

We need to ensure that young Londoners gain the skills and experience that will be of value to them in the labour market

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While there is evidence that suggests people with no or low qualifications should benefit from living in more successful urban labour markets, where employment rates and wages tend to be higher for low-skilled workers relative to low-skilled workers elsewhere, this isn't the case in London. **Ceri Hughes** discusses research that shows that young people with low skills in London are at a particular disadvantage.

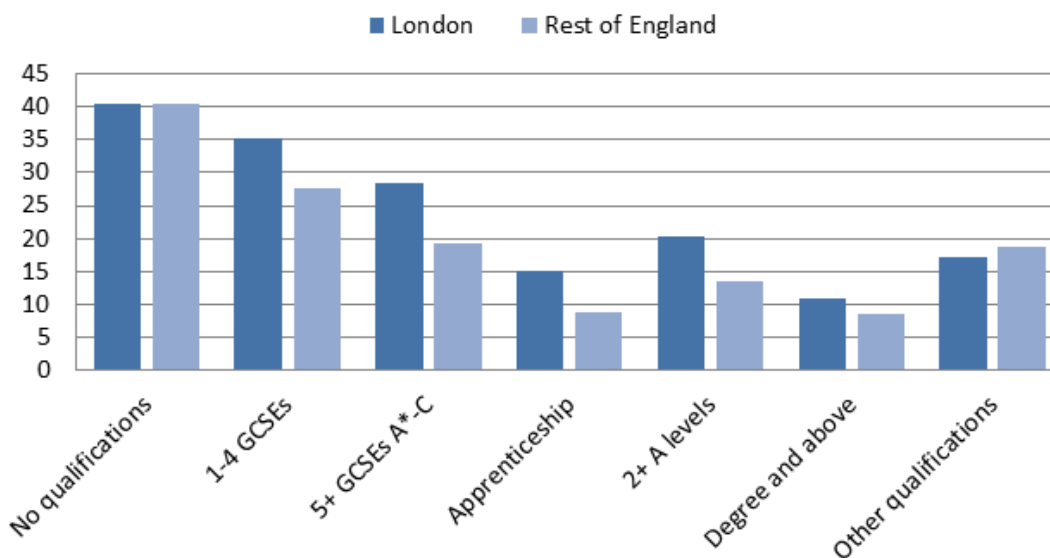


Each year, ambitious young people move to London to begin their careers, joining a relatively young and highly skilled resident population. There are advantages to working in London, particularly for young, mobile and highly ambitious people for whom [the city can serve as an 'escalator'](#) enabling them to progress further and faster than their peers elsewhere.

But not everyone benefits from living in London. [Our new report](#) finds that it is the lower skilled that particularly struggle to find work in London. Young people with lower skills have poorer employment prospects. This applies across the UK, but the distinctive characteristics of the London workforce – the ready supply of a large number of young highly skilled people – puts young people with low skills in London at a particular disadvantage.

In 2011, the unemployment rate amongst young people with a few GCSEs and even those with a few A-levels was much higher than the rates for young people with similar qualifications in the rest of England (see Figure 1). Young people with five or more GCSEs (A*-C) registered an unemployment rate of 28 per cent, compared to 19 per cent in the rest of England.

Figure 1: Youth unemployment rates (%) by qualification level



Source: Census 2011, young people aged 16-24 including full-time students; qualifications listed are examples and equivalent qualifications are also included in each band; data on the level of apprenticeship is not available; other qualifications include some vocational qualifications and foreign qualifications.

Yet, [evidence](#) suggests that people with no or low qualifications should benefit from living in more successful urban labour markets, where employment rates and wages tend to be higher for low-skilled workers relative to low-skilled

workers elsewhere. Why isn't this the case in London?

Why do young people with low-skills struggle to get into work?

In part, the high rates of youth unemployment amongst young people with low skills reflect wider challenges that young people across the UK must contend with, including limited access to careers advice and guidance, too few apprenticeship opportunities and variations in the quality and availability of local support services.

But there are also some distinctive factors that may explain the high levels of youth unemployment in London. Local concentrations of unemployment are related to the characteristics of the local population, as well as varying demand for labour. For example, there are high levels of poverty and deprivation in London and the location of the highest rates of youth unemployment broadly mirrors the distribution of deprivation across the city. This matters because many routes into skilled work require young people to undertake unpaid work placements or at least to survive on low wages.

A wider explanation then is that young people with low skills are struggling to compete with other highly skilled people. There are many jobs in London, but where the overall supply of workers exceeds demand then lower skilled, less experienced workers are likely to suffer.

