

Globalisation, Skills and Employment

The London Story: Update 2008



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Executive Summary

This report provides an update of the London Story document refreshing the main analysis from that report using latest labour market information up to the beginning of 2008.

The report has three chapters which aim to:

- refresh the main findings in the London Story with recent data;
- provide a summary of the main findings from relevant recent research published since the London Story;
- provide an up-to-date overview of the targets and indicators for the London Skills and Employment Board's Strategy

Summary

- This summary highlights the main updates or changes to the various parts of the London Story. Overall the situation laid out in the London Story is largely unchanged as a result of more recent data and information.
- Consistent with the London Story, GLA Economics' updated employment projections maintain the view that 'business services' and 'other services' sectors are the sectors that are forecast to provide the majority of London's future employment growth over the next two decades or so.
- Whilst big construction projects such as the Olympics and Crossrail will provide employment in London over the next few years, they will not necessarily lead to an increase in the net number of jobs in London.

- Net inward migration to London reduced to around 50,000 in 2006, down from around 100,000 in 2004.
- Whilst further analysis of the detailed National Employer Skills Survey (NESS) 2007 data for London is required, the top level NESS results show that London's skills position relative to the rest of England has deteriorated. Over a quarter of all skill shortage vacancies reported nationwide are experienced by establishments in London. This stands in contrast to the situation in 2005 when the capital's share of skill shortage vacancies was relatively low.
- In 2007 London had the highest proportion of staff lacking proficiency (7%) among all regions in England which varied between 5% and 6%. In contrast, in 2005 the proportion of staff lacking proficiency in London was in line with other regions at 6%.
- Whilst London's position with respect to skills has deteriorated when compared to England, the findings need to be taken in context. It is still the case that over 90% of employers in London have no skill shortage vacancies and over 90% of London's employed staff do not lack proficiency in their jobs. Moreover, there is evidence to suggest that many skills issues are largely cyclical. Therefore, the fact that NESS 2007 was conducted at a buoyant time for the economy, particularly London's economy, could at least in part explain the relative deterioration in London's skills position.

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- There has been an improvement in GCSE attainment in London over the past year: the percentage of students who achieved at least 5 good (A*-C) GCSEs including English and Maths in 2007 increased from 45.8% in 2006 to 47.6% in 2007.
- There are no substantial differences in the overall distribution of the working age population over the past year: the total working age population increased by 46,000 people in 2007 compared to 2006; the employed population increased by 64,000 and the number of the unemployed decreased by 32,000. There was a slight increase in the number of the inactive people of working age (14,000) where the number of those who would like to work was unchanged.
- London's employment rate increased by 0.6 percentage points from 69.9 % in 2006 to 70.5 % in 2007. The unemployment rate in London decreased by 0.9 percentage points from 7.8 % in 2006 to 6.9 % in 2007.
- In 2007, 725,680 London residents claimed benefits compared to 745,270 in 2006, which amounts to almost 20,000 fewer claimants than the previous year.

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01

Update 2008

This chapter provides an update to the information contained in the previously published ‘London Story’¹ document. It provides details of new information and data that have surfaced since the publication of the ‘London Story’. The section informs on such developments using the chapters of the ‘London Story’ report as the organising principle. It should be noted that the overall situation set out in the ‘London Story’ is largely unchanged as a result of more recent data and information.

Demand for labour

Sectoral analysis

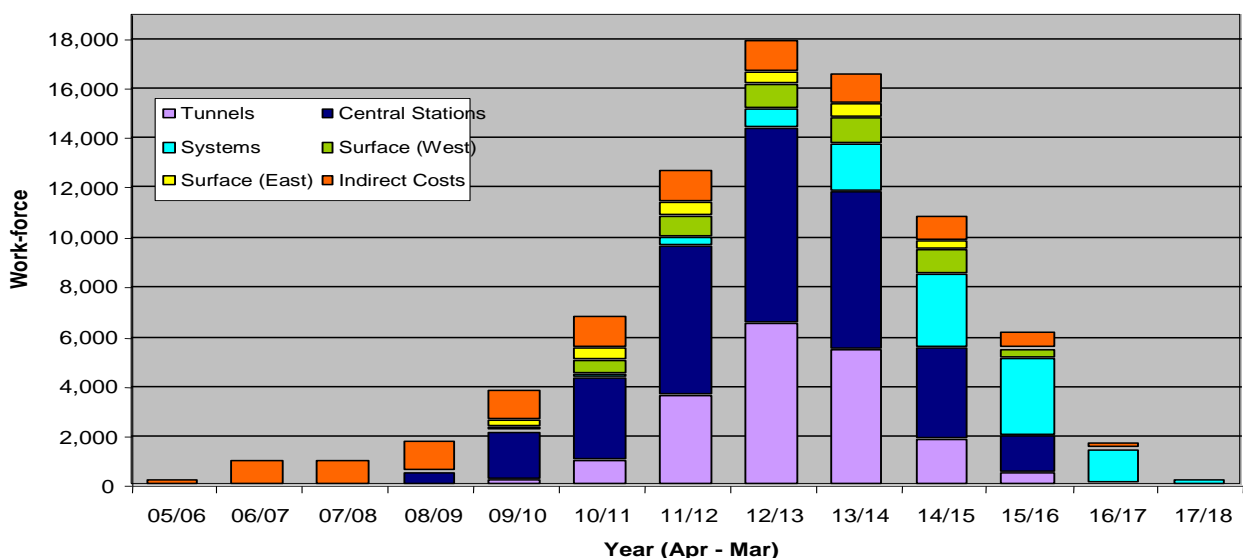
Over the past two decades, London’s employment growth occurred primarily in the ‘business services’ and ‘other services’ sectors. GLA Economics’ updated employment projections show that these are the sectors that are forecast to provide the majority of London’s future employment as well.²

The realisation of some big construction projects, such as the Olympics and Crossrail will provide

employment in London in the future. The workforce for the three major Stratford-based construction projects alone – the Olympic Park, the Olympic Village and Stratford City development – is expected to peak at around 20,000 in 2010³.

Figure 1 shows the employment projections for the building of Crossrail which is due to be completed by 2017. The highest employment projections are between 2012 and 2014 when up to 18,000 workers are expected to be involved in the project.

