

Welcome

This is a summary (updated monthly) of some of the most important information about labour market and employment trends for young people in Central London.

Trevor Bottomley
Employment & Labour Market Consultant

News & Publications

[Uneven steps: Changes in youth unemployment and study since the onset of Covid-19](#), from the Resolution Foundation, concludes that recent education leavers and young Black workers have been the hardest hit by the COVID-19 impact on jobs. 13 months on from the start of the crisis, overall unemployment has risen less than anticipated - thanks in large part to the furlough scheme. However, the rise in unemployment was unevenly distributed across age groups and among young people. The rise was sharpest among young people. Between Spring and Autumn 2020, it rose from 11.5 to 13.6% among 18 to 24-year-olds - the largest quarterly rise (18%) since at least 1992. Over the course of the crisis, unemployment rose from 25-34% among Black young people and 10-13% among white young people. Recent education leavers have also been badly affected, with the unemployment rate among young people a year out of education rising by 4 points among both graduates and non-graduates between 2019 and 2020. There is some good news, in that an increase in the number of young people in full-time study has helped to limit an even larger rise in unemployment – this is particularly the case for young people aged 16 to 17.

[Long Covid in the labour market](#), also from the Resolution Foundation, found that the January lockdown does not appear to have led to a very significant additional deterioration of the labour market, but it remains in a fragile position. However, even those furloughed workers that do return to work are likely to experience slower pay growth as a result, due to having missed out on the growth in skills and experience that would have happened at work. This will be especially acute for young people, whose development and pay progression is usually the fastest. With job losses on the horizon, 1 in 7 workers are already looking for a new job and 1 in 12 plans to move sectors after the crisis.

[The University of Life](#), from the Sutton Trust (carried out before the coronavirus pandemic began), looks at a range of activities offered at university, to examine how well they develop employability skills, as well as whether access to such opportunities differs by socio-economic background. With more young people studying for degrees in an increasingly competitive job market, it is now becoming clear that a degree alone is not enough for young people to succeed in the world of work. Even if 2 young people go to the same university and achieve the same degree classification, if one of them is from a higher socio-economic background, they will be more likely to gain a top job, and also to earn a higher salary, than their equally academically qualified peers from lower socio-economic backgrounds. Just over half of recent graduates from working class backgrounds took part in student societies, compared to almost two thirds of better-off students. There is a similar gap in participation for work experience placements and study abroad. A third of those who did not take part in extra-curricular activities could not due to paid work commitments. A third of students also reported they were living at home with their family while attending university, with consequent impacts on their experience of university life. Two 66% of those living away from home took part in extra-curricular activities, compared to 38% of those in their family home. Students from working class backgrounds were substantially more likely to be living at home during term. While 52% of those from better-off backgrounds felt they had sufficiently developed skills in finding the right jobs, only 44% of their peers from poorer backgrounds said the same.

[COVID-19 and the University Experience](#), also from the Sutton Trust, found that participation in extra-curricular activities this academic year is substantially down on normal. The participation gap has widened during the pandemic. 44% of middle-class students took part in student societies last term compared to just 33% of students from a working-class background. The biggest current worry for students is being able to gain skills and experience needed for employment, with 76% saying they are fairly or very worried. This

was followed by being able to take part in university social life (71%), concerns about their mental health/welling (70%) and classes being online rather than face to face (64%).

[The road not taken: drivers of course selection](#), from the Social Mobility Commission, looks at the drivers of socio-economic difference in post-16 course choices and their likely social mobility consequences. The research found that disadvantaged women are making course choices at 16 which can lead them to lower paid jobs than men, regardless of how good their GCSEs are. They also found that disadvantaged men are prone to choosing technical subjects which lead to higher earnings, such as engineering and IT. The highest earning routes are A levels or a combination of A levels and technical courses.

[Hundreds of new free qualifications as part of the Lifetime Skills Guarantee](#), announced by the Departments for Education and Work & Pensions. According to the press release, from 1 April an estimated 11 million adults can access around 400 free qualification “designed to help them to gain in-demand skills and secure great jobs”. In addition, the Skills Bootcamps will offer free, flexible courses over 16 weeks covering areas including construction, digital and technical.

London Economy

The latest London forecast from [GLA Economics](#) (issued December 2020) suggested that:

- London’s real Gross Value Added (GVA) growth rate is forecast to be -9.5% this year due to the present COVID-19 crisis. This growth rate is expected to rebound to 6.2% in 2021 and 6.9% in 2022.
- London is forecast to see a more modest fall in the number of workforce jobs in 2020 (-1.1% in annual terms) although this will accelerate in 2021 (-4.6%) before there is some recovery in 2022 (3.0%).
- Similarly, London’s household income and expenditure are both forecast to decrease notably in 2020 before starting to grow again in 2021 and 2022.

