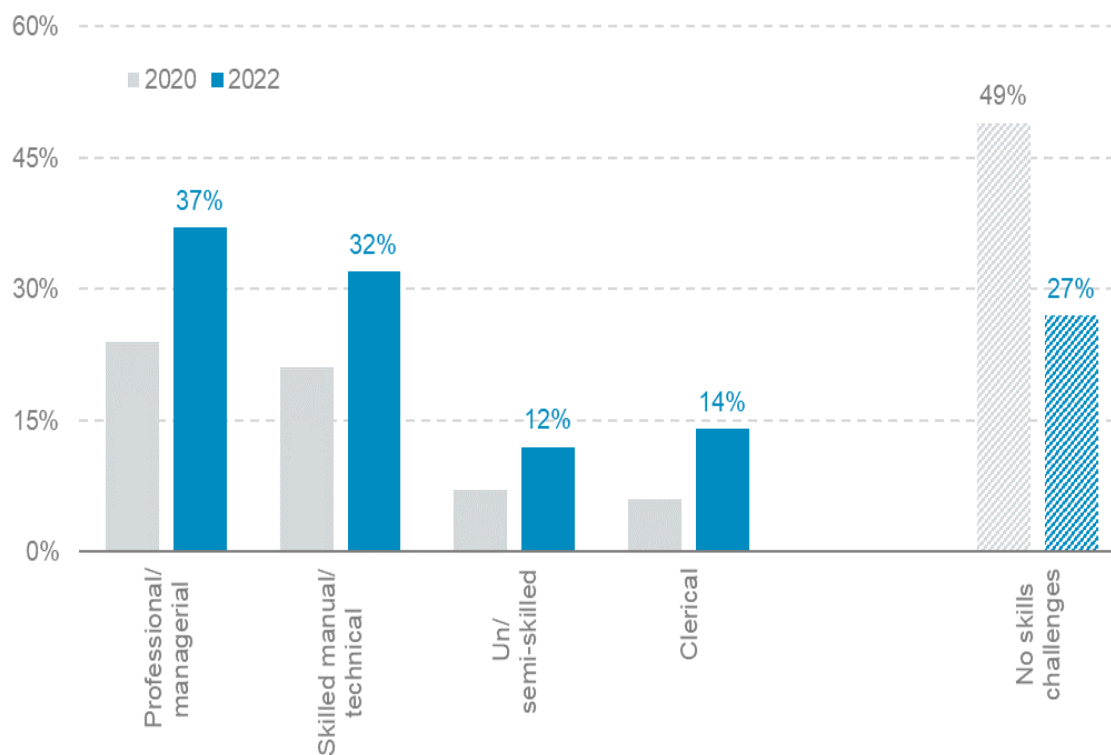
<sup>165</sup> The sentiment of London’s private businesses as measured by the PMI employment index was close to zero in January, whereas the rate of [job-to-job moves](#) in the UK remains above pre-pandemic averages. Source: IHS Markit via GLA Economics (2023), [London’s Economy Today – issue 246](#).

**Figure 54: Pre-pandemic proportion of establishments with skills deficiencies (any skills-shortage vacancies or skills gaps), 2019**



Source: DfE (2019), Employer Skills Survey: England LEA data tables. Note: Appendix 12 looks more closely at the incidence and density of skills-shortage vacancies and skills gaps over time.

**Figure 55: London businesses' reported skills challenges, 2020 vs. 2022**



Source: London Councils (2022), London Business 1000 Survey

## Proficiency of the London workforce

### *Skills gaps*

According to the Employer Skills Survey, in 2019, the overall proportion of London's workforce considered to be lacking in full proficiency (i.e. to have a skills gap) was lower than average – less than 4% in London, compared to 5% nationally.

Despite the density of skills gaps falling in London over the last decade (Appendix 12), this still equated to around 190,000 employees with skills gaps in 2019. In turn, this affected around 11% of the capital's employers, with over two-thirds (69%) reporting that skills gaps had an impact on business performance (66% nationally).<sup>166</sup>

Since then, the 2022 London Business 1000 survey has pointed to a substantial increase in the proportion of businesses experiencing skills challenges within their workforce in the post-pandemic period.<sup>167</sup> Less than a quarter of businesses did not face any workforce skills challenges in mid-2022, down from 37% in 2020.<sup>168</sup> This could reflect changes in demand (e.g. different working practices or technologies) and/or changes in labour supply (e.g. the loss and difficulty of replacing workers with specific skills).

Employers report challenges in relation to different types of skills among their workforces. The London Business 1000 survey made the following findings:

- In line with the skills demands outlined in section 3, the main area of concern was **technical or job-specific skills**. Over three in 10 (31%) London businesses reported gaps in this area in mid-2022, up from 19% in 2020 (Figure 56).
- The next most common area of concern was linked to **management/interpersonal skills**. Almost a fifth (18%) of London businesses reported challenges with these types of skills in 2022, while 17% cited workforce challenges linked to leadership skills. This could be linked to the need to upskill staff promoted during the pandemic, as well as growing demand for teamworking skills.<sup>169</sup>
- The main **digital skills** gap in mid-2022 was with advanced or specialist IT skills. This was reported as a challenge for 17% of London businesses in 2022, up from 14% in 2020. A lower proportion – around 9% – cited basic IT skills. More in-depth findings from the Employer Skills Survey suggest that main IT-related skills gap in 2019 was for basic Microsoft Office skills (Figure 57).

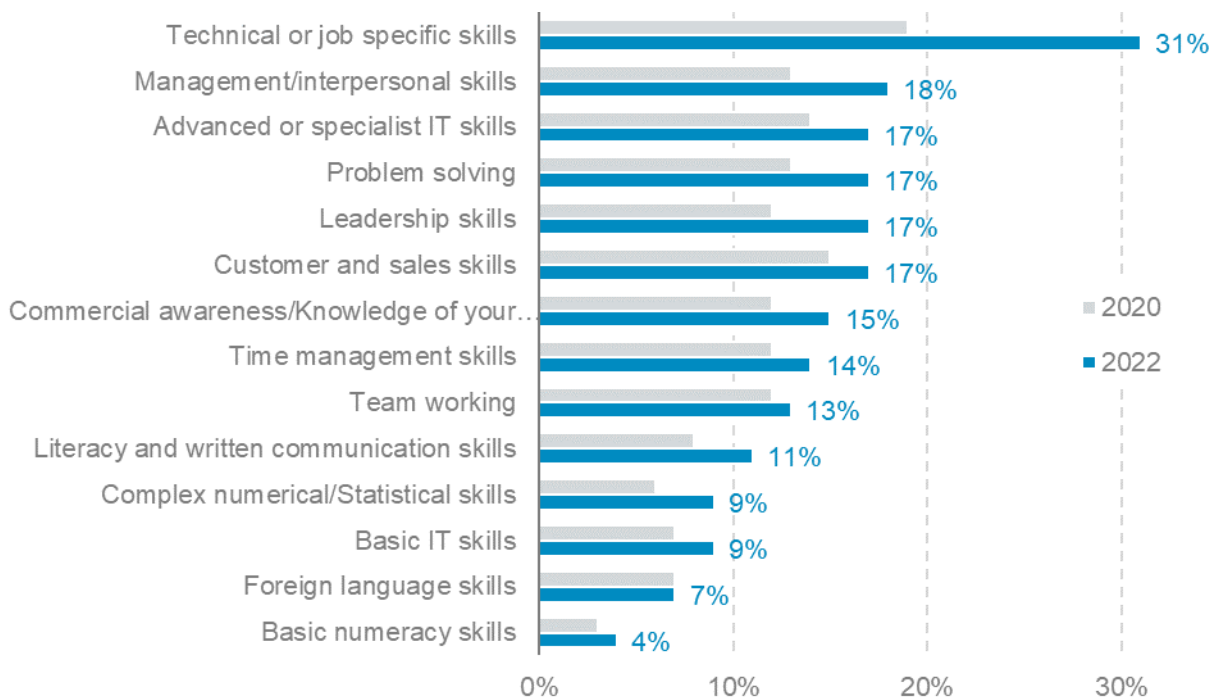
<sup>166</sup> These skills gaps frequently arose because staff were new to their roles (cited by 59% of employers with skills gaps) or yet to complete training (58%). However, other causes seem less transient and of greater relevance in the post-pandemic context, including being unable to recruit staff with the required skills (26%), the introduction of new working practices (24%) or technologies (20%), or problems retaining staff (17%). Source: DfE (2020), [Employer Skills Survey 2019](#).

<sup>167</sup> YouGov surveyed 1,369 London business decision-makers online between 29 July and 19 September 2022. The sample frame included 1,000 core responses representative of business size and an additional 350 responses from large businesses (with 250 employees or more). The final achieved figures were weighted to be representative of London businesses by size and industry.

<sup>168</sup> In addition, 34% of 1,016 respondents to the London Business Leaders 2022 Poll conducted by Survation in December 2022 said there were at least some gaps in skills and capacity in their workforce.

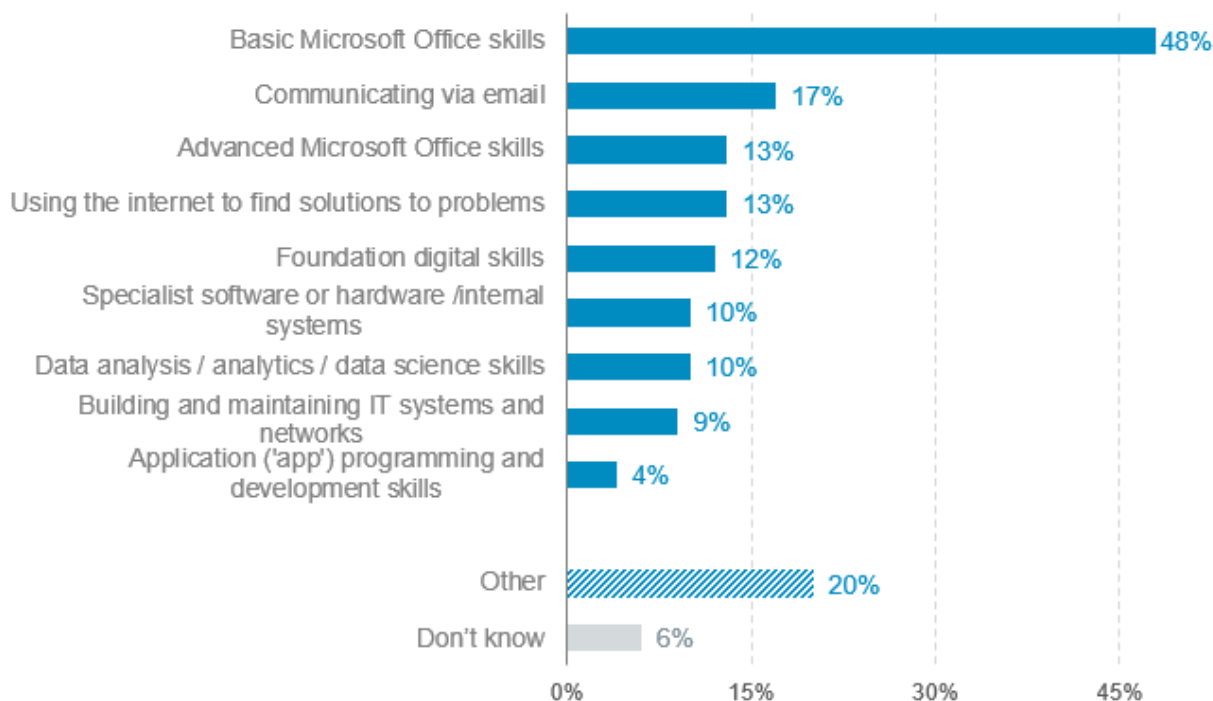
<sup>169</sup> RAND Europe/DfE (2022), [Skills needs in selected occupations over the next 5-10 years](#)

**Figure 56: Main types of skills London businesses faced challenges with among their current workforce, 2020 vs. 2022**



Source: London Councils (2022), London Business 1000 Survey: all respondents (2020 = 1,251; 2022 = 1,369)

**Figure 57: IT skills that needed improving (in roles with IT skills gaps), London, 2019**



Source: DfE (2019), Employer Skills Survey: England data tables

Skills gaps are more prevalent in larger organisations. According to the 2019 Employer Skills Survey, the proportion of employers in London that reported any skills gaps among their workforce increased with size: it was 5% among companies with two to four employees, and 29% among those with 100 or more employees.<sup>170</sup> The density of skills gaps (as a percentage of total employment) was also lower among smaller employers.

These findings are consistent with more recent data from the latest London Business 1000 and London Business Leaders 2022 Poll (and may be unsurprising given that larger workforces offer more scope for gaps to occur).

### *Skills utilisation*

To the extent that there have been supply-and-demand imbalances in London's workforce in the past, the more widely reported problem has been insufficient demand for the skills that workers possess.

At 36%, the proportion of London establishments with under-utilised staff (i.e. those that have both qualifications and skills that are more advanced than required for their current job role) was just above the England average (34%) in 2019 and close to London's 2017 rate (35%).<sup>171</sup> At a national level, higher rates of under-utilisation were reported in the hospitality and arts, and other services sectors.

