LONDON INCLUSIVE TALENT STRATEGY

GET LONDON WORKING PLAN

EVIDENCE BASE EXECUTIVE SUMMARY

LONDON GROWTH PLAN

MAYOR OF LONDON

LONDON COUNCILS

The Greater London Authority (GLA), in collaboration with London Councils, has developed a comprehensive evidence base to underpin the Inclusive Talent Strategy (ITS) and Get London Working (GLW) Plan.

This document summarises the comprehensive review of London's labour market, skills landscape and the structural barriers that prevent many Londoners from accessing good work. It also sets out a vision for inclusive growth, fair employment and strategic monitoring, to ensure progress is both measurable and meaningful. The full evidence base can be accessed via the London Datastore.

In addition to the evidence base, several forms of engagement took place to support the creation of the ITS including a formal consultation, industry engagement and a Talk London campaign. The summary of this engagement is available here.

1. London's population and labour market

This section provides background on London's labour market, shaped by a growing, relatively youthful and ethnically diverse population. Key issues explored include population trends, local authority-level disparities, inequalities by gender, ethnicity, disability, and education, as well as unemployment, economic inactivity, young people not in education, employment or training (NEET), and internal / international migration patterns.

London's population

London's population reached 8.9 million in mid-2023, with nearly 70% of residents of working age.[1] The city remains younger and more ethnically diverse than the national average.

However, the population is changing. In 2019, there were 1.84 million people aged 0 to 16 in London, and by 2030 this number is expected to decline to 1.64 million. The reduction in school-age children in London is putting pressure on schools as their funding declines and some are closing. Research produced by London Councils in 2025 predicts a decrease of 3.6% in reception pupil numbers in London over the next four years.[2] In addition, London's population is steadily ageing, reflected in its rising median age and growing share of residents aged 60 and above, expected to increase significantly by 2050.[3]

Internal and international migration

London's population and labour market are influenced by the movement of people in and out of the capital. Its population continues to grow; factors behind this change include internal and international migration.

In December 2024, two million employments in London were held by non-UK nationals, this is equivalent to 42% of all employments.[4] Since Brexit and the end of free movement there has been a decline in the number of EU nationals in the London labour market (-6% between December 2020 and December 2024) and an increase in non-EU nationals (+55% between December 2020 and December 2024).

London's higher education sector is world-renowned, and London therefore benefits from a large number of international students. Each year over 200,000 international students are educated in London.[5] However, national policy changes could cause a reduction in these figures in future years.

