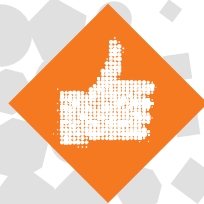


# Act now to get **London** working again

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**730,000**

the number of UK workers on payroll that fell between March and July 2020.

**3.4 million**

people could be unemployed by the end of 2020. Up from a record low of 1.3 million

**1 million**

are expected to be young people aged between 18 and 24. The rest are over the age of 25.

# National Challenge

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According to the Office for National Statistics (ONS) the number of UK workers on payrolls fell by 730,000 between March and July<sup>1</sup>. The Institute for Public Policy Research (IPPR) stated that as many as 3.4 million people would be unemployed by the end of 2020<sup>2</sup> – up from record lows of 1.3 million at the beginning of the year. Of the unemployed, 1 million are expected to be young people aged between 18 and 24 with the rest of the 2.4 million workers over the age of 25.

Even pre-Covid-19 the Government had a challenging, and much needed, plan to update the UK's infrastructure from rail to roads and energy to housing. Since the pandemic struck, the long awaited National Infrastructure Plan will become more relevant to the UK economy than ever as it presents the opportunity to create thousands of high skilled jobs across the country and could act as a major boost for our economy.

All of this coupled with a no deal Brexit on the horizon, more stringent immigration policies in place and continual advances in the use of workplace automation means that we need to act now in order to grow the workforce that is needed to make these ambitious plans a reality.

<sup>1</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020>

<sup>2</sup> <https://www.ippr.org/research/publications/guaranteeing-the-right-start>

## London

As you might expect as the capital of England and one of the world's most important global cities, London has the largest economic centre in the UK and is often credited as being the engine driver of the UK economy with almost nine million citizens<sup>3</sup> and over 20%<sup>4</sup> of the UK's workforce.

Traditionally, levels of employment have been high in the capital with an above average level of the population employed in highly skilled jobs and extremely high levels of productivity that were noted by the ONS as being 32% higher than the UK average<sup>5</sup>.

According to the ONS, 5% of Londoners aged 16-64 (who are economically active) were unemployed between May and July 2020<sup>6</sup>. This is up 0.7% from February 2020 (pre pandemic).

London has been particularly badly impacted by the pandemic with massive drops in both international and local tourism as well as many of London's millions of daily commuters still working from home. This has particularly affected the retail, arts and culture and catering and hospitality sectors. In September the Centre for Economics and Business Research said central London had missed out on £2.3bn of spending while people worked from home<sup>7</sup>. In addition, Centre for Cities national high streets recovery tracker puts London in the bottom 10 of the footfall league table<sup>8</sup>.

From March to August 2020 levels of unemployment have doubled from 3.6% to 7.9%



3 <https://www.ukpopulation.org/london-population/#:~:text=Counted%20among%20the%20world%E2%80%99s%20largest%20monetary%20centres%2C%20London,making%20it%20the%20largest%20city%20of%20the%20UK>

4 <https://www.london.gov.uk>

5 <https://www.cityam.com/ons-london-32-per-cent-more-productive-than-rest-of-uk/>

6 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/september2020>

7 <https://www.bbc.co.uk/news/uk-england-london-54250965>

8 <https://www.centreforcities.org/data/high-streets-recovery-tracker/>

# The Greater London Authority's (GLA) approach

Michelle Cuomo Burror, Assistant Director of Skills and Employment, City Hall, described how London is a tale of two cities. Pre pandemic, 58% of all Londoners aged between 25-64 held a Level 4 qualification or above (degree level or higher) demonstrating the very high level of skills within the capital.

London also had extremely high employment rates with 77% of working age Londoners employed in January 2020. However, there are a significant minority of disadvantaged Londoners with 18% of residents said to be lacking one or more basic skills.

## GLA's pandemic response

One of the GLA's missions and areas of focus is to 'Help Londoners into Good Work'. This is being delivered through four main areas:

- **Supporting Londoners who are the hardest hit** – including young people, newly unemployed, people with caring responsibilities and those most at risk.
- **Coordinating skills, careers and employment support** – to ensure that there is 'no wrong door' approach and ensuring that employment and enterprise provide a route out of poverty.
- **Establishing sector specific London Academies** – to support Londoners to gain relevant skills and move into good work across digital, health, social care, green economy and creative and cultural industries.

- **Close working with employers and job creation initiatives** – such as green economy to promote good work.

The GLA is working closely with London Councils, the DWP and employers to ensure that no Londoners are left behind.

## Support for the Further Education sector

The Greater London Authority also provided support to the further education sector. Funds were made available to help training providers to move their operations online which enabled qualifications to continue. Since September 2020, the GLA has also has been offering fully funded Level 3 qualifications to Londoners; a scheme which has recently been rolled out across the rest of the UK by Central Government.





# Current labour market outlook in London

## Unemployment is up

The Claimant Count (of Job Seekers Allowance and those claiming Universal Credit out of work benefits) rose 178% between March and August compared to a national increase of 134%<sup>9</sup>.

