



LLDC – employment predictions

This report provides an overview of the potential job opportunities available in the LLDC areas over the next 17 years. This includes analysis of the opportunities within the ongoing developments and the opportunities arising from the need to replace the existing stock of employees. The report also contextualizes the value of education and the current sourcing of labour within the LLDC areas.

Overview

Executive summary

Introduction and purpose of study

Sources of Employment

Jobs – the complete outlook for the Boroughs

Sourcing labour locally

Conclusions

Executive summary

Executive summary (1)

- This research strand is the first phase in a agenda to communicate to local careers advisors and teachers the employment opportunities on offer within the LLDC area, ultimately, to provide students with information about the skills needed in order to make a successful transition into the workforce.
- The value of an education is very clear, with the probability of being employed increasing in line with qualification levels. In almost all areas, less than half of those with no qualifications are in employment. However, some of those in the lower qualifications brackets are likely to still be within the education system, and may skew the figures marginally.

Likelihood of being in employment by skill level, LLDC areas, 2012

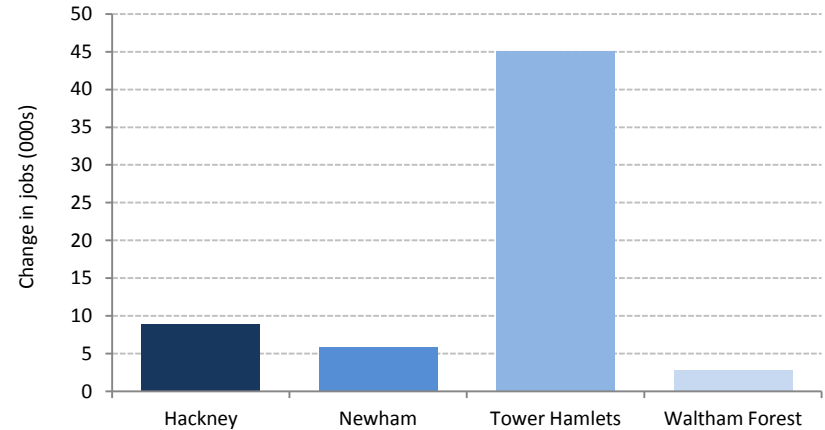
	% likelihood of being in employment				
	Hackney	Newham	Tower Hamlets	Waltham Forest	London
NVQ 4+	82%	78%	86%	80%	82%
NVQ 3	61%	47%	50%	69%	63%
NVQ 2	51%	59%	42%	60%	59%
NVQ 1	46%	38%	29%	47%	54%
No qualifications	24%	35%	28%	52%	39%

Source: Annual Population Survey

Executive summary (2)

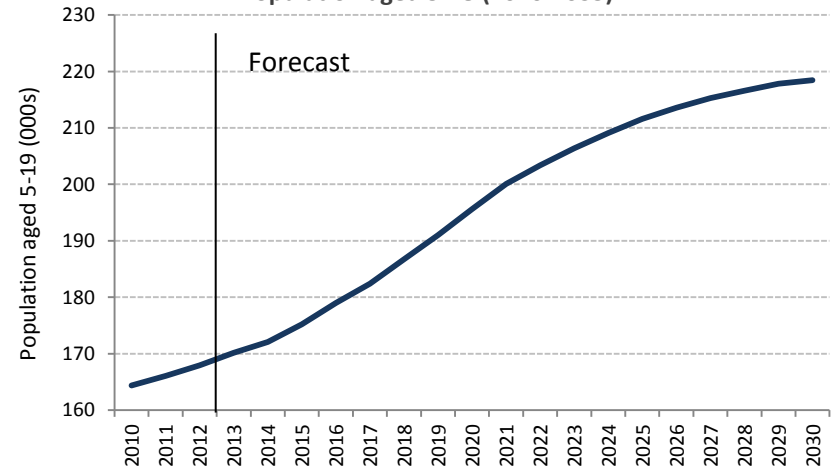
- The LLDC area has been growing strongly over the past 5 years, creating 62,600 new jobs between 2007 and 2012, a growth of 13%. Of this employment growth, almost one quarter (15,000 jobs) were part time.
- The majority of this growth – 60% - has been in the wider business services sector (admin & support, professional, scientific services and info & comms). In addition, over 7,000 jobs have been created in the accommodation & food sector.
- Conversely, there are expected to be 165,000 additional 5 – 18 year olds in the four Boroughs between 2012 and 2030.

Change in Total Employment (jobs, 000s) by LLDC Area, 2007-2012



Source: HBEM 2.0

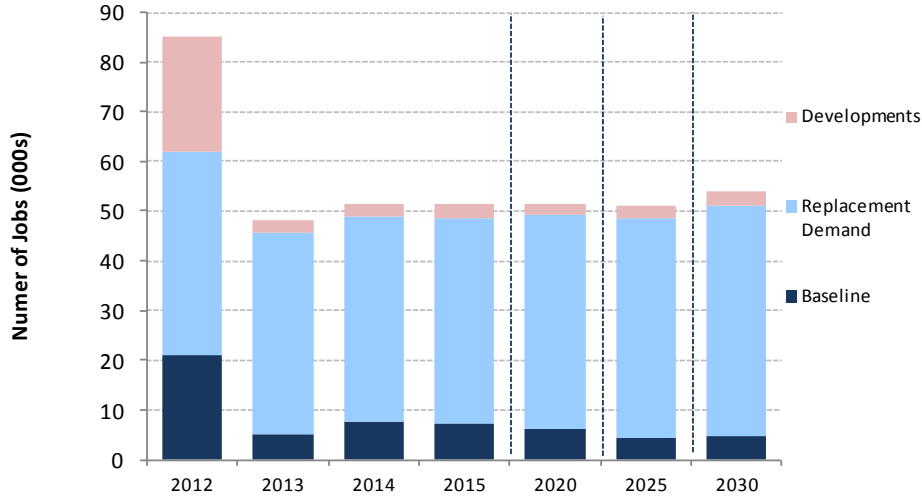
Population aged 5-18 (2010-2035)



Source: HBEM 2.0, ONS

Executive summary (3)

Employment opportunities (000s) in LLDC area by source (2012-2030)



Source: HBEM 2.0, Oxford Economics

Source of people in employment, LLDC area, 2012

	Residents	Commuters	Migrants
Hackney	30.0%	61.6%	8.4%
Newham	44.0%	47.7%	8.3%
Tower Hamlets	17.5%	78.2%	4.3%
Waltham Forest	51.0%	43.8%	5.2%

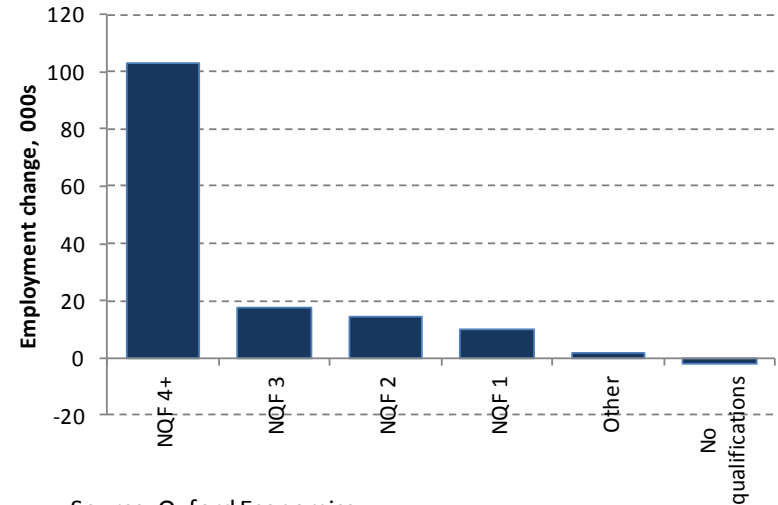
Source: HBEM 2.0, Oxford Economics

- This analysis focuses on future employment opportunities across the four Boroughs, considering baseline 'business as usual' growth, the impact of the ongoing developments and replacement demand.
- When combining these potential sources of employment, we forecast that there will be 52,800 employment opportunities per annum on average. Almost two thirds of these would come from replacement demand (labour market churn).
- However, the labour market is exceptionally competitive and the LLDC area has a significant commuter belt. Striving to ensure that local people – and especially local students / school leavers – get into employment is a significant challenge.