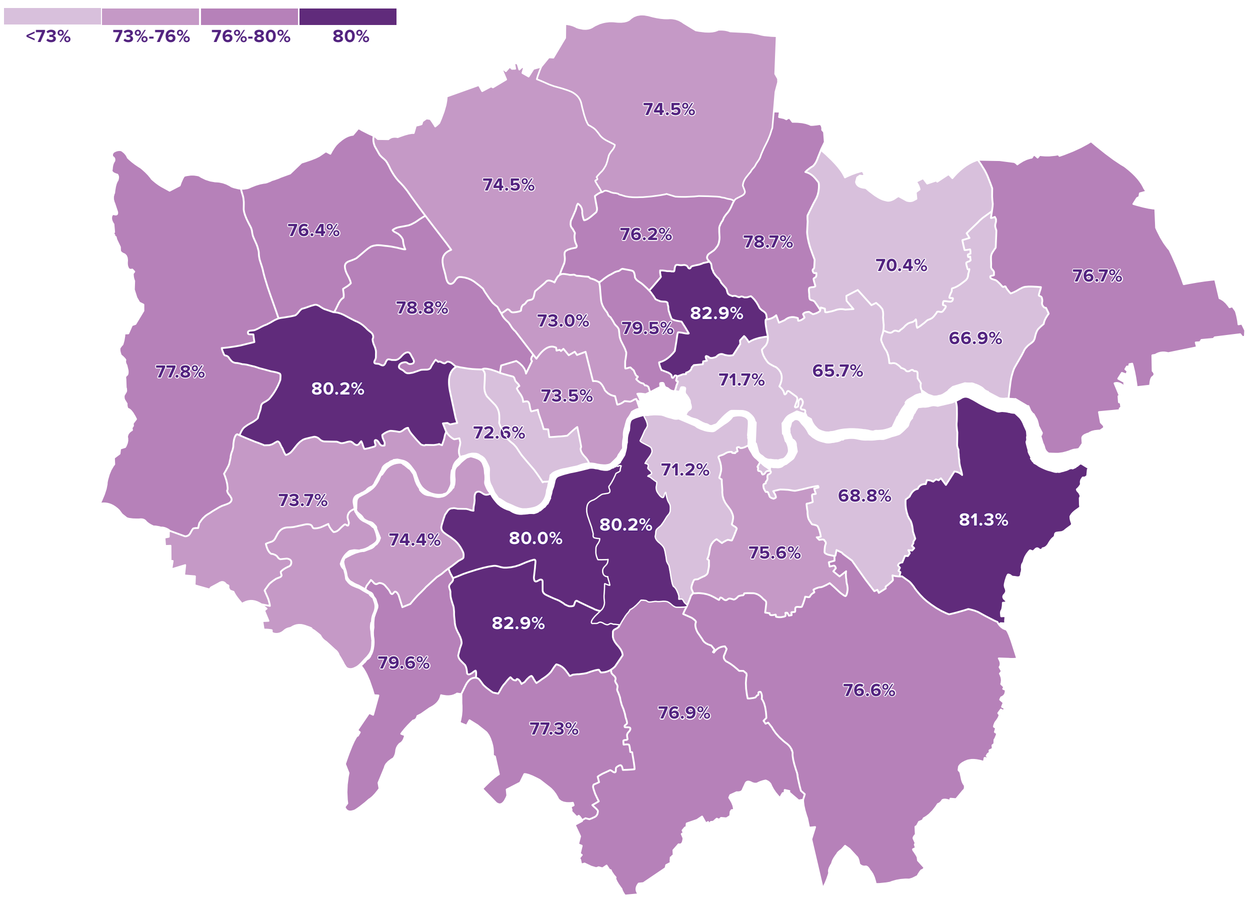
International migration is a significant reason why London's population remains younger than other regions of the UK.

Economic activity

The number of Londoners in employment was 4.9 million in June 2025.[6] The overall employment rate in London stood at 75% – slightly below the UK average of 75.3%, and short of the government's 80% target.[7] Achieving this target requires an additional 327,000 Londoners to be in work, all else constant.

London is a diverse region made up of 33 local authorities – each with their own unique labour market pictures. Between April 2024 and March 2025, six local authorities had employment rates above the government's 80% employment rate target (see Figure 1). The highest rates of employment are seen in Hackney (82.9%) and Merton (82.9%). In contrast, Kensington and Chelsea (61%), Newham (65.7%), and Barking and Dagenham (66.9%) have the lowest employment rates.

Figure 1: Employment rate (16-64) by London local authority, April 2024 – March 2025