Figure 1 Forecast employment in Crossrail project



Whilst these construction projects will provide employment in London over the next few years, they will not necessarily lead to an increase in the net number of jobs in London. Since the majority of construction workers move between different

projects, no substantial impact on the net jobs in construction in London is expected. For instance, major construction projects like Wembley Stadium, the Jubilee Line extension, the Channel Tunnel Rail Link, St. Pancras Station and

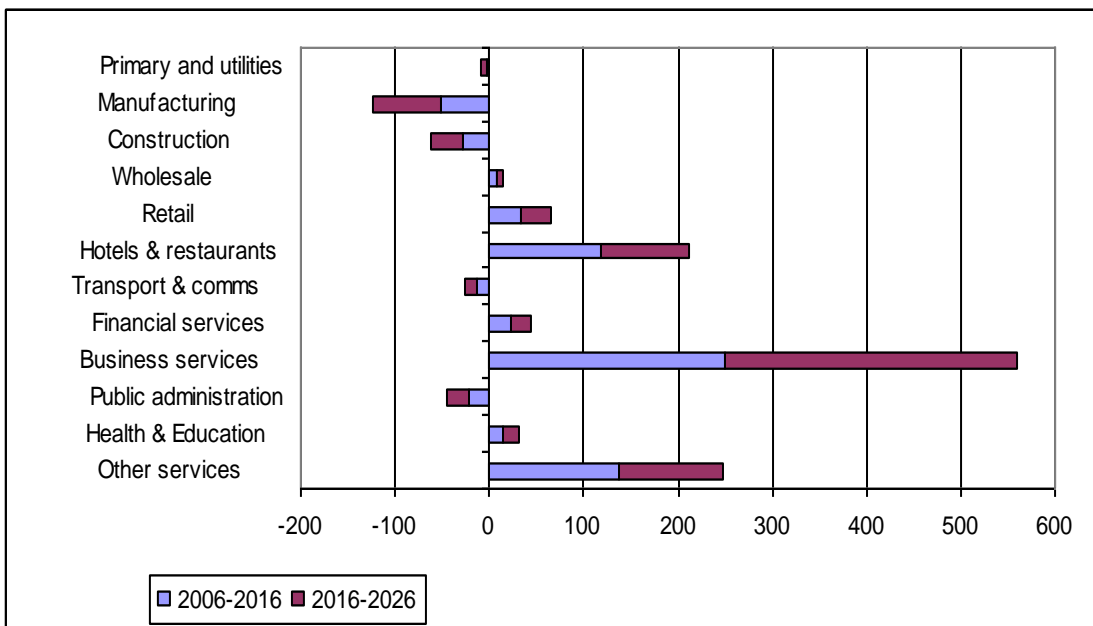
8 Heathrow Terminal 5 are now completed and workers from these projects will move to other construction projects across the capital (including the Olympics and Crossrail for example).

trends and used in the London Plan and other documents by the GLA group, see a slight decline in the absolute number of construction jobs over the next 20 years or so.

Indeed, GLA Economics' forecasts (Figure 2), which are based on construction employment

Figure 2 Forecast Change in London's Employment 2006-2026 ('000s workplace jobs)

Source: Volterra for GLA Economics



Supply of labour

Migration

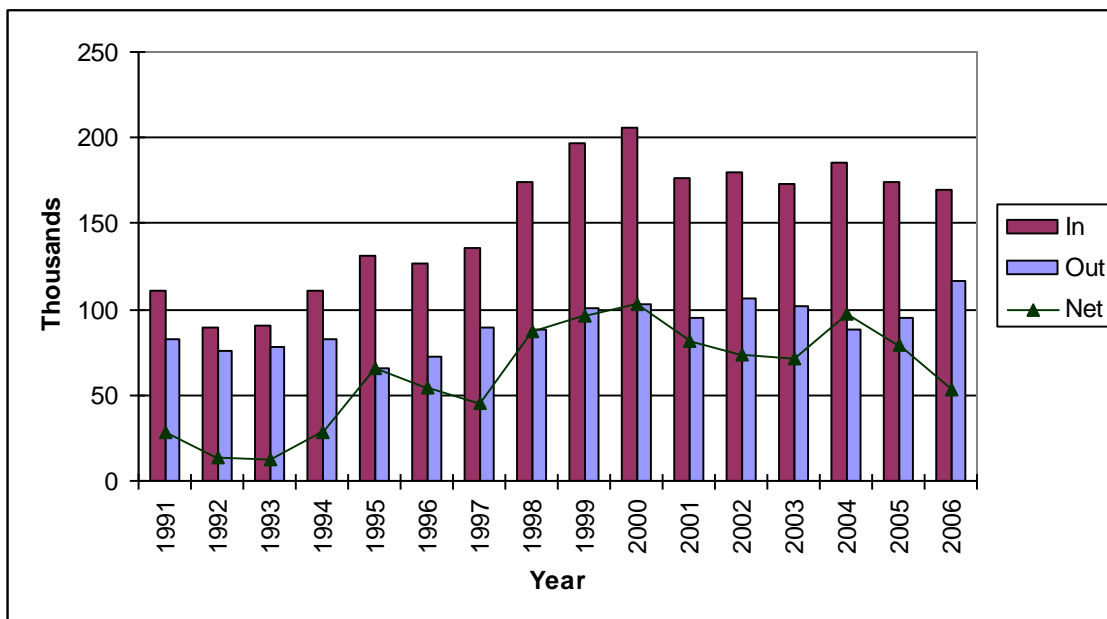
Given the recent strong growth in Central and Eastern European economies and the potential negative impact of the global financial market crisis on London's economy, some commentators have suggested that recent

migrants from the A8 countries might return to their home countries sooner rather than later.

Figure 3 shows international migration into and out of London over the last 16 years. The 2004-2006 period is characterised by a slight drop in international in-migration and an increase in outward migration leading to a fall in net inward migration to around 50,000 a year in 2006.

Figure 3 International Migration into and out of London

Source: ONS, MN series, 2007



According to statistics from the Office for National Statistics, London was the most common destination for immigrants to the UK in 2006, accommodating 29 % of all incoming migrants to the UK. However, the share of migrants coming to London in 2006 was much lower than its share in 2000 (43%).⁴

Recent arrivals from A8 countries have a more diversified spread across the UK compared to other migrant groups that have tended to settle predominantly in London. Based on Worker Registration Scheme (WRS) figures, there are roughly 46 thousand new-work registrations from A8 migrants each year in London (excluding the self-employed). A large number of them (more than half) state that they intend to stay in the UK for less than 3 months. Given changes in people's intentions and data limitations, it is hard to estimate how many have actually left London.

Estimates from the Annual Population Survey suggest that around 133 thousand individuals who were born in A8 countries currently live in London and around 60% of them are Polish. A recent report from the LSE ('The impact of recent migration on the London Economy'⁵) suggests that there were significant numbers of Polish people migrating to London in the early 1990s. However, the report finds that the recent accession of A8 countries to the EU probably added not more than 5-10 thousand per year to London's migrant inflow.

