

MAYOR OF LONDON

Intelligence on London's Labour Market

National Career Guidance Show

17 April 2024

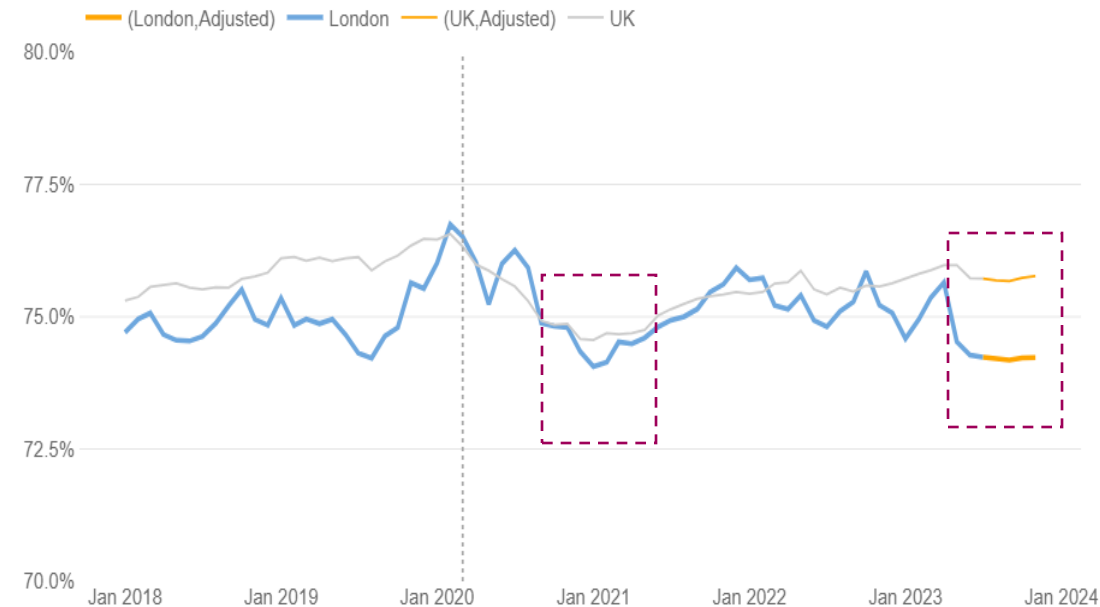
What is the state of London's labour market?

London's labour market was significantly impacted by the pandemic in 2020, but recovered strongly.

Employment and Unemployment rate, London, 2018-2024.

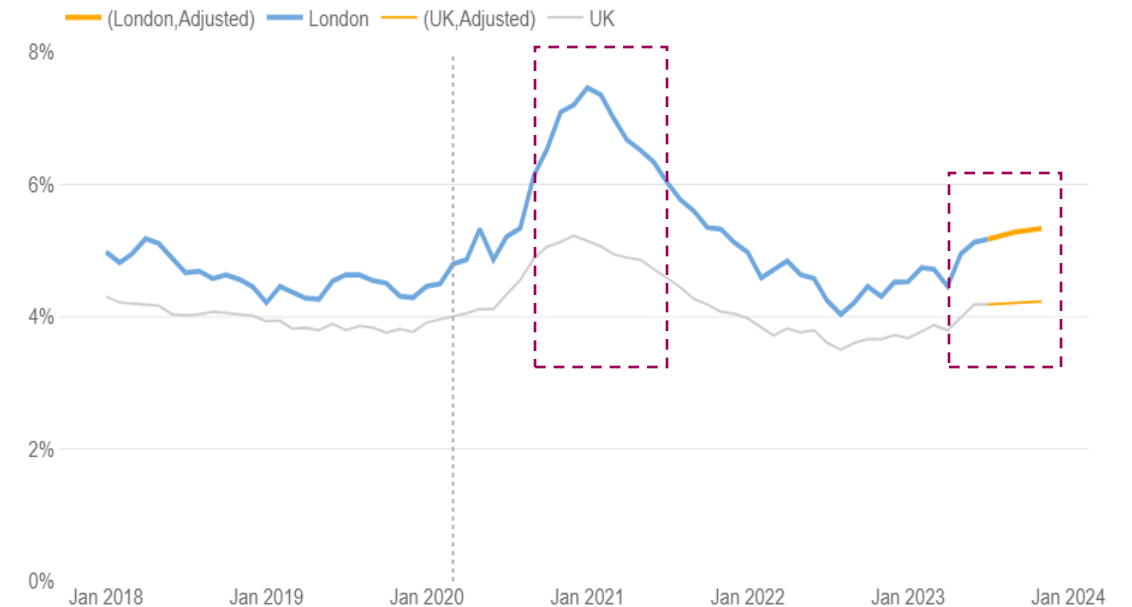
Employment rate (% of working age population)

Latest data for three-month period ending November 2023



Unemployment rate (% of economically active)

Latest data for three-month period ending November 2023



London's labour market was significantly impacted by the pandemic in 2020, but recovered strongly.

Economic inactivity rate, London, 2018-2024.