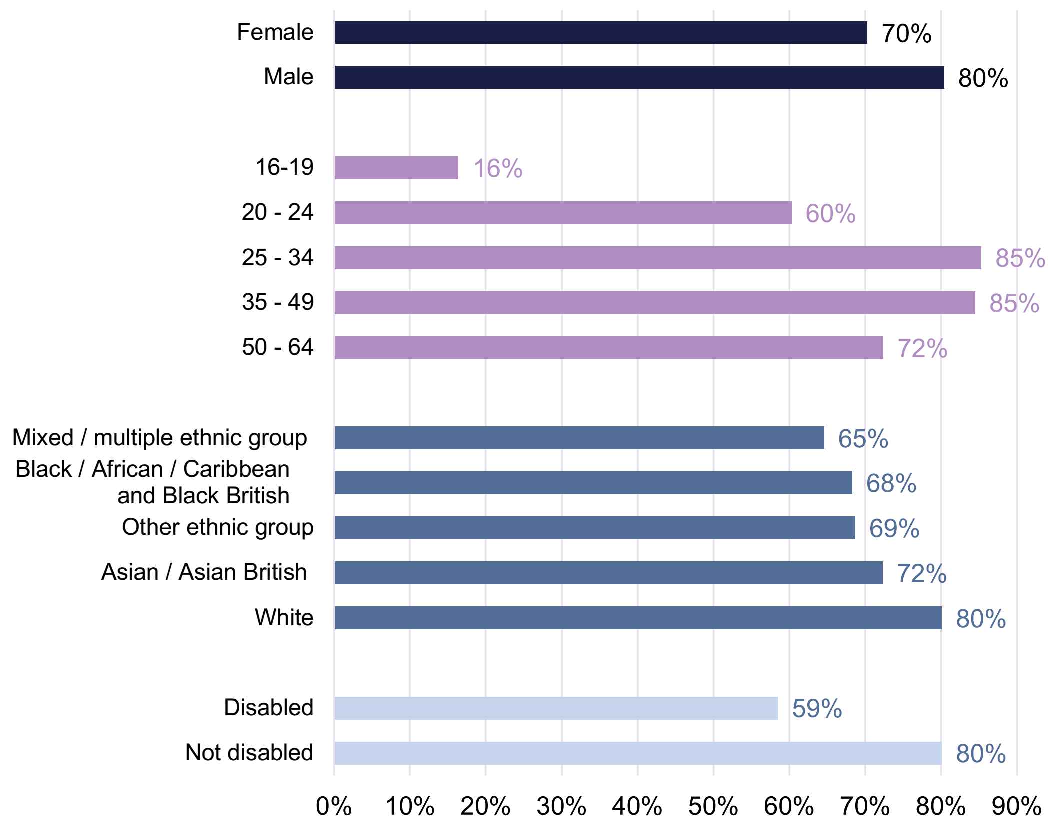
Map data: ©Crown copyright and database right 2018. Created with Datawrapper.
Note: Due to data issues surrounding the Labour Force Survey some caution should be used when interpreting statistics beyond the headline London level.

Geographical variation is not the sole form of disparity observed across London (see Figure 2). Women in London are 10 percentage points less likely to be employed than men. The employment rate for disabled Londoners is just 59%, compared to 80% for those without disabilities. Inequalities by ethnicity are also pronounced: White Londoners have the highest employment rate at 80.1%, while those from mixed ethnic backgrounds have the lowest employment rate at 64.6%. There are clear differences in employment rate by age. Londoners aged under 24 have low levels of employment, likely due to the large share of Londoners accessing further and higher education opportunities.

The Institute of Health Equity report on structural racism and health inequalities in London found that despite having positive educational outcomes and higher rates of educational attainment on average than White students, many ethnic minority groups in London experience lower rates of employment than White people. This is due, at least in part, to the impacts of racism and discriminatory hiring practices.[8]

If employment rates were the same across all ethnic groups, an estimated 290,000 more racially minoritised Londoners would be employed.[9] This would create a 6% increase in London's total workforce, and would translate to £17.4bn in higher salaries for racially minoritised groups.

Figure 2: Employment rate (16-64) by demographic group, April 2024 – March 2025



Source: ONS, Annual Population Survey, April 2024 – March 2025.

Unemployment remains a pressing issue. As of June 2025, London had the highest regional unemployment rate in the UK at 6%,[10] with borough-level rates ranging from 3% in Merton to 10.2% in Barking and Dagenham.[11] It is also important to consider how intersectionality can lead to further inequalities. For example, Bangladeshi and Pakistani women in London have significantly higher unemployment rates than White women or Bangladeshi and Pakistani men.[12]

Rates of economic inactivity peaked in London in September 2023, and have since been on a downward trajectory. However, 1.3 million Londoners are economically inactive, with 263,800 expressing a desire to work but facing barriers such as long-term health conditions, caring responsibilities, or lack of access to flexible work[13]. These barriers are explored in section 3 of this executive summary.

Another component of economic inactivity is young people who are NEET. The share of 16-24 year olds who are NEET in London stood at 15.2%, which is the highest of all English regions.[14]

2. London's skills landscape

This section of the evidence base discusses key themes in London's skills and labour market landscape. This includes high levels of educational attainment, but with persistent disparities in access to learning opportunities for some. It highlights the role of adult education in workforce development, rising demand for skills amid technological change and the growing economic potential of the city's transition to net zero.