Evidence from WRS shows that the majority of A8 migrants in London tend to work in the hospitality and catering sector (38%), administration, business and management services (21%), retail and related services (7%) and finally construction and land services (4%) (DMAG, 2007). These figures exclude the self-

10 employed and therefore probably present an underestimate of the share in the construction industry.

A potential rapid fall in the number of migrant workers⁶ could create labour supply shortages in the short run in the occupational markets in which migrants tend to work and such shortages could lead to inflationary pressure on wages. In the medium to long run, it might be the case that the increase in wages of such occupations might make them more attractive to London residents who are currently inactive. The extent to which any such occupational shortages are filled by London's inactive and unemployed will depend on the magnitude of any change in wages (i.e. whether the change in wage is sufficient to attract the inactive and the unemployed back into work), the degree to which the individuals concerned are affected by other barriers to employment and the extent to which other migrants compete for these jobs.

The impact of skills shortages and gaps

Given the publication of the National Employer Skills Survey (NESS) 2007, this section focuses on the findings of that report and the implications for London's labour market. The section starts by defining skills shortages and skills gaps, two commonly used measures of the skills position of a region. It then goes on to analyse what NESS 2007 tells us about these two indicators for London.

Skill shortages - These are defined as *recruitment difficulties* caused specifically by a shortage of individuals with the required skills in the accessible labour market.

Skill gaps - These are *deficiencies in the skills of an employer's existing workforce* which prevent the firm from achieving its business objectives.

In general, skill shortages are perceived as a more significant problem for businesses than skill gaps.

Skill shortages

In assessing recruitment difficulties, a distinction is made between vacancies, hard to fill vacancies and skill-shortage vacancies.

Hard to Fill Vacancies (HtFV) are those vacancies described by employers as being hard to fill. Reasons often include skills-related issues, but can simply involve such aspects as poor pay or conditions of employment, or the employer being based in a remote location.

Skill Shortage Vacancies (SSV) are those HtFVs which result either from a low number of applicants with the required skills, or a lack of candidates with the required work experience, or a lack of candidates with the required qualifications.

There is some evidence to suggest that skills shortages are largely cyclical. For example, HtFVs made up 30% of vacancies in 1990, falling to 15% of vacancies in 1992/93 as the economy went into recession, rising again to 45% in 1998 as the economy recovered. Similarly, over a long time period, the CBI Industrial Trends Survey reveals a similar cyclical pattern.⁷

The 2007 NESS data for London showed:

- London and the South East accounted for the largest volume of hard-to-fill and skill-shortage vacancies. London establishments were the most likely to be experiencing recruitment problems with 8% reporting

HtFVs and 7% reporting skill shortage vacancies. This still means that over 90% of London's establishments did not report skill shortage vacancies.

- Just over a quarter of all SSVs reported nationwide were experienced by establishments in London. This stands in contrast to the situation in 2005 when the capital's share of recruitment problems was relatively low.
- A lack of the required skills was the single most common reason given for an establishment finding it hard to fill its vacancies (cited for 36% of HtFVs). A lack of work experience and a lack of qualifications were less common but significant reasons for HtFVs (accounting for 19% and 12% of HtFVs respectively). When firms were further prompted for any skills issues (and combining the 3 reasons above), 71% of HtFVs were problematic as a result of skills-related reasons.

Skill gaps

In NESS skill gaps are defined as including all establishments that report at least some of their staff lacking full proficiency. The 2007 NESS data showed:

- In 2007 London employers were more likely than employers nationally to have any skill gaps among their staff (17% for London vs. 15% for England).
- In 2007 a fifth of all staff nationally that were described as lacking skills were employed in London (21%) which is higher than London's share of total employment (18%). In comparison, in 2005 London accounted for a similar share of all skills gaps (17%) compared with its share of overall employment (18%).
- In 2005 London had the lowest proportion of employers with skill gaps in England (13%); in contrast, in 2007, a higher than average number of London employers reported skill gaps among their staff (17%).
- In 2007 London had the highest proportion of staff lacking proficiency (7%) among all regions in England which varied between 5% and 6%. In contrast, in 2005 the proportion of staff lacking proficiency in London was in line with other regions at 6%. Despite the deterioration in London's performance relative to that for England, it is still the case that over 90% of London's employed staff do not lack proficiency in their jobs.
- In London, skill gaps were most commonly reported for sales, administrative, managerial and elementary positions. The proportion of all skill gaps in London falling within managerial occupations (16%) was lower than the proportion of staff employed as managers (20%).
- Skill gaps in London were particularly likely to be characterised by a lack of management, customer handling, communication and team working skills. Foreign language skills were more likely to be described as lacking in London compared with other regions.
- Only 9% of London employers offered Apprenticeships, 5% had staff undertaking Apprenticeships in the past 12 months and 4% of employers had recruited young people to Apprenticeships in the previous year.

Other surveys and academic research on skills gaps / skills shortages

When considering other sources of survey data on skills gaps or skills shortages it is necessary to consider the size of the sample in determining the likely accuracy of the data. The more accurate samples will be larger and will be

12 weighted to ensure that the sample is fully representative of the economy (e.g. in terms of firm sector and size).

NESS, discussed above, interviews over 74,000 employers across England (and at least 10,000 interviews within London).

The London Annual Business Survey (LABS) carried out on behalf of the London Development Agency (LDA) is also designed to be representative of London's economy with a weighted sample of 4,000 responses used. In LABS, employers are asked to rate the availability of appropriately skilled employees on a scale from 1 (not a problem at all) to 5 (a very significant problem). London scored an average of 2.67 in 2007 which is similar to the average value of 2.65 in 2006. According to LABS 2007, 31% of employers scored this issue as either a 4 or 5 whilst 46.4% of employers scored this issue as a 1 or 2.

The Voice of London Employers survey was commissioned by London First to inform the development of the Board's Strategy. It was carried out by Experian Business Strategies over the period May-June 2007 and achieved a sample of 2,051 London employers. Based on their recruitment experiences in the preceding three years, London employers were found to be broadly happy with the skills of those recently

recruited. Though few were fortunate to find recruits that met their needs perfectly, the vast majority found that recruits met requirements very well but needed some additional development. In employers accounting for only 3% of employment were needs unsatisfactorily met by their new recruits, who were deemed either to have 'none of the skills and experience required' or to meet requirements 'poorly' with the 'need for significant additional skills development'. These broad findings were consistent across organisations of different size.