The extent to which this situation was altered by the pandemic remains to be seen. However, there may be benefits from promoting more effective use of workers' skills, with evidence that under-utilisation of skills can have adverse effects on firm performance.<sup>172</sup> As discussed in section 2, London's labour market also features a high (in absolute terms) number of over-qualified workers, and this generally carries a wage penalty.<sup>173</sup>

The adoption of 'high performance working'<sup>174</sup> practices is one way for employers to make better use of workforce skills and raise productivity. 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. Widening access to English-language training and improving the recognition of international qualifications could also have economic benefits in the capital.<sup>175</sup>

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<sup>170</sup> DfE (2020), [Employer skills survey 2019: LEP summary data tables](#)

<sup>171</sup> In the Employer Skills Survey under-use of skills was measured by 'asking employers how many staff, if any, had both qualifications and skills more advanced than required for their current job role ... However, it is worth bearing in mind that the survey can only capture what employers are aware of and report'. Source: DfE (2020), [Employer skills survey 2019: Developing the skills pipeline](#).

<sup>172</sup> OECD (2020), [Better using skills in the workplace in the Leeds City Region, United Kingdom](#)

<sup>173</sup> ONS (2019), [Overeducation and hourly wages in the UK labour market; 2006 to 2017](#)

<sup>174</sup> High-performance work systems are defined as 'a set, or bundle, of human resource management practices related to selection, training, performance management, compensation, and information sharing that are designed to attract, retrain, and motivate employees. (Messersmith and Guthrie, 2010)

<sup>175</sup> IPPR (2019), [Measuring the benefits of integration: The value of tackling skills underutilisation](#)



## Recruitment-related challenges

### *Hard-to-fill vacancies*

Focusing on (pre-pandemic) hard-to-fill vacancies, the 2019 Employer Skill Survey made the following findings:

- Only a minority of London establishments reported that they had skills-shortage vacancies at the time of the survey (5%) – in line with the national average. This equated to over 38,000 skills-shortage vacancies, up from 30,000 in 2017.<sup>176</sup>
- These skills-shortage vacancies comprised over a fifth (21%) of vacancies in London (four percentage points below the England average), with a further 7% of vacancies being hard-to-fill for other reasons (five percentage points below). Notably, skills shortages are usually the main factor employers cite for hard-to-fill vacancies.
- The incidence of skills-shortage vacancies often reflects a lack of workplace skills. A lack of specialist skills or knowledge is the main cause of skills-shortage vacancies reported by employers in London (
- Figure 58), although other important factors, such as pay or working conditions, may be underrepresented in these findings.

In a dynamic economy, some degree of skills mismatch is to be expected. The proportion of employers in London reporting skills-shortage vacancies has also remained relatively steady over time (5-6% from 2011 to 2019; see Appendix 12).<sup>177</sup> However, these aggregate-level statistics hide more troubling data for specific sectors and occupations. In London, the construction sector had the highest density of skills-shortage vacancies in 2019, at 40%; this was followed by health and social work, at 32%.<sup>178</sup>

Consistent with skills challenges in these sectors, the following findings have been made:

- London employers faced the greatest challenges in finding skilled candidates for skilled trades occupations, particularly for skilled construction and building trades (51% of vacancies in these roles were skills-shortage vacancies in 2019).
- There were 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 (38% of 2019 vacancies in these roles were skills-shortage vacancies) and health professionals (37%).

Overall, the density of skills-shortage vacancies was lower in higher-skilled occupations, although there were challenges for some professional roles in 2019. Long-standing difficulties reported by employers when recruiting for skilled trades also pose barriers in relation to construction (e.g. housebuilding) and net-zero objectives.<sup>179</sup>

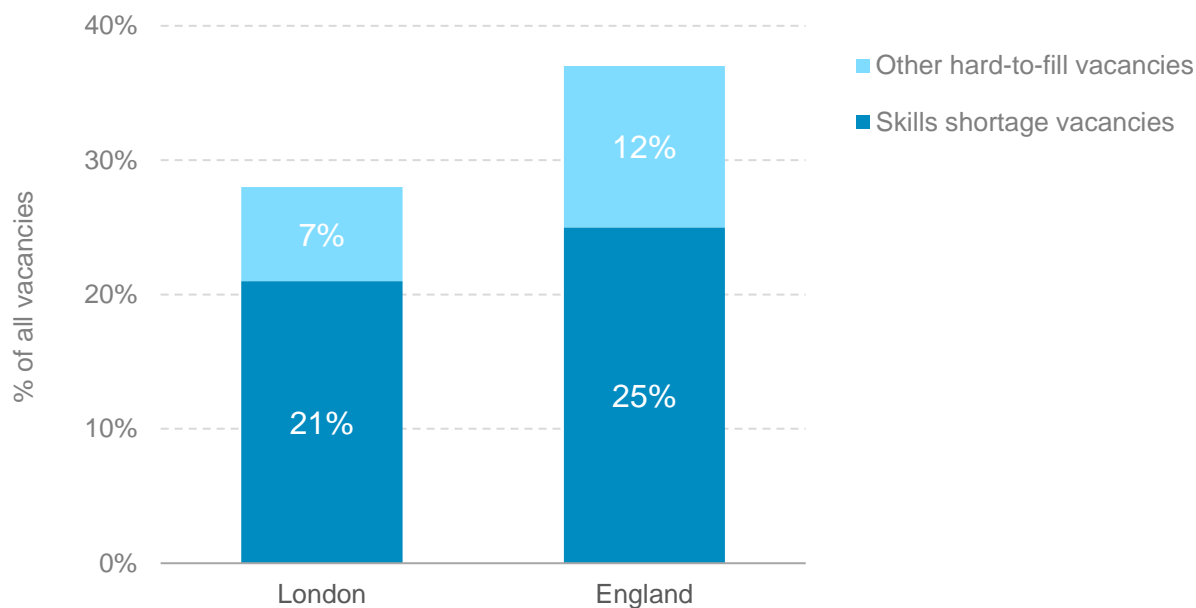
<sup>176</sup> Vacancies that were hard to fill because of a lack of the required skills, qualifications or experience.

<sup>177</sup> Notwithstanding data limitations, these headline findings were largely consistent with London being in a 'high skills equilibrium', with employers' skill needs generally met successfully in 2019.

<sup>178</sup> Using the London LEP geography. See: DfE (2020), Employer skills survey 2019 LEP summary tables

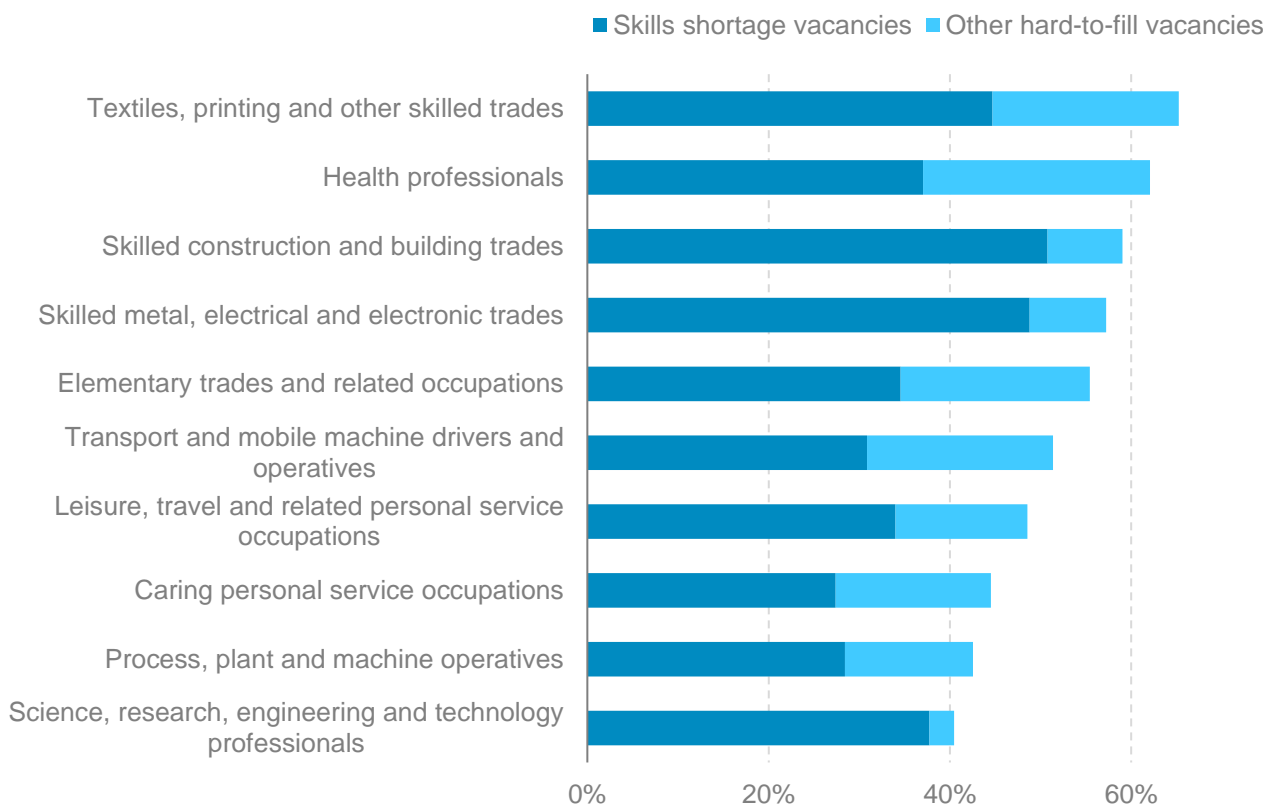
<sup>179</sup> Notably, section 2 highlighted relatively low take-up of construction courses in FE and apprenticeships while section 3 indicated that longer-term jobs growth in construction could be relatively strong.

**Figure 58: Proportion of all vacancies that were hard to fill due to skills shortages or other reasons, 2019**



Source: DfE (2019), Employer Skills Survey. Note: other reasons employers cite for having a hard-to-fill vacancy include issues with the numbers of applicants generally, terms and conditions, or job location.

**Figure 59: Proportion of vacancies that are hard to fill due to skills shortages or other reasons, 2019; top 10 two-digit SOC groups in London**



Source: DfE, [LMI for All API](#). Note: Skilled agricultural and related trades excluded due to low reliability.

Although larger organisations were more likely to report having a skills-shortage vacancy in 2019, the density of skills-shortage vacancies (relative to total vacancies) was higher for smaller employers in London. Almost a third (31%) of vacancies in establishments with fewer than five employees were proving hard to fill due to skills shortages in 2019, compared to less than a fifth (18%) for establishments with 100 or more employees.

Figure 60 provides a breakdown of the types of skills that employers in London found difficult to obtain from applicants when reporting skills-shortage vacancies. It should be noted that some of the wording has changed between surveys, so the findings presented here are not entirely comparable. However, the general picture is that the types of shortages identified by employers in 2019 had not changed significantly since 2011.<sup>180</sup>

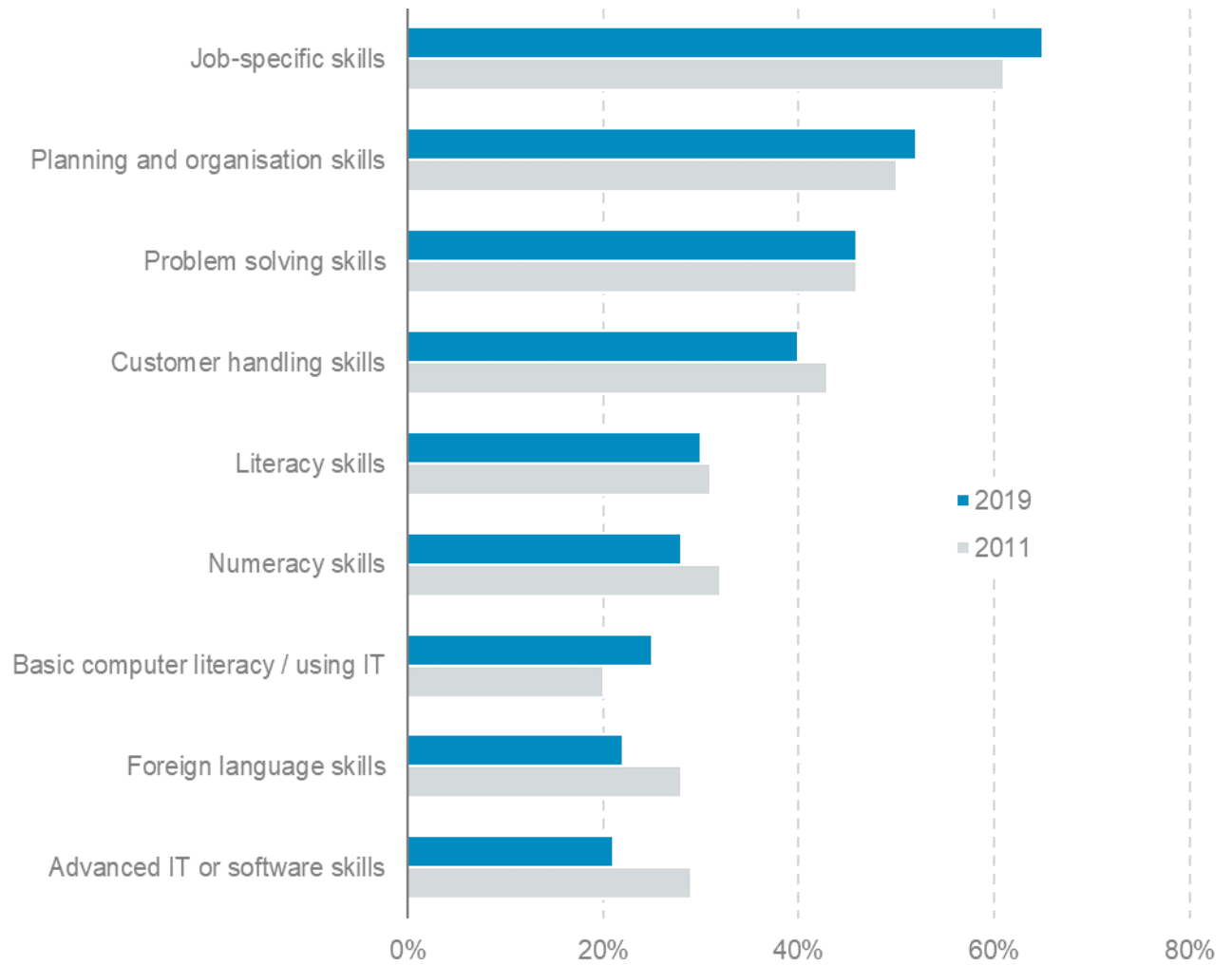
There are also overlaps with the information on skills gaps in Figure 56, most notably in the prominence of job-specific and problem-solving skills.