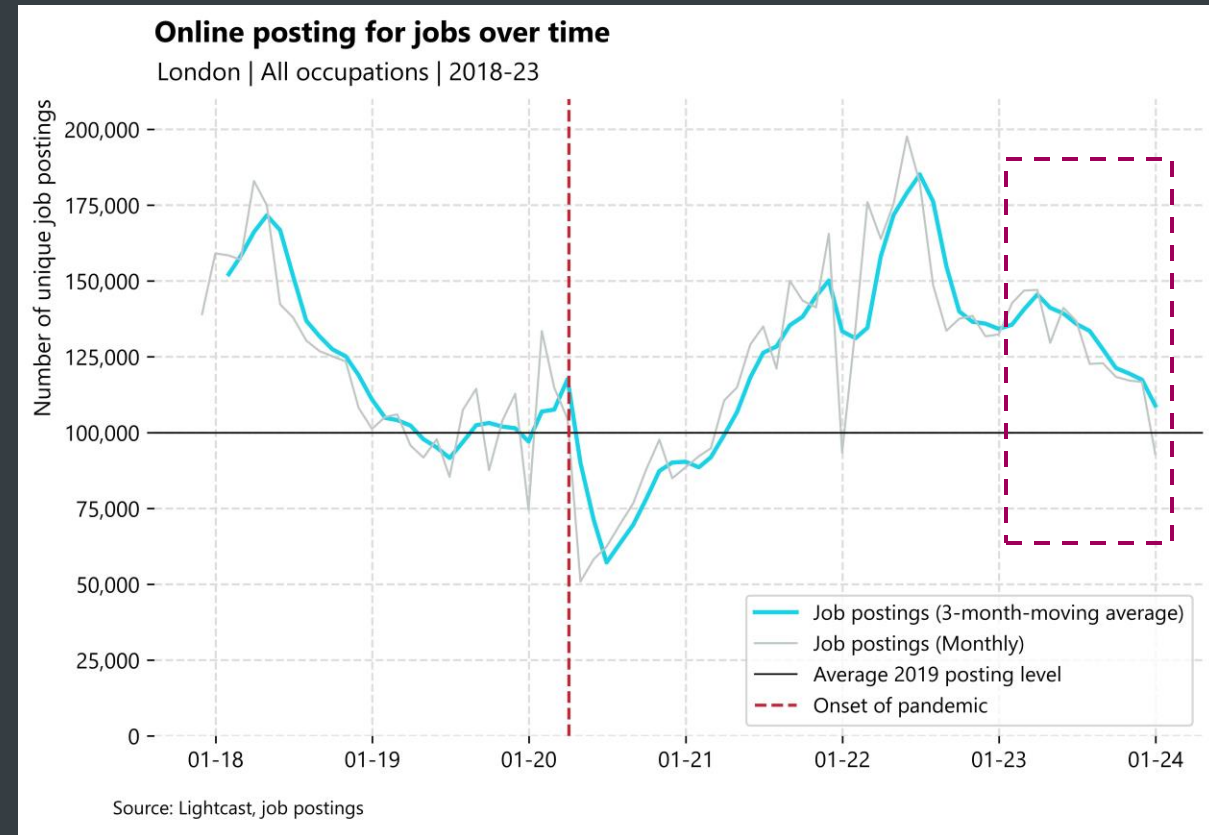
Economic inactivity (% of working age population)

Latest data for three-month period ending November 2023



Headline indicators suggest that London's labour market has been cooling

- An indicators of labour demand is online job posting provided by Lightcast.
- Consistent with national vacancy trends, this indicator of local labour demand has been steadily declining back towards pre-pandemic levels since the latter half of 2022.
- Providing a further indication that the labour market is cooling.

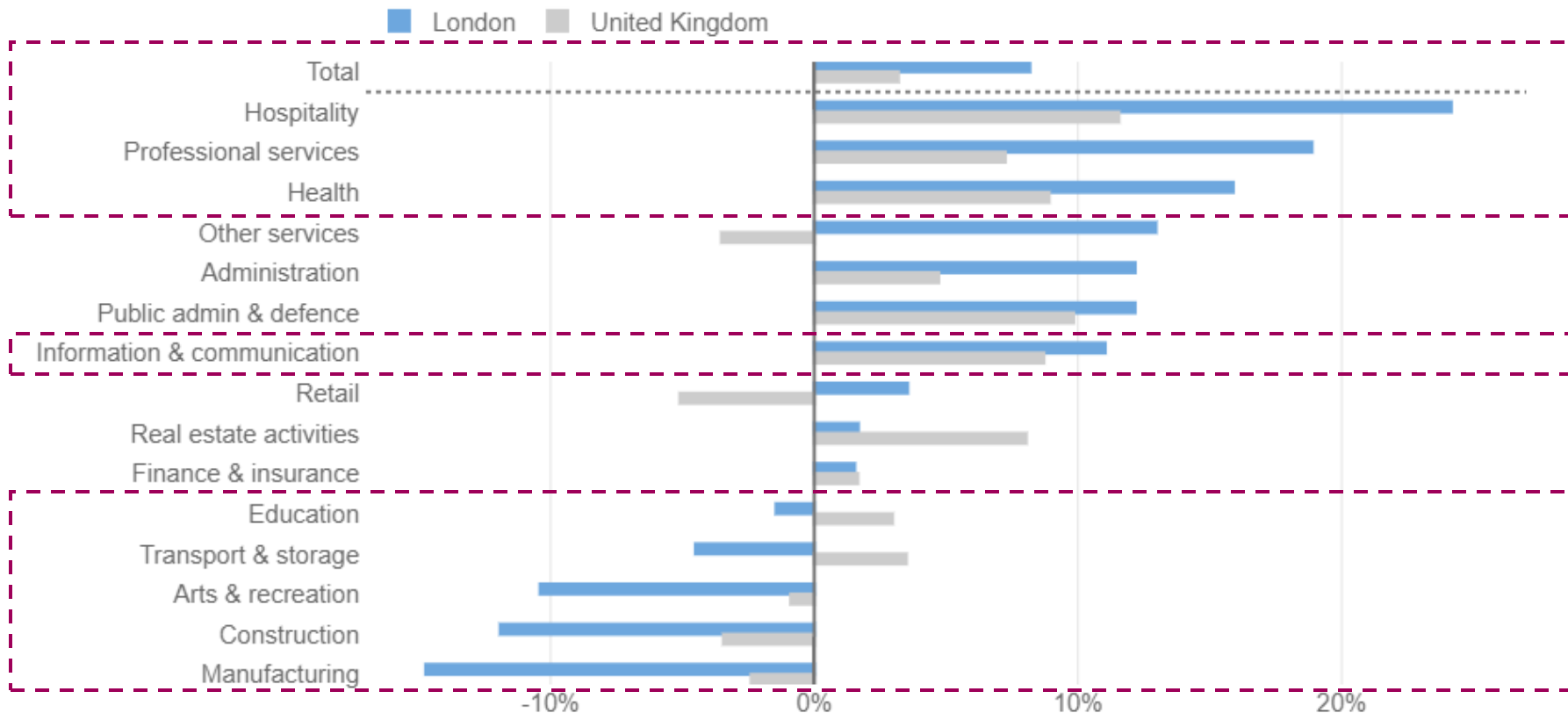


Workforce jobs, by industry

6.6 million jobs in London – above the pre-pandemic peak, however, sectoral recovery has not been equal, with sectors such as manufacturing, arts, construction, transport and education still below their pre-COVID levels