The London Business Survey carried out by KPMG/CBI uses a relatively small sample (for example in the June 2007 survey sending out almost 1,000 questionnaires but receiving back just 130 responses) and is not weighted to ensure it is representative of London's economy overall, or to ensure any statistical consistency from one report to the next. As such it should be considered a vox-pop of the views of a select group of London businesses rather than a comprehensive statistical survey.

In summary, while some surveys show some slight deterioration in London's skills position in recent years, this is not unexpected given the rate of economic growth experienced in London relative to the UK as a whole in the recent past.

Skills endowment of London residents

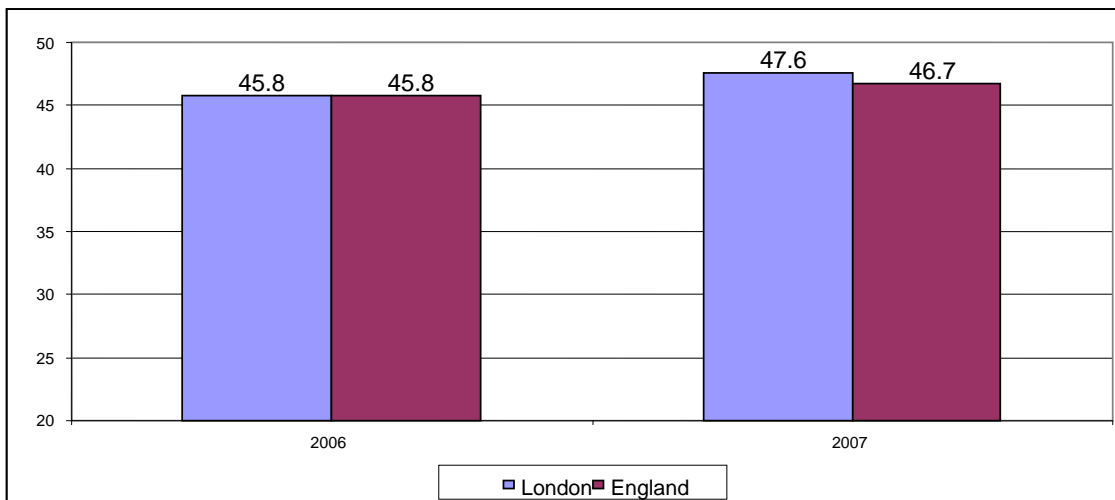
GCSE Attainment

Figure 4 shows an improvement in GCSE attainment in London over the past year: the percentage of students who achieved at least 5

good (A*-C) GCSEs including English and Maths in 2007 increased by 1.8 percentage points from 45.8% in 2006 to 47.6% in 2007. Whilst in 2006 GCSE attainment in England and London was the same, in 2007 London had a slightly better level of attainment – as shown in Figure 4.

Figure 4 Secondary School Students with 5+ GCSE A*- C including English & Maths (%)

Source: DCSF, 2007



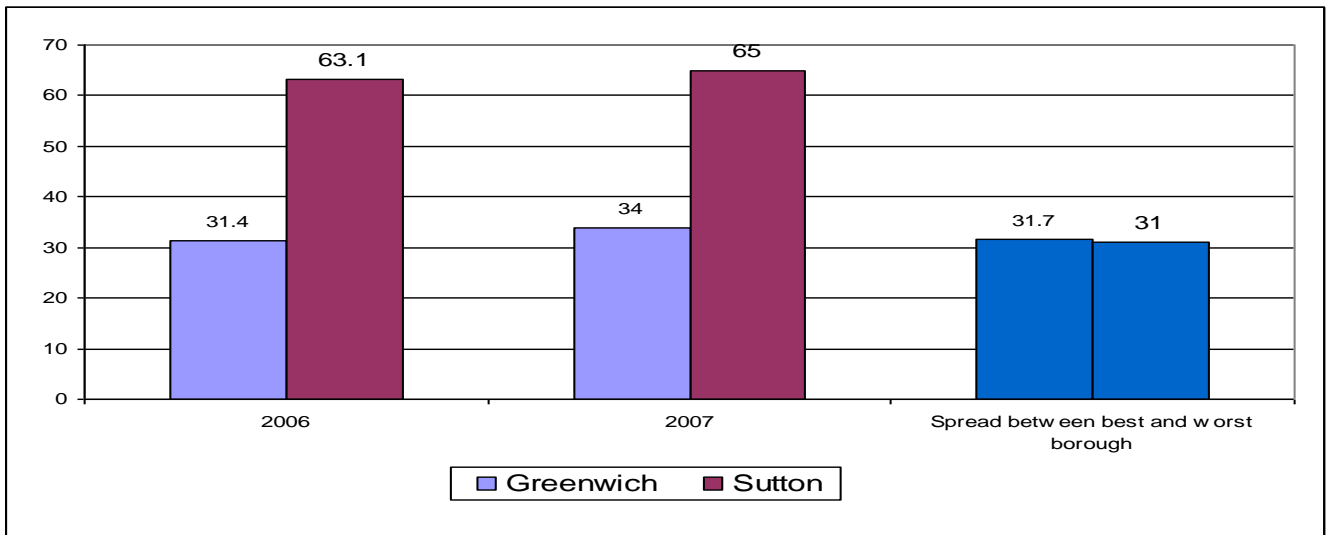
Variation in GCSE attainment across London

There is little change with respect to the best and worst performing boroughs in terms of GCSE attainment across London in 2007 when compared to 2006. In 2007 Sutton (65%) and Greenwich (34%) remained the best and worst performing London boroughs respectively with respect to GCSE attainment (Figure 5). There is no change in the bottom five performing boroughs for 2007 (when compared to 2006) which are as follows: Greenwich, Tower Hamlets,

Haringey, Islington and Southwark. Nevertheless, it is important to note that these 5 boroughs have improved by more than the 5 best performing boroughs in 2007 (Sutton, Kingston upon Thames, Redbridge, Barnet and Hammersmith & Fulham). Furthermore, the spread in the performance achieved by the best and the worst boroughs has declined very modestly, although it remains high at 31 percentage points.

Figure 5 Best and Worst London borough performance of students with 5+ A*- C GCSE including English and Maths (%)

Source: DCSF, 2007



Worklessness

Table 1⁸ shows the breakdown of people of working age who resided in London in 2006 and 2007. The last column of Table 1 shows the change in the number of working age people between 2006 and 2007 according to their economic activity.