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<sup>180</sup> Also see: Allas T. (2023), [Competition for talent will remain fierce in the UK despite economic uncertainty](#)

**Figure 60: Skills that employers in London found difficult to obtain from applicants**

% of respondents reporting that vacancies were hard to fill due to skills shortages, 2011 and 2019



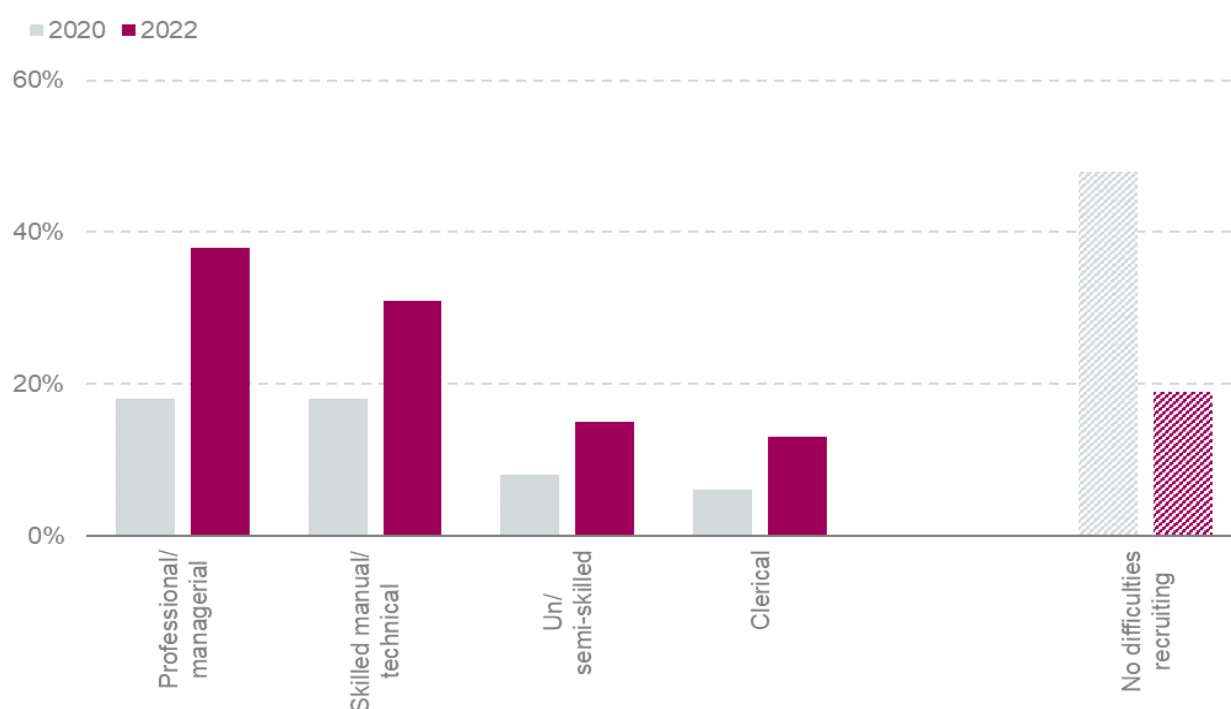
Source: GLA Economics analysis of Employer Skills Survey 2011 and 2019 (England tables)

### Post-pandemic trends

As section 3 showed, labour demand increased rapidly in the post-pandemic period. This coincided with a marked increase in reports of recruitment difficulties in 2022.

For example, the London Business 1000, carried out in mid-2022, found that less than a fifth (19%) of London businesses that had tried to recruit in the previous 12 months had no difficulties recruiting. This is down from nearly half (48%) in 2020 (when London's unemployment level was much higher).<sup>181</sup> In another recent survey, two-thirds (65%) of London business leaders and HR managers said their organisations were struggling to fill vacancies. Both surveys suggest that increased recruitment difficulties have been especially pronounced for professional/managerial and skilled manual/technical roles.

**Figure 61: Types of roles businesses had difficulty recruiting for, 2020 vs. 2022**



Source: London Councils (2022), London Business 1000 Survey. Note: among those who had recruited for the roles identified in the previous 12 months (2020 = 643; 2022 = 943).

The main reasons for post-pandemic recruitment difficulties, as reported by businesses in London, generally involve a low number of suitable applicants with required skills and high competition from other employers. Where there is a lack of suitable applicants, surveys suggest that a lack of motivation, work experience and qualifications can all play a part.

A key reason for post-pandemic recruitment difficulties is that labour demand recovered faster than labour supply.<sup>182</sup> It is therefore likely that, as labour demand – measured by

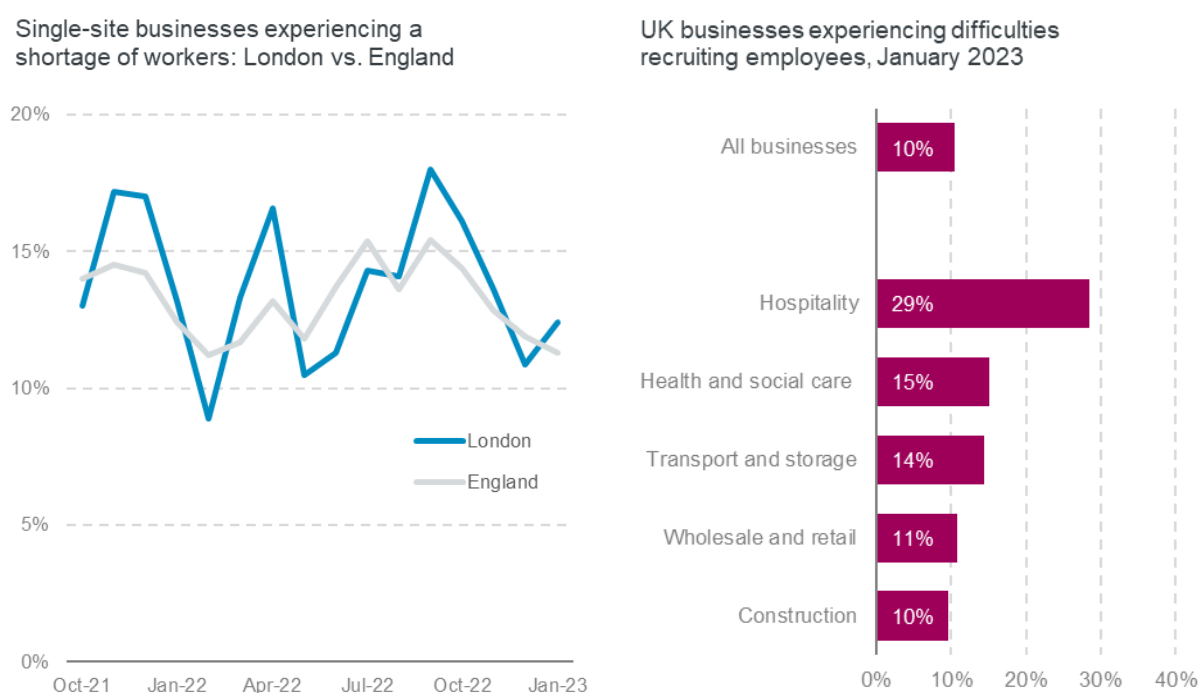
<sup>181</sup> London Business Leaders 2022 Poll: an unweighted survey of 1,016 London business leaders and HR managers conducted by Survation in December 2022 via an online panel.

<sup>182</sup> See: e.g., Bank of England (2022), [Monetary Policy Report – August 2022](#).

the number of vacancies or online postings for jobs in London – has moderated, overall recruitment difficulties have eased somewhat since mid-2022.<sup>183</sup>

In January 2023, around 12% of single-site businesses in London surveyed by the ONS reported experiencing a shortage of workers, in line with the England average.<sup>184</sup> Notwithstanding volatility (due to low sample sizes) and seasonality, the overall proportion of employers experiencing shortages seems to have fallen since autumn 2022. UK-level data suggests that recruitment difficulties remain more pressing for certain sectors, including hospitality, and health and social care. However, these areas could see greater easing in challenges if unemployment increases, albeit from a high level.<sup>185,186</sup>

**Figure 62: Indicators of skills challenges from ONS business surveys**



Source: ONS (2022), [Business insights and impact on the UK economy](#). Notes: weighted estimates using various waves. Left-hand chart uses linear interpolation to impute estimates between waves.

According to the ONS survey, the main reason UK businesses report difficulties in recruiting employees is a lack of qualified applicants for the roles on offer (cited by between 50-67% of UK businesses between mid-2021 and March 2023), followed by a low number of applications (cited by 45-54% of businesses). Other factors relate to competitiveness of pay (15-33%) and reduced numbers of EU applicants (12-25%).<sup>187</sup>

<sup>183</sup> Also see: Bank of England (2023), [Monthly Decision Maker Panel data – February 2023](#).

<sup>184</sup> See: ONS (2023), [Business insights and impact on the UK subnational single-site economy: February 2023](#). Note: according to ONS [metadata](#), single-site businesses accounted for around 99% of London businesses and almost half (47%) of total employment in the capital.

<sup>185</sup> Allas, T. (2023), [Competition for talent will remain fierce in the UK despite economic uncertainty](#)

<sup>186</sup> Note, for example, that between 2010 and 2021 around 9-13% of Londoners who were unemployed had previously worked in hospitality. See: GLA Economics (2022), [Out-of-work trends in London](#).

<sup>187</sup> ONS (2023), [Business insights and impact on the UK economy](#) (Wave 80)

## Survation London Business Leaders 2022 Poll

To support the LSIP, Survation polled 1,016 London business leaders and HR managers via an online panel in December 2022.

Key findings from the survey on challenges faced by businesses in London include:

- 77% of London businesses surveyed had open job vacancies, including 23% with many open vacancies.
- Two-thirds (65%) of businesses were struggling to fill at least some vacant posts, rising 95% among large firms (250+ employees).
- Professional/highly skilled specialists (49%) and technical and skilled support roles (43%) were the hardest roles to fill.
- In line with other surveys, a lack of suitable candidates with the required skills was the main driver for businesses' inability to fill vacancies, cited by 57% of respondents in businesses struggling to fill vacancies.
- Other challenges include competition from other employers (40%), lack of flexibility in the role (37%), insufficient interest in the role (31%), and the requirement for shift work/unsociable hours (31%).
- The main reasons for an applicants' unsuitability for the role were: a low number of applicants with the required attitude, motivation or personality (64%); lack of work experience (62%); and lack of qualifications (47%).
- Around a third (34%) of HR and business leaders indicated that the existing workforce had some gaps, or a significant gap, in their skills or capacity.
- Skills that were considered lacking included sector-specific technical skills (58%), transferable skills (42%), basic digital skills (33%), basic maths (23%), English (21%) and green skills (21%).

## Chapter 5 – Descriptions of priority sectors

This section provides data and descriptions of various priority sectors from an employment and skills perspective.

The following sectors were identified as mayoral priority sectors and informed the Mayor's Academies Programme; and were subsequently identified as priorities (at the London level) for London's LSIP:

- construction
- creative industries
- digital (digital skills are a cross-cutting priority for the LSIP)
- green
- health and social care
- hospitality.

For more in-depth GLA-commissioned research on barriers and opportunities for accessing these areas, see: GLA Communities and Social Policy Unit (2022), [Workforce Integration and Inclusion in London's Growth Sectors](#).

Labour market infographics related to these priority sectors can be found [here](#).