Education and labour supply

The skills landscape in London is both promising and uneven. London sends a high share of young people to university. It benefits from many young people moving to the city to study or develop their careers. In 2024, over 62% of working-age Londoners hold a Level 4+ qualification (equivalent to lower levels of higher education), compared to 47% across England.[15]

However, 1.4 million Londoners have essential skills needs in literacy, numeracy or digital proficiency. This impacts their ability to engage in work but also the way they are able to live their lives.[16] Apprenticeship uptake remains low, with just 6.1 starts per 1,000 population – the lowest of all English regions. Encouragingly, 56% of apprentices in London are women; and 50% are from Black, Asian, or minority ethnic backgrounds.[17]

Adult education plays a vital role in workforce development, yet funding has declined. National public spending on adult education, apprenticeships and skills fell from £6.3bn in financial year (FY) 2003-04 to £4.3bn in 2023-24 (2024-25 prices). [18] Despite this, the GLA's Adult Skills Fund supported 233,820 learners in 2023/24 academic year (AY), with 81% either employed or pursuing further learning after their course. Skills Bootcamps also show promise, with 3,970 Londoners supported in 2023/24 FT; and 33% of participants securing job outcomes within six months of their course.

The Further Education (FE) sector is a core part of supporting businesses to find the right skills; and to help Londoners upskill, enter the workforce, or improve their health and wellbeing. However, the sector faces several challenges – including workforce recruitment, retention and keeping pace with employer's skills needs. FE pay remains below other education levels. In several of the subject areas where London has a high vacancy rate there is a pay premium associated with working in industry compared to FE teaching, including in Construction and Electronics.[19]

Skills demand

An important part of education and skills provision is responding to the needs of businesses to support growth, close skills gaps and boost productivity. Skills demand remains high in London, with rising job vacancies and persistent gaps in workforce proficiency. This is especially the case with AI-driven changes in London's knowledge-based economy. When analysed over time, trends in job postings can reveal shifts in economic activity, the rise of new industries; and the impact of technological change on workforce requirements.

Job posting estimates suggest there were around 123,000 unique online postings for jobs in July 2025 (single-month estimate). This was a rise of around 16,000 postings compared to the 106,000 observed in July 2024.[20] This suggests that whilst during 2024 the labour market was tightening there were signs of improvement in the first half of 2025. Between August 2024 and July 2025, the most commonly recruited occupations in London were: programmers and software developers; after sales related occupations and teaching assistants[i].

These occupations showcase the variety of employment opportunities in London. However, London has a strong competitive advantage in professional and scientific services, which accounted for 15% of workforce jobs in the capital in March 2025.[21] The city also specialises in information and communication (9% of jobs), and finance and insurance (7% of jobs). In 2024, London employers experienced a notable easing in skills shortages compared to 2022; total vacancies fell from 289,000 to 194,100 and hard-to-fill roles dropped sharply from 140,300 to 52,200.[22] Skills-shortage vacancies also declined, as their share of total vacancies fell from 32% to 24%, suggesting improved recruitment conditions.

However, London's vacancy rate remains higher than other regions. Around half of employers surveyed as part of the ITS process still report challenges in hiring people with the right skills.[23] While most new hires are only 'somewhat' prepared, key skills in demand include specialist knowledge, basic IT skills, and creative thinking. It is not just new staff who have gaps in the skills or knowledge. Skills gaps among existing staff rose in the last two years, and training rates remained flat, with a £1bn reduction in the amount employers in London are investing in training between 2022 and 2024 – highlighting a persistent need for greater investment in workforce development to support productivity.[24]

The GLA engaged with over 150 businesses throughout the ITS process. During this engagement it became clear that many find the skills and employment system challenging to navigate. During the GLA's formal consultation employers commonly reported a need for job-readiness training. They urged rapid curriculum updates to account for new technologies and streamlined processes for providing placements, particularly in SMEs.[25]