Executive summary (4)

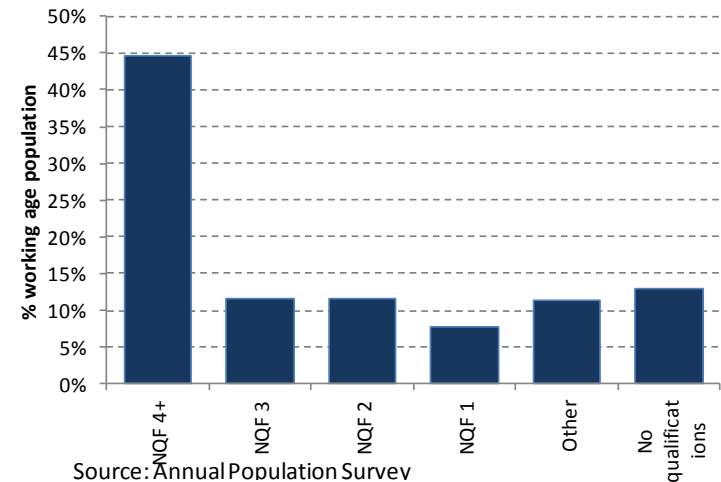
- The analysis suggests that skills – particularly those at the higher end – will become increasingly important by 2030; there will be a demand for an additional 84,700 people with degree or above skills, 14,700 with NVQ3 qualifications and conversely, a fall of 4,400 in those with no formal qualifications.
- Set against the context of the skills position in the LLDC area – which is sufficient at the high end but lagging at the lower end – this provides a significant challenge in the quest to source employment locally.
- The key message to be portrayed from this work is that we forecast significant employment opportunities in the LLDC area and education pays; skills are in demand in the LLDC area and ensuring the young people attain the required skills is key in ensuring they become the local labour force of tomorrow.

Employment change by skill level, LLDC area, 2012 - 2030



Source: Oxford Economics

Working age population by skill level, LLDC area, 2012



Source: Annual Population Survey

Introduction and purpose of study

Introduction and purpose of study

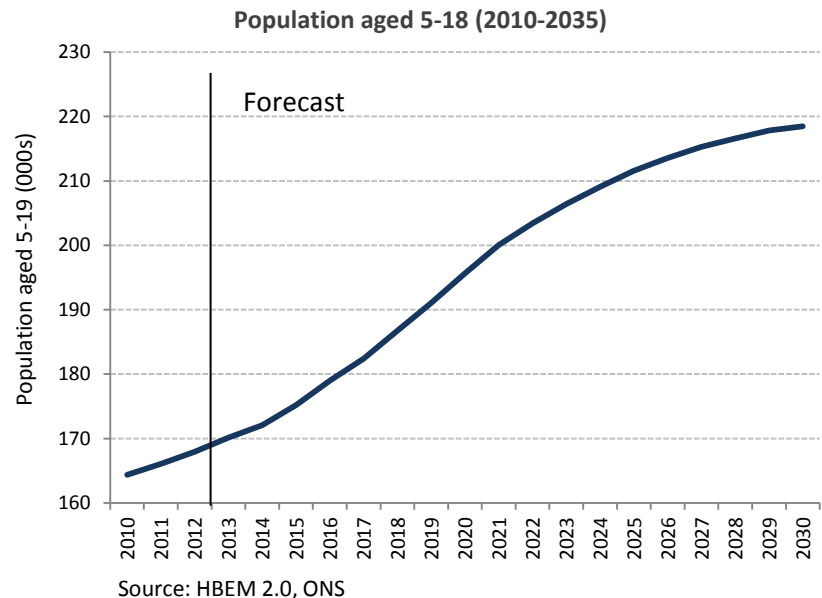
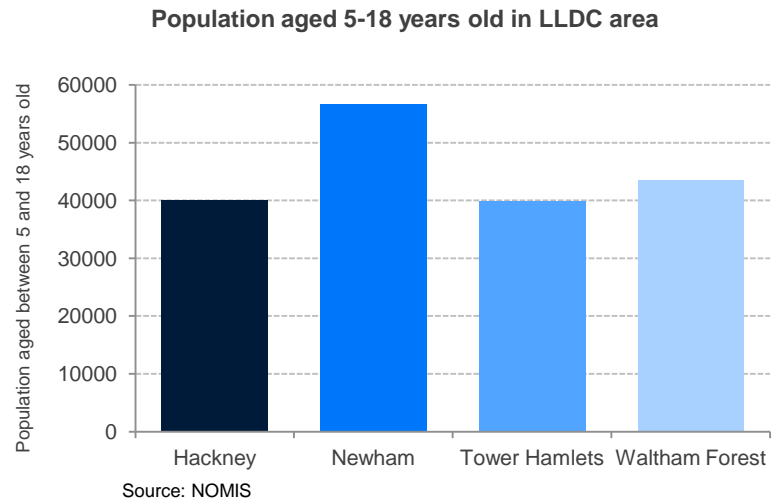
- Oxford Economics were commissioned by the London Legacy Development Corporation (LLDC) in March 2013 . The objective of this research is to produce employment profiles and forecasts for the London boroughs of Hackney, Newham, Tower Hamlets and Waltham Forest or the ‘LLDC Area’
- This research strand is the first phase in a agenda to communicate to local careers advisors and teachers the employment opportunities on offer within the LLDC area, ultimately, to provide students with information about the skills needed in order to make a successful transition into the workforce
- The employment predictions have been modelled in line with the Host Boroughs Economic Model (HBEM) and are sufficiently detailed to provide an overview of all employment opportunities across the LLDC Boroughs over the next 17 years. These ‘sources of employment’ include :
 - **The HBEM baseline:** the ‘business as usual’ outlook (or policy neutral), which forecasts employment in the four Boroughs, not explicitly including the developments;
 - **Developments:** planned employment across the range of ongoing developments in the four Boroughs;
 - **Replacement demand:** the number of opportunities to replace members of the workforce who leave employment, for various reasons (most notably retirement).

Introduction and purpose of study (2)

- All three potential sources of employment have been included in order to provide a full overview of all potential employment opportunities, not solely those as a result of the planned developments.
- In addition, the employment opportunities have been split out by industry, occupation and skill level to provide a granular level of understanding, which can be more accurately applied when providing careers information.
- This report is accompanied by a spread sheet database. The report summarises the employment predictions, presents robust quantitative evidence on the value of education – not always made clear in early career planning – and gives an overview of the labour market in the four Boroughs, in terms of their recent performance (which drive the forecasts) and the trends in sourcing labour, such as:
 - Who takes the employment opportunities across the four Boroughs – residents, commuters or migrants?
 - Where do graduates from Universities located in the four Boroughs take their first job?
- These additional ‘high level’ factors provide a useful context within which future career planning should sit, to align with local labour opportunities.
- This report starts with the labour market context and the value of an education, before examining all potential employment opportunities and finishing by evaluating the local labour supply trends.

The potential labour supply

- There are approximately 165,000 people of school age (5 yrs – 18 yrs) residing in the LLDC Boroughs, according to the 2011 Census.
- These young people are likely to make up a significant portion of the future labour force, with as many as between 5,000 and 10,000 likely to enter the labour market per annum, notwithstanding those who remain in education and enter the labour market at a later stage.
- The number of 5-18 year olds is likely to increase, from 165,000 to nearly 220,000 by 2030.
- In a competitive labour market, where jobs are scarce, relevant skills and experience are highly valuable.
- To ensure the young people in the LLDC area can compete, career planning should be built on a sound evidence base, and as such, this research is to be welcomed.



The value of an education – is it recognised?