Percentage change in workforce jobs by industry group

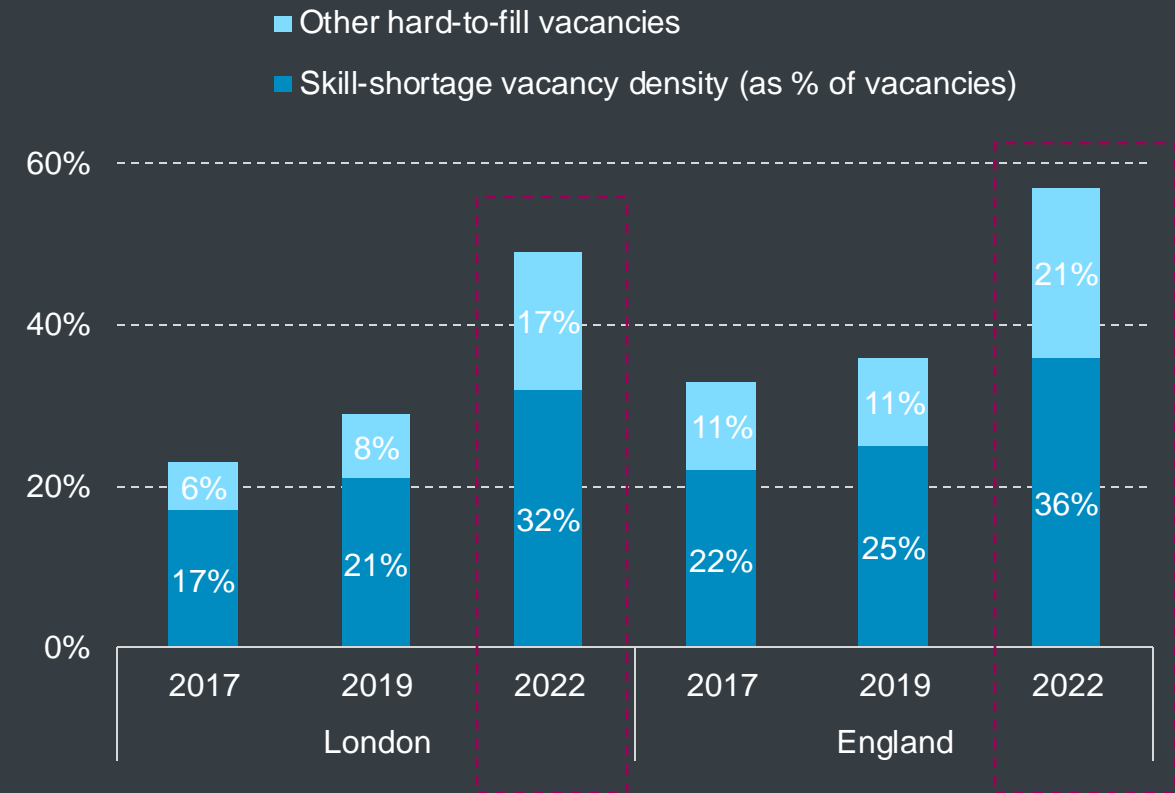
Seasonally adjusted, between December 2019 and September 2023



Breakdown of Hard-to-Fill vacancies

- Recruitment difficulties intensified post-pandemic.
- Skills-shortage vacancies - vacancies that are hard to fill due to lack of skills, qualifications or experience among applicants - have increased in London but remain below the England level.

Proportion of all vacancies that were hard to fill due to skills shortages or other reasons, 2017-2019

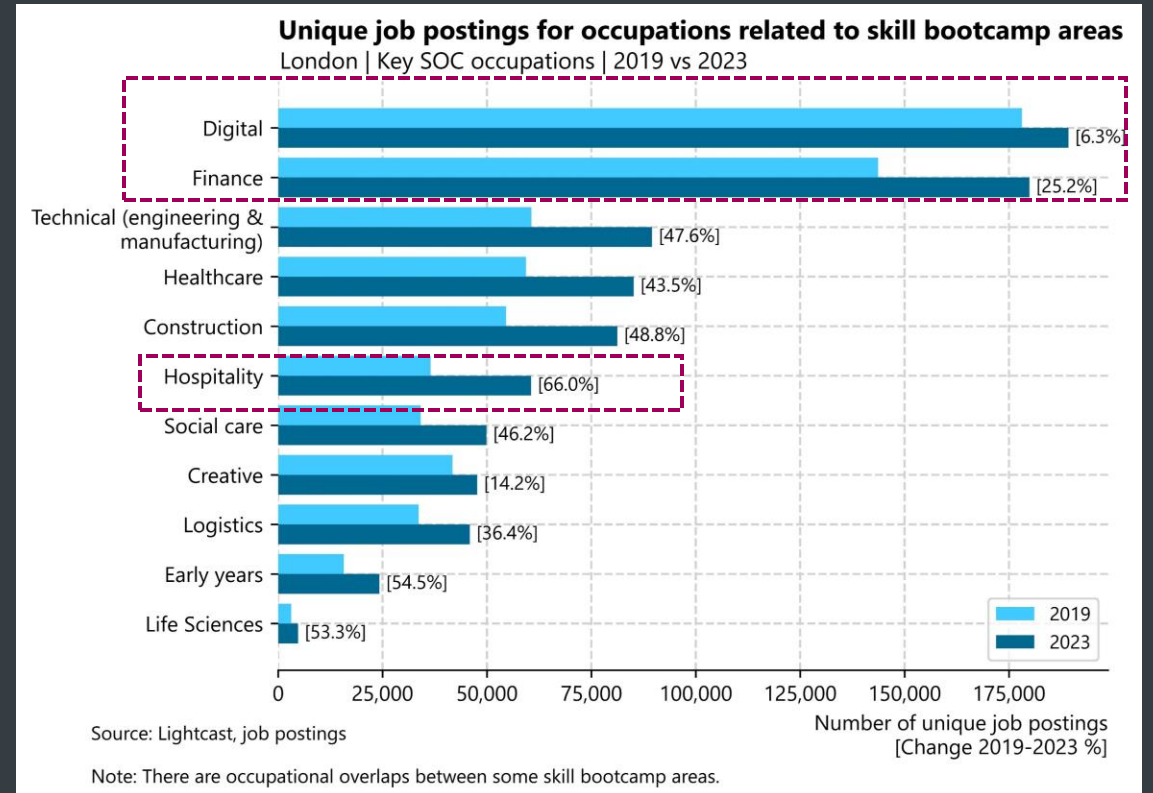


Source: DfE, Employer Skills Survey, 2017-2022.

Note: A skills shortage vacancy is a vacancy that is hard to fill due to lack of skills, qualifications or experience among applicants. A skills-shortage vacancy is thus a subset of hard-to-fill vacancies.

Sectors in demand in the capital

- Key occupations related to the digital and finance sectors accounted for the largest number of online job postings in 2023.
- Hospitality saw the largest increase relative to 2019 reflecting ongoing staffing challenges in the sector during 2023.



Note: While this sector figures reflect the aggregate annual posting levels for a group of industry specific occupations, it is important to note that each individual occupation has its own unique trend, which may differ from this.

