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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

The [Queen's Speech](#) confirmed that a new Skills and Post-16 Education Bill will put into law. Documents published after the Queen's speech said the main benefits of the Skills Bill would be:

- Offering adults across the country the opportunity to retrain in later life through the lifetime skills guarantee.
- Realigning the system around the needs of employers so that people are trained for the skills gaps that exist now and in the future.
- Improving the quality of training available by making sure that providers are better run, qualifications are better regulated, and that providers' performance can be effectively assessed.

[Labour Market Outlook: Spring 2021](#) from CIPD found that employment confidence has continued its upward surge, as the net employment score rises to +27 from +11 in the winter survey. Employment intentions are now at their highest since 2013 when this measure was first introduced to the Labour Market Outlook. The gain is the result of another increase in recruitment intentions (the highest in over a year) and a continuing fall in redundancy intentions. Just over a tenth of employers expect to make job cuts in the next three months, down from 20% last quarter and dipping below pre-pandemic levels. The overall picture on pay was also positive, with median basic pay expectations bouncing back to 2%, having stayed at 1% through the last four quarters.

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 [May 2021 ONS Regional Labour Market Statistics](#) (covering the period January to March 2021) show that:

- Unemployment in London was 6.8% compared to 4.8% for the UK as a whole and 3.4% in the South East.

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

- The all-age claimant rate was 8.4% in London, above the 6.3% for the UK as a whole.

- The 18-24 claimant rate was 10.8% in London, above the 8.8% for the UK as a whole.
- The 18-21 claimant rate was 10.3% in London, above the 8.7% for the UK as a whole.

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

- Payrolled employees living in London were down by 223,000 or 5.4% from the previous year, double the rate of decline recorded on average nationally.
- Unemployment rate for the three months ending February 2021 rose to 7.2%, up 2.7 percentage points on the previous year (up 0.9% across the UK).
- Employment rate fell to 74.5% over the same period, 2.3% lower than for a year earlier (1.4% lower across the UK)
- Economic inactivity rate edged up on the previous quarter but remains close to record lows in London.

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.

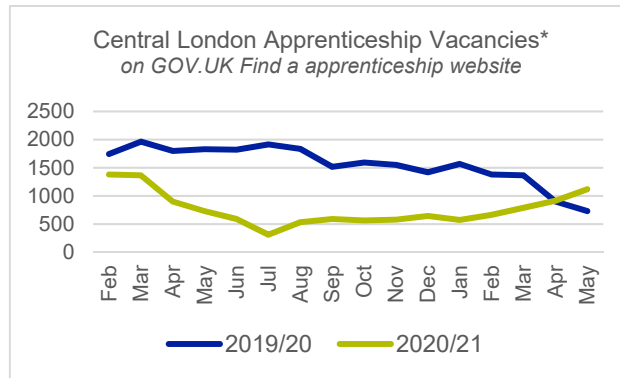
[ISE Student Recruitment Survey 2020](#), from Institute of Student Employers, found that the number of graduate jobs dropped by 12% in 2020 with the majority of employers anticipating further decline next year. Some sectors have reduced hiring considerably while others such as the charitable and public 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 marked increase from 730 in May 2020, to 1,120 on 17 May 2021, but still well below the pre-COVID 19 figure of 1,831 in May 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 17 May 2021:

Sector	Intermediate	Advanced	Higher	Degree	Total Adverts
Agriculture, Horticulture & Animal Care	6	-	-	-	6
Arts, Media & Publishing	-	5	-	-	5
Business, Administration & Law	36	150	12	10	208
Construction	28	5	1	10	44
Education & Training	-	-	-	-	-
Engineering & Manufacturing*	40	22	1	3	66
Health, Public Service & Care	125	239	2	2	368
Information Technology	-	74	18	3	95
Leisure, Travel & Tourism	-	-	-	-	-
Retail & Commercial Activity	247	29	2	1	279

* 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*	£8.91	£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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