Employment

The Office for National Statistics www.nomisweb.co.uk website has data on employment, unemployment, wages and qualifications at national, regional, local authority and ward level. The latest figures for employment by industry sector (based on December 2020 data):

Sector	London %	UK %
Agriculture, Forestry & Fishing	0.1	1.1
Manufacturing	2.5	7.4
Construction	4.8	6.5
Wholesale, Retail & Vehicle Repair	10.7	14.1
Transport & Storage	5.2	5.0
Hospitality & Catering	6.8	6.5
IT & Communications	8.0	4.2
Finance	7.1	3.3
Real Estate	2.8	1.9
Professional, Scientific & Technical	13.8	9.3
Administration	9.7	8.2
Public Administration & Defence	4.6	4.6
Education	6.9	8.5
Health & Social Work	10.2	12.8
Arts, Entertainment & Recreation	3.4	2.7
Other Services	2.8	2.6

Future Employment

The report from GLA Economics shows that jobs in London (pre COVID-19 crisis) were projected to grow by an annual average rate of 0.78%, equivalent to 49,000 jobs per annum, to reach 6.907 million in 2041. The report also provides future projections for both the occupations and qualifications of those employed in London:

- Jobs in the professional, real estate, scientific and technical sector were expected to grow strongly, accounting for over a third of the total increase expected in London to 2041.
- Strong employment growth was also expected in the administrative and support services, accommodation and food services, information and communications sectors, education and health

sectors - the six sectors accounting for nearly three fifths of the expected total London increase in jobs to 2041.

- Declines were projected in manufacturing and some other sectors, including wholesale, transportation & storage and public administration.

The full report can be found in the [GLA London Datastore](#).

[COVID-19 and the London Economy](#) from GLA Economics forecasts that the economic outlook for the short and medium-term remains negative, with a subdued output recovery in 2021 and beyond and a further fall in employment this year before jobs start growing again. The impact for hard-hit sectors was estimated to be much higher than the economy-wide reduction. Accommodation and food service activities were estimated to lose almost half of their Gross Value Added in 2020, with transportation and storage, arts, entertainment and recreation, and education, all expected to lose between one quarter and one-fifth of their output.

Unemployment

The unemployment rate in London remains higher than the UK as a whole and much higher than the South East. The [March 2021 ONS Regional Labour Market Statistics](#) (covering the period November to January 2020) show that:

- Unemployment in London was 7.2% compared to 5.0% for the UK as a whole and 3.4% in the South East.

Figures for January 2021 from [www.nomisweb.co.uk](#) show that:

- The all-age claimant rate was 8.5% in London, above the 6.5% for the UK as a whole.
- The 18-24 claimant rate was 11.0% in London, above the 9.0% for the UK as a whole.
- The 18-21 claimant rate was 10.3% in London, above the 8.8% for the UK as a whole.

The monthly [COVID-19 Labour Market Analysis](#) from GLA Economics (issued in March 2021) found that the London labour market continues to be particularly affected by the pandemic and the social distancing and lockdown measures to contain it:

- The number of payrolled employees living in London has decreased by 5.0% since February 2020, double the rate of decline recorded nationally.
- Unemployment in the capital continued to rise between November 2020 to January 2021 – more than in any other UK region on the previous year (2.7% overall).
- The employment rate also continued to fall over the same period, with the rate of economic inactivity in London close to record lows.
- The change in workforce jobs in London varies considerably between industry groups - accommodation & food services has recorded the largest fall in jobs in London between March and December 2020, while some industry groups have shown signs of recovery since September.

Graduate Employment

What do graduates do? 2020/21 reveals a graduate labour market in relatively good health at the time of survey (those graduating in the 2017-18 academic year). According to the data, published by Prospects Luminate:

- The majority of graduates were in employment 15 months after graduating.
- Only 5.5% were unemployed and looking for work.
- 71.8% of employed graduates were in a professional-level job.
- 66% went to work in their home region of the UK.
- 12% of graduates were in further study.
- The average salary for graduates who went straight into full-time employment in the UK was £24,217.

The full report can be found on the [Prospects Luminate](#) website.