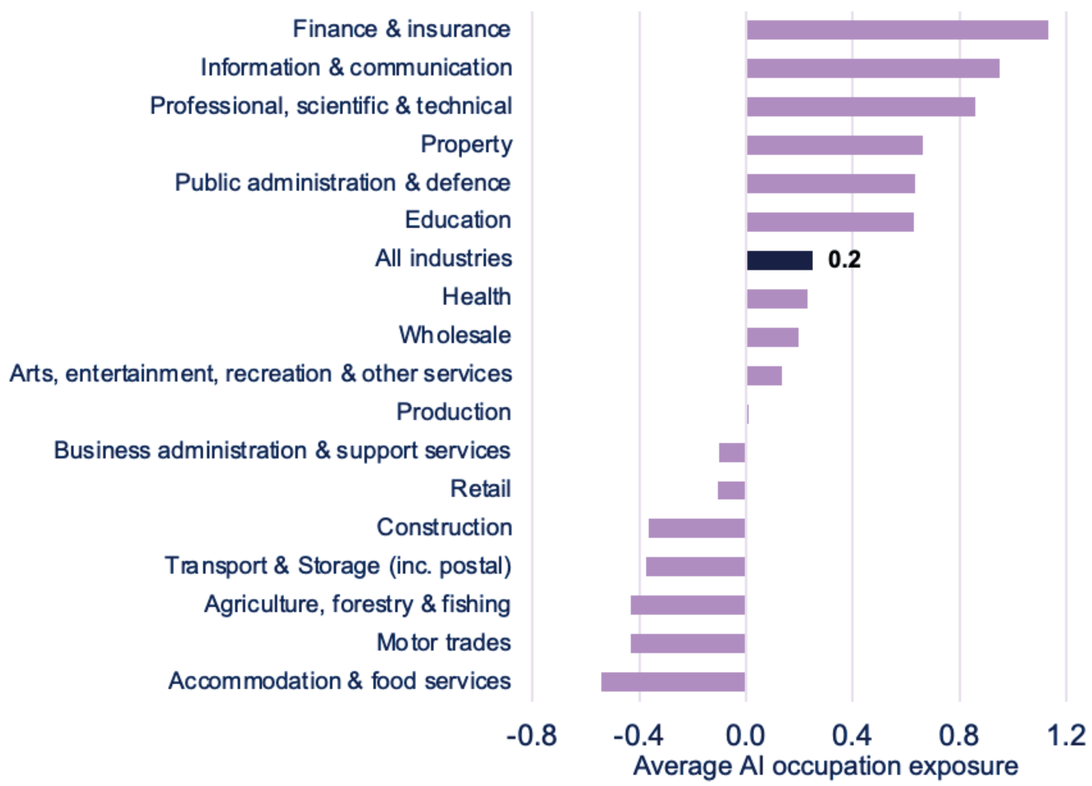
i There are several caveats to be aware of with this data source. For more information, see: GLA Economics (2022), Understanding online job postings data.

Labour market shifts

Labour market shifts are being shaped by technological change, climate resilience and the transition to net zero. There is limited official data on the uptake on AI across the UK and London. However, evidence from the ONS states that in 2023, 9% of firms were using AI and this was expected to grow to 22% in 2024.[26]

It has become evident that AI is changing the nature of work. London will be particularly impacted because of its large knowledge-based, services sector workforce, which are highly exposed to AI (see Figure 3).

Figure 3: Exposure to AI by industry



Source:
Department for Education, Impact of AI on UK jobs and training, 2023.

Note:
Industry estimate of exposure to AI is constructed by taking a weighted average of the AI Occupational Exposure (AIOE) scores across occupations within an industry. This provides an average AIOE score for each industry.

Alongside technological shifts, climate change and the transition to net zero will impact Londoners. The Mayor of London has set a target for London to be net zero carbon by 2030. The transition to net zero represents an unprecedented opportunity for the capital's economy, with the prospect of over 600,000 green jobs by 2030.[27]

Green job demand in London has continued to rise, despite broader labour market challenges. In the 12 months between July 2024 and June 2025, green roles accounted for 6.2% of all job adverts in the capital, an increase from 4.1% in 2019 – rising to 6.4% as of mid-2025.[28]

Diversity of London's growth sectors

Workforce diversity in London's growth sectors is key to driving innovation and inclusive economic success. In London, it helps unlock talent, close opportunity gaps, and ensure the city's progress reflects its rich social fabric, making businesses more resilient, competitive, and better equipped to serve diverse markets.