There are no substantial differences in the overall distribution of the working age population – though the overall employment position has improved in the last year:

- the total working age population in 2007 increased by 46,000 people compared to 2006;
- the employed population increased by 64,000 people;
- the number of the unemployed decreased by 32,000 people from 295,000 in 2006 to 263,000 in 2007;
- there was a slight increase in the number of the inactive people of working age from 1,213,000 in 2006 to 1,227,000 in 2007;
- the number of those who are inactive but state they would like to work has not changed over the year.

Table 1 Breakdown of working age (16-59/64) population in London

Source: Labour Force Survey Microdata – annual rolling averages

	2006	2007	Yearly Change ³
Working age population	5,006,000	5,051,000	46,000
of which employed	3,498,000	3,562,000	64,000
unemployed	295,000	263,000	-32,000
inactive	1,213,000	1,227,000	14,000
of which want to work	312,000	311,000	0
Breakdown of inactive:	1,213,000	1,227,000	14,000
of which looking after family/home	407,000	412,000	5,000
students	338,000	355,000	17,000
long-term sick	225,000	221,000	-5,000
other	156,000	154,000	-2,000
retired	53,000	51,000	-2,000
temporary sick	33,000	34,000	1,000
Employment rate¹	69.9%	70.5%	0.6
ILO unemployment rate²	7.8%	6.9%	-0.9

¹ Employed as a % of working age population² Unemployed as % of employed plus unemployed³ Yearly change may not correspond exactly to 2007 – 2006 due to rounding

London's employment rate increased by 0.6 percentage points from 69.9 % in 2006 to 70.5 % in 2007. The unemployment rate in London decreased by 0.9 percentage points from 7.8 % in 2006 to 6.9 % in 2007.

The rates of worklessness for different groups such as men, women and lone parents for example have not changed significantly over the last year. For example, in London around 30% of the working age population is workless compared to around 25% in the UK for both 2006 and 2007.

Benefit claimants

Figures from the Department for Work and Pensions (Table 2) show that in 2007 725,680 London residents claimed benefits compared to 745,270 in 2006, which amounts to almost 20,000 fewer claimants. Most of that difference is due to

the slightly lower number of people receiving Job Seeker's Allowance in 2007, 144,220 compared to 159,380 in 2006. The number of people on incapacity and income benefits has remained relatively stable over the past year as well as the number of those on disability benefits.

Table 2 Benefit Claimants – working age people, London, 2007

Source: DWP, May 2007

Benefit claimants	2006	2007	Annual change
Total	745,270	725,680	-19,590
Job Seeker	159,380	144,220	-15,160
Incapacity benefits	311,440	307,970	-3,470
Income Benefits - Lone Parent	163,170	160,450	-2,720
Carer	36,480	37,260	780
Others on income related benefit	30,160	30,800	640
Disabled	33,260	33,980	720
Bereaved	11,390	10,990	-400

02

Recent Research

This chapter considers findings from recent research which relate to issues considered in the London Story.

Basic skills and primary education research

Some of the main findings from recent reports on primary education⁹ and the impact of basic skills on labour market for England¹⁰ include:

- The acquisition of basic skills in numeracy and literacy has an important effect on the probability of employment and on wages. The acquisition of Level 1 numeracy or literacy raises the probability of employment by about 5 percentage points, and, for workers, raises wages by about 9 percentage points in the case of numeracy skills and 7 percentage points in the case of literacy skills.
- There is evidence of larger average wage returns for additional years of schooling.
- There are higher wage returns to academic than to vocational qualifications and low-level vocational qualifications yield little return.
- There is evidence of important effects of education on individual outcomes beyond the labour market, for example in health, crime and civic engagement. For example, education significantly improves health outcomes; is associated with lower crime level; and, enhances the extent of civic engagement and participation.
- There may well be non-economic benefits associated with both literacy and numeracy skills.

Level 2 and Level 3 Vocational Qualifications

The report on returns to qualifications in England¹¹ provides a detailed analysis of the percentage increase in wages for people holding Level 2 and Level 3 vocational qualifications, compared to other similar people who do not hold these qualifications. In line with much previous research there are negative average wage returns to NVQ2

qualifications. Some other Level 2 vocational qualifications also yield zero returns, such as City and Guilds. Some Level 2 vocational qualifications do however generate a significant wage premium, particularly BTEC.

The report focuses also on the impact of Level 2 and Level 3 qualifications on the likelihood of being in employment. Employment returns are estimated for two different groups: all individuals and economically active individuals. When all individuals are included, there are substantial employment effects. For example, holding NVQ3 as a highest qualification is associated with an increased employment probability of around 11 percentage points for men and 22 percentage points for women. A possible interpretation of the larger employment returns for the whole group as compared to the economically active group is that Level 2 and Level 3 NVQs can play a role in drawing inactive individuals back into the labour market and employment, as well as helping those actively seeking work. However it is plausible that a substantial proportion of those with no qualifications who are inactive face barriers which restrict their ability to access work. These barriers also make these individuals less likely to acquire qualifications.

Impact of Learning on Employability in London

Recent research by the London Learning and Skills Council (LSC) looked at the impact of learning on employability in London¹² and found that the proportion of learners on benefits dropped from 88% before the course (mainly Levels 1 and Entry and Level 2) to 53% after completion of the course. The survey covered 2,679 learners attending a range of courses provided by learning providers in London. The survey also compared London to England as a whole. It found that whilst similar

proportions of people completed their course (85%) and moved into further education (41/42%), a slightly lower proportion completed the course and achieved a qualification (69% vs 74%), got a job (33% vs 38%) or moved off benefits into work (28% vs 33%) in London as compared to England. In contrast a higher proportion had paid for further learning in London as compared to the rest of the country (50% vs 40%).

Tracking London's Learners Reports

There have been a number of studies commissioned by the London LSC tracking the progress of learners who completed an Entry Level, Level 1, Level 2 and Level 3 NVQ qualification course in further education colleges in London in late 2007/early 2008. Focusing particularly on the Tracking London's Learners: What is the Impact of the Foundation Learning Tier? Report, some of the key findings are set out below:

- Over a quarter of learners who were unemployed before starting their Entry Level or Level 1 course (which represented 21% of all learners) moved into paid employment, one in eight as full time employees.
- At least three fifths of those previously unemployed or without prior qualifications improved their numeracy skills; over half developed their literacy skills and around a third improved their English language skills as a result of the course.
- One key area in which Entry Level and Level 1 learners have more positive outcomes in comparison to Level 2 or Level 3 learners is in progression to further learning and training: 44% have started a new course following completion of their original course of study, compared with 36% of Level 2 / 3 completers starting a new course.