Likelihood of being in employment by skill level, LLDC areas, 2012

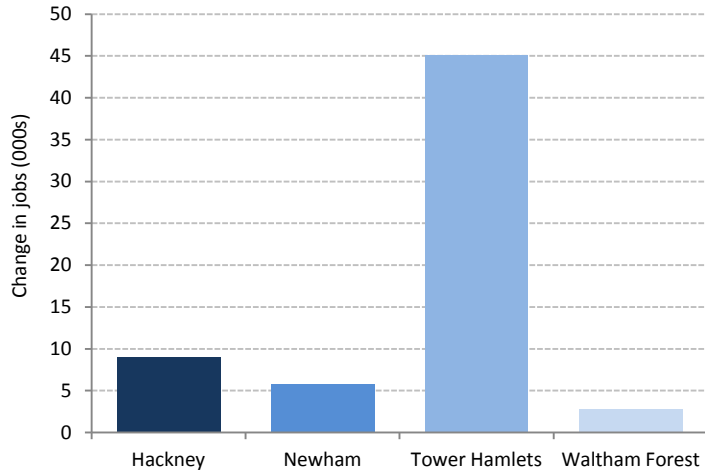
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NVQ 1	46%	38%	29%	47%	54%
No qualifications	24%	35%	28%	52%	39%

Source: Annual Population Survey

- The table above shows the likelihood of being employed by skill level. Across almost all of the LLDC Boroughs, approximately 4 in 5 people with a degree or above are in employment.
- The value of an education is very clear, with the probability of being employed increasing in line with qualification levels. In almost all areas, less than half of those with no qualifications are in employment. However, some of those in the lower qualifications brackets are likely to still be within the education system, and may skew the figures marginally.
- Subsequently, having a formal qualification decreases the probability of being unemployed or inactive in the longer term.

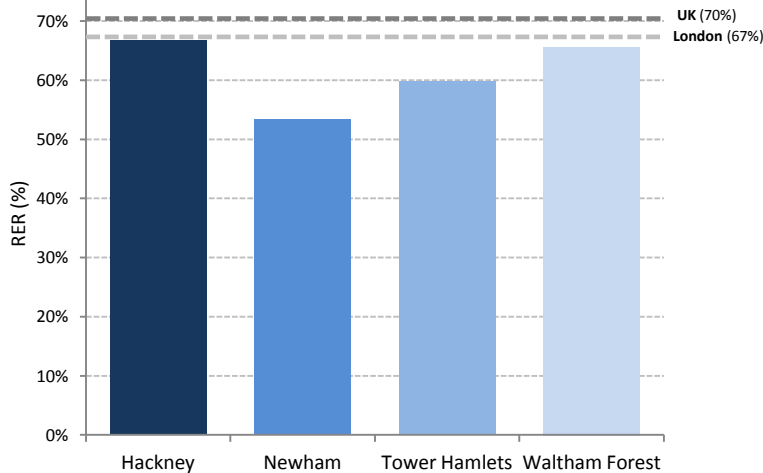
Employment context strong...

Change in Total Employment (jobs, 000s) by LLDC Area, 2007-2012



Source: HBEM 2.0

Resident Employment Rate (%) 2012 - LLDC areas, London and UK

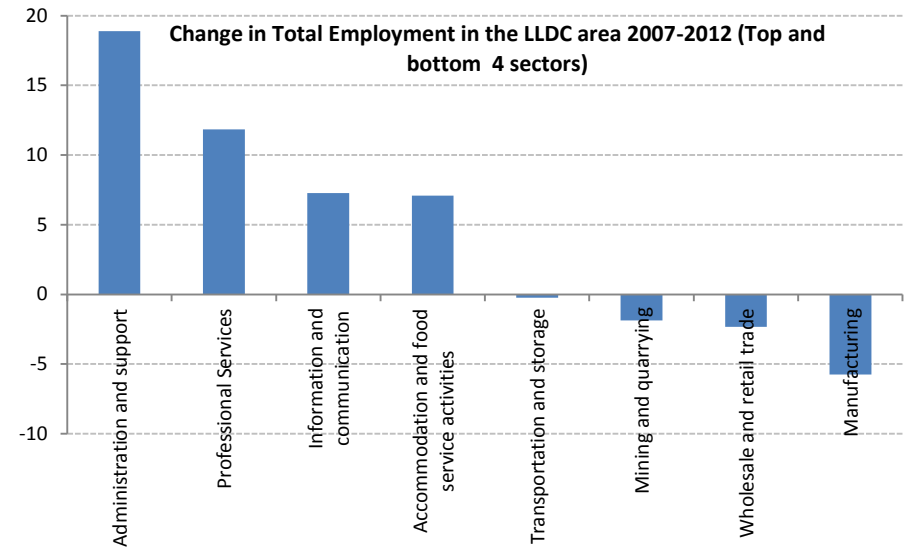


Source: HBEM 2.0

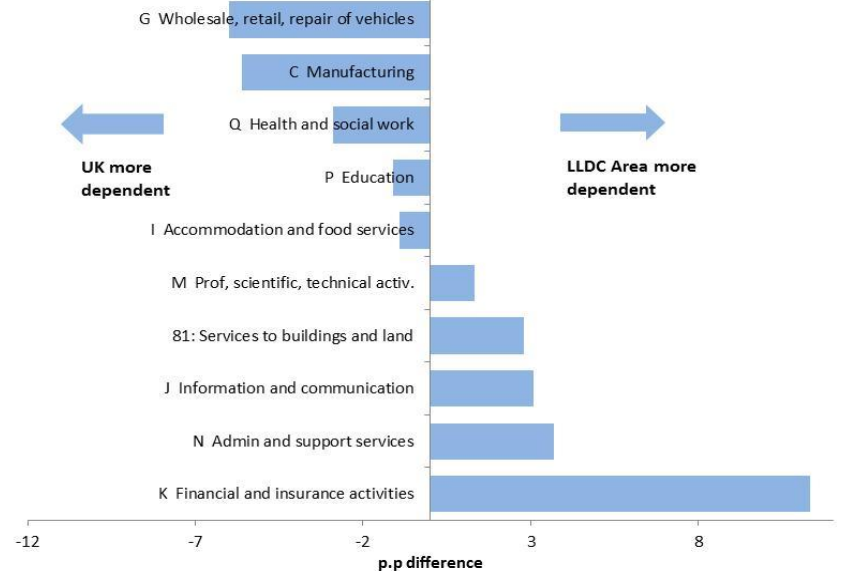
- The LLDC areas have been amongst the fastest growing London Boroughs over the past 5 years, accounting for around 27% of net employment growth in London. Individually, the areas have grown by:
 - Hackney: 9%
 - Newham: 7%
 - Tower Hamlets: 20%
 - Waltham Forest: 4%
- Almost one quarter of net job creation in the LLDC areas has been in part time employment.
- Despite the growth in employment, resident employment rates have remained below the London and UK averages.
- This suggests that a considerable portion of the jobs created within the LLDC Boroughs have been taken by in-commuters, rather than residents. The percentage of jobs taken by in-commutes averages 58% across the four Boroughs, peaking in Tower Hamlets, where less than one in five jobs are taken by locals.

...across service sectors...

- Sectorally, 1 out of every 2 jobs created over the past 5 years have been in the professional and administrative services sectors. The number of part time jobs in the admin and support services sector has grown by over 50% since 2008.
- Manufacturing and wholesale and retail sectors have experienced job losses of 2,320 and 5,745 respectively over the same period.
- The structure of the LLDC Boroughs labour market – as measured in the relative concentration chart - suggests specialisms in finance, administration and professional services
- Within these sectors a particular set of skills are beneficial (if not required) to obtain successful employment across the areas. Advanced skills such as business, finance, economics and IT look particularly suited to the LLDC Boroughs.
- However, as is discussed in more detail later, these are the headline growth sectors and there are likely to be a more diverse range of jobs available over the next decade.