Each sector has its own diversity challenges whether that is gender in construction, socio-economic background in creative industries or diversity of leadership positions in hospitality.

3. Barriers to accessing skills and employment

London's labour market faces persistent structural barriers that can limit access to skills training, employment and economic opportunity. Some of the population groups most impacted include people with low levels of skills, women, ethnic minorities, care leavers, people with experience of the criminal justice system, those experiencing homelessness, people seeking asylum and individuals with disabilities or health conditions. Many individuals experience a multitude of barriers due to intersectionality; this can compound the impact on the individual and exacerbate exclusion.

Structural barriers

Structural barriers, such as caring responsibilities, housing challenges, lack of flexible work opportunities and limited transport options, can significantly hinder Londoners' ability to access employment, increase their working hours, or take on greater responsibilities. These obstacles disproportionately affect underrepresented groups, including women, ethnic minorities and individuals with disabilities.

Caring responsibilities are unevenly distributed between genders, with women typically bearing a greater share. This can significantly impact women's labour market position including their likelihood of being in good work. Amongst men who are economically inactive in London only 6% are inactive due to looking after family / home, compared to 32% of economically inactive women.[29] From an education perspective, despite a high share of adult learners being female, caring responsibilities and childcare accessibility can be a barrier to accessing skills provision. Research commissioned by the GLA identified caring responsibilities as a persistent and significant barrier to adult education participation.[30]

One of the barriers is the cost and accessibility of childcare provision in London. Childcare costs in London were the highest in England in 2024, averaging £8 per hour for under-2s, and reaching £10+ in some boroughs.[31]

Costly and insecure housing can stop people being able to benefit from the skills and employment opportunities on offer in London. Housing insecurity is growing – 183,000 Londoners are in temporary accommodation, and nearly 1 million private renters live in poverty.[32] Insecure housing can reduce the ability of individuals to find work or engage with skills provision – with evidence showing a clear difference in employment by housing tenure. Research has shown that social housing landlords can play an important role in reducing these barriers, especially amongst individuals facing multiple barriers.[33]

Health of London's population

The health of the population is an important part of the story when focusing on people's ability to engage in training or employment. Despite a relatively high life expectancy in London, health inequalities and work-limiting conditions are impacting economic participation.

There are large scale differences in life expectancy, and healthy life expectancy (HLE) across London. In London, HLE can vary by more than a decade between different London boroughs or communities, underlining the scale of inequality.[34]

Low levels of HLE can impact people's ability to continue to work as they age. More than 250,000 Londoners were economically inactive due to long-term sickness in 2024. In addition, across London, only two thirds (66%) of the population with a physical or mental long-term health condition were in employment suggesting many cannot find suitable work.[35] National evidence suggests that the most common conditions held by those who are inactive due to ill-health include musculoskeletal (MSK) conditions and mental health conditions, such as depression and anxiety.[36]

London's relative health is also seen within its lower-than-average prevalence of Work Limiting Health Conditions (WLHC) in its working-age population than the rest of the UK. London has also seen a less marked rise in inactivity due to ill-health since the pandemic compared to the rest of the UK. Nonetheless, the WLHC prevalence has been rising in the last 10 years, as has inactivity due to long-term sickness, which equated for one in five economically inactive Londoners in 2024.[37]

For 15% of London's working-age population (or 920,000 people) long-term health conditions limited the type and/or the amount of work they could do in 2023.

The employment of Londoners with WLHCs tends to be more precarious, concentrated in certain occupations, and is associated with more absences due to sickness. Inequalities in WLHCs mean they are more prevalent among people with lower levels of education, older people, and among most ethnic minority groups in London.[38] There is a breadth of evidence nationally and locally that highlights the benefits associated with interventions that integrate work and health outcomes, or that co-locate support services,

4. Good work

The concept of good work is central to the ITS and GLW vision. Good work means fair, inclusive, and high-quality employment that treats workers with dignity, offers fair pay, secure contracts, and opportunities to grow. It fosters safe, supportive, and diverse workplaces where employees feel valued and heard. Good work contributes to a stronger, more responsible London economy.

