

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.

Trevor Bottomley
Employment & Labour Market Consultant

News & Publications

[GCSE attainment and lifetime earnings](#), from the DfE, clearly links higher GCSE grades to a boost in lifetime earnings. Those who perform just one GCSE grade better than their counterparts across 9 subjects have been shown to earn on average over £200,000 more throughout their lives. There is wide variation in the grade returns by individual GCSE subjects. A one grade improvement in Maths is associated with a return nearly double that of English. The marginal return also varies with the grade boundary: the largest marginal returns are associated with moving from grade D to grade C, and from grade C to grade B, in most subjects. In some subjects, there are robust returns to top grades (A and A*) but in others the return is not measurably different. The returns to top grades are generally larger for male students than female. The returns to achieving grades below C are typically smaller or not statistically different from zero.

[Learning at work: Employer investment in skills](#), from the Learning and Work Institute, found almost one-third of graduates undertook training in quarter three of 2020, compared to one in 13 workers with no qualifications. Only 11% cent of workers in elementary occupations and process and plant operative jobs participated in training, compared with 34% per cent of people in professional occupations. The average employer's investment in skills is just half what it is in the EU, at £1,530 per worker. The report points out that the apprenticeship levy system, introduced in 2017, increased higher-level apprenticeships for older workers while reducing opportunities for lower-level courses for younger workers.

[State of the nation 2021: Social mobility and the pandemic](#), from the Social Mobility Commission, concludes that apprenticeships are failing to reach their social mobility potential and must be better targeted at the most disadvantaged. The commission says government should do this by using the levy to incentivise employers to provide more traineeships and level 2 to 4 apprenticeships, while moving higher level apprenticeships into social mobility cold spots. The pandemic has further exacerbated the pre-existing trend towards higher apprenticeships, with a rise from 18% of starts from August to January in 2018-19 to 32% in the same period in 2020-21. This further reduces opportunities for learners from low socio-economic backgrounds who are less likely to be on these courses.

[Labour Market Outlook: Summer 2021](#), from the CIPD, shows employment confidence continuing to move upwards. Employment intentions are now at their highest since 2013, when this measure was first introduced to the Labour Market Outlook. This gain has been driven by a continued surge in recruitment intentions, with 69% of employers planning to recruit in the three months to September 2021. Redundancies have remained low, with just 13% of employers expecting to make job cuts. The overall picture on pay also looks positive, as median basic pay expectations hold at a pre-pandemic level of 2%.

[Labour market update for London – July 2021](#), from GLA Economics, shows pay-rolled employees up by almost 53,800 or 1.4% on the previous month (the fourth consecutive month of growth), bringing the number close to levels seen in June 2020. Unemployment rate estimated at 6.5% for the three months ending May 2021, down 0.7% on the quarter but still up 1.2% on the same period in the previous year (and above the UK average of 4.8%).

London Economy

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

- London's real Gross Value Added (GVA) growth rate is forecast to be 5.4% this year due to the recovery from the COVID-19 crisis. This growth rate is expected to increase slightly to 6.9% in 2022 before moderating to 3.1% in 2023.
- London is forecast to see a fall in the number of workforce jobs in 2021 (-3.6% in annual terms) although this will recover in 2022 (2.9%) before accelerating in 2023 (4.2%).
- London's household income and expenditure are both forecast to grow in all years of the forecast period.

Employment

The Office for National Statistics 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 March 2021 data):

Sector	London %	UK %
Agriculture, Forestry & Fishing	0.1	1.1
Manufacturing	2.5	7.4
Construction	4.6	6.4
Wholesale, Retail & Vehicle Repair	10.9	14.1
Transport & Storage	5.4	5.2
Hospitality & Catering	6.6	6.3
IT & Communications	7.9	4.2
Finance	7.2	3.3
Real Estate	2.7	1.9
Professional, Scientific & Technical	13.5	9.4
Administration	10.0	8.3
Public Administration & Defence	4.5	4.7
Education	7.1	8.4
Health & Social Work	10.6	12.9
Arts, Entertainment & Recreation	3.1	2.6
Other Services	2.9	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 [August 2021 ONS Regional Labour Force Survey Summary](#) (covering the period April to June 2021) show that:

- Unemployment in London was 6.4% compared to 4.7% for the UK as a whole and 4.4% in the South East.

Figures for July 2021 from www.nomisweb.co.uk show that:

- The all-age claimant rate was 7.3% in London, above the 5.4% for the UK as a whole.
- The 18-24 claimant rate was 8.9% in London, above the 7.2% for the UK as a whole.
- The 18-21 claimant rate was 8.7% in London, above the 7.3% for the UK as a whole.

The monthly [COVID-19 Labour Market Analysis](#) from GLA Economics (issued in August 2021) covers the three months to June 2021:

- Payrolled employees up by almost 30,000 or 0.7% on the previous month (a fifth consecutive month of growth) bringing the number of pay-rolled employees close to levels seen in June 2020.
- Unemployment rate estimated at 6.4%, down 0.5% on the previous quarter but up 1.5% on the year (and above the UK average of 4.7%).
- Employment rate estimated at 74.7%, broadly stable on the previous quarter (up 0.2%) but down 1.2% from a year earlier.

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).

[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.

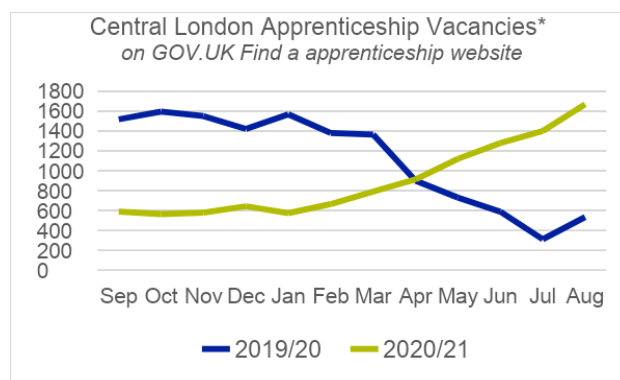
Apprenticeships

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.

[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%. 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 253,100 starts recorded from August 2020 to April 2021, down 6.9% from Q3 2019/20 pre-Covid-19. Those aged under 19 accounted for just 21% and level 2 apprenticeships accounted for only a quarter of starts of starts.



Vacancies in Central London (*within 10 miles of Victoria station) saw a marked increase from 534 in August 2020, to 1,669 on 18 August 2021, but still well below the pre-COVID 19 figure of 1,834 in August 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 18 August 2021:

Sector	I	A	H	D	T
	n	d	i	e	o
	t	v	g	g	t
	e	a	h	r	a
	r	n	e	e	l
	m	c	r	e	A
	e	e			d
	d	d			v
	i				e
	a				r
	t				t
	e				s
Agriculture, Horticulture & Animal Care	4	-	-	-	4
Arts, Media & Publishing	-	18	-	-	18
Business, Administration & Law	44	197	14	6	261
Construction	37	9	2	5	53
Education & Training	-	-	-	-	-
Engineering & Manufacturing*	117	35	5	-	157
Health, Public Service & Care	151	321	6	-	478
Information Technology	-	95	30	14	139
Leisure, Travel & Tourism	-	-	-	-	-
Retail & Commercial Activity	458	84	15	-	557

* 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 Living Wage	National Minimum/Living Wage				
		25+***	21-24***	18-20	Under 18	Apprentice**
current rate	£10.85*	£8.9	£8.36	£6.56	£4.62	£4.30
		1				

* 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