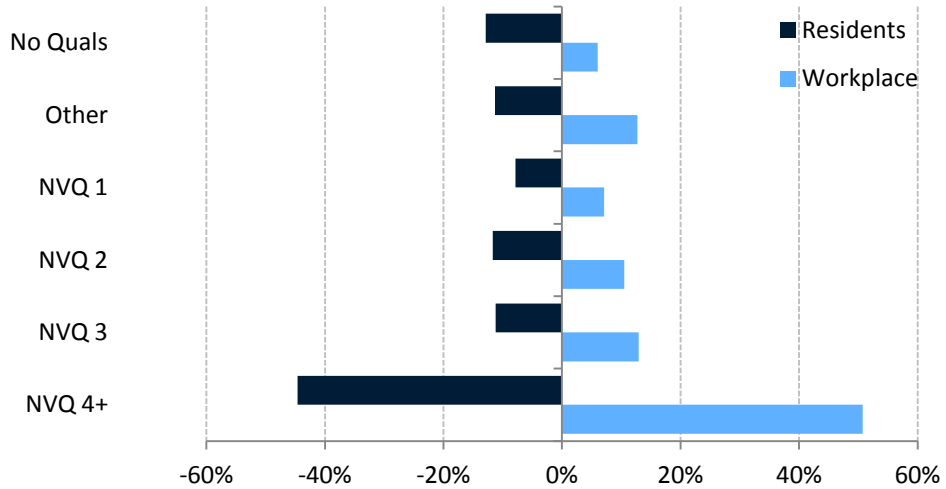


Relative employment concentration, LLDC area and UK, 2012



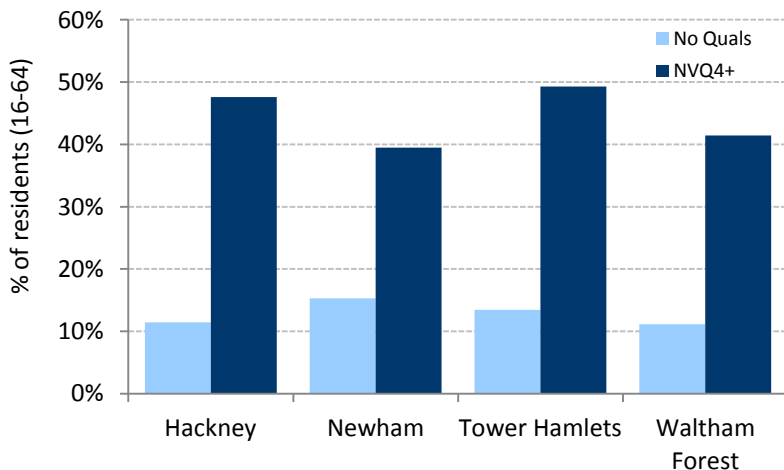
...and a marked increase in the skills position

Skills comparison between workplace and residents - LLDC Area



- There is a substantial in-commuting to work in the LLDC area, with over half of all jobs taken by commuters. As a result, the resident employment rate is below the London and UK average.
- This suggests that the LLDC Boroughs are collectively an attractive place to work, for a variety of reasons. However, increasing the resident employment rate is an established policy goal. Getting more local people into local jobs is the best way of achieving this.
- Ensuring a suitable match between skills supply and demand will be important in achieving this. Whilst the upper end of the spectrum is well balanced (45% of residents have a degree or above vs 50% of workers), there are twice as many residents in the LLDC area with no qualifications than those who are employed in the area.
- This makes it difficult for residents to compete for low / medium skills jobs, highlighting the overall gap between the skill needs of the area and the existing skills pool available.

% of Residents' based skills (16-64)



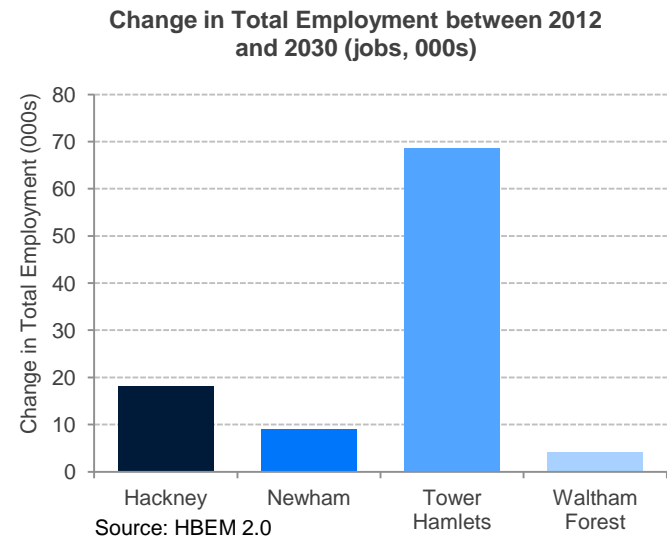
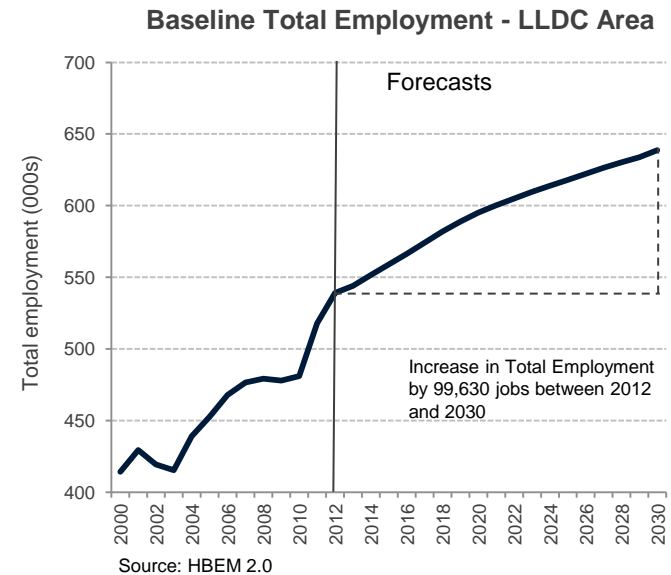
Introduction and purpose - conclusions

- The LLDC area has been growing strongly over the past 5 years, creating 62,600 new jobs between 2007 and 2012, a growth of 13%. Over one quarter of this has been part time jobs.
- The majority of this growth – 60% - has been in the wider business services sector (admin & support, professional, scientific services and info & comms). In addition, over 7,000 jobs have been created in the accommodation & food sector.
- The growth sectors over the past 5 years reinforce the LLDC area as a hub for high value added services, with the area 12 percentage points (pp) more specialist in finance, 3pp in admin & support, 3pp in info & comms and 1pp in professional services.
- However, at present, over half of jobs in the LLDC area are taken by in-commuters.
- This could be in part explained in part by the skills mis-matches between the demand for labour and the local labour supply.
- The rest of the report aims to examine future opportunities not just due to baseline job growth but also replacement demand growth, and the planned developments in the LLDC area

Sources of Employment

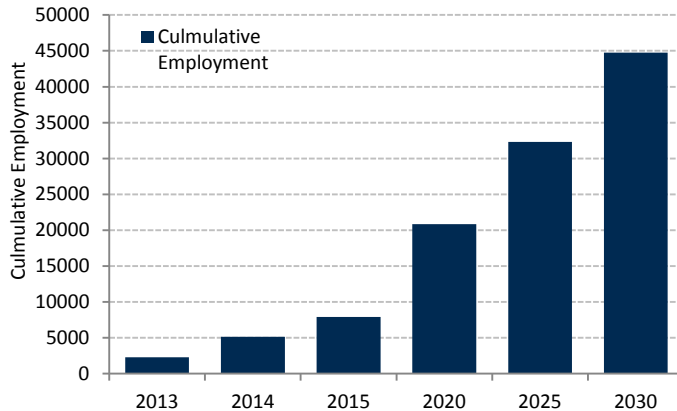
The Oxford Economics baseline – business as usual

- The Oxford Economics baseline (sourced from the Host Boroughs Economic Model (HBEM 2.0)) represents the policy neutral outlook for the four Boroughs. As such, this outlook is a 'business as usual' approach and does not take into account any ongoing developments.
- The baseline suggests steady growth of around 1% per annum over the next 17 years, with 99,600 additional jobs by 2030.
- Over 69% of these jobs are forecast to be in Tower Hamlets (68,000 jobs in total), with 18%, 9% and 4% in Hackney, Newham and Waltham Forest respectively.