“Bumping down” in the labour market?

The working-age population of London increased by more than 950,000 between 2001 and 2011, but the number of jobs increased by only 229,000 (see Table 1). In addition, the number of people of working-age with low skills in London decreased by almost 300,000 over the last decade, whilst the number of people with a degree-level qualification or higher increased by over 700,000. In all, this means that there are likely to be more higher skilled workers competing for fewer jobs. And this has implications for the lower-skilled.

Table 1: Shifts in labour supply and demand in London: 2001-2011

| Summary statistics | 2001 | 2011 | Change | % change |
|---|-----------|-----------|----------|----------|
| Working age population ¹ | 4,686,697 | 5,644,424 | 957,727 | 20 |
| Of which foreign-born | 1,518,697 | 2,475,942 | 957,245 | 63 |
| Population aged 16-64 | 4,832,265 | 5,644,424 | 812,159 | 17 |
| Of which educated to NVQ level 4 and above | 1,576,113 | 2,287,248 | 711,135 | 45 |
| Of which educated to NVQ level 3 | 500,794 | 650,230 | 149,436 | 30 |
| Of which educated to NVQ level 2 | 863,996 | 711,075 | -152,921 | -18 |
| Of which educated to NVQ 1 and below | 1,642,169 | 1,350,438 | -291,731 | -18 |
| Of which have other qualifications/level not known ² | 249,193 | 645,433 | 396,240 | 159 |
| Workforce jobs ³ | 4,664,000 | 4,893,000 | 229,000 | 5 |

Source: Census 2001 and 2011, ONS workforce estimates

Notes: ¹Data on the number of 16-64 year olds who were foreign born is not available in 2001. For this year and this variable a different definition of the working-age population is used, covering men up to the age of 64 and women up to the age of 59. As a result, the total number of people aged 16-64 in 2001 does not match the total for the working-age population in 2001. People born outside of the UK are defined as 'foreign-born'.

²The 'Apprenticeships' category, added in 2011, is included under 'Other' as the level of apprenticeship was not

specified

³Source: ONS estimates, rounded and average of four quarters

Many graduates will struggle to find work in London, perhaps finding that they have to take-up lower-skilled work instead. According to [recent GLA analysis](#), around a quarter of London residents employed in low-skilled occupations had a degree or equivalent qualification in 2011, more than twice the rate for low-skilled workers in the rest of the UK. People that begin their careers in inappropriate jobs can struggle to progress. But they are at least able to enter work – competition for jobs at the lower end of the labour market means that the low-skilled will struggle to enter work.

What can be done?

We need to ensure that young people are being given the chance to gain the skills and experience that will be of value to them in the labour market, as employers will choose to employ the person they judge to be the best candidate. Whilst they are at school young people need to be supported to think through their career options, and be encouraged to consider an array of employment pathways. But [recent assessments of careers advice and guidance](#) have found that many schools are failing to secure adequate provision for their students. This must change, but despite the new guidance issued to schools this week this is [unlikely to happen](#) unless additional resources are earmarked for careers advice services for young people.

The Mayor has committed to work with business to create at least 250,000 apprenticeships in London by the end of 2016. But the [majority of apprenticeship opportunities go to internal recruits](#) and nearly half are taken up by people aged over 25. More investment is needed in initiatives that seek to increase ethnic, socioeconomic and gender diversity amongst young people entering apprenticeships and other routes into skilled work. This might include offering more taster days, and growing the number of traineeships in the capital. To achieve this, more employers need to be willing to offer young people an opportunity.

Financial and transport barriers also need to be tackled to ensure that young people can both access and sustain employment. For a start, Borough councils and Transport for London should extend access to concessionary fares for young people in their first month of employment to support those young people with limited resources to reach their first pay packet.

And finally, entry to employment should not be the only goal. Young people need to be supported to progress once they are in work. With large numbers of people working fewer hours, and working in jobs below their qualification levels, the GLA & DWP should work together to develop post-employment support services in the city, including advice and guidance for those in work, with some provision directed at supporting young people.

Note: This article gives the views of the interviewee, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting. Homepage image credit: [Thomas Leuthard](#) CC BY 2.0

About the Author

Ceri Hughes is the author of a new report, *London: A Tale of Two Cities*, which looks at the characteristics of young people living in London, with high levels of poverty and deprivation in the city, particularly amongst some ethnic groups. Ceri works as a Research Assistant in the Socioeconomic Centre, and is currently contributing to the Missing Million consortium and examining the links between cities, growth and poverty.