5 key messages on London's labour market

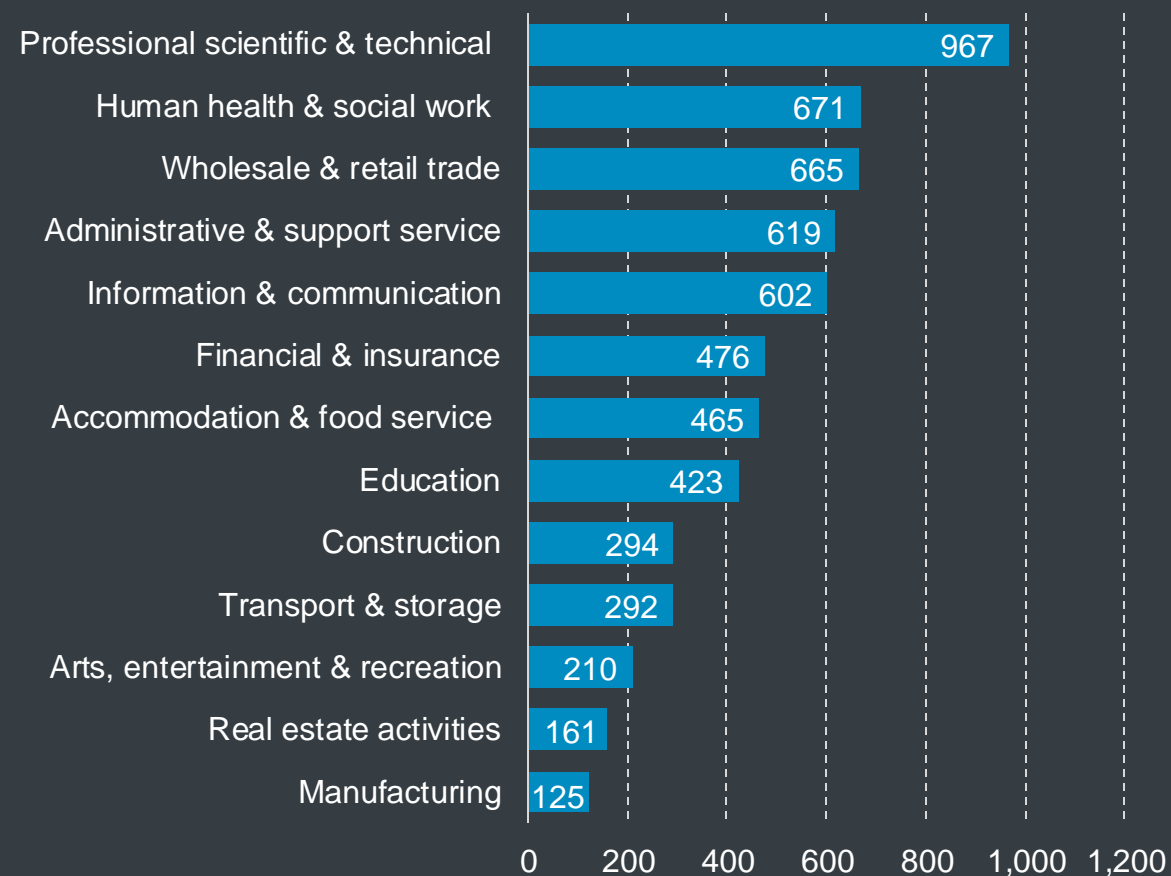
Message 1: London has many jobs across a range of sectors



6.6 million jobs across a range of sectors

Key point: London offers a range of employment opportunities to fit various interest and skills sets.

Number of workforce jobs in London by industry
June 2023, in thousands



Source: ONS Workforce Jobs. Data for June 2023. See [Link](#) for explanation of sectors. E.g. Professional and scientific includes barristers, tax consultancy, architecture, advertising agencies, market research, consulting

Sample of roles from online job postings

- **Key point:** There is a range of occupations in demand across different industries in London.
- Within in each industry there is also a range of jobs. For example, in Construction isn't just builders but also engineers, architects, carpentry.



Health & Social care

Specialist
medical
practitioners

Physio/
Occupational
Therapists

Nurses

Pharmacists



Construction

Quantity/
Building
surveyors

Architects

Engineers

Carpenters
and joiners



Digital

Programmer
and software
developers

IT business
analysts

Database
administrators

Web
content
technicians

Cyber
security

Source: Lightcast, 2023

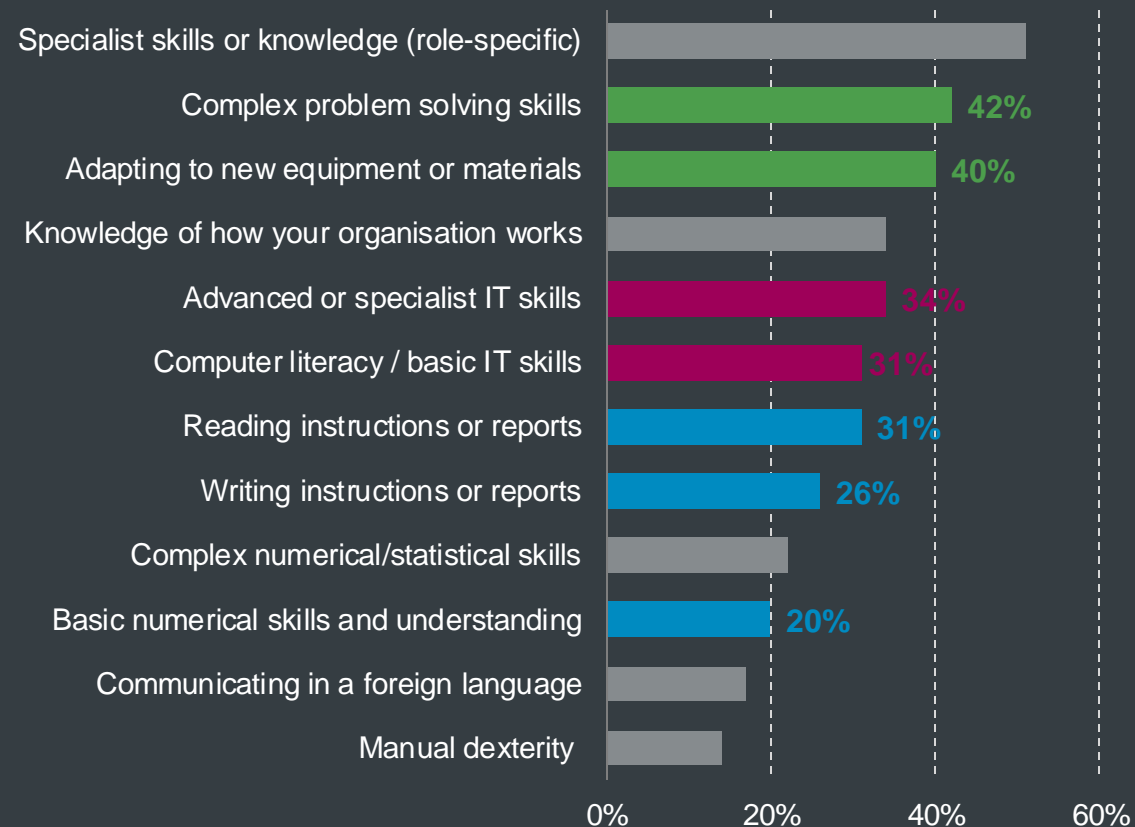
Message 2: There are certain transferable skills that are in demand, from numeracy and literacy to digital skills