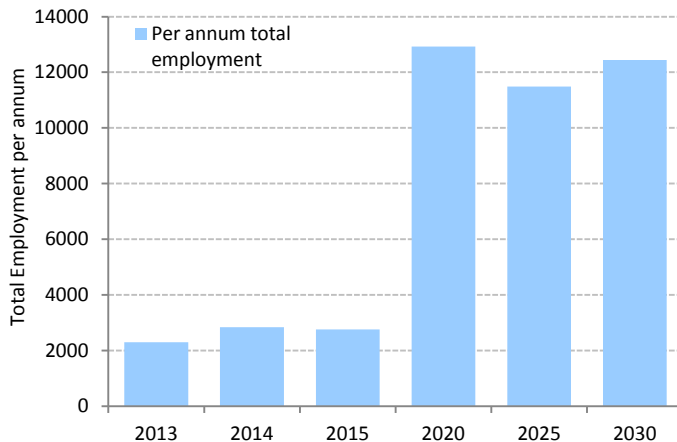


The impact of the development programme – jobs & skills

Total Cumulative Employment arising from developments
LLDC Area (2013-2030)



Total Per Annum Employment arising from developments
LLDC Area (2013-2030)



- In addition to the baseline, developments such as the International Quarter, Olympic Park, iCity and Wood Wharf present significant employment opportunities, both in terms of long term legacy jobs and more short term construction jobs.
- By 2030, total employment arising from developments is forecast to be nearly 45,000 jobs across the LLDC area.
- Less than 20 of these jobs are likely to be realised over the next 3 years, with more prominence in the medium / long term.
- Almost one half of the jobs will be realised by 2020, as key developments such as Stratford International Quarter and iCity become fully operational.
- The developments present a significant and fresh set of opportunities for local people to take local jobs. The sectoral and occupational nature of the jobs are expected to be diverse.

The developments – How many jobs will be created and where?...

- Over 45% of the jobs created through the developments are expected to be in the professional services sector. Within this, over 9,470 jobs (48% of the sector) are envisaged to be in the legal and accounting sub-sector and a further 2,910 in head office / consultancy services and architectural / engineering.
- More practical sectors, such as manufacturing and construction are also expected to create significant employment, with over 650 jobs forecast by 2030.
- The developments offer a range of jobs, not just services jobs. As such, there are likely to be opportunities for all across a range of skills and experience, However, in quantum terms, professional related skills represent the most abundant opportunities.

Broad Industrial Sector	Culmulative Employment by Broad Industrial Sector in LLDC Developments	
	2013-2030	% of Total Development Employment
C Manufacturing	500	1%
F Construction	1810	4%
G Wholesale, retail, repair of vehicles	1960	4%
H Transport and storage	380	1%
I Accommodation and food services	680	2%
J Information and communication	930	2%
K Financial and insurance activities	5710	13%
L Real estate activities	330	1%
M Prof, scientific, technical activ.	19400	43%
69: Legal and accounting	9470	21%
70: Activities of head offices; managers	4030	9%
71: Architectural and engineering	2910	7%
72: Scientific research and development	690	2%
73: Advertising and market research	910	2%
74: Other professional, scientific	1150	3%
75: Veterinary activities	30	0%
N Admin and support services	10810	24%
77: Rental and leasing activities	470	1%
78: Employment activities	3100	7%
79: Travel agencies	150	0%
80: Security and investigation activities	1010	2%
81: Services to buildings and land	4130	9%
82: Office admin	1740	4%
O Public admin and defence	0	0%
P Education	340	1%
Q Health and social work	20	0%
R Arts, entertainment and recreation	860	2%
S Other service activities	480	1%
Total	44760	100%

Source: Oxford Economics

Note: Figures may not add due to rounding

...and across what occupations...

Culmulative Employment by Occupation (2013-2030)	Culmulative Employment by Occupation in LLDC Developments	
	2013-2030	% of Total Development Employment
11 Corporate Managers	7470	17%
12 Managers / Proprietors in agriculture and services	1270	3%
21 Science and Technology Professionals	2880	6%
22 Health Professionals	150	0%
23 Teaching and Research Professionals	780	2%
24 Business and Public Service Professionals	5590	12%
31 Science and Technology Associate Professionals	180	0%
32 Health and Social Welfare Associate Professionals	200	0%
33 Protective Service Occupations	70	0%
34 Culture, Media and Sports Occupations	3470	8%
35 Business and Public Service Associate Professionals	7530	17%
41 Administrative Occupations	3240	7%
42 Secretarial and Related Occupations	1300	3%
51 Skilled Agricultural Trades	470	1%
52 Skilled Metal and Electrical Trades	160	0%
53 Skilled Construction and Building Trades	1440	3%
54 Textiles, Printing and Other Skilled Trades	540	1%
61 Caring Personal Service Occupations	290	1%
62 Leisure and Other Personal Service Occupations	450	1%
71 Sales Occupations	810	2%
72 Customer Service Occupations	120	0%
81 Process, Plant and Machine Operatives	260	1%
82 Transport and Mobile Machine Drivers and Operatives	520	1%
91 Elementary Occupations: Trades, Plant and Storage related	630	1%
92 Elementary Occupations: Clerical and Services related	4940	11%
TOTAL	44760	100%

Source: Oxford Economics

Note: Figures may not add due to rounding

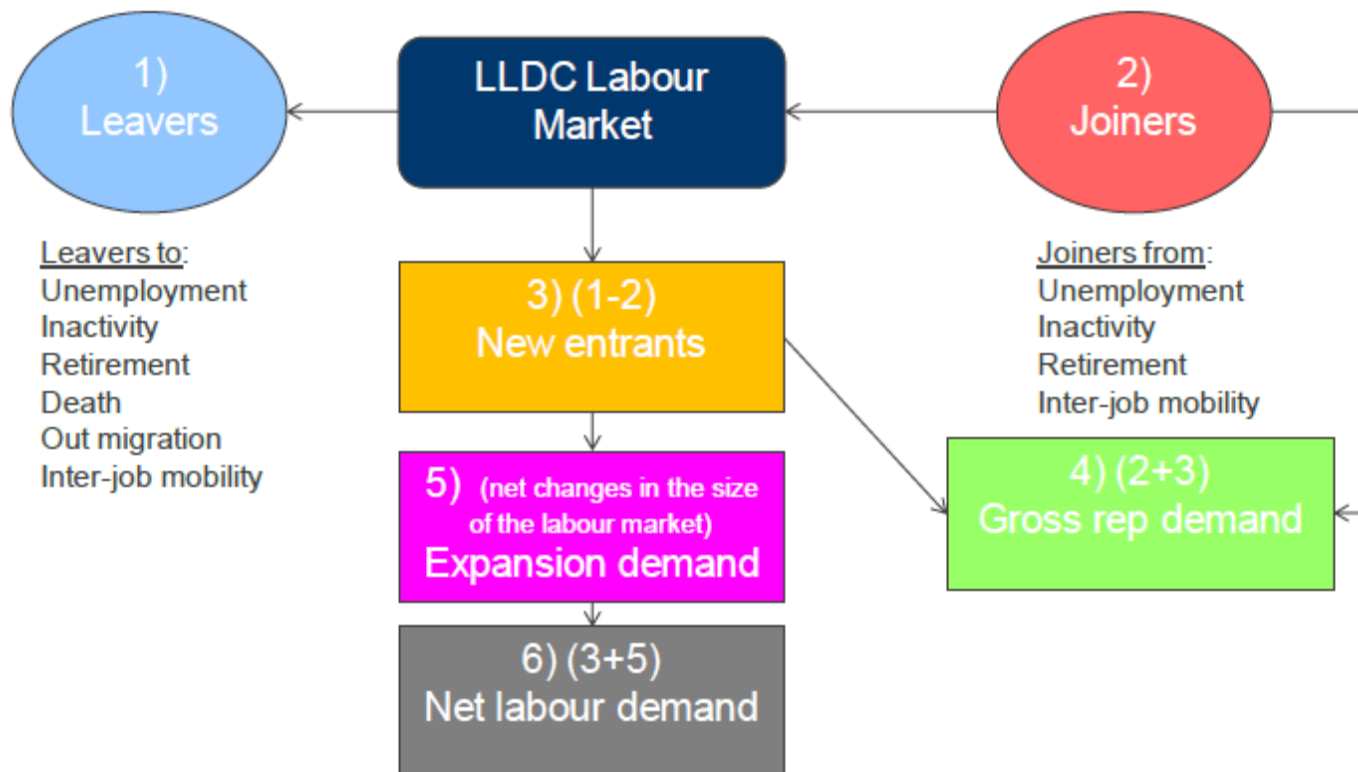
- The occupational structure – which provides a good illustration of the level of employment – is correlated to the sectors. For example, 17% of development jobs are expected to be corporate managers, business and public service officials or associate professionals. The latter would tend to represent graduate level entry positions into the professional services industry.
- Conversely, 11% of jobs are forecast to be in elementary clerical positions, representing significant employment opportunities for the lower skilled population.
- Diverse occupations, such as ‘culture media and sports’ and ‘skilled construction trades’ are expected to create a combined 4,910 jobs.