**Table 12: Priority sectors – jobs and business growth and the quality of jobs, London**

	Hospitality	Health and social care	Construction	Digital	Creative industries	London (total)
<b>Jobs</b>						
Number of jobs (2021)	220,300	641,200	264,900	544,00	795,500	5,394,000
Annual average change 2010-19 (%)	2.3%	2.0%	3.4%	4.7%	4.4%	2.4%
Annual average change 2019-21 (%)	-7.8%	5.8%	-16.5%	9.4%	7.3%	0.1%
<b>Selected job-quality measures, 2021</b>						
Not satisfactory hours	29%	13%	19%	19%*	n/a	21%
Unpaid overtime	9%	16%	18%	30%*	n/a	22%
Relative low pay (local measure)	38%	21%	8%	7%*	n/a	16%
Opportunities for career progression	52%	61%	56%	69%*	n/a	60%
Zero-hours contract	12%	4%	n/a	n/a	n/a	3%
<b>Businesses</b>						
Number of registered enterprises (2022)	27,000	19,600	61,500	66,300	93,300	595,600
Annual average change 2010-19 (%)	3.7%	4.2%	6.5%	7%	6.2%	4.5%
Annual average change 2019-22 (%)	4.5%	2.4%	3.4%	-3.9%	-2.8%	0.6%
Share of micro businesses (0-9 employees)	77%	76%	96%	92%	93%	91%
<b>Earnings</b>						
Median hourly earnings	£9.40	£18.00	£18.40	£24.10	£23.10	£18.70

Sources: ONS Annual Population Survey, job quality indicators, Inter-Departmental Business Register (IDBR), Annual Survey Hours and Earnings.

Note: \*based on data for the information and communication sector – an imperfect proxy.

**Table 13: Priority sectors – profile of the workforce and skills shortages, London**

	Hospitality	Health and social care	Construction	Digital	Creative industries	London (total)
<b>Occupational shares (%), 2021</b>						
Managers, directors and senior officials	15%	9%	15%	16%	14%	13%
Professional occupations	2%	40%	22%	51%	45%	34%
Associate professional and technical occupations	4%	12%	8%	23%	30%	18%
Administrative and secretarial occupations	6%	10%	9%	5%	6%	10%
Process, plant and machine operatives	2%	–	5%	0%	0%	3%
Skilled trades occupations	18%	0%	35%	4%	3%	5%
Caring, leisure and other service occupations	4%	25%	–	–	0%	6%
Sales and customer service occupations	5%	–	–	2%	1%	5%
Elementary occupations	45%	3%	5%	–	1%	6%
<b>Qualification share (%), 2021</b>						
Degree or equivalent	33%	60%	36%	79%	80%	62%
HE	9%	11%	8%	4%	3%	6%
GCE, A level or equivalent	20%	12%	20%	9%	5%	13%
GCSE grades A*-C or equivalent	12%	8%	16%	3%	8%	9%
No qualification	9%	2%	7%	1%	3%	3%
Other qualifications	17%	7%	12%	3%	1%	7%
<b>Skills challenges, 2019</b>						
Vacancies that are SSVs	22%	32%	40%	17%	16%	21%
Staff with skills gaps	7%	4%	3%	3%	2%	4%

Sources: ONS Annual Population Survey, January to December 2021; DfE (2019), Employer Skills Survey; DCMS estimates for skills challenges in the creative industries and digital sector. Note: SSVs = skills-shortage vacancies.

**Table 14: Priority sectors – demographic profile of job holders, 2021, London**

	Hospitality	Health and social care	Construction	Digital	Creative industries	London average
<b>Age</b>						
16–29	38%	17%	18%	19%	21%	21%
30–49	45%	53%	52%	60%	56%	52%
50 and above	16%	30%	29%	21%	23%	27%
<b>Gender</b>						
Female	48%	71%	17%	35%	41%	46%
Male	52%	29%	83%	65%	59%	54%
<b>Ethnic background</b>						
White	57%	53%	79%	71%	76%	67%
Asian	21%	18%	9%	17%	13%	17%
Black	11%	19%	7%	5%	4%	9%
Mixed	4%	5%	2%	3%	3%	3%
Other	7%	5%	3%	4%	3%	4%
<b>Disability status</b>						
Equality Act disabled	14%	15%	15%	12%	12%	13%
<b>Self-employment</b>						
Self-employed	4%	9%	37%	16%	27%	16%
<b>Country of birth (non-UK)</b>						
EU	26%	12%	20%	14%	13%	13%
Rest of the world	33%	38%	21%	30%	25%	28%

Source: ONS Annual Population Survey, January to December 2021

## Construction

In 2021, there were around 265,000 jobs in the construction sector in London, down from a pre-pandemic peak of 380,000 in 2019. More timely data also suggests that construction employment in the capital remains below pre-pandemic levels.<sup>188</sup> However, in 2021, the sector still accounted for 5% of all jobs in London. These made up 15% of all construction jobs in the UK.

There is a wide range of construction jobs at different qualification levels. Skilled trades and professional occupations were the largest major occupational groups in 2021, with professional occupations the only category to experience growth between 2019 and 2021. While self-employment in the construction sector has declined significantly over recent years (from 175,000 in 2015 to 97,000 in 2021), it still accounts for a higher proportion of jobs than in other sectors. The number of micro-sized businesses in the construction sector is also high.

The workforce is less diverse than in other sectors, with only 21% of London's construction jobs held by people from Black, Asian and minority ethnic backgrounds (compared to an overall London average of 33%). Additionally, the sector is ageing, with 29% of the workforce aged over 50 in 2021, compared to 23% in 2010. Around a fifth of workers live outside of London.<sup>189</sup>

The sector also relies heavily on workers born outside of the UK (who accounted for 40% of all construction jobs in London in 2021), and faces long-standing skills challenges. Even in 2019, around four in 10 vacancies were already difficult to fill due to skills shortages. Reports of challenges in recruiting workers have also been high in the post-pandemic period.<sup>190</sup> Demand for experienced staff to fill specialised roles can be a barrier to entry.<sup>191</sup>

Looking ahead, a focus on housing and green initiatives is expected to support demand for labour in the sector, as will large-scale developments, such as the regeneration of Thamesmead; the Brent Cross Town development; and the Meridian Water regeneration project. The Construction Industry Training Board (CITB) estimates that recruitment in London needs to increase, to recruit around 22,800 workers a year from 2023 to 2027. This is equivalent to recruiting an extra 4,560 workers per year, with strong requirements in professional occupations and for other construction-process managers.<sup>192</sup>

Despite the pandemic, construction job vacancies have continued to rise, with online job postings in January 2023 being higher than pre-pandemic levels. The top skills in demand in the sector include communication; initiative and leadership; and business management.

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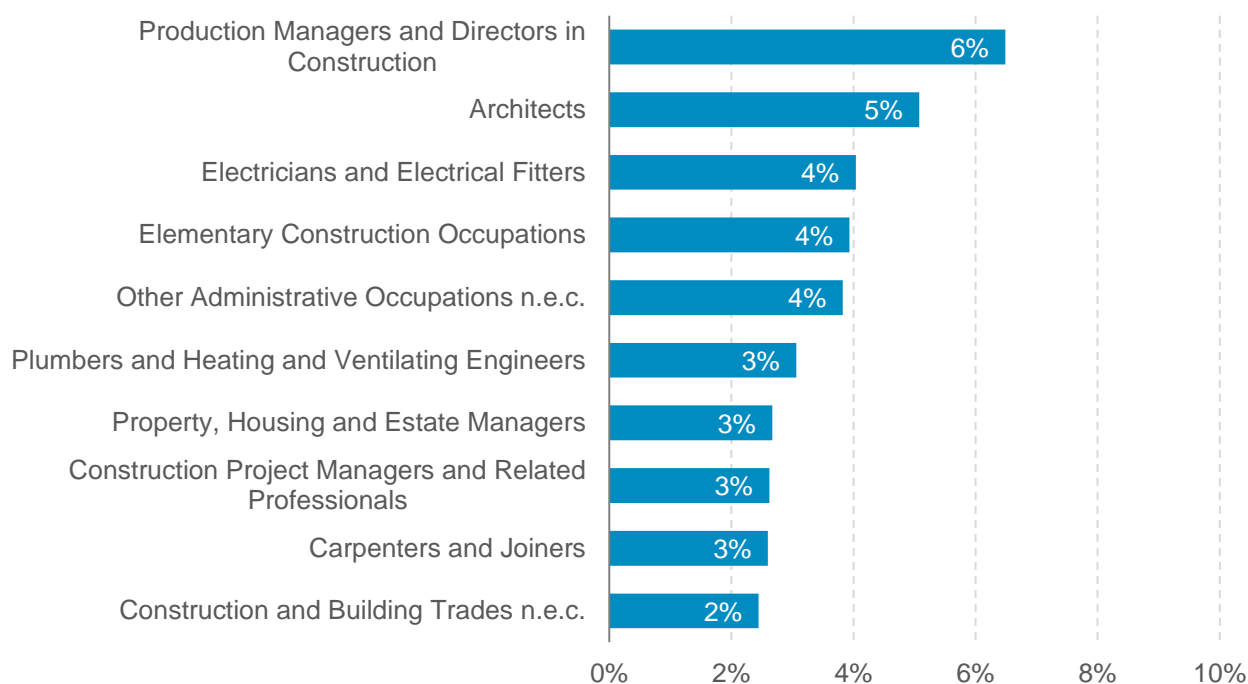
<sup>188</sup> GLA Economics (2023), [Labour market update for London](#)

<sup>189</sup> Source: GLA Economics analysis of ONS Labour Force Survey, April to June 2022.

<sup>190</sup> With 27% of UK construction firms indicating a shortage of workers in December 2022/early January 2023. Source: ONS (2023), Business Insights and Conditions Survey.

<sup>191</sup> GLA Communities and Social Policy Unit (2022), [Workforce Integration and Inclusion in London's Growth Sectors](#)

<sup>192</sup> CITB (2022), [Construction Skills Network: Labour Market Intelligence Report for Greater London](#)

**Figure 63: Top 10 occupations in the construction sector (%), London, 2021**

Source: Lightcast 2023.

## Creative industries

London's creative industries accounted for £59.8bn, or 13% of London's economic output, before the COVID-19 pandemic. London also contributed 53% of the UK's creative industries' GVA.

The creative industries also account for one in seven jobs in the capital (15%), equivalent to 795,500 jobs in 2021. The median weekly pay for creative-sector employees (£767) is higher than the weekly earnings in London (£668). However, there is significant pay variation among subsectors, with employees working in IT and software services earning one-and-a-half times more than those working in museums, galleries, and libraries.

The pandemic significantly impacted the creative industries sector, with the number of businesses declining from 102,300 in 2020 to 93,300 in 2022. However, recent data shows signs of recovery. The number of new online job postings for the top 10 occupations in London's creative industries increased from 8,600 in June 2020 to 29,000 in June 2022. Despite a fall in the latter part of 2022, online postings are still above pre-pandemic levels.

Professional occupations and associate professional occupations accounted for three-quarters (75%) of jobs in the creative industries in 2021. Data on the qualifications of the creative industries workforce also indicates that it is highly qualified, with 80% of job holders holding a degree or equivalent qualification (compared to an overall London average of 62%).

In-demand occupations in London's creative industries are mostly geared towards higher skill levels, including programmers and software developers, arts officers and directors, and IT professionals. Online job postings indicate strong demand for (for example) software, marketing and communication skills.

In 2021, almost two out of five jobs (39%) in London's creative industries were held by workers born outside the UK. Despite an increase in the number of jobs held by people from Black, Asian and minority ethnic groups, the proportion (24%) is still some way below the average for non-creative industries in London (35%). Women and people with disabilities are also underrepresented in the workforce.

**Figure 64: Top 10 occupations in the creative industries sector (%), London, 2021**



Source: Lightcast 2023.

## Digital<sup>193</sup>

London has a thriving digital sector, and high employer demand for digital skills.<sup>194</sup>

According to ONS estimates, there are around 544,000 jobs and 66,300 businesses in the digital sector in London, both around 32% of the UK total. Evidence suggests that the capital's economy has particular strengths in scientific research and development and financial services (including fintech), while there has been significant growth in areas such as film and TV production, AI, and computer programming in recent years.