What skills are employers looking for?

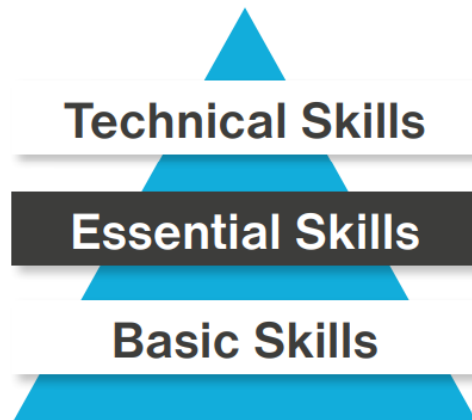
- Problem solving
- IT skills
- Literacy and numeracy

Skills that will need developing in the workforce
London employers who anticipated a need for new skills, 2019



Source: Employer Skills Survey, 2019. Note: selected skills only. All establishments who anticipated a need for new skills in next 12 months when surveyed in 2019 (and could identify an occupation that would be most affected).

What are essential or transferable skills?



The eight Essential Skills



1. LISTENING

receiving, retaining and processing of information or ideas



2. SPEAKING

oral communication of information and ideas



3. PROBLEM SOLVING

the ability to find a solution to a situation or challenge



4. CREATIVITY

use of imagination and generation of new ideas



5. STAYING POSITIVE

ability to use tactics and strategies to overcome setbacks and achieve goals



6. AIMING HIGH

ability to set clear, tangible goals and devise a robust route to achieving them



7. LEADERSHIP

supporting, encouraging and developing others to achieve a shared goal



8. TEAMWORK

working cooperatively with others towards achieving a shared goal

Benefits of Essential Skills

- Research shows that:
 - Essential skills boost income by around £4,000 a year.
 - Essential skills are valued by UK workers.
 - Essential skills increase job and life satisfaction.
 - Essential skills decrease the risk of unemployment.
 - Essential skills help you to develop other skills.

London's Local Skills Improvement Plan (LSIP) also identifies some cross-cutting skills needs in London

What are LSIPs?

- An initiative funded by the Department for Education, which aims to bring employers, educators, and other key stakeholders together to transform the local skills system.
- That is, to better match the supply of new training with local employer demand for skills.

They aim to support:

- **People** – getting more people into better, higher-paying jobs,
- **Employers** – helping to articulate skills needs to providers, national and local government,
- **Training providers** – provide granular insight into employers current and future skills needs, and more effectively plan their training offer.



Digital

Occupational priorities

Demand for digital skills is high in London and upskilling digital skills is the main priority for workforce development.

The demand for digital skills can be divided into 3 groups:

1. Entry level skills such as essential digital skills needed for most desk-based jobs.
2. Basic skills needed for specific jobs e.g. web design, basic cloud.
3. Advanced digital skills, which are cut across sectors e.g. AI, data analytics and advanced coding.

Skill need	SOC Code	Provisional course priority and possible funding source
Web design professionals, including software developers (Level 3, 4 & 6)	2141	Sector-Based Work Academies (SWAPs) at entry level, Apprenticeship, Full-Time (FT) FE 16 to 19 (e.g., T-levels and other courses), degree apprenticeship, skills bootcamps, FT Higher Education (HE).
Information technology professionals n.e.c.	2139	SWAPs at entry level, Apprenticeship, FE 16 to 19, Higher Technical Qualifications (HTQs), Degree apprenticeship, FT HE.
Data analyst roles	3544	Apprenticeships, FE 16 to 19 19, HTQs, degree apprenticeships, skills bootcamps
Particular needs identified around specific coding languages, such as Python Software development technician (Level 3 & 4)	2134	Apprenticeships & skills bootcamps

Source: BusinessLDN, [Local Skills Improvement Plan \(LSIP\)](#)

Green

Occupational priorities

Ensure that green skills is embedded in how new entrants to workforce are educated and existing staff are upskilled.



Skill needs	SOC Code	Provisional course priority and possible funding source
Across sectors, companies are increasingly looking to recruit Carbon and Sustainability managers who bring core carbon literacy skills	2152	HE, including Sustainability business specialist integrated degrees & Carbon Management MSc (FT/PT). Degree apprenticeships Upskilling via short courses (AEB innovation funded & SWAPs).
Specific skills needed for developing green technology including: Electric vehicle charging point installer	5241	Apprenticeships, FE 16 to 19, HTQs Upskilling funded via short courses (AEB).
Heat pump engineers and installers	5315	Apprenticeships, HTQs Upskilling via short courses including bootcamps and AEB.
Electrical engineers are needed more broadly as a green skill set for a whole range of applications	2123	Apprenticeships, FE 16 to 19, Degree Apprenticeships, HE (esp. BEng/ MEng). Upskilling via short courses including bootcamps and AEB.
Broader skilled trades roles related to heritage retrofit including Electricians and electrical fitters	5241	Apprenticeships, Degree Apprenticeships, Upskilling for retrofit via bootcamps and AEB.
Plumbers, heating and ventilating installers	5315	Apprenticeships, FE 16 to 19, HTQs Upskilling via short courses (skills bootcamps and AEB)
Carpenters and joiners	5316	Apprenticeships, FE 16 to 19 Upskilling via short courses (including AEB and skills bootcamps).
Scaffolders	8151	Apprenticeships Upskilling via short courses (including AEB)

