

## Welcome

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

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## News & Publications

[Labour Market Outlook - Spring 2022](#), from the CIPD, shows recruitment intentions are above pre-pandemic levels and on an upward trajectory. Almost three-quarters of employers say they are planning to take on new staff in the next three months. However, recruitment difficulties remain, with nearly half saying they have hard-to-fill vacancies. The most popular response to hiring difficulties has been to raise pay (44%), but employers may be reaching a limit on how much further they can go on pay. Only 27% anticipate raising pay in future to address hard-to-fill vacancies. Employers are also looking to other means to tackle staffing challenges, with 39% focused on upskilling more existing staff and 38% have advertised more jobs as flexible.

[Labour Market Overview UK: May 2022](#), from the ONS, has been in many news headlines, including the [BBC](#). Figures show job vacancies outpacing unemployment for first time. The unemployment rate fell to 3.7% between January and March, its lowest for almost 50 years, as job openings rose to a new high of 1.3 million. However, wages, excluding bonuses, failed to keep pace with rising prices, a problem expected to intensify because of growing food and fuel costs.

[Skills Shortages in the UK Economy](#), from the Edge Foundation, findings include:

- While youth unemployment has fallen from its pandemic peak, it remains higher than in several comparable global economies. There is a significant mismatch between the skills young people develop while in education and those the future economy will need.
- Vital industries and sectors across the UK (food production, construction, hospitality, health and social care) continue to be threatened by growing skills shortages and high staff turnover.
- Apprenticeships are proving to be a viable solution to help bridge the skills gap and recruitment concern. However, many employers are still struggling to invest in training because of the Apprenticeship Levy.

[Apprenticeships in England by Industry Characteristics](#), from the DfE, shows that apprenticeship starts in small employers increased for the first time in five years in 2020/21, but the numbers are still well below pre-pandemic and levy reform levels. The figures also show which sectors saw the biggest falls in terms of apprenticeship starts during the pandemic, and which industries held up. Health and social work accounted for a quarter of all apprenticeship starts in 2020/21, and was one of the few sectors with an increase in starts (up by 18%). The information/communication sector also saw an increase of 16%. Other sectors seeing small increases in 2020/21 were the education, financial services, public administration and transportation. Manufacturing (down by 25%) and the arts/entertainment (down by 18%) sectors saw the biggest falls and construction fell by 12%. Industry sectors with higher proportions of apprenticeship starts at Level 4 and above were more likely to have seen an increase since 2019/20, whilst those with more starts at lower levels saw falls.

## London Economy

The latest London forecast from [GLA Economics](#) (issued December 2021) suggested that:

- London's real Gross Value Added (GVA) growth rate is forecast to be 6.4% this year due to the recovery from the COVID-19 crisis. This growth rate is expected to fall slightly to 5.0% in 2022 before moderating to 3.1% in 2023.
- London is forecast to see a modest rise in the number of workforce jobs in 2021 (0.2% in annual terms) although this will recover in 2022 (2.1%) before easing off in 2023 (1.2%).
- London's household income and expenditure are both forecast to grow in all years of the forecast period.

## Employment

The Office for National Statistics [nomisweb.co.uk](https://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 2021 data):

Sector	London %	UK %
Agriculture, Forestry & Fishing	0.0	1.0
Manufacturing	2.3	7.2
Construction	4.6	6.3
Wholesale, Retail & Vehicle Repair	11.3	13.5
Transport & Storage	5.4	5.1
Hospitality & Catering	6.8	6.9
IT & Communications	8.1	4.4
Finance	6.6	3.1
Real Estate	2.2	1.7
Professional, Scientific & Technical	14.1	9.2
Administration	9.2	8.9
Public Administration & Defence	4.7	4.6
Education	7.2	8.5
Health & Social Work	10.9	13.0
Arts, Entertainment & Recreation	3.1	2.8
Other Services	2.6	2.5

## 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](#).

## Unemployment

The unemployment rate in London remains higher than the UK as a whole and the rest of the South East. The [May 2022 ONS Regional Labour Force Survey Summary](#) (covering the period January to March 2022) show that:

- Unemployment in London was 4.7% compared to 3.7% for the UK as a whole and 3.2% in the South East.