The number of online job postings for key roles in the digital sector recovered strongly in the post-pandemic period. Despite falls over recent months, there is still significant demand for programmers and software development professionals, with the number of tech-specialist jobs in London is also expected to **increase** over the coming decade.<sup>195</sup>

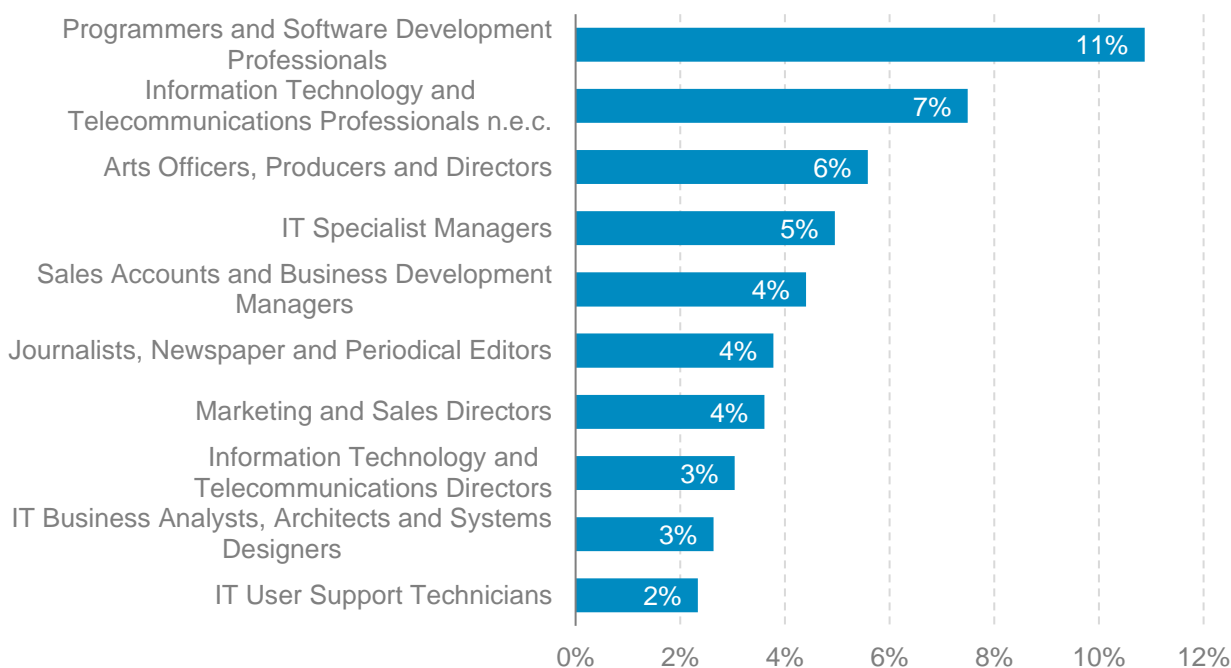
<sup>193</sup> Digital is one of the Mayor's priority sectors. In the LSIP, digital is treated as a cross-cutting priority.

<sup>194</sup> The scale of London's digital sector, with the largest number of jobs and businesses among regions, is a key factor for its continued high growth as the digital economy benefits from positive agglomeration effects.

<sup>195</sup> Local Government Association (2021), [Councils' role supporting the digital skills pipeline](#)

Skills in relatively high demand include software development; computer science; critical thinking and problem solving; scripting languages; and agile software development. Evidence also suggests that jobs in the digital sector are relatively exposed to changes in skills profile due to technological innovation and skills obsolescence. This highlights the importance of ongoing reskilling and upskilling in this area.<sup>196</sup>

**Figure 65: Top 10 occupations in the digital sector (%), London, 2021**



Source: Lightcast 2023.

The need for digital skills is not limited to the digital sector, however. This is particularly the case in light of the pandemic and a shift towards more remote/hybrid working.<sup>197</sup>

Recent analysis suggests that at least baseline digital skills are required in 87% of advertised roles in London.<sup>198</sup> 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.<sup>199</sup> 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 broad demand for digital marketing and programming skills. Python, data science and SQL are among the most in-demand technical skills associated with AI roles, while communication, teamwork/collaboration, and research are among the most in-demand human skills.<sup>200</sup>

<sup>196</sup> See, e.g., Cedefop (2018), [Insights into skill shortages and skill mismatch](#)

<sup>197</sup> London is, for example, the region with the highest percentage of homeworkers in the UK. Source: ONS (2022), [Homeworking in the UK – regional patterns: 2019 to 2022](#).

<sup>198</sup> Six percentage points above the UK average. See: Burning Glass Technologies (2019), [No Longer Optional: Employer Demand for Digital Skills](#).

<sup>199</sup> WorldSkills UK/Learning and Work Institute (2021), [Disconnected: Exploring the digital skills gap](#)

<sup>200</sup> Lightcast (2022), [Heatmap of AI Jobs](#)

Many young people are attracted to the digital sector, with over half (56%) of Londoners aged 16-24 saying they are attracted to a career that requires advanced digital skills in 2021.<sup>201</sup> The number of apprenticeship starts in the ICT sector has also increased among London residents over recent years, rising from 3,700 in 2018-19 to over 4,500 in 2021-22 (accounting for 12% of all starts in the capital).<sup>202</sup>

But there are also major workforce diversity challenges, particularly by gender, with only 35% of jobs in the digital sector held by women in 2021.<sup>203</sup> This gender gap is also evident in young people's perceptions of digital subjects and participation in digital training.

Addressing digital skills gaps is also important for tackling digital exclusion.

The latest [Essential Digital Skills Report](#) produced by Lloyds Bank finds that 14% of adults in London did not have basic digital skills in 2022 (defined as being able to carry out seven foundation tasks<sup>204</sup>) while 18% of the population did not have workplace digital skills. While lower than in other regions, this still restricts the ability of a significant number of Londoners to participate in life, work and training (particularly remote work/training).

Increasingly, costs are playing an important factor in access to home internet.<sup>205</sup> Even where poorer households have access to equipment and internet, a lack of [skills to use the internet](#) is also more prevalent. Groups that have been found to have a higher probability of digital exclusion include older people; low-income families; ethnic communities; the unemployed; people with disabilities; and people with other vulnerabilities.<sup>206</sup>

Spatial aspects also come into play, with the risk of digital exclusion varying across boroughs. For example, outer London borough tend to have larger populations over the age of 65, while unemployment tends to be higher in north and north-east London. These and other risk factors can be explored in the [London Digital Exclusion Map](#).

## Hospitality

According to Annual Population Survey data, there were around 220,000 London-based jobs in the hospitality sector in 2021, down from 259,000 in 2019. This decline was seen across most occupational groups, with the largest reduction in skilled trades (e.g. chefs, catering and bar managers). Despite this, the sector is still a major employer, accounting for over 4% of jobs in the capital and almost 14% of all hospitality jobs in the UK.

The workforce in the hospitality sector is relatively diverse, with 43% of jobs held by people from Black, Asian and minority ethnic groups in 2021. Women accounted for 48% of jobs,

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<sup>201</sup> Five percentage points above the UK average. See: WorldSkills UK/Learning and Work Institute (2021), [Disconnected: Exploring the digital skills gap](#).

<sup>202</sup> GLA Economics (2023), [London Apprenticeships update 2021-22](#)

<sup>203</sup> Black Londoners and disabled Londoners are also currently under-represented in the digital sector.

<sup>204</sup> The 7 foundation tasks are: (1) connect a device to a Wi-Fi network; (2) utilise the available controls on a device; (3) open an internet browser to access websites; (4) turn on a device and log in to any accounts/profiles; (5) update and change a password when prompted; (6) find and open different applications/programmes on a device; and (7) use different menu settings on a device to make it easier to use.

<sup>205</sup> In March 2020, only 51% of UK households earning £6,000 to £10,000 had access to the internet at home, compared to 99% of households with an income above £40,000. [Ofcom](#) estimates that 100,000 UK households do not have access to internet due to costs.

<sup>206</sup> House of Commons (2021), [Tackling the digital divide](#)



while 16–29-year-olds accounted for 38% of jobs (compared to only 21% in London on average). The sector is also heavily reliant on migrant labour, with 59% of jobs held by people born outside the UK. This includes a considerable number of workers born in the EU, although there has been a shift towards non-EU workers in the post-pandemic period.<sup>207</sup>

While there has been an increase in the number of job holders in the sector who hold degree-level qualifications, the majority of jobs (67%) in London's hospitality sector are held by people with qualifications below degree-level. This includes a relatively high share of job holders whose highest qualification was a GCE, A level or equivalent.

In terms of job quality, the hospitality sector has its challenges. As table 12 shows, one in nine hospitality employees (12%) were on a zero-hours contract in 2021. Only half (52%) of employees in the sector reported that there were opportunities for career progression. Concerns have been raised about long working hours for chefs (for example),<sup>208</sup> and the average level of pay in the hospitality sector is relatively low.

Online job postings for key hospitality occupations declined in the second half of 2022, indicating a slowdown in demand following the rapid recovery from the pandemic. However, the rate of vacancies remains higher than in other sectors and above pre-pandemic levels.<sup>209</sup> The main skills featured in online postings for hospitality roles in London include food and beverage, and customer service skills, with communication and personal attributes (such as initiative and motivation) also in demand both in the sector and across the economy.

The hospitality sector has also been facing recruitment challenges, with around 19% of single-site businesses in London indicating that they experienced a shortage of workers over the period December 2022 to January 2023.<sup>210</sup> The challenges related to immigration can also be seen in the share of UK hospitality businesses (28%) which indicated that the reason for experiencing difficulties in recruiting was a decline in the number of applicants from the EU.

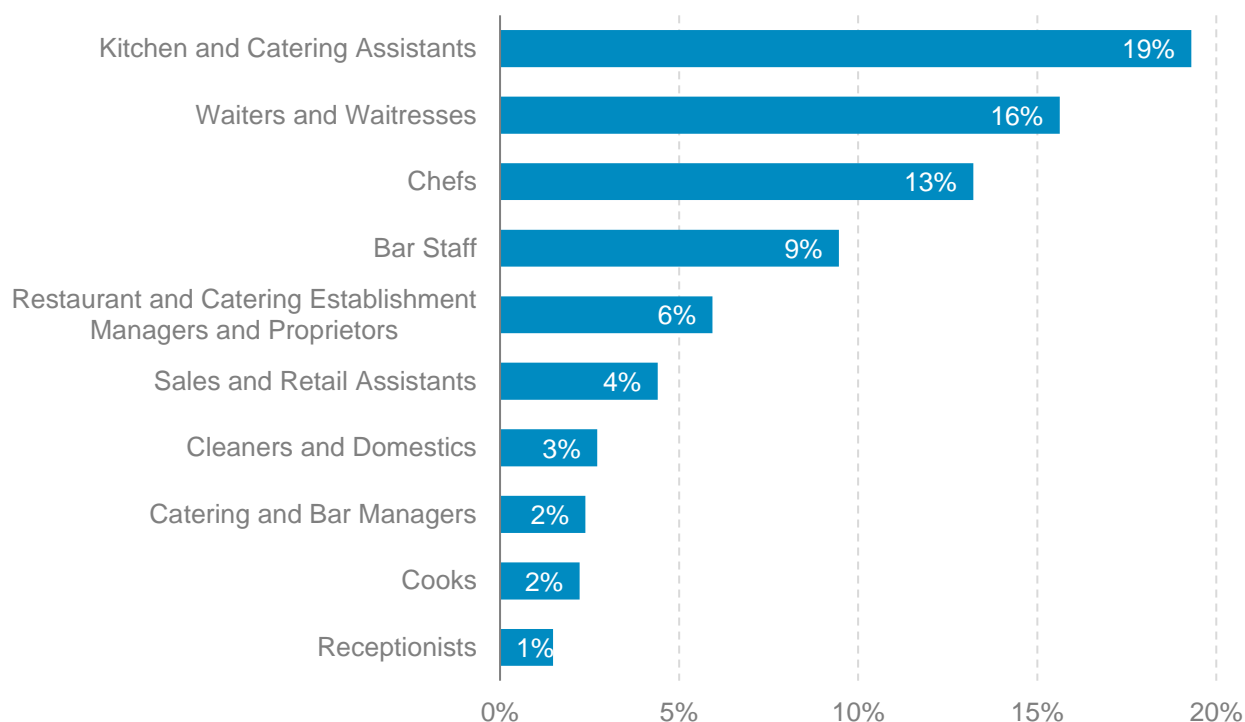
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<sup>207</sup> Also see: GLA Economics (2023), [PAYE employments by nationality](#).

<sup>208</sup> House of Commons Library (2022), [Hospitality industry and Covid-19](#)

<sup>209</sup> See: ONS (2023), [VACS02: Vacancies by industry](#).

<sup>210</sup> ONS (2023), [Business insights and impact on the subnational UK economy](#) (worker shortage edition of this dataset). Note, this was in line with the England-wide rate of 20% for 28 Dec 2022 to 8 Jan 2023.

**Figure 66: Top 10 occupations in the hospitality sector (%), London, 2021**

Source: Lightcast 2023.

## Green jobs and skills

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.

There is already demand for green jobs and skills in the capital. [Research](#) commissioned by London's sub-regional partnerships suggests there were around 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. The number of online postings for jobs with green job titles and green skills has also increased in the post-pandemic period.<sup>211</sup>

Looking forward, the demand for green jobs and skills is set to increase significantly in the coming years.<sup>212</sup> According to WPI Economics, the number of jobs in green priority sectors could reach 505,000 by 2030 in a central scenario, 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, up from 58,200)
- power (126,600, up from 82,900)
- low-carbon transport (69,200, up from 13,700).

<sup>211</sup> Grosvenor (2023), [Heritage and Carbon: Addressing the skills gap](#)

<sup>212</sup> WPI Economics (2021), [Green Jobs and Skills in London: cross-London report](#)

Other research suggests that there will be a need for around 19,000 additional workers per year (on average) between 2021 and 2050 to retrofit traditional properties in London. A wide range of existing job roles will also have to change as a result of the transition to a greener economy.<sup>213</sup> To meet these changes in requirements there is a growing 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.