The regional picture shows that unemployment is mostly impacting low skill, high volume employment (i.e. Elementary Construction Occupations, Sales Assistants and Retail Cashiers) and that the rebound in job postings is mainly driven by mid and higher skilled roles.

London had furloughed almost 1.4 million roles by the end of July 2020. When the furlough scheme ends in October it is expected that redundancy figures in the region will continue to rise.

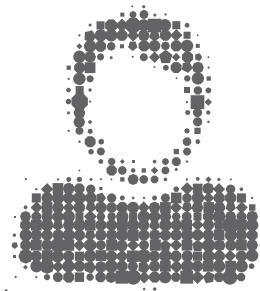
## Job posting activity is slowly returning

Unique job postings were down by 29% between February and June in the region and postings have increased by just 2% between June and August, compared to the national average increase of 13%.

Whilst industries such as retail, catering and hospitality, arts and culture and travel and tourism continue to suffer, there are more vacancies for those working in Childcare and related personal services and for Business, Research and Administrative Professionals<sup>10</sup>. In addition, a lot of tech firms are hiring although it was noted they are struggling to fill available posts and need to advertise with increased intensity and across multiple platforms. This suggests a skills mismatch in London that must be addressed.

## Automation will displace more people

19% of London's workforce are in occupations with 50% or more of their tasks categorised as 'highly automatable'<sup>11</sup> with roles including Cleaners and Domestic, Kitchen and Catering Assistants and Bar Staff having over 80% of tasks considered at risk. Automation is likely to further compound the short-term disruption of this low skilled labour market.



<sup>9</sup> ONS Crown Copyright reserved (from Nomis on 3 September 2020)

<sup>10</sup> Emsi 2020

<sup>11</sup> Emsi 2020

**Poll.**  
**What do you think is the biggest challenge facing the local labour market?**



**Skills Bridges**

Created by City & Guilds as a solution for turning the tide on unemployment, Skills Bridges will identify the overall potential of an individual and determine whether their skills and motivation could be transferred seamlessly into other industries and occupations. They will offer candidates the tools and knowledge of the sector they need to gain direct entry into a new occupation and industry and give them an advantage in the recruitment process.



# What needs to happen in London to address unemployment and job displacement now and in the future?

Below are the key recommendations from attendees during the event. We asked them to consider the question above in groups and come up with their own solutions and interventions to effectively address current and future unemployment in the area.

## Common themes

### We need a greater focus on older workers

It was noted that more needs to be done to support older workers falling out of the labour market in London. Many of us will not be eligible to retire until we are 70. At the age of 50 you could have another 20 years of your career ahead of you so more retraining and reskilling options need to be put in place to ensure that older people have the skills needed to continue to work – or they will face decades of poverty.

Older workers are likely to have financial and personal commitments or may just not think that formal classroom learning is 'for them' so training solution needs to be flexible and inclusive enough to appeal to this group of people.

### Digital transformation and AI opportunities

**Evolution not revolution** – Whilst everyone speaks of the importance of digital skills development, stakeholders in the region agreed that developing digital skills isn't just about reaching pure tech roles such as coding. Instead it's about keeping people up to date with evolving online expertise and providing people with the skills needed to work in a digitally enabled world. It was noted that fusion skills – such as communication skills, ways to self-learn and thriving in a digital environment – will also be critically important.

### Need for human interventions alongside Artificial Intelligence (AI)

– Whilst automation and the progression of AI is often seen as a threat to people's roles, it can also be seen as an opportunity. For example automation in a coffee shop is not taking over the role of the barista, it's automating the payment systems and accounting side of the business. The barista still provides an essential human skill.

### AI can also lead to the creation of new roles, for example, in the legal system

– AI through use of a block chain – is enabling paralegals and those with less formal training to cut out the reliance on very expensive lawyers and undertake the work themselves.

**Address ongoing skills shortages** – There is a growing challenge in the workforce with increased unemployment but also real skills shortages across industries. Recent research undertaken by the Open University has found that the UK skills shortage is costing the UK £6.3 billion with 91% of organisations struggling to find workers with the right skills over the past 12 months<sup>12</sup>.

Whilst the Kickstart and apprenticeship schemes were acknowledged, there are still significant gaps between industry requirements and skills provision. Consensus coming from discussions was that businesses need a more strategic understanding of the skills they need and the support tools they can tap into to improve productivity

<sup>12</sup> <http://www.open.ac.uk/business/apprenticeships/blog/uk-skills-shortage-costing-organisations-%C2%A363-billion>



## Better support for small and medium sized businesses (SMEs)

There is concern that SMEs will take longer to bounce back from the current recession because they don't have the same access to resources as larger businesses. They need to be equipped to recover.

Cross sector collaboration was seen as an important mechanism for SMEs, being able to mirror strategies and techniques that are working within larger companies. They need to be given a strategic understanding of where technology could operate within their organisations and how it could support them better and improve their productivity.