Replacement demand – introduction

- An expansion of the labour market (and creation of new jobs) as recorded in the analysis presented in the previous slides (and in official employment data throughout the UK) represents only a fraction of the employment opportunities in the Boroughs over the next decade.
- However, there are many people who leave employment and need replaced, thus not formally creating a 'new job' but presenting an opportunity for someone not currently in employment. Retirement is perhaps the most prominent example of why people leave the labour market and need replaced.
- This is often referred to as 'labour market churn' and tends to be much larger than the headline 'nets jobs created' figure. It also emphasises that skills are required across the economy. For example, whilst the wider professional services sector is expected to be the growth sector over the next decade, and the construction sector is relatively stagnant, the latter will still require people to replace those that leave.
- Not considering replacement demand would underplay the opportunities within the construction (and other) sectors, potentially resulting in both a skills shortage across the Boroughs in longer term and discouraging students who are interested in the sector from pursuing the appropriate skills.

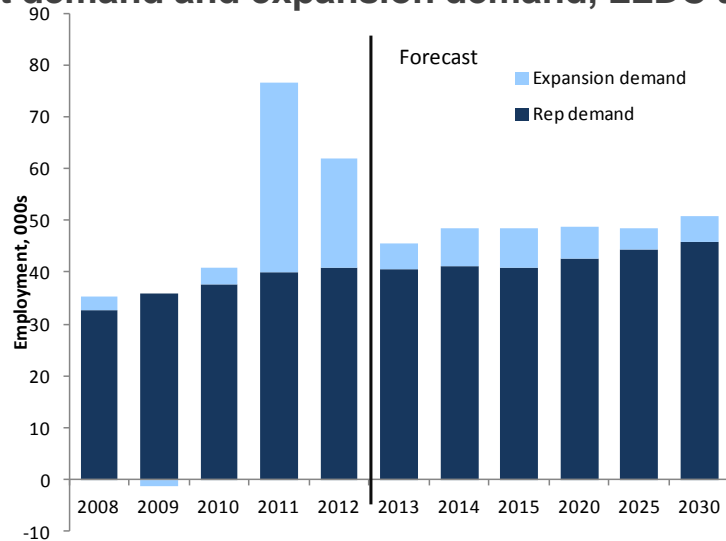
Replacement demand – overview of labour market churn

- People leave the labour market for many reasons, of which retirement is the most commonly quoted example. Others include unemployment, inactivity (looking after the family) and out migration. Analysis of this nature also considers the fact that many people re-enter the labour market from these sources. When netting the two off, we calculate the number of people required to fill positions to keep the labour market at its current levels. When considered together with the new jobs created elsewhere in the report (expansion demand), the combined outcome is referred to as 'net labour demand. Labour market relationships are summarised in the figure below.



Replacement demand – how significant is it?

Replacement demand and expansion demand, LLDC area, 2008 - 2030



Source: Oxford Economics

- Replacement demand averaged 37,400 jobs per annum in the LLDC area between 2008 and 2012. Expansion demand only averaged 15,000 jobs per annum over the same period – and this is largely skewed by significant expansionary employment growth in Tower Hamlets in 2011 and 2012.
- Even in 2009, when the number of jobs fell, there was still net demand for 34,500 new people to fill employment gaps through the need to replace leavers.
- When cumulated over the forecast period, replacement demand is forecast to be almost 6 times greater than expansionary demand.
- Replacement demand is forecast to average 42,800 jobs per annum between 2013 and 2030, representing a new demand of approximately 7.5% of the workforce on an annual basis.

Replacement demand – occupations

Average per annum 2013-2030			
Occupation	Replacement Demand	Expansion Demand	Net Replacement
Corp Managers	4010	1720	5730
Managers, agriculture	760	510	1270
Science & Tech Prof	1210	3210	4420
Health Professionals	40	200	240
Teaching & Research Prof	680	-610	70
Business and Public Serv Prof	2860	880	3740
Science & Tech Associate Prof	330	-1500	-1170
Health & Social Welfare Associate Prof	490	-310	180
Protective Service Occs	20	170	190
Culture, Media and Sports Occs	780	2940	3720
Business and Public Serv Associate Prof	2560	5530	8090
Administrative Occs	4240	-1340	2900
Secretarial & Related Occs	960	-2710	-1750
Skilled Agricultural trades	240	650	890
Skilled Metal & Electrical trades	190	-1670	-1480
Skilled construction & building trades	1430	2610	4040
Textiles, Printing & Other Skilled trades	1230	480	1710
Caring personal service occs	1530	270	1800
Leisure and Other personal service occs	930	-60	870
Sales occs	2850	-2100	750
Customer service occs	180	-690	-510
Process, plant & Machine ops	450	-440	10
Transport & Mobile machine drivers	6730	0	6730
Elementary trades, plant & storage	1150	-240	910
Elementary clerical & services	6730	1390	8120
Total	42580	8900	51480

- Replacement demand is traditionally presented at an occupational level, as it allows prominent trends such as ‘promotion’ to appear.
- Replacement demand is forecast to be highest in the elementary clerical and services occupation, with 6730 people required. When combined with expansion demand (baseline only), we expect 8120 opportunities per annum to be available across the LLDC area between 2013 and 2030.
- Occupations such as health and protective services tend to be more limited replacement demand opportunities as they are ‘whole career’ occupations.
- Overall, net demand for labour will generate an average over 50,000 job opportunities per annum between 2013 and 2030.

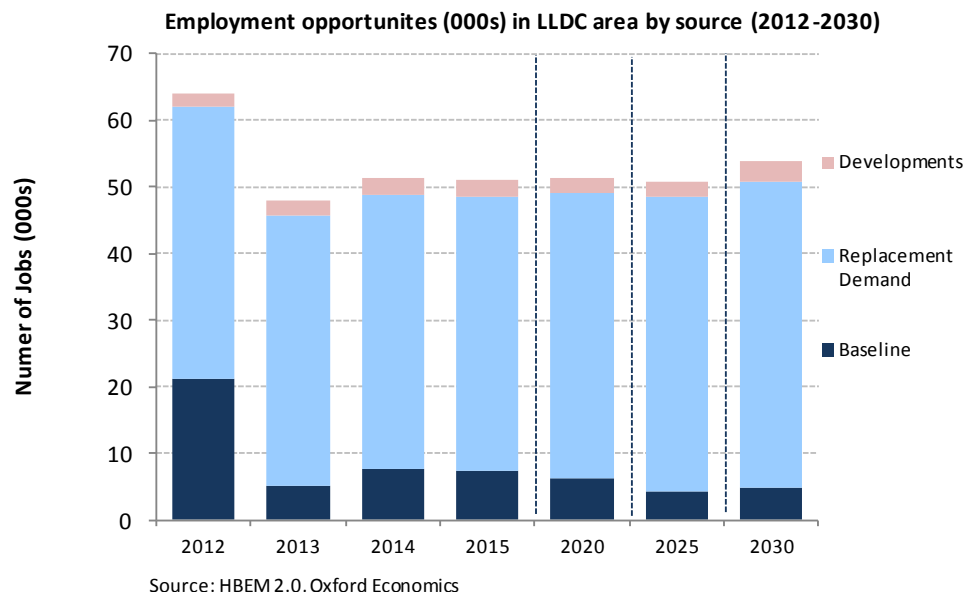
Sources of employment – conclusion

- Future employment opportunities across the 4 Boroughs will come from 3 different sources:
 - **The HBEM baseline:** the ‘business as usual’ outlook (or policy neutral), which forecasts employment in the four Boroughs, not explicitly including the developments;
 - **Developments:** planned employment across the range of ongoing developments in the four Boroughs;
 - **Replacement demand:** the number of opportunities to replace members of the workforce who leave employment, for various reasons (most notably retirement).
- As such, there should be significant job opportunities in the LLDC area between 2013 and 2030.
- However, the labour market is exceptionally competitive and the LLDC area has a significant commuter belt. Striving to ensure that local people – and especially local students / school leavers – get into employment is a significant challenge.
- The next section combines all job opportunities to present a complete employment outlook for the Borough.