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. In a December 2022 survey of London business leaders and HR representatives, 21% of respondents indicated their business is currently lacking green skills; and 23% indicated they will require more green skills over the next two to five years. At the same time, the proportion of workers in receipt of training is comparatively low in [occupations affected by greening](#).<sup>214</sup> Employers have [called for](#) a wider range of modular qualifications to be delivered flexibly for employees.<sup>215</sup>

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)<sup>216</sup> – 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. According to Lightcast's online job-postings data, the main green-specific skills in demand in London are related to environmental health and safety; building-management systems; development management; and geographic-information systems.

To meet these growing skills needs, there is considerable scope to increase the diversity of employment in occupations affected by greening.<sup>217</sup>

## Health and social care

In employment terms, health and social care is one of the largest sectors in London. There were 641,000 jobs in the sector in 2021, up from 573,000 in 2019, with around 60% of these jobs in the health sub-sector and 40% in social care. Overall, this represents around 12% of the health and social care jobs in the capital, and 16% of those in the UK.<sup>218</sup>

Professional (54%) and caring and other service occupations (20%) accounted for the largest share of jobs in the sector in 2021. The occupational<sup>219</sup> and qualification profile of

<sup>213</sup> GLA Economics (2022), [Identifying Green Occupations in London](#)

<sup>214</sup> 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. Source: GLA Economics (2022), [Identifying Green Occupations in London](#).

<sup>215</sup> RCU Ltd (2022), [Green Skills Adult Education Provision in London](#)

<sup>216</sup> 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](#).

<sup>217</sup> 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](#).

<sup>218</sup> ONS (2021), Annual Population Survey

<sup>219</sup> For example, over half (54%) of jobs in the health sub-sector were in professional occupations while a third (33%) of jobs in social care were in caring and other services.

employment differs between sub-sectors. For example, almost half (48%) of job holders in social care were qualified below degree level in 2021, compared to only 36% in health.

Though younger than other regions, London's population is ageing.<sup>220</sup> In response, Skills for Care projects that 69,000 extra jobs could be required in London by 2035, an increase of 29%.<sup>221</sup> 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 in the coming decade. As outlined in section 3 (see Table 10), robust growth in demand for health and social care associate professionals is expected between 2020 and 2035.

Nationally, the number of job vacancies in health and social care remains close to record highs.<sup>222</sup> At the London level, the number of new online job postings in health and social care occupations also remains above pre-pandemic levels, with high demand for nurses, medical practitioners and social workers. Key skills requirements include communication skills; initiative and leadership skills; and business-management skills. There is also relatively high demand for sector-specific skills (e.g. nursing and patient care, general medicine).

However, parts of the sector face significant recruitment and retention challenges, with significant rates of hard-to-fill vacancies in key occupations due to skills shortages and other reasons (see Figure 59). Workforce shortages are acute in a wide range of roles, including medical practitioners, pharmacists, nurses and paramedics.<sup>223</sup>

Issues related to pay levels, staff turnover and wider dimensions of job quality can exacerbate recruitment challenges. The sector also has a high reliance on migrant workers, with a particularly strong increase in employments held by non-EU workers over recent years. A relatively small proportion of job holders are aged 16-29.

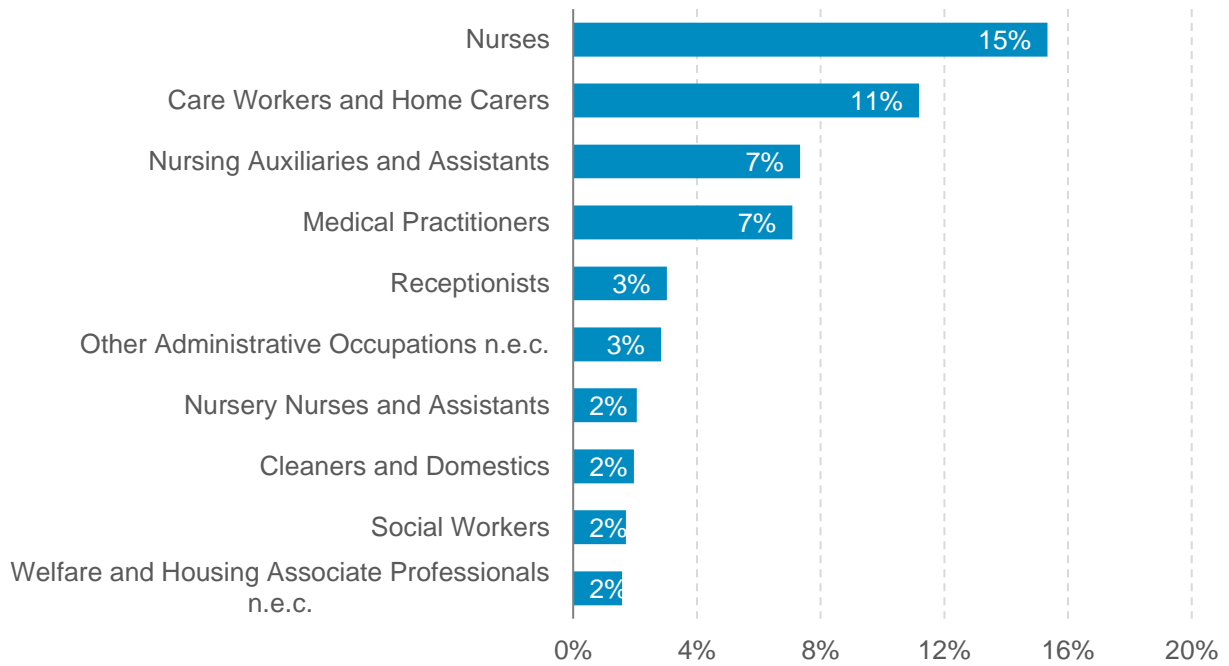
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<sup>220</sup> The ONS estimates that the number of Londoners aged 65 and over will increase from 1.1m to 1.6m people between 2020 and 2035, an increase of 43%. Source: ONS, [Living longer: How our population is changing and why it matters](#).

<sup>221</sup> Working Futures forecasts, produced prior to the pandemic, also indicate strong growth in health and social care (employment was expected to increase from 562,000 to 606,000 between 2017 and 2027

<sup>222</sup> ONS (2023), [Vacancies and jobs in the UK: April 2023](#)

<sup>223</sup> Institute for Employment Studies (2023), [Under-representation in health careers](#)

**Figure 67: Top 10 occupations in the health and social care (%), London, 2021**

Source: Lightcast 2023.

## Additional data/research

### **GLA Economics Labour Market Analysis** (ongoing, latest February 2023)

Regular analysis of London's labour market covering the latest developments. The latest releases include a review of headline labour-market data for London; and a breakdown of claimant count data for London boroughs and sub-regional partnership areas.

### **Online postings for green jobs in London** (2023)

This blog explores the use of online job postings data from Lightcast as another, partial indicator of the demand for green jobs and skills in London.

### **London Apprenticeships Update 2021-22** (2023)

Full-year final data on apprenticeships in London for the 2021-22 academic year (August 2021 to July 2022). This update also reviews trends in apprenticeships starts and achievements over recent years, as well as profiles of apprentices and their employers.

### **Local Skills Report Annexes – Core Indicators and Additional Data** (2022)

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

### **Workforce Integration and Inclusion in London's Growth Sectors** (2022)

Research to identify factors driving the underrepresentation of certain groups of Londoners in the workplace and different routes and opportunities for accessing priority sectors.

### **London labour market projections 2022: interim update** (2022)

GLA Economics long-term employment projections for London by sector and by borough.

### **Out-of-work trends in London** (2022)

This report reviews trends in unemployment and economic inactivity among London residents aged 16-64 since 2010.

### **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.

## Glossary

Term	Definition
Adult Education Budget (AEB)	The AEB funds education and training for adults aged 19 years and over and includes qualifications such as basic English, maths and digital skills and community learning. Responsibility for the AEB in London was devolved to the Mayor of London in the 2019/2020 academic year.
Apprenticeships	<p>Apprenticeships are paid jobs which include at least 20% off the job training (such as classroom learning) and lead to a nationally recognised qualification.</p> <p>Apprenticeship levels are classified as: intermediate (NVQ2), advanced (NVQ3) and higher (NVQ 4+).</p> <p>Note: higher level includes degree-level apprenticeships (NVQ 6-7).</p>
Community Learning	Adult community learning is delivered through a diverse network of providers, including local authority adult education services, colleges, and charities. Most community learning provision is at level 2 or below, including non-formal learning which does not lead to accreditation. It covers a wide range of areas, such as English, maths, digital skills and English for Speakers of Other Languages (ESOL) qualifications, as well as learning aimed at developing employability skills and well-being.
Degree-level skills	Qualifications at level 6 or above. Includes undergraduate degrees (level 6), postgraduate degrees (level 7) and as level 8 qualifications such as PhDs.
Employment/jobs	<p>Employment and jobs numbers can be estimated from several different sources (see <a href="#">here</a> for reference).</p> <p>Note: the number of people in work is not the same as the number of jobs. This is because a person can have more than one job. There is also a distinction to be made between workplace and residence-based measures.</p>

	Numbers which are based on place of work will include (for example) jobs held by residents and (in-)commuters.
Free Courses for Jobs (FCFJ) scheme	Provides access to a level 3 qualification (advanced technical certificate or diploma) for free. Those eligible for the scheme include +19-year-olds without a level 3 qualification, those who already have a level 3 qualification or higher but earn below the National Living Wage annually and people over the age of 19 years who already have a level 3 qualification or higher but are unemployed.
Higher-level skills	Generally used to refer to qualifications at level 4 or above (this is often a university degree but also includes higher-level technical qualifications and HE qualifications below degree level).  An overview of qualifications levels can be found <a href="#">here</a> .
Multiply	Multiply training offers free essential numeracy training. The programme aims to support learners to build confidence with numbers and gain qualifications and is delivered by employers, schools and community organisations. It is open to Londoners aged 19 and over who don't have a maths GCSE at grade C or equivalent.
Skills Bootcamps	Skills bootcamps are aimed at helping people over the age of 19 (who are who are full-time or part-time employed, self-employed or unemployed, as well as adults returning to work after a break) to progress in work by providing access to in-demand skills training and a guaranteed interview. The programme supports key sectors of London's economy. Skills bootcamps run for 16 weeks and provide higher level training (level 3 to 5), with the green and construction bootcamps also including level 2 training.
Skill levels	Skill levels are approximated by the length of time deemed necessary for a person to become fully competent in the performance of the tasks associated with a job. Occupational classifications partly reflect the skill level of a job (see below).



SOC groups	<p>A common classification of occupational information developed by the ONS. The report uses both the UK SOC 2010 and (recently revised) SOC 2020 classifications depending on data availability.</p> <p>SOC 2010 had nine major groups (classified by one-digit SOC codes, 1-9), 25 sub-major groups (two-digit), 90 minor groups (three-digit) and 369 unit groups (four-digit). SOC 2020 has nine major groups, 26 sub-major groups, 104 minor groups and 412 unit groups; and follows the same coding structure (one-digit to four-digit).</p> <p>Note, the major group structure is a set of broad occupational categories designed to be useful in bringing together unit groups. These are similar in terms of the qualifications, training, skills and experience commonly associated with the competent performance of work tasks.</p> <p>The ONS also classifies occupations by skill level at the sub-major group level.</p> <p>For more information on these groups, see <a href="#">here</a>.</p>
Sub-regional partnership (SRPs)	<p>Sub-regional partnerships bring together London boroughs and other strategic partners for the purpose of (for example) strategic policy advice, research, advocacy and programme management. They bridge the space between local authorities and regional government in the capital.</p> <p>London has four borough-focused sub-regional partnerships:</p> <ul style="list-style-type: none"> <li>• West London Alliance (west London)</li> <li>• South London Partnership (south-west London)</li> <li>• Central London Forward (central London)</li> <li>• Local London (south-east and north-east London)</li> </ul>
T-levels	<p>T Levels are new two-year courses which are taken after GCSEs and are broadly equivalent in size to three A Levels. Launched in September 2020, these courses have been developed in collaboration with employers and education providers so that the content meets the needs of industry and prepares students for entry into skilled employment, an apprenticeship or related technical study.</p>

# Appendices

**Appendix 1: List of local authorities by sub-regional partnership (SRP) area**

<b>London authority</b>	<b>SRP area</b>
Barking and Dagenham	Local London
Barnet	West London Alliance
Bexley	Local London
Brent	West London Alliance
Bromley	Local London
Camden	Central London Forward
City of London	Central London Forward
Croydon	South London Partnership
Ealing	West London Alliance
Enfield	Local London
Greenwich	Local London
Hackney	Central London Forward
Hammersmith and Fulham	West London Alliance
Haringey	Central London Forward
Harrow	West London Alliance
Havering	Local London
Hillingdon	West London Alliance
Hounslow	West London Alliance
Islington	Central London Forward
Kensington and Chelsea	Central London Forward
Kingston upon Thames	South London Partnership
Lambeth	Central London Forward
Lewisham	Central London Forward
Merton	South London Partnership
Newham	Local London
Redbridge	Local London
Richmond upon Thames	South London Partnership
Southwark	Central London Forward
Sutton	South London Partnership
Tower Hamlets	Central London Forward
Waltham Forest	Local London
Wandsworth	Central London Forward
Westminster	Central London Forward