Over-education and job-satisfaction

This report¹³ distinguishes between "Formal" (graduates are overqualified but do not perceive that they are under-utilising their skills) and "Real" (overqualified graduates perceive that they are under-utilising their skills at work) overqualification. For both men and women, the penalty associated with overqualification is substantially greater for those in the Real Overqualification category than for those in the Formal Overqualification category. In other words, overqualification is not a problem for job satisfaction in itself if it is not accompanied by underutilisation of skill; but where it is accompanied by underutilisation of skills, overqualification is a substantive issue. For men, there is a substantial negative impact of Real Overqualification on job satisfaction; the impact increased significantly between 1992 and 2001, and in 2006, more than one in 5 graduates (22%) in this category are dissatisfied with their job, compared with about 1 in 14 (7%) of graduates whose qualifications match those required by the job. For women, Real Overqualification, the category which generates dissatisfaction, is not expanding, and the dissatisfaction is no worse than that in 1992.

Increased disparity in returns to graduate-level educational qualifications (NVQ4+) suggests there is a need for transparency and improved information available to young people making their choices about educational investments. The authors propose that publishing estimates of returns, obtained using open conventional methods, should become part of the remit of the UK's Office for National Statistics.

03

The Board's Targets

This chapter provides an explanation of the targets set out in the London Skills and Employment Board's Strategy *London's Future: The Skills and Employment Strategy for London 2008 - 2013*

TARGET 1: A
SUBSTANTIAL
INCREASE IN THE
NUMBER OF
LONDONERS IN
SUSTAINABLE
WORK

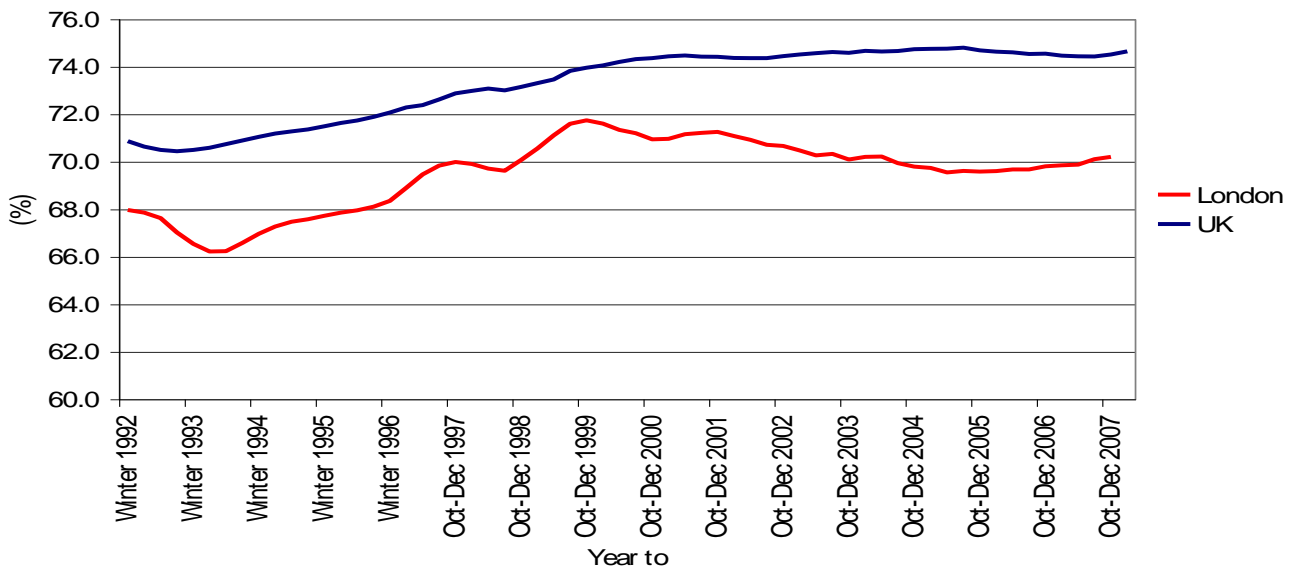
Target 1: A substantial increase in the number of Londoners in sustainable work

London's employment rate must be raised to 72% by 2013 from its current position of 70.5%.

London suffers from high rates of worklessness relative to other regions of the country. London's employment rate increased in the year to March 2008 and stands at 70.5%, which is more than 4 percentage points less than the UK average.

Figure 6 Working age employment rates (rolling annual average)

Source: LFS

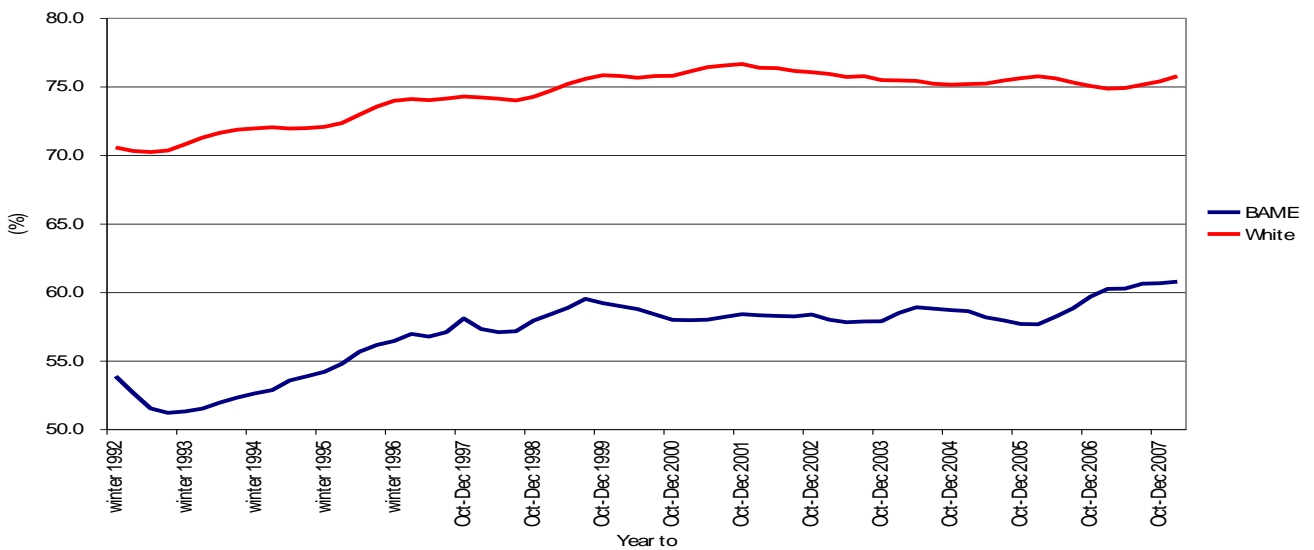


In increasing London's employment rate, a disproportionate increase in the employment rate of key target groups in London such as people of Black, Asian and Minority Ethnic (BAME) origin, women, women with dependent children, people aged between 50 and retirement, disabled people, lone parents and people with no qualifications, over the economic cycle, is desired.