Jobs - The complete outlook for the boroughs

Future job opportunities significant...

- Combining all four of the potential employment prospects we can see the increasing job growth in the LLDC area of around 1.2% per annum
- Baseline or “natural” job creation will make up approximately 23% of all jobs opportunities.
- Two thirds of all employment opportunities come from replacement demand or the natural “churn” of those in employment (e.g. retiring, moving elsewhere etc...)
- The development pipeline represents only 11% of employment opportunities in the area by 2030
- The table shows that in on average there could be approximately 52,800 job opportunities across the 4 Boroughs over the next 17 years.



Opportunities by source, LLDC area, 2013 - 2030

	Emp. Opportunities
Baseline	8,060
Replacement Demand	42,500
Developments	2,240
Total	52,800

Source: Oxford Economics

...across a range of sectors...

Employment opportunities by sector, LLDC area, selected year

	2012	2013	2014	2015	2020	2025	2030
C Manufacturing	1030	700	690	640	520	530	910
F Construction	4980	3300	3120	3000	2410	2340	2510
G Wholesale, retail, repair of vehicles	6460	5360	6250	6350	6130	5860	6420
H Transport and storage	2450	1980	2290	2400	1970	1920	2280
I Accommodation and food services	7150	5130	5720	5790	5210	5200	5580
J Information and communication	3390	2380	2660	2620	2230	1960	2060
K Financial and insurance activities	3950	2700	3220	2670	2550	2490	3140
L Real estate activities	1710	1090	1170	1160	1090	1090	990
M Prof, scientific, technical activ.	9800	7220	7390	7300	7330	7410	7080
69: Legal and accounting	3250	2550	2600	2570	2600	2610	2600
70: Activities of head offices; managers	3200	2100	2130	2100	2120	2170	1990
71: Architectural and engineering	1350	930	940	940	940	940	920
72: Scientific research and development	300	230	250	260	290	320	280
73: Advertising and market research	1100	650	680	670	660	670	630
74: Other professional, scientific	540	710	720	700	660	650	620
75: Veterinary activities	60	50	50	50	50	50	60
N Admin and support services	11800	9340	9970	10180	11080	11380	11750
77: Rental and leasing activities	490	300	320	330	370	380	400
78: Employment activities	2080	1810	1940	2000	2220	2300	2360
79: Travel agencies	280	200	220	230	250	250	260
80: Security and investigation activities	1920	1450	1530	1560	1680	1680	1750
81: Services to buildings and land	5310	4110	4360	4430	4680	4700	4970
82: Office admin	1730	1450	1580	1640	1890	2060	2030
O Public admin and defence	1300	1060	990	1020	1440	1470	1610
P Education	1830	2230	2050	2000	2520	2530	2710
Q Health and social work	2560	2780	2640	2650	3310	3250	3300
R Arts, entertainment and recreation	1910	1340	1580	1660	1670	1590	1720
S Other service activities	1410	1360	1630	1710	1730	1730	1860
Total	62070	48140	51560	51310	51390	50950	54160

Source: HBEM 2.0, Oxford Economics

- Almost 35% of jobs will be created in professional services and admin / support service sectors between 2013 and 2030
- At a more granular level, activities of head offices, legal services and accounting (both professional) and the servicing / landscaping of buildings are expected to create the majority of opportunities
- In total employment terms, professional services is also set to grow strongest over the forecast period and by 2030 will move from the 5th to 3rd largest employer overall.
- Less than 1,000 job opportunities a year will be created in manufacturing but there will be an average of 3,000 job opportunities per annum in the construction sector.

...and occupations

- At present, almost 16% of all employees in the LLDC area are corporate managers
- This occupational grouping are expected to create 11% of the opportunities by 2030. Jobs such as these are unlikely to be taken by new graduates or reduce youth employment.
- However, the trend suggests that people enter the corporate managers profession from other occupations (inter-job mobility – or promotion) and thus creates opportunities for graduates and the young unemployed in more suitable occupations.
- For example, elementary clerical sectors can be expected to create significant – averaging over 7,000 employment opportunities - over the period; this is a popular entry route to professional services employment.

Employment opportunities by occupation, LLDC area, selected year

	2012	2013	2014	2015	2020	2025	2030
Corp Managers	7380	5230	5770	5550	6280	5300	5630
Managers, agriculture	1350	920	1170	1210	910	950	1050
Science & Tech Prof	3100	2420	2540	2490	2070	1690	1770
Health Professionals	180	150	160	140	50	90	80
Teaching & Research Prof	520	620	570	530	880	830	910
Business and Public Serv Prof	4660	3480	3580	3480	2850	3550	3860
Science & Tech Associate Prof	220	-30	-70	-130	250	240	230
Health & Social Welfare Associate Prof	340	320	350	370	510	620	670
Protective Service Occs	0	-40	-40	-20	70	40	50
Culture, Media and Sports Occs	2870	1840	2030	1990	1230	1310	1410
Business and Public Serv Associate Prof	6020	4670	5060	4920	3870	3790	4120
Administrative Occs	5190	4050	4240	4130	4450	4660	4900
Secretarial & Related Occs	2150	1600	1620	1550	1520	1610	1670
Skilled Agricultural trades	490	320	340	320	210	300	340
Skilled Metal & Electrical trades	190	-20	30	10	400	50	180
Skilled construction & building trades	3410	2530	2440	2370	2220	1780	1760
Textiles, Printing & Other Skilled trades	1670	1230	1390	1460	1640	1360	1390
Caring personal service occs	1440	1560	1550	1570	1620	1760	1900
Leisure and Other personal service occs	960	720	870	920	1090	1130	1300
Sales occs	2960	2190	2630	2670	3100	2890	2990
Customer service occs	370	220	250	270	280	160	190
Process, plant & Machine ops	630	380	370	450	530	440	410
Transport & Mobile machine drivers	6400	6140	6520	6660	7310	7330	7790
Elementary trades, plant & storage	1440	1170	1190	1170	1260	1200	1170
Elementary clerical & services	8150	6410	7070	7200	6800	7850	8400
Total	62090	48080	51630	51280	51400	50930	54170

Source: HBEM 2.0, Oxford Economics

The SIC-SOC relationship

- There is a clear relationship between sectors and occupations. The table below shows a cross section of occupations by sectors for 2012 (the table uses broad sectors and occupations for display purposes).
- Perhaps the more obvious trends include the high percentage of sales occupations that make up the retail sector as well as skilled trades in construction and caring/leisure occupations in human health and social work activities. Perhaps the lesser recognised trends are the diversity of corporate managers and associate professional occupations across sectors
- Notably, the high value sectors that are set to drive employment in the LLDC area over the forecast period contain a significant number of low experience – highly skilled jobs – particularly attractive to graduates in the area.