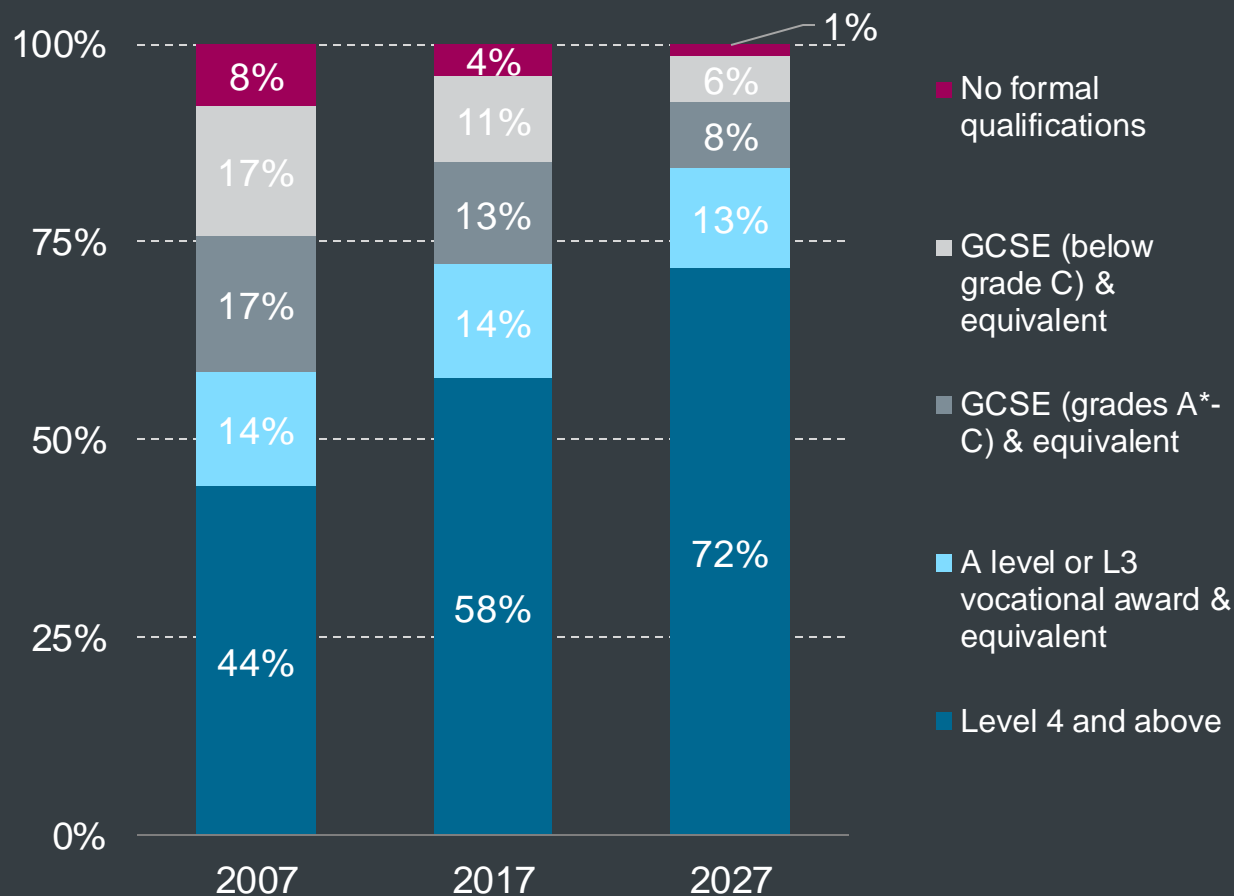
Message 3: Employers are looking for more people with higher level qualifications



Future demand for higher level skills

- By 2027, people with qualifications at level 4 and above will account for **72% of those employed in London**, up from 44% in 2007.
- **Key point:** Developing higher level qualifications is important for labour market outcomes.

London employment by qualification level, 2007-2027

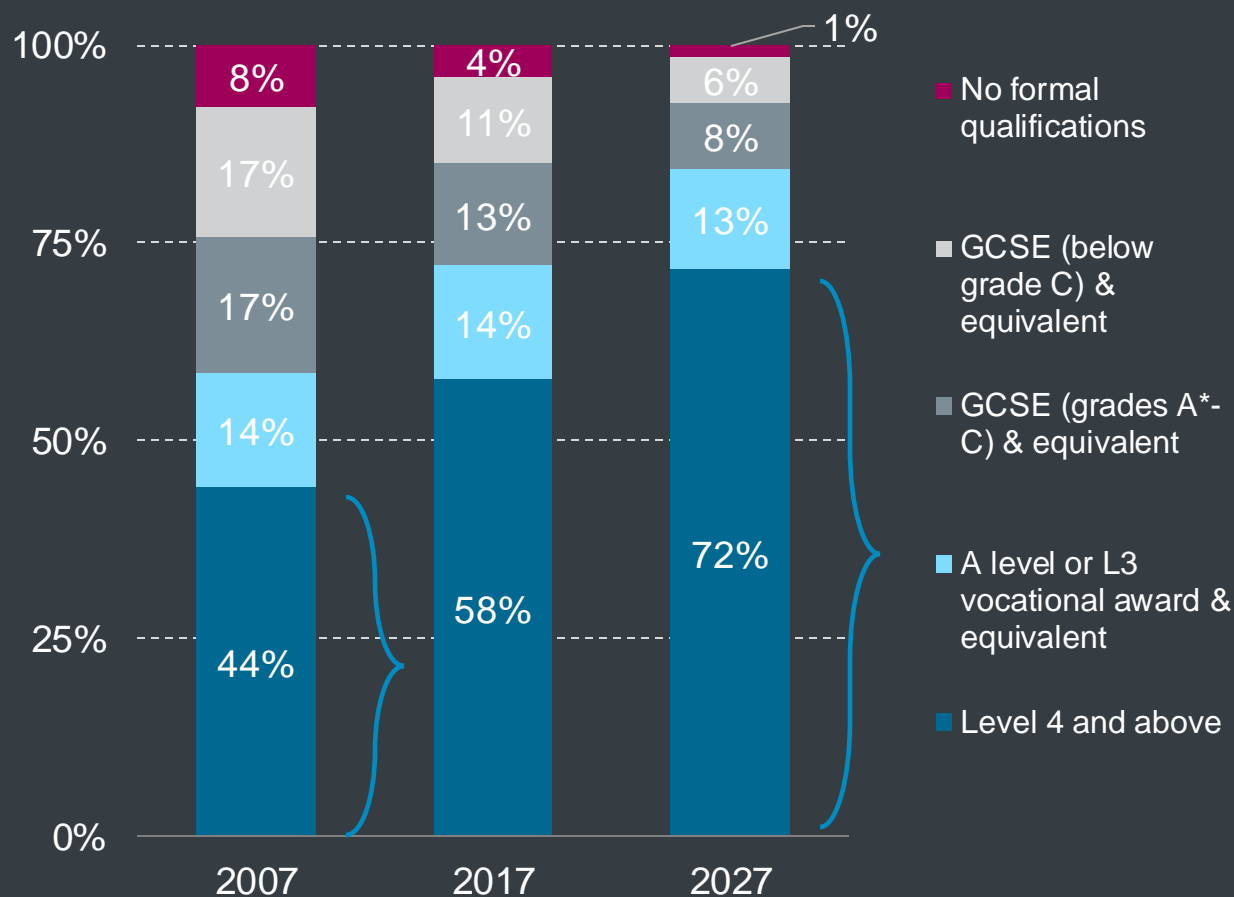


Source: DFE Working futures, 2017-2027

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London employment by qualification level, 2007-2027