Figures for March 2022 from [nomisweb.co.uk](https://nomisweb.co.uk) show that:

- The all-age claimant rate was 5.1% in London, above the 4.0% for the UK as a whole.
- The 18-24 claimant rate was 5.3% in London, above the 4.6% for the UK as a whole.
- The 18-21 claimant rate was 5.2% in London, above the 4.7% for the UK as a whole.

The monthly [London Labour Market Update](#) from GLA Economics (issued in May 2022):

- Pay rolled employees rose by around 9,240 or 0.2% between March and April 2022 and is 0.8% above pre-pandemic (February 2020) levels.
- Employment rate estimated at 75.2% for the three months ending March 2022, up 0.7% on the previous quarter and up 0.7% from a year earlier.
- The unemployment rate continued to fall from its pandemic peak but is still higher than the UK average. London's unemployment rate was estimated at 4.7%, down 0.4% on the quarter and down 2.2% from a year earlier. The UK average was 3.7%.

## Graduate Employment

What do graduates do? 2021/22 reveals a graduate labour market in relatively good health at the time of survey (those graduating in the 2018-19 academic year). According to the data, published by Prospects Luminate:

- The majority of graduates were in employment 15 months after graduating.
- 7.7% were unemployed and looking for work.
- 72.4% of employed graduates were in a professional-level job.
- 8.8% of graduates were in further study.
- The average salary for graduates who went straight into full-time employment in the UK was £24,492.

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

[ISE Student Recruitment Survey 2021](#), from Institute of Student Employers, found that competition for graduate jobs reached a record high last year as recruitment failed to bounce back from the lockdown slump of 2020. Employers received an average of 91 applications per graduate vacancy, a 17% increase on last year and the highest number since the ISE began collecting data in 1991. The survey also highlighted the importance of work experience in getting a graduate job with 60% of former interns and placement students hired into graduate roles. Roles for school leavers such as apprenticeships have been less competitive than graduate positions with companies receiving an average of 67 applications per vacancy. School leaver hiring didn't drop during the pandemic and has continued to grow, increasing by 14% in 2021. Employers are predicting that growth across all areas will continue, with graduate jobs and internships expected to exceed pre-pandemic levels over the next year.

[Higher Education Graduate Outcomes Statistics](#), from HESA, show 80% of respondents in employment or unpaid work, including 11% who were engaged in both employment and further study. There was a 3% decrease in the proportion of 2018/19 graduates in full-time employment compared with 2017/18 graduates, which coincided with the onset of the pandemic. Unemployment among 2018/19 graduates accounted for 7% of responses, up 2% on the 2017/18 dataset.

## 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.

[Academic Year 2020/21](#) figures, from the DfE, show that overall apprenticeship starts were down by 0.3% to 321,400, compared to 322,500 reported for the same period in 2019/20. The proportion of starts for young people under 19 dropped from 23.6% to 20.3%, while starts for over 25s grew from 46.8% to 50.3%. The proportion of starts on level 2 apprenticeships shrunk from 30.8% to 26.2%, while starts at level 4 and above shot up from 25.6% to 30.7%.

Apprenticeship starts now appear to be recovering to pre-Covid levels, according to DfE data. [Provisional figures](#) show there were 204,000 starts recorded from August to January 2022, up 26% on the same period in 2020/21.

Vacancies in Central London (within 10 miles of Victoria station) saw a marked increase from 1,120 in May 2021, to 1,587 on 18 May 2022 and above the pre-COVID 19 figure of 1,365 in March 2020.

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 April 2022:

Sector	Intermediate	Advanced	Higher	Degree	Total Adverts
Agriculture, Horticulture & Animal Care	20	1	-	1	22
Arts, Media & Publishing	-	6	-	-	6
Business, Administration & Law	48	226	10	7	291
Construction	23	1	6	13	43
Education & Training	-	-	-	-	-
Engineering & Manufacturing*	92	57	9	9	167
Health, Public Service & Care	145	431	7	1	584
Information Technology	-	74	24	15	113
Leisure, Travel & Tourism	-	-	-	-	-
Retail & Commercial Activity	285	62	14	-	361

\* Engineering & Manufacturing includes many Production 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 aged 25 (now 23 and over). 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 Living Wage	National Minimum/Living Wage				
		23+	21-22	18-20	Under 18	Apprentice**
April 2022	£11.05*	£9.50	£9.18	£6.83	£4.81	£4.81

\* 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 April 2022 the apprentice rate will be the same as the under 18 rate.

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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