## Better careers advice and signposting

**Start at a young age** – It was suggested that careers advice and opportunities need to be communicated to children from a young age to try and break cycles of generational unemployment and raise aspirations.

**Upskill the advisors/mentors** – There is a priority around upskilling the people providing the advice and support to the unemployed and people wanting to move between jobs and sectors. Mentors were discussed as being a key tool in supporting people through this training journey.

## Signposting / collaboration between the services

– The careers services that are available are disparate and not always easy for people to locate. Signposting is needed to what is available. Being able to effectively signpost individuals to get the right support and to regional solutions and support mechanisms already working in the area, is also critical. There won't be a one size fits all approach and mentors and advisors will need to know what's happening in the region in order to refer people accordingly.

**Provide skills diagnostic services** – When people access careers advice services we need to help them understand the skills they have and the ones required in order to get a job – it's not just about what work experience they already have. Mapping out the opportunities in clear pathways and having flexible options tailored to individuals will be key to making retraining as relevant to as many people as possible.

## Removing barriers to training

**Cost** – Paying for training is still one of the biggest barriers to accessibility and often means that the most disadvantaged people simply cannot afford to do it. Short, sharp and 'free' interventions are critical in terms of reaching some of the hardest to reach groups.

**Confidence** – There is nervousness from many to engage with education. This may come from negative past experiences or a lack of confidence in 'succeeding'. This can be exacerbated for those who have been made redundant and those who have fewer skills / qualifications.

The biggest issue is always dealing with those furthest away from the labour market, with those who have higher skill levels being better able to understand how to transfer their skills / switch careers. It's the individuals who have been underemployed or unemployed for years who need the assistance the most and who are also the hardest to reach.

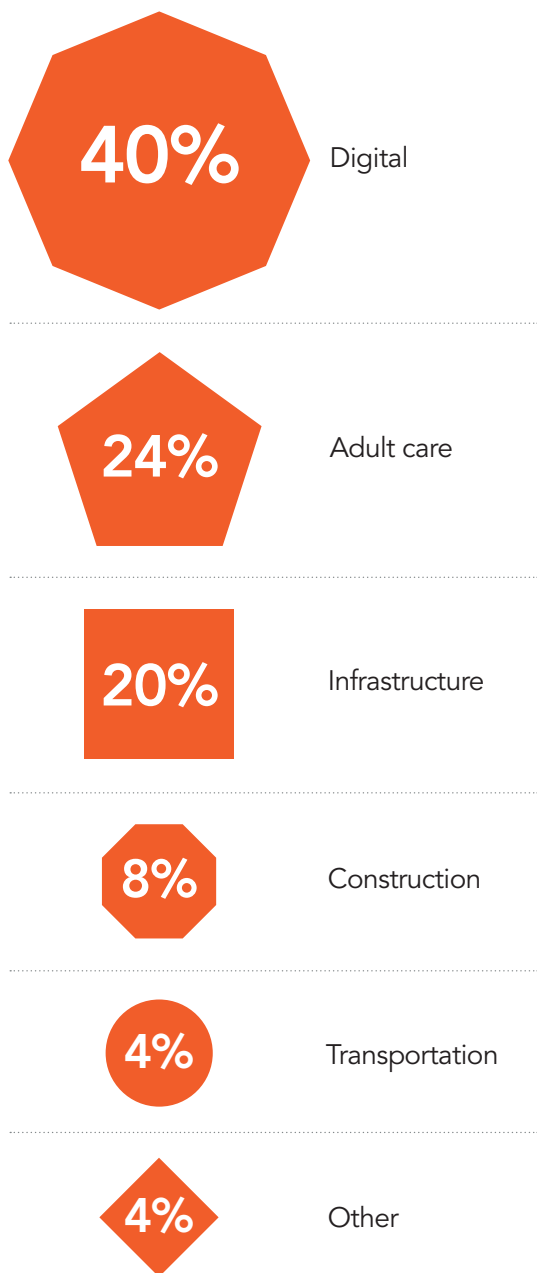
## Skills Bridges

There was strong agreement for the creation of Skills Bridges with stakeholders welcoming the wrap around support which will help individuals to recognise the skills they already have and work with them to bridge to the next job or sector.

It was noted that in order to work, Skills Bridges need to work alongside job centres, employers and providers in London to provide a joined-up approach and that they should be visible and firmly embedded into high footfall areas such as local high streets and communities.

The bite-sized concept was praised as being what is needed to get people back into work quickly along with the need for large businesses to collaborate with smaller ones that may then open up new pathways and bridges in the sector.

**Poll.**  
Which industry sector would Skills Bridges be most helpful for in addressing the unemployment challenge in London?



### Uncouple investment with political cycles

It was acknowledged that we need to break the five year political term planning cycle in order to stop short termism. It was suggested that certain funding such as the Adult Education Budget needs to be more flexible in London to allow for the creation of a sustainable and future-proofed ecosystem.

As Anthony Impey, MBE stated: "There is a need for speed and there is a need for action. There is a huge amount to lose if we get this wrong and there is a huge amount to gain if we get this right."