Source: DFE Working futures, 2017-2027

Message 4: Higher level skills do not necessarily equate to a university education; there are lots of different careers pathways

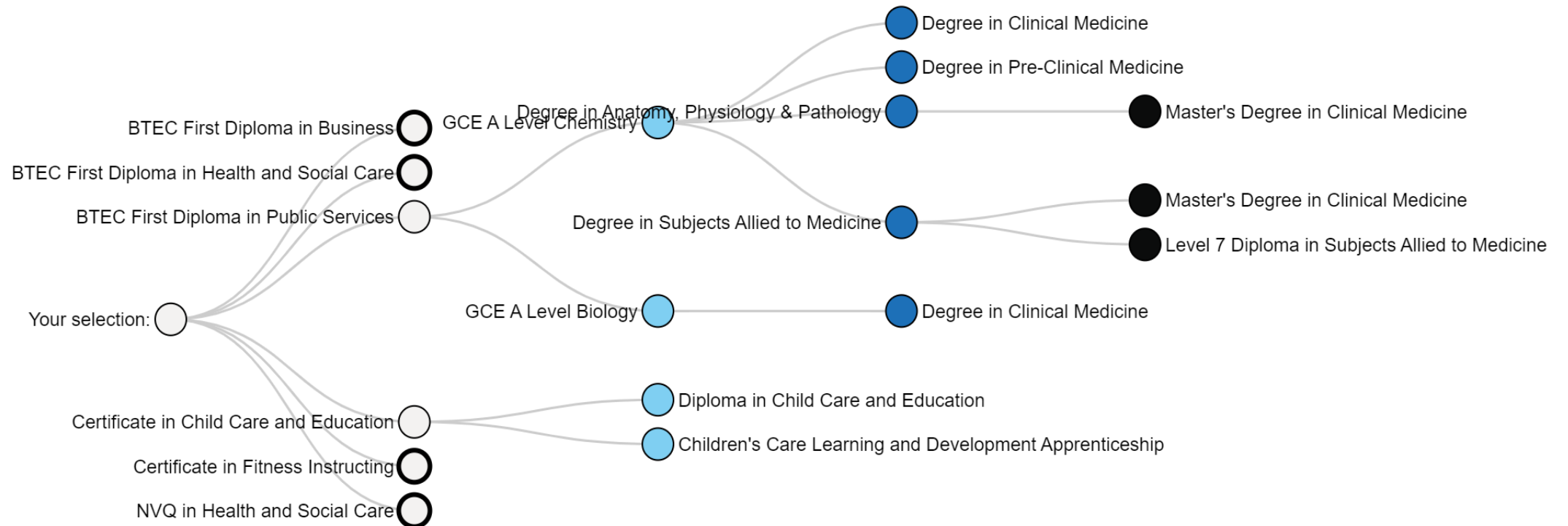


Different qualifications choices for employees working in construction

Qualification	Level	Average Earnings
First degree in Building	Level 6	£50,300
Electrotechnical apprenticeship	Level 3	£39,300
First degree in Civil engineering	Level 6	£38,100
Certificate in Electrotechnical Technology	Level 3	£37,000
Construction Skills Apprenticeship	Level 2	£32,400
First degree in Architecture	Level 6	£36,000

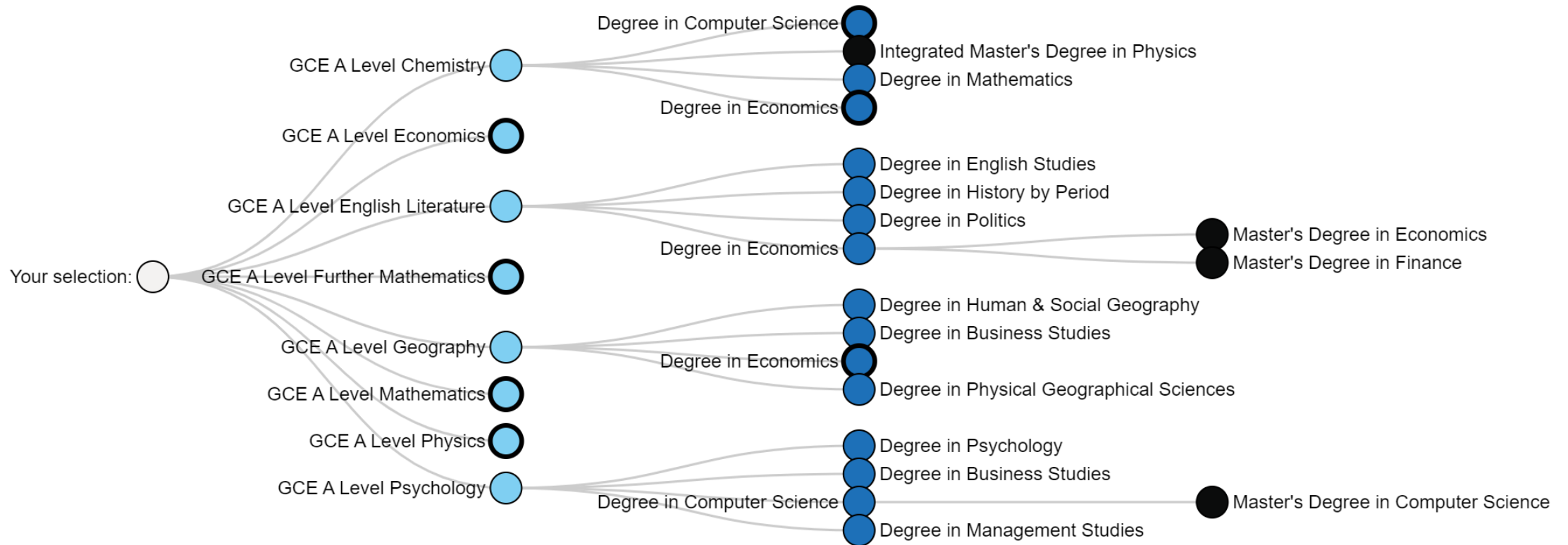
Education pathways starting at level 2 for health and social work