## Appendix 2: Share of registered enterprises (public and private) by industry and sub-regional partnership, 2022

Industry	Local London	West London Alliance	Central London Forward	South London Partnership	London
<b>Sector</b>					
Primary and utilities	0.6%	0.4%	0.9%	0.5%	0.7%
Manufacturing	3.3%	2.9%	2.5%	2.8%	2.8%
Construction	19.5%	14.3%	6.2%	14.2%	11.5%
Wholesale and retail	15.8%	17.4%	12.1%	13.4%	14.1%
Transport and storage	5.5%	4.7%	2%	3.6%	3.5%
Hospitality	5.2%	4.7%	5.1%	4.9%	5%
Information and communication	9.2%	10.8%	13.3%	12.4%	11.9%
Financial and insurance	1.1%	1.6%	4.5%	1.5%	2.9%
Property	3.6%	5.9%	5.8%	3.7%	5.2%
Professional and scientific	14.8%	17%	24.8%	20.5%	20.7%
Administrative services	9.2%	8.6%	9.8%	9.3%	9.4%
Public administration	0%	0%	0%	0%	0%
Education	1.9%	1.8%	1.8%	2%	1.9%
Health	4.1%	3.8%	3.2%	4.4%	3.6%
Arts and recreation; other services	5.9%	6.1%	7.9%	6.7%	7%
<b>Size band</b>					
Micro (0-9)	93.4%	92.5%	88.2%	92.8%	90.7%
Small (10-49)	5.6%	6%	9.2%	5.9%	7.4%
Medium (50-249)	0.8%	1.2%	2%	1%	1.5%
Large (250 +)	0.2%	0.3%	0.6%	0.3%	0.4%

Source: ONS (2022), Extract from IDBR, number of enterprises

[\(See/return to relevant section\)](#)

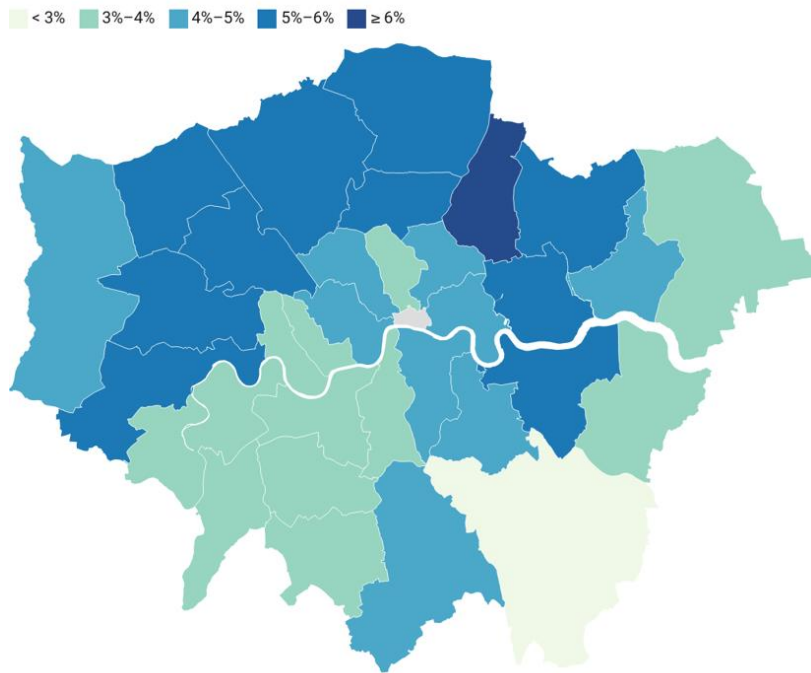
**Appendix 3: Profile of private-sector businesses by industry and employee size band, London, 2022**

Industry	Number of businesses	Employment (000s)	Business percentage (by employee size band)				Employment percentage (by employee size band)			
			0	1-49	50-249**	250+**	0	1-49	50-249	250+
Manufacturing	31,260	200	75%	24%	0.9%	0.2%	13%	25%	14%	49%
Construction	144,835	286	81%	19%	0.1%	0%	41%	39%	6%	13%
Wholesale and retail trade	89,450	892	57%	42%	0.7%	0.2%	6%	25%	8%	62%
Transport and storage	71,085	321	91%	9%	0.2%	0.1%	21%	10%	5%	64%
Hospitality	34,795	463	35%	63%	2.1%	0.4%	3%	36%	16%	46%
Information and communication	104,195	594	77%	22%	0.8%	0.2%	14%	23%	15%	48%
Finance and insurance	20,980	476	65%	31%	2.6%	0.9%	4%	11%	14%	73%
Real estate	29,560	142	53%	47%	0.4%	0.2%	14%	51%	8%	27%
Professional, scientific and technical	188,480	796	76%	23%	0.6%	0.2%	20%	31%	15%	34%
Admin. and support services	83,530	649	68%	31%	1.1%	0.4%	9%	22%	15%	54%
Education*	53,865	115	92%	8%	0.3%	0%	45%	26%	15%	14%
Health and social work*	58,595	274	83%	17%	0.7%	0.2%	19%	31%	16%	35%
Arts and recreation	71,615	159	92%	8%	0.1%	0%	45%	19%	8%	28%
All industries	1,037,995	5,521	75%	24%	0.6%	0.2%	15%	26%	12%	47%

Source: BEIS (2022), [Business Population Estimates](#). Note: \*industries with significant public sector employment; \*\*estimates to one decimal place.

[\(See/return to relevant section\)](#)

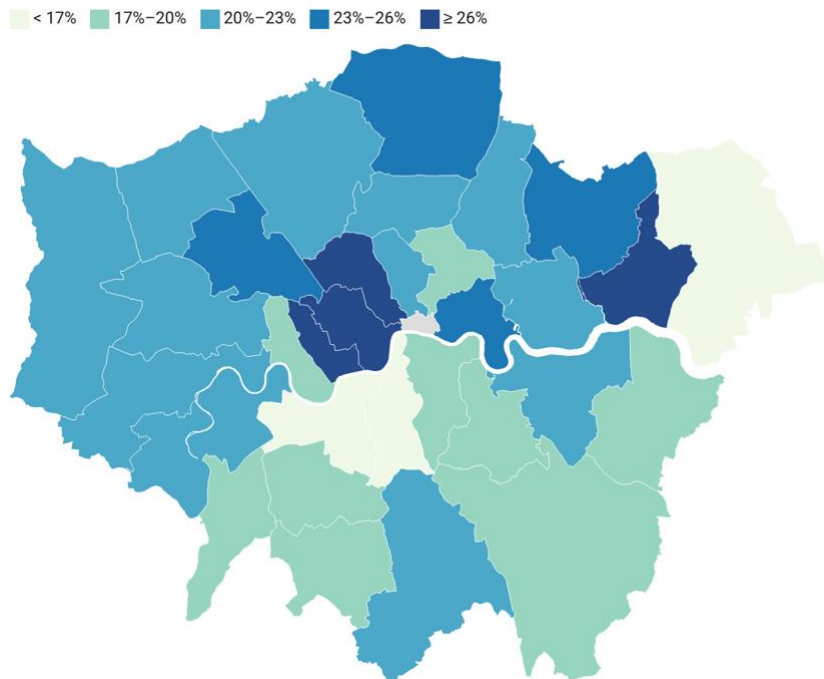
### Appendix 4: Model-based unemployment rate, October 2021 to September 2022



Source: ONS, Annual Population Survey. Note: City of London missing due to sample size.

[\(See/return to relevant section\)](#)

### Appendix 5: Economic inactivity rate by London borough, average 2019-22



Source: ONS, Annual Population Survey, average rate for the 12 months ending September, over the three-year period 2020, 2021 and 2022. Note: Rate is measured as the share of the population aged 16-64 years. City of London missing due to sample size.

[\(See/return to relevant section\)](#)

## Appendix 6: Additional breakdowns of job-quality indicators for employees by London local authority, 2021

Local authority	Not satisfactory hours (%)	Relative low pay (local measure) (%)	Opportunities for career progression (%)	Zero-hours contract (%)
Barking and Dagenham	18.4	8	70.6	3.6
Barnet	27.6	24	60.9	4
Bexley	25	12.7	56.8	3
Brent	27.2	7.1	49.2	5.5
Bromley	23.3	14.9	54.8	2.6
Camden	29.8	17.3	64.1	*
Croydon	29.1	19.6	51.9	4
Ealing	23.3	8.4	66	*
Enfield	23.3	17.8	50.7	4.5
Greenwich	29.4	16.4	50.8	2.4
Hackney	32.7	14.7	61.8	2.9
Hammersmith and Fulham	33.9	16.8	60.6	*
Haringey	26.7	19.2	69.6	2.1
Harrow	22.6	16	61.9	*
Havering	21.3	21	51.6	1.1
Hillingdon	23.8	11.6	51	5.7
Hounslow	26.5	12.6	61	2.7
Islington	28.2	17	65.1	2
Kensington and Chelsea	38.9	17	43.3	*
Kingston upon Thames	27.5	15.9	61	1.6
Lambeth	29.8	18.5	67.4	1.6
Lewisham	22.6	23.2	59.3	1.2
Merton	29.7	14.2	60.7	3.2
Newham	27.8	8.6	66.5	3.5
Redbridge	21.5	20.5	61	3.3
Richmond upon Thames	35.6	19.2	54.3	1.7
Southwark	27.7	20.2	65.4	3.9
Sutton	27.6	17.8	59.6	2.6
Tower Hamlets	28.6	12.6	71.7	3.8
Waltham Forest	26.9	18	64.5	2.7
Wandsworth	30.8	22.3	67.7	2.2
Westminster	36	13	49.7	5.1

Source: ONS (2021), jobs quality indicators in the UK. Notes: \*missing data due to small sample size. Low-pay employment defined as below two-thirds of the average (median) hourly pay of all employees living in the same local authority

[\(See/return to relevant section\)](#)

## Appendix 7: Additional breakdowns of job-quality indicators by demographic characteristics, employees in London, 2021

Demographic Characteristics	Not satisfactory hours (%)	Relative low pay (local measure) (%)	Opportunities for career progression (%)	Zero-hours contract (%)
<b>Age</b>				
16-20	14.5	33	25.2	25.2
21-24	15.7	25.1	67.8	11
25-34	22.1	14.1	68.8	2.3
35-44	22.3	11.8	63.4	2.8
45-54	21.4	17.8	49.6	3.1
55-64	19.7	19.4	44.9	4
65+	7.9	23.8	36.6	8.1
<b>Gender</b>				
Women	17.1	19.1	55.8	3.5
Men	24.3	13.5	64.2	2.2
<b>Ethnic background</b>				
Any other Asian background	16.9	25.8	56.8	2.3
Bangladeshi	8.5	24.5	57.3	9.7
Black/African/Caribbean/Black British	19.	20.3	54.9	6.6
Chinese	28	5.9	59.6	*
Indian	16.5	11.7	59.9	1.4
Mixed/Multiple ethnic groups	26.6	21.2	52.9	5.5
Other ethnic group	17.7	18	61.5	3.2
Pakistani	15.6	23	57.8	4.3
White	22.5	14.7	61.9	2
<b>Disability status (and gender)</b>				
Disabled women	20	24.1	49.9	6.5
Not disabled women	16.7	18.3	57.2	2.9
Disabled men	23.6	14.2	51.5	2.8
Not disabled men	24.4	13.4	66	2.2

Source: ONS (2021), jobs quality indicators in the UK. Notes: \*missing data due to small sample size; low-pay employment defined as below two-thirds of the average (median) hourly pay of all employees living in the same local authority

[\(See/return to relevant section\)](#)



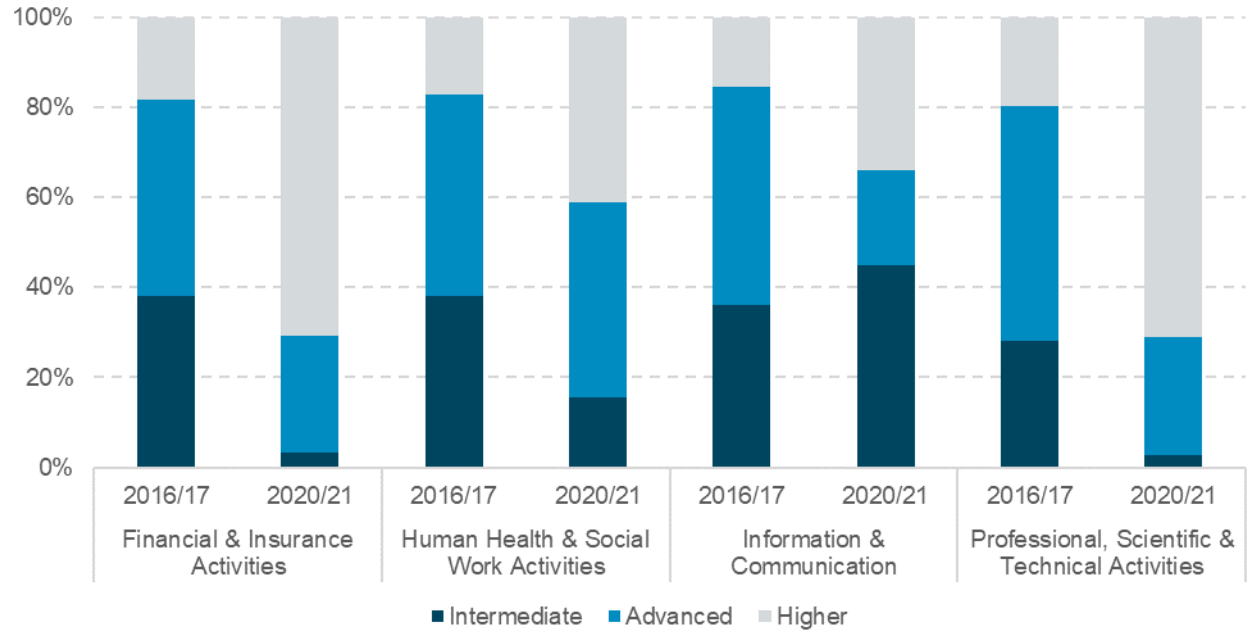
**Appendix 8: Apprenticeship and traineeship starts by English region, 2021-22**