Figure 7 compares the employment rate for all Black Asian and Minority Ethnic (BAME) groups with the employment rate for the white ethnic group in London. Over the past year, the gap between the two employment rates has fallen to 15 percentage points for the first time since the beginning of the 1990s.

Figure 7 Employment rates of Black, Asian and Minority Ethnic groups in London

Source: LFS



The average employment rate for women stood at 63 % in the year to March 2008, 7.5 percentage points below the rate for all London. The average employment rate for women with dependent children stood at 53.8 % for October-December 2007. The evidence suggests that the gap between the employment rate for both women and women with dependent children and the employment rate for all London has not reduced significantly over the economic cycle to date.

The employment rate for people aged between 50 and retirement (older people) stood at 69.5 % in the year to March 2008. Data suggests that, whilst it has fallen quite sharply since the beginning of 2006, the employment rate for older people has increased by more than the employment rate for London as a whole over the economic cycle to date.

The employment rate for disabled people stood at 45.5% in the year to March 2008. The available data shows no narrowing between this employment rate and that for London as a whole.

In increasing London's employment rate an increase in the employment rate of disadvantaged areas, which are defined by their rank in Index of Multiple Deprivation (IMD), by more than the rest of London, over the economic cycle will also be targeted.

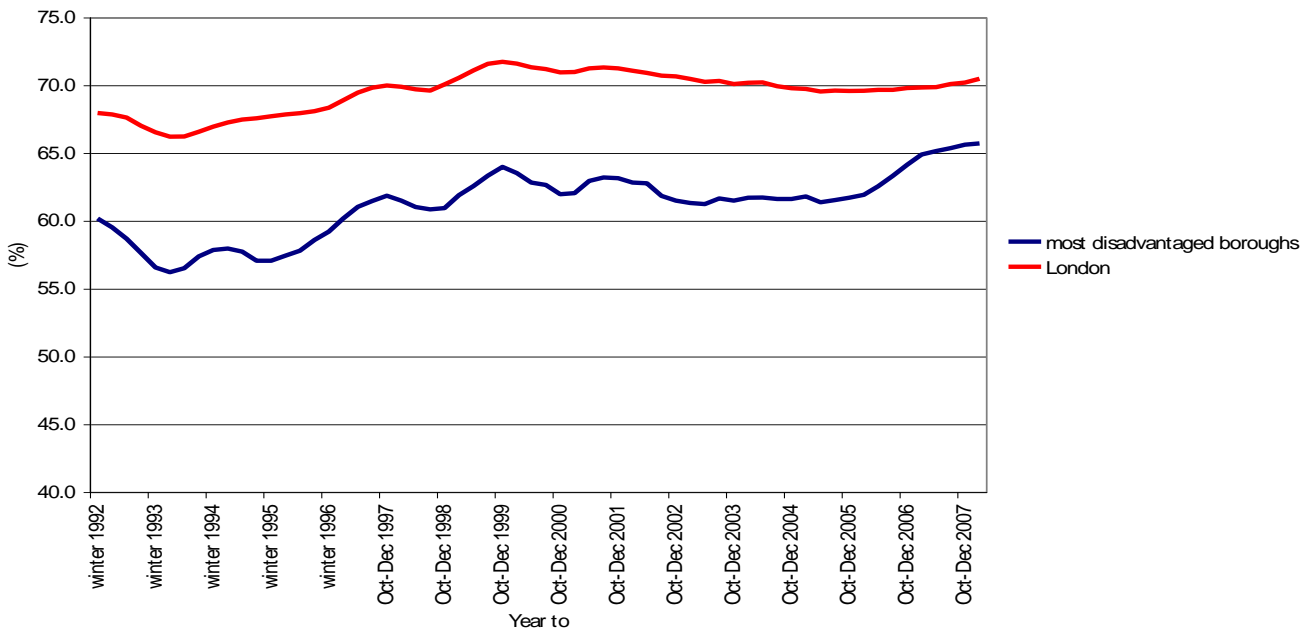
Using the 2007 IMD, the bottom 20% most disadvantaged Boroughs were Barking and Dagenham, Hackney, Haringey, Islington, Lambeth, Newham and Tower Hamlets.

Figure 8 shows that the gap between the employment rate for London’s seven most disadvantaged boroughs and that for London as a whole

has reduced to 4.8 percentage points over the past two and a half years; the smallest gap since at least 1992.

Figure 8 Employment rate in disadvantaged areas compared to London as a whole (%)

Source: LFS



TARGET 2: TO RAISE THE SKILLS LEVELS OF LONDONERS SO THEY HAVE THE NECESSARY SKILLS TO COMPETE IN LONDON'S HIGHLY COMPETITIVE LABOUR MARKET

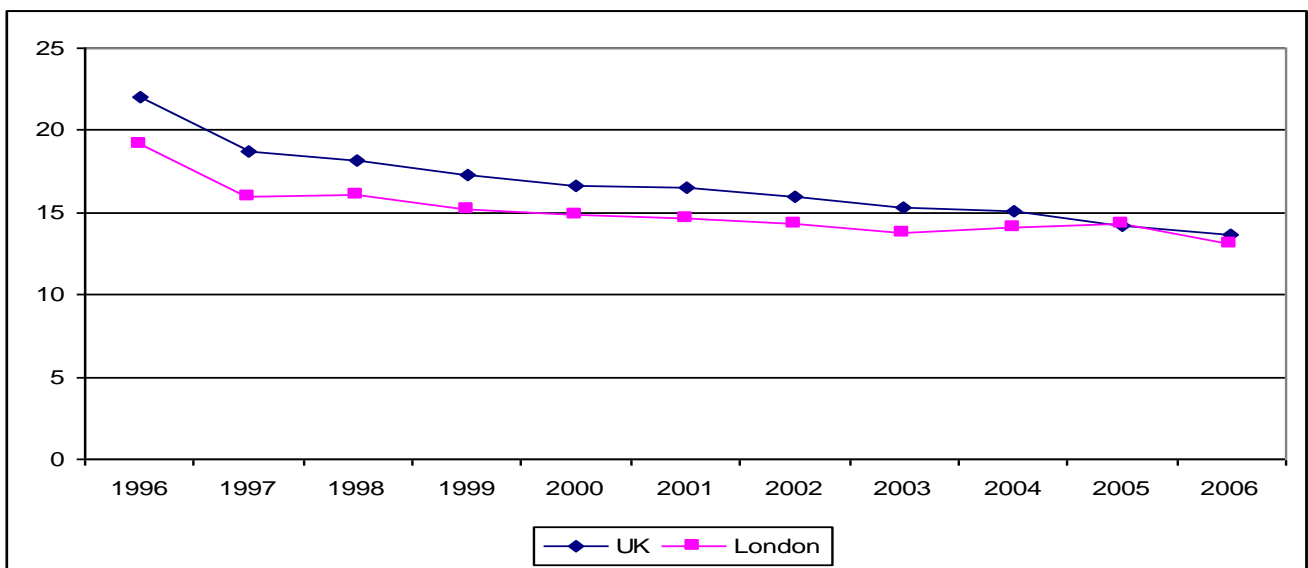
24 **Target 2: To raise the skills levels of Londoners so they have the necessary skills to compete in London in London's highly competitive labour market**