○ Level 2 ● Level 3 ● Level 4/5 ● Level 6 ● Level 7+



Education pathways starting at level 3 for Information technology (IT) in London

○ Level 2 ● Level 3 ● Level 4/5 ● Level 6 ● Level 7+



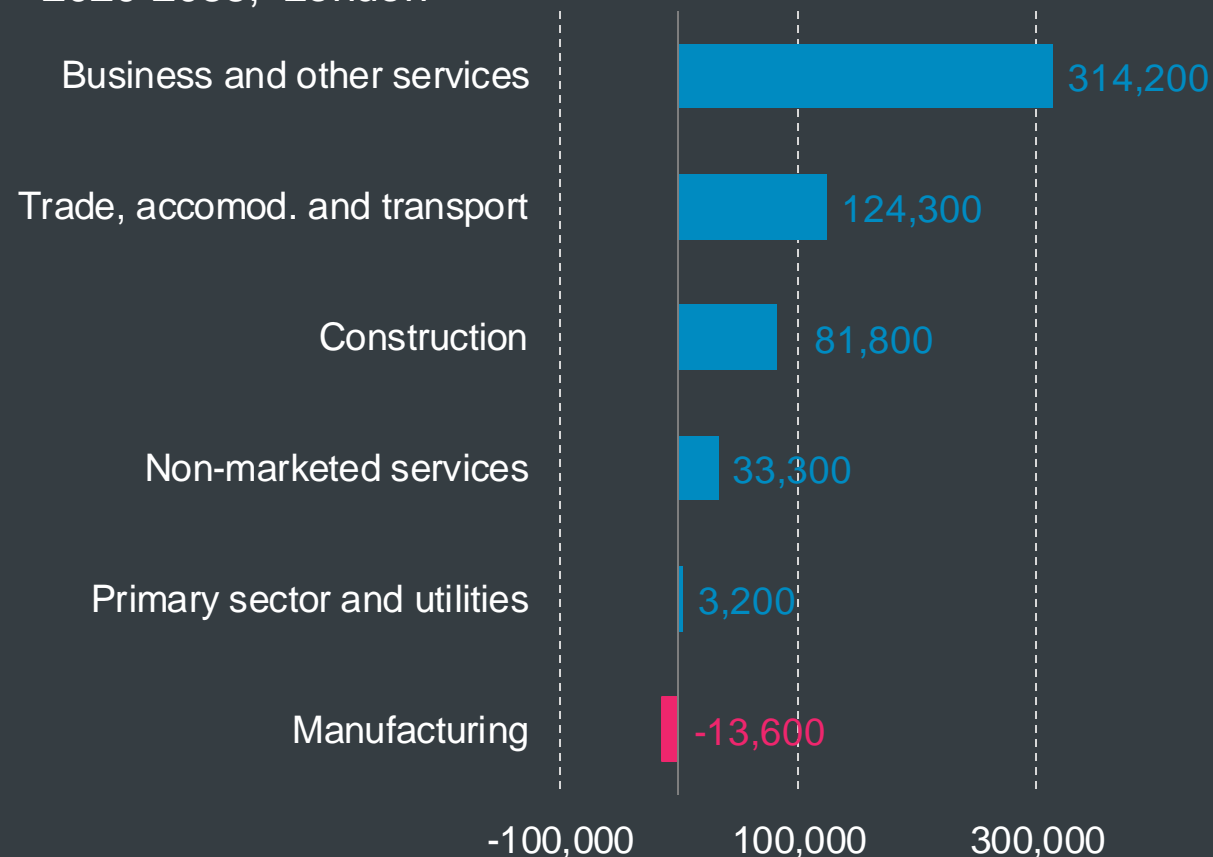
Message 5: Some sectors are growing faster than others, but there will be job openings across all sectors



Projected job growth in a wide range of sectors

- Longer term, a lot of jobs growth is expected in private business sector services, like computing services
- Public (non-marketed) services –like health & social work – are also significant growth areas
- Digital will be needed across all sectors (from basic to advanced)
- **Key point:** Follow GLA labour market information (via careers hubs and on London.gov.uk)

Net change in employment by broad sector, 2020-2035, London



Source: Skills Imperative 2035, [London LSIP tables](#). For more detail on these broad sectors see [here](#). Note: Employment estimates are based on the [ONS workforce jobs](#) which is a quarterly measure of the number of jobs in the UK and is the preferred measure of the change in jobs by industry.

As well as jobs in new areas such as **green sectors**

- **Key point:** Follow GLA labour market information (via careers hubs and on London.gov.uk)

- Forecast for increase in **green jobs** from 234,000 in 2020 to 505,000 in 2030
- Most '**green**' jobs growth is expected to come from:
 - Homes & Buildings
 - Power
 - Low Carbon Transport
 - Green finance (mainly in central London)

Sources: WPI Economics / Institute for Employment Studies (2021)
[Green Jobs and Skills in London: cross-London report](#)

Summary of our 5 key messages

1. London has **many jobs across a range of sectors**
2. There are certain **transferable skills** that are in demand, from numeracy and literacy to digital skills
3. Employers are looking for more people with **higher level qualifications**
4. That doesn't necessarily mean going to university, there are lots of **different careers pathways**
5. Some sectors are **growing faster** than others, but there will be job openings across all sectors

Data sources

Key sources used:

ONS [Workforce Jobs](#) and [Annual Population Survey](#) (via [NOMIS](#))

[Lightcast](#) online job postings data

DFE [Employer Skills Survey](#) 2022

Unit for Future Skills – [Career pathways](#)

Unit for Future Skills [Local skills Dashboard London](#)

For more information via career websites, see:

[National Careers Service](#)

[Amazing Apprenticeships](#)

[Youth Employment UK](#)

London Labour Market Infographics ([link](#)) via [London Careers Hubs](#)

Data sources

For more information on GLA economics outputs, see:

GLA Economics – London labour market updates (link [here](#))

GLA Economics – online job postings analyses (link [here](#))

Local Skills Report evidence base (link [here](#))

London Local Skills Improvement Plan (link [here](#)) and Evidence base (link [here](#))

Out of work trends in London (link [here](#))