Course type and level	Apprenticeships			Traineeships		
	Total starts	Starts per 1,000 16-64 population	Starts per 1,000 16-64 population without NVQ4+	Total Starts	Starts per 1,000 16-64 population	Starts per 1,000 16-64 population without NVQ4+
London	37,790	6.2	23.1	3,790	0.7	2.3
North East	19,700	12	26.6	800	0.5	1.1
East Midlands	31,520	10.3	23	900	0.2	0.7
East	34,860	8.9	20.1	1,010	0.2	0.6
West Midlands	38,860	10.5	24.7	2,110	0.6	1.3
Yorkshire and the Humber	39,670	11.6	26.9	1,830	0.5	1.2
South West	39,900	11.5	27.7	800	0.3	0.6
North West	50,370	10.9	26.4	3,040	0.7	1.6
South East	53,070	9.2	23.2	1,120	0.3	0.5

Source: DfE (2022), [Apprenticeships and traineeships, 2021-22](#). Note: Population based on ONS mid-year population estimates (2021).

[\(See/return to relevant section\)](#)

**Appendix 9: Share of apprenticeship starts by level for selected industries, 2016-17 to 2020-21, London**



Source: DfE (2022), [Apprenticeships in England by industry characteristics, 2020-21](#)

[\(See/return to relevant section\)](#)

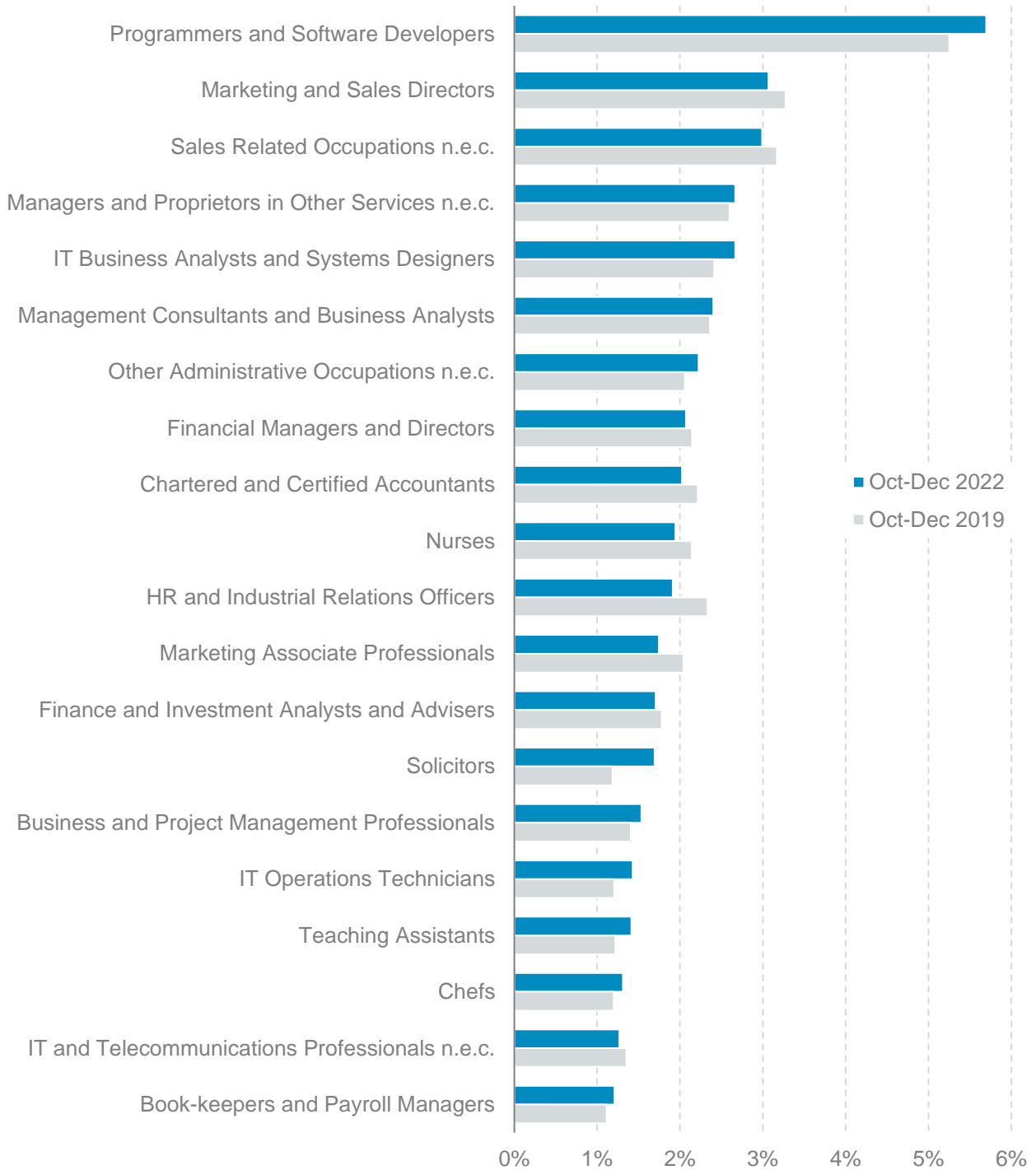
**Appendix 10: Selected skills supply data by sub-regional partnership area**

Skills supply measure:	Local London	West London Alliance	Central London Forward	South London Partnership	London overall
L3+ attainment (% aged 16-64)	59.6%	63%	71.9%	67.2%	65.7%
Below level 2 (% aged 16-64)	23.4%	22.1%	16.8%	17.7%	20.1%
KS4 sustained destination	94.6%	94.9%	93.7%	94.9%	94.4%
KS5 sustained destination	79.1%	80.4%	77.1%	78.4%	78.7%
Apprenticeship starts	13,030	8,050	11,880	4,850	37,790
AEB learning aim enrolments					
Community learning	27,370	22,240	54,780	13,970	118,410
Adult skills	101,030	82,070	124,810	37,250	345,250
Basic skills	68%	62%	68%	66%	67%
FE destinations					
Below L2 (excl. basic skills)	54%	56%	61%	58%	59%
L2 (excl. basic skills)	69%	73%	75%	77%	76%

Source: DfE (2021), Census

[\(See/return to relevant section\)](#)

**Appendix 11: Top 20 posted unit group occupations in London (% of total postings)**

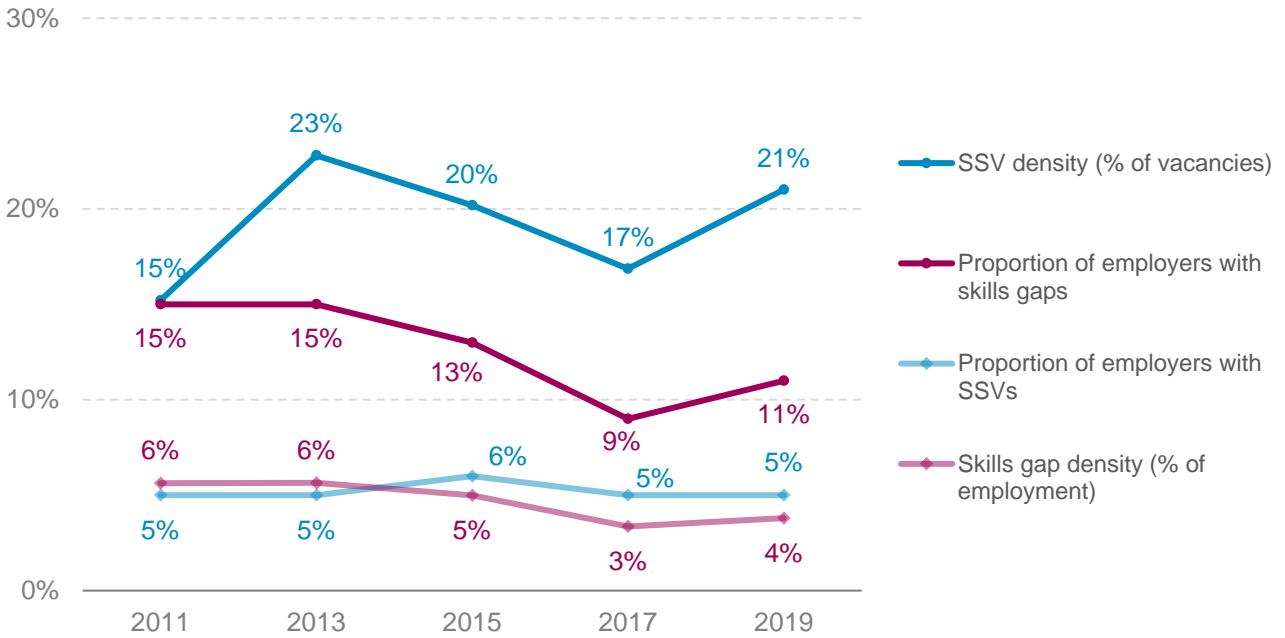


Source: Lightcast (2023). Notes: based on four-digit SOC 2010 codes. N.e.c = not elsewhere classified.

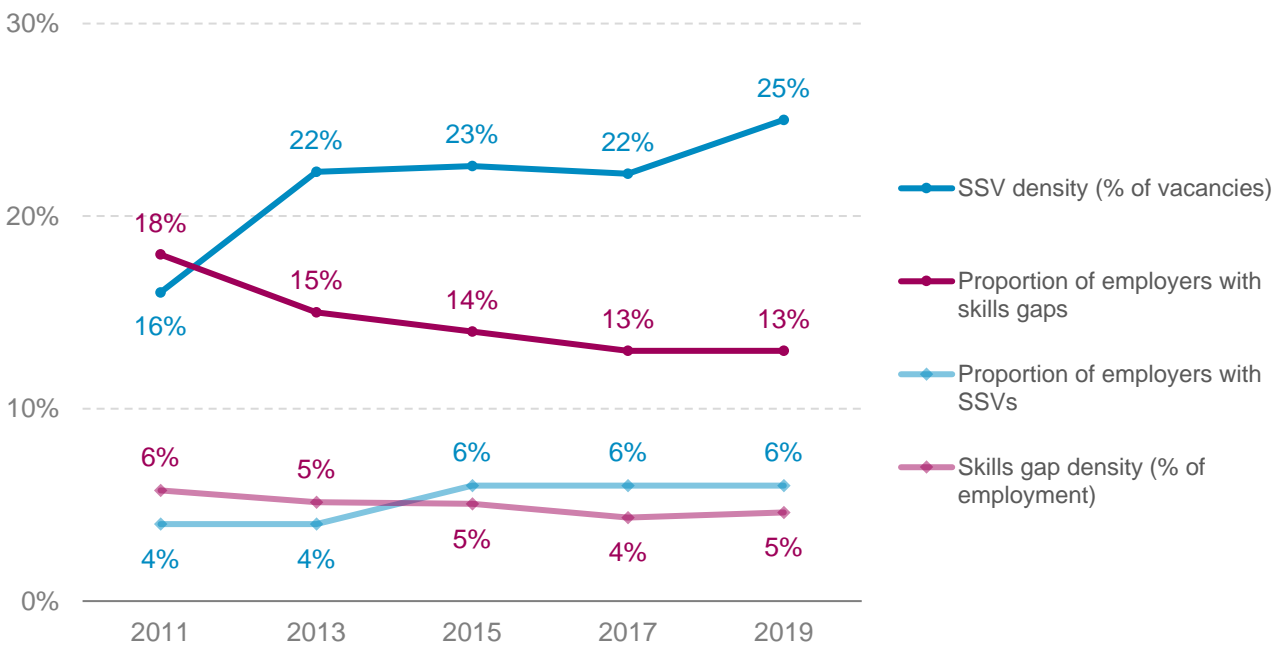
[\(See/return to relevant section\)](#)

### Appendix 12: Incidence and density of skills-shortage vacancies and skills gaps over time, London and England, 2011-19

#### London



#### England



Source: GLA Economics analysis of Employer Skills Surveys, 2011 to 2019

[\(See/return to relevant section\)](#)

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