The Board intends to cut the proportion of London's working age population with no qualifications to 10% by 2013. A large proportion of Londoners are not equipped with the necessary

skills in order to compete successfully in London's labour market. Figure 9 shows the percentage of working age people with no qualifications in both London and the UK. Reducing the proportion of London's population with no qualifications should improve their employment chances.

Figure 9 Working age individuals with no qualifications (%)

Source: LFS



Much needed improvements in literacy and numeracy must ensure that 94,900 people of working age achieve a first Level 1 or above literacy qualification, and 62,000 achieve a first entry Level 3 or above numeracy qualification over the period 2008-2011.

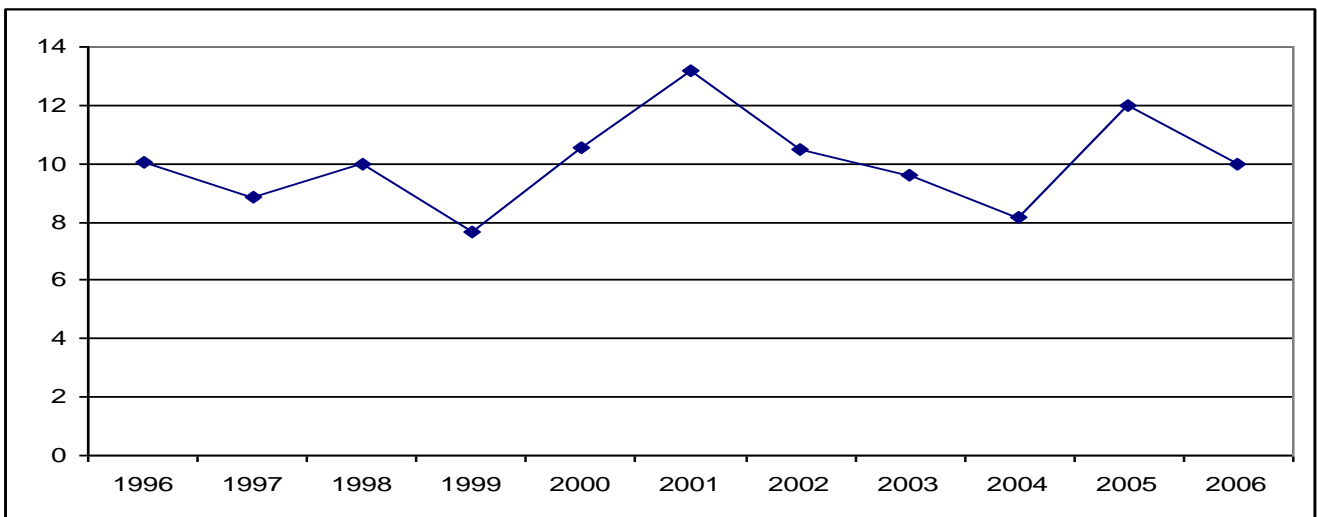
In improving the skills of the workforce, the Board is keen to actively encourage employers to engage in job-related training and increase employer training particularly for the low skilled.

Figure 10 shows the percentage of workers with no qualifications who have received job-related training in the last 13 weeks out of all people in employment. It shows that the proportion of

trainees in employment with no qualifications has fluctuated around 10% for the past decade.

Figure 10 People in employment with no qualifications receiving job related training in last 13 weeks (%)

Source: LFS



Endnotes

¹ www.london.gov.uk/lseb/docs/thelondonstory.pdf

² GLA Economics (2007) Working Paper 20: Employment Projections for London by Sector and Borough

³ Information from the ODA states that during the periods of construction the actual numbers of people involved will change as different sub-contractors work on the programme and varying skills are required. This level of ‘churn’ is estimated at around 6-8 times. Hence, if there is a peak workforce of 20,000 then the actual number of people who would work on the programme could be 120,000 to 160,000.

⁴ See ‘Emigration from UK reaches 400,000 in 2006’ ONS, November 2007 available at <http://www.statistics.gov.uk/pfdir/emig1107.pdf>

⁵ www.lse.ac.uk/collections/LSELondon/pdf/theImpactofRecentImmigrationOnTheLondonEconomy.pdf

⁶ Poland, where most recent arrivals to the UK come from, has experienced strong growth in recent years with economic growth rising from 1.4% in 2002 to 6.5% in 2007 and unemployment halving down to 9.6% in the same period.

⁷ Hogarth, T and Wilson R, (2001) ‘skills matter: a synthesis of research on the extent, causes and implications of skill deficiencies’, DfES.

⁸ Please note that a similar table in the London story is based on data from the Labour Market First Release which is 3 month-average seasonally adjusted data. The data for table 1 is 12 month rolling average data from the LFS Microdata service.

⁹ The full report, including details of all sources consulted, is available at www.primaryreview.org.uk

¹⁰ The full paper can be found at: <http://cee.lse.ac.uk/cee%20dps/CEEDP03.pdf>

¹¹ The full paper can be found at: <http://cee.lse.ac.uk/cee%20dps/ceedp89.pdf>

¹² http://readingroom.lsc.gov.uk/lsc/National/Impact_of_Learning_on_Employability_-_main_report.pdf

¹³ The full paper can be found at: [ftp://ftp.ukc.ac.uk/pub/ejr/RePEc/ukc/ukcedp/0803.pdf](http://ftp.ukc.ac.uk/pub/ejr/RePEc/ukc/ukcedp/0803.pdf)