[ISE Student Recruitment Survey 2020](#), from Institute of Student Employers, found that the number of graduate jobs dropped by 12% in 2020 with the majority of employers anticipating further decline next year. Some sectors have reduced hiring considerably while others such as the charitable and public sector has increased hiring. Graduate jobs in retail have seen the largest cut at 45%. However, IT and engineering continue to struggle to find the staff they need. 42% of employers found it difficult to fill IT jobs in programming and development and 35% struggled to recruit engineers. Heavy competition and a lack of

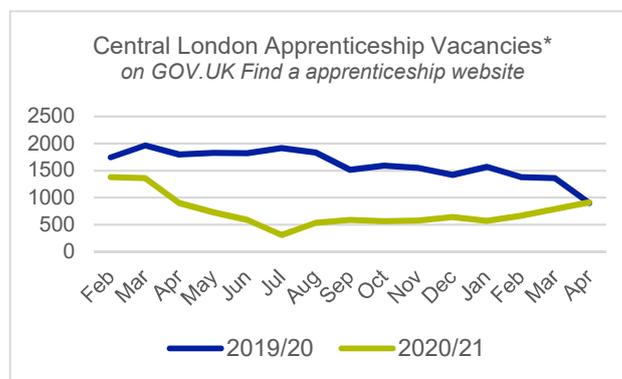
graduates with the necessary skills were the most common reasons. The data also shows the significant increased competition for jobs - this year employers received 14% more applications for graduate roles and 9% more for internships and placements. Many have been forced to significantly reduce internships and placement opportunities this year (29% and 25% respectively).

Apprenticeships

In London the number of people of all ages starting an apprenticeship increased by over 400% between 2005-06 and 2016-17, before falling following the introduction of the levy. The proportion of under 25-year-old starters fell from 100% to 54% nationally over the same period, with London below the national average for under 19 starters.

[Provisional figures](#) from the DfE show that apprenticeship starts for the whole of 2019/20 fell 18% on the previous academic year. Apprenticeships for young people aged 16 to 18 were the hardest hit overall, dropping by 22%. Starts for 16 to 18s in July were down a huge 64%. Apprenticeship starts now appear to be recovering after recent data showed a less dramatic percentage drop amid the pandemic.

[Recent figures](#) published by the DfE show there were 161,900 starts recorded from August 2020 to January 2021, compared to 198,600 reported for the same period pre-Covid-19 in 2019/20 – a 23% fall. Those aged under 19 accounted for the biggest fall, with starts for this age group dropping 33%. Starts for level 2 apprenticeships similarly dropped by 36%.



Vacancies in Central London (*within 10 miles of Victoria station) saw a slight increase from 900 in April 2020, to 913 on 14 April 2021, but still well below the pre-COVID 19 figure of 1,799 in April 2019.

The GOV.UK [Find an apprenticeship service](#) advertises vacancies across the country. Looking at a sample of advertised vacancies in Central London (within 10 miles of Victoria station) on 16 March 2021:

Sector	Intermediate	Advanced	Higher	Degree	Total Adverts
Agriculture, Horticulture & Animal Care	1	1	-	1	3
Arts, Media & Publishing	-	10	-	-	10
Business, Administration & Law	20	135	12	7	174
Construction	14	5	1	10	30
Education & Training	-	-	-	-	-
Engineering & Manufacturing*	15	25	-	6	46
Health, Public Service & Care	99	192	5	3	299
Information Technology	-	40	16	3	59
Leisure, Travel & Tourism	-	-	-	-	-
Retail & Commercial Activity	146	30	3	-	179

* Engineering & Manufacturing includes some Chef vacancies

Minimum & Living Wage

The National Minimum Wage is set by the government, based on recommendations from the Low Pay Commission. It is the minimum hourly rate that employers must pay their workers. In April 2016 the government introduced a new National Living Wage, that must be paid to workers who are 25. This new National Living Wage is not to be confused with the London Living Wage, which is not binding on employers, is based on the cost of living in London and is set by the Living Wage Foundation.

	London Living Wage	National Minimum/Living Wage				
		25+***	21-24***	18-20	Under 18	Apprentice**
current rate	£10.85*	£8.91	£8.36	£6.56	£4.62	£4.30

* The London Living Wage rate changes every November, while the National Living wage and National Minimum Wage rates change every April.

** This rate is for apprentices under 19 or those in their first year. All other apprentices are entitled to the National Minimum Wage for their age.

*** From 1 April 2021 the National Living Wage will apply to those aged 23 and over (currently applies to those 25 and over).

This bulletin is produced for the Central London local authorities of Camden, Hackney, Islington, Kensington and Chelsea, Lambeth, Southwark, Wandsworth and Westminster.

Whilst all reasonable steps are taken to ensure all information is accurate and inoffensive, we cannot take responsibility for any inaccuracies or for loss or damage arising from its use. Views expressed within the content of the LMI bulletin are of those supplying the information and are not necessarily those of the author unless explicitly stated.

trevor@londonlmi.co.uk