

## Welcome

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

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## News & Publications

[Budget 2021](#) included a number of new investments for skills including:

- Increased **cash incentives for employers to hire new apprentices**. Incentives were introduced last August and currently offer firms £2,000 to take on apprentices aged 16 to 24 and £1,500 for those aged 25 and over. Bonuses will now be extended to September and any employers who hire a new apprentice between 1 April 2021 and 30 September 2021 will receive £3,000 per new hire, regardless of age. These payments are on top of the £1,000 payment already provided for new apprentices aged 16 to 18 and those under 25 with an Education, Health and Care Plan.
- **£126m for “high quality” traineeships** with work placements and training for 16- to 24-year-olds in the 2021/22 academic year. This is hoped to attract a further 40,000 traineeship starts next year. Employers who provide trainees with work experience will continue to be funded at a rate of £1,000 per trainee. This builds on the £111 million set aside in 2020/21 to triple the number of traineeships.
- **‘Portable’ apprenticeships** to be launched from July 2021 to enable people who need to with different employers (such as in the TV and film industries) to undertake apprenticeships. These “flexi-job” apprenticeships are expected to start in January 2022.

[Labour Market Outlook: Winter 2020–21](#) from the CIPD reports that employment prospects had suffered due to the pandemic, but the figures show some positive signs of recovery with recruitment intentions on the rise while redundancy intentions have dropped sharply. The overall picture on pay remains subdued with median basic pay increase expectations staying at 1%. However, there has been a reversal of some recent trends with pay expectations in the private sector up from 0% last quarter to 1.5%, while the public sector went from 2% to 0%. There is a large variation across sectors in terms of employment confidence. It is highest in healthcare (+40), ICT (+30) and business services (+23). Employment intentions remain subdued in hospitality (-6), finance and insurance (+2) and administration and support service activities (+2). Redundancy intentions have fallen sharply over the quarter. 20% of organisations expect to make some redundancies in the next 3 months, down from 30% in the autumn.

[The 2021 Prince’s Trust Tesco Youth Index](#) gauges young people’s happiness and confidence levels across a range of areas, from their working life to their physical and mental health. This year’s report suggests that more young people are feeling anxious than ever in the 12-year history of the Index. 56% of young people “always” or “often” feel anxious, rising to 64% for NEET young people. 26% feel “unable to cope with life” since the start of the pandemic, increasing to 40% among those who are NEET. Half of 16 to 25-year-olds say their mental health has worsened since the start of the pandemic.

[The Social Mobility Barometer, 2021](#) from the Social Mobility Commission reveals that people believe inequality has increased due to the pandemic. Nearly six in ten people believe the pandemic has increased the gulf between social classes and a third say that inequality has increased by a lot. The findings coincide with growing evidence that those from the most disadvantaged backgrounds are being most affected by the pandemic. According to the report young people from the poorest backgrounds are losing their jobs, while families are trapped in cramped housing, sometimes unable to afford basic necessities. Children from disadvantaged families, often without digital access, are falling behind at school.

## 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](http://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 September 2020 data):

Sector	London %	UK %
Agriculture, Forestry & Fishing	0.2	1.2
Manufacturing	2.4	7.4
Construction	4.8	6.4
Wholesale, Retail & Vehicle Repair	10.6	14.1
Transport & Storage	5.4	5.1
Hospitality & Catering	7.1	6.9
IT & Communications	8.3	4.2
Finance	6.9	3.3
Real Estate	3.0	1.9
Professional, Scientific & Technical	13.2	9.1
Administration	10.2	8.1
Public Administration & Defence	4.5	4.5
Education	7.2	8.5
Health & Social Work	10.1	12.6
Arts, Entertainment & Recreation	3.1	2.7
Other Services	2.5	2.7

## 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 [February 2021 ONS Regional Labour Market Statistics](#) (covering the period October to December 2020) show that:

- Unemployment in London was 7.0% compared to 5.1% for the UK as a whole and 3.7% in the South East.

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

- The all-age claimant rate was 8.0% in London, above the 6.2% for the UK as a whole.
- The 18-24 claimant rate was 10.7% in London, above the 8.7% for the UK as a whole.
- The 18-21 claimant rate was 10.2% in London, above the 8.6% for the UK as a whole.

The monthly [COVID-19 Labour Market Analysis](#) from GLA Economics (issued 23 February 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 5.2% since January 2020, double the rate of decline recorded nationally.
- Unemployment in the capital continued to rise between October to December 2020 – 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.
- Claimant Count estimates showed a small decrease in the last month, but the number of claims in London remains around 170% higher than in January 2020.

## 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.

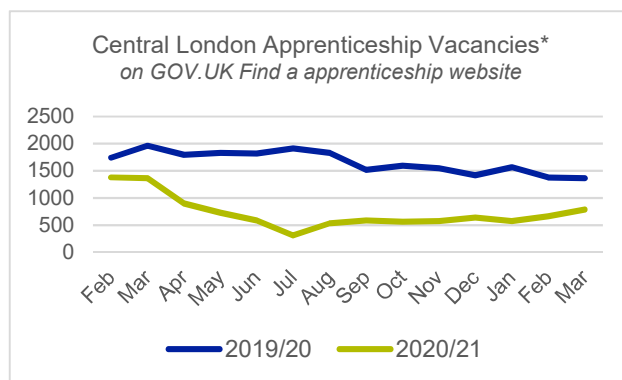
[ISE Student Recruitment Survey 2020](#), from Institute of Student Employers, found that the number of graduate jobs dropped by 12% in 2020 with the majority of employers anticipating further decline next year. Some sectors have reduced hiring considerably while others such as the charitable and public 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 91,100 starts recorded from August to October 2020, compared to 125,800 reported for the same period pre-Covid-19 in 2019/20 – a 28% fall. For the data recorded in the first quarter of 2020/21, those aged under 19 accounted for the biggest fall, with starts for this age group dropping 42%. Starts for level 2 apprenticeships similarly dropped by 43%.



Vacancies in Central London (\*within 10 miles of Victoria station) saw a drop from 1,365 in March 2020, to 790 on 16 March 2021.

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	I n t e r m e d i a t e	A d v a n c e d	H i g h e r	D e g r e e	T o t a l A d v e r t i s e d
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 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	National Minimum/Living Wage				
	Living Wage	25+***	21-24***	18-20	Under 18	Apprentice**
current rate	£10.85*	£8.72	£8.20	£6.45	£4.55	£4.15
from April 2021	£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.

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