Income, inequality and in-work poverty

London's median weekly pay was £853.40 in 2024 – this was significantly higher than the UK median of £728.30. However income inequality in London is also greater.[39] The gap between the top and bottom 10% of earners in London is £1,213, compared to £911 nationally. One reason for income inequality in London is the share of Londoners in low pay. Whilst there has been a positive reduction in recent years, 14% of jobs in London still pay below the London Living Wage, rising to 48% in accommodation and food services.[40]

According to the latest data for 2020-21 to 2022-23, in London, 2.2 million people were in relative poverty – meaning that 24% of the capital's residents lived in households with less than 60% of UK median income.[41] In-work poverty is increasingly affecting working families, in 2023 14% of working-age adults are in poverty despite being in employment. Insecure forms of work such as part-time work and self-employment are linked to poverty. In addition, workers from an ethnic minority background and those with no educational qualifications are most likely to be working and in poverty.

14%

of jobs in London are low paid

38%

of part-time jobs in London are low paid

9%

of full-time jobs in London are low paid

Job quality and employment conditions

While many jobs offer fair pay, safe conditions, and opportunities for growth, others fall short sometimes failing to meet even the basic legal standards for wages, working hours, or health and safety.

Evidence suggests that 40,000 jobs in London were paid below the legal minimum wage in 2024.[42] Research indicates a link between being offered employment that meets legal minimums and characteristics such as pay, qualification levels and migration status.[43]

Wider job quality indicators show that London lags behind the UK average in areas such as pay, working hours, and contract security – though it performs better in career progression and employee engagement.[44]

However, there are significant differences in the quality of work by sector across London. In hospitality, 38% of employees reported not being in (regional) low pay; in social care, only 48% of employees felt there were opportunities for career progression.

5. Moving forward

Monitoring performance is a central feature of the ITS and GLW Plan. Many of their actions support the London Growth Plan's ambitions to boost productivity growth to 2% annually over the next decade and to raise the real weekly income of the lowest earning 20% of Londoners by 20% (after housing costs). Neither the ITS nor the GLW Plan has productivity-based targets due to the complex factors that influence productivity, instead a range of metrics will be monitored which should positively impact productivity including increased education attainment and a reduction in skills and employment gaps.

Both the GLW Plan and the ITS aim to support the following targets:

- **Increase London's employment rate to 80%:** achieving an 80% employment rate amongst working-age adults is a long-term ambition, shared with the UK government. In London, it would strengthen the economy, reduce inequality, and unlock opportunities for underrepresented groups. Moreover, it supports inclusive growth, boosts public finances, and helps businesses meet skills demands positioning London as a globally competitive and resilient city.

- **Raise the real household weekly income (after housing costs) of the lowest earning 20% of Londoners by 20% by 2035:** this is key to tackling inequality and driving inclusive growth. It helps households under the greatest financial pressure to access essentials such as housing, healthcare, and education, while boosting local spending, supporting small businesses, and reducing reliance on public services in London. This goal strengthens both individual opportunity and London's overall economic resilience.

The ITS and GLW monitoring will draw on a diverse set of data sources, combining administrative and survey data to provide a comprehensive evidence base. In line with data availability, reporting is expected to occur annually. Monitoring will include geographic and demographic differences in the proposed metrics where data allows.

Monitoring the ITS

Alongside the 80% employment and income growth targets the GLA will monitor the following:

- economic outcomes of learners
- diversity of growth sectors' workforce
- Londoners earning below the London Living Wage
- Londoners progressing to higher levels of learning
- Londoners aged 16-64 with Level 3+ qualifications
- skills shortage vacancies.

Monitoring the GLW plan

Alongside the 80% employment and income growth targets the GLA will monitor the following through the GLW plan governance processes:

- variation in employment rates across London boroughs
- health related economic inactivity rate
- disability employment rate gap
- proportion of 16-24 year olds not in education, employment or training (NEET)
- employment ethnicity gap
- female employment rate gap.

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