Sectors	Occupations									
	Managers / senior	Professional	Associate prof	Admin / secretarial	Skilled trades	Caring / leisure	Sales /customer service	Process / plant	Elementary	
Manufacturing	4%	2%	2%	3%	8%	0%	1%	5%	2%	
Construction	5%	3%	1%	4%	42%	1%	0%	8%	4%	
Wholesale and retail trade	14%	3%	6%	10%	7%	1%	78%	14%	9%	
Transportation and storage	3%	1%	3%	5%	2%	9%	2%	47%	7%	
Accommodation and food service activities	9%	0%	1%	4%	19%	2%	8%	9%	26%	
Information and communication	8%	12%	17%	2%	4%	0%	1%	1%	1%	
Financial and insurance activities	15%	7%	11%	8%	0%	0%	0%	0%	0%	
Real estate activities	3%	1%	2%	3%	0%	1%	2%	0%	1%	
Professional, scientific and technical activities	13%	27%	16%	16%	2%	1%	1%	2%	2%	
Administrative and support service activities	9%	3%	9%	10%	9%	9%	2%	5%	34%	
Public administration and defence	2%	5%	8%	10%	1%	3%	0%	1%	3%	
Education	1%	20%	3%	5%	1%	25%	0%	3%	4%	
Human health and social work activities	7%	11%	12%	13%	2%	35%	1%	2%	2%	
Arts, entertainment and recreation	3%	2%	8%	4%	2%	2%	2%	0%	3%	
Other service activities	2%	4%	2%	4%	2%	12%	1%	2%	2%	

Source: NOMIS, HBEM 2.0, Oxford Economics

Granularity – what jobs are available?

Top 10 occupations by average employment growth, LLDC area, 2013 - 2030		
Rank	SOC-SIC Name	% of total opportunities
1	Corporate Managers in Financial and Insurance Activities	5.5%
2	Clerical positions in Admin and Support Services	4.6%
3	Associate Professionals in Financial and Insurance Activities	4.4%
4	Skilled Construction workers in the Construction Sector	3.4%
5	Sales Assistants in the Wholesale and Retail Trade	3.2%
6	Teachers in the Education Sector	3.1%
7	Culture, Media and Sports Occupations in the Information and Communication Industry	2.7%
8	Business Professionals in Professional, Scientific and Technical Services	2.6%
9	Personal Service Occupations in the Health and Social Work Sector	2.2%
10	Clerical Positions in Services to Buildings and Land	2.1%

Source: Oxford Economics

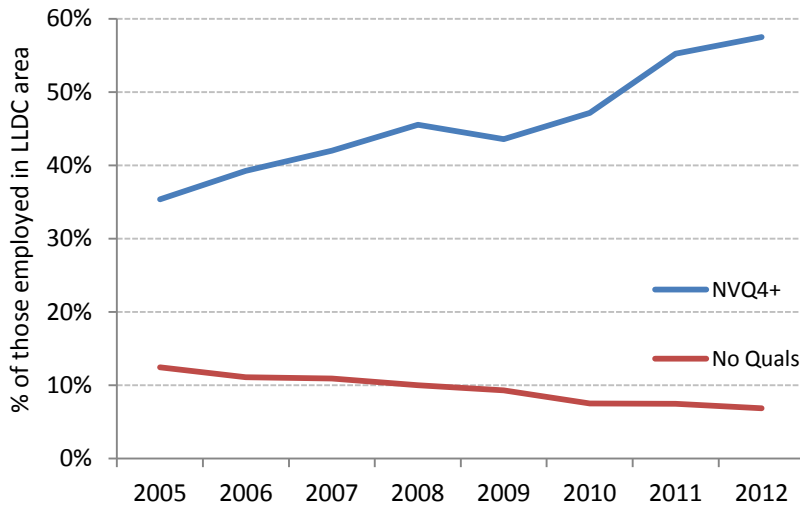
- When combining employment opportunities by both sector and occupation we can see that overall corporate managers in financial and insurance activities make up the biggest individual proportion of future employment opportunities in the LLDC area (most likely driven by Tower Hamlets).
- Most of the Top 10 occupations by sector between 2012 and 2030 require medium to highly skilled employees whilst for the others it is likely to be a strong advantage
- However, the variance in total employment amongst the top 10 is low suggesting a variety of opportunities across sectors and occupation classes

The skills position – high and low

Skill levels of Employees - LLDC Area	2012	2013	2014	2015	2020	2025	2030
NVQ 4+	287990	293550	300840	308870	335630	354910	372720
NVQ 3	75700	76270	77370	78570	83660	87280	90410
NVQ 2	61950	62300	63030	63830	67790	70590	72940
NVQ 1	42760	42990	43510	44120	46670	48680	50370
Other	75550	73410	71830	70390	72790	73040	72800
No qualifications	36780	35220	34020	32910	33470	33020	32400
Total	580740	583740	590610	598680	639980	667510	691620

Source: HBEM 2.0, Oxford Economics

% of employed in LLDC area by skill level 2005-2012



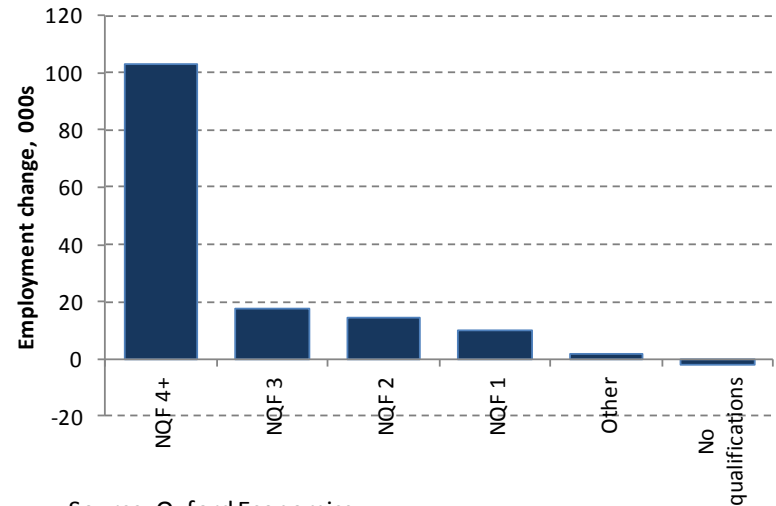
Source: NOMIS

- In 2012, 58% of employees in the LLDC area have qualifications of NVQ4+ or above. This demand for highly skilled labour has risen by over 20% in the past 7 years. Over the same period the demand for employees with no qualifications has fallen by 5%
- As current trends in the LLDC area move towards further high value added sectors, this demand is set to increase. We forecast that 54% of all employees in the LLDC area will have NVQ4+ qualifications by 2030. Conversely, only 5% of employees will have no qualifications.
- Meeting this demand with local supply is key, as should demand out pace supply, employers may have to look outside the LLDC area for skilled employees

The skills position – mid tier

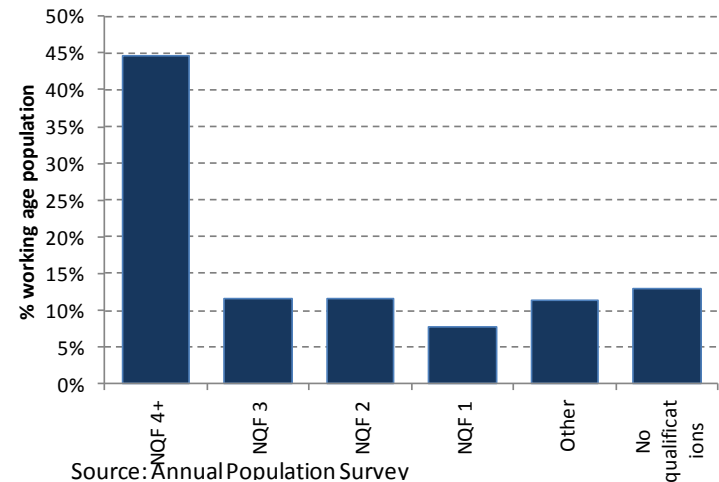
- Whilst the majority of strategic analysis is traditionally focussed on the upper and lower skill levels, mid tier skills should not be overlooked.
- We forecast an additional 43,000 people with NQF1 – NQF 3 skill levels will be required in the LLDC area by 2030.
- At present, over 31% of the working age population (200,000 people) has a maximum of formal mid-tier qualifications.
- Mid-tier qualifications provide the appropriate opportunity for those with no formal qualifications to aspire to; as noted in slide 10, an increase from no formal qualifications to even an NQF 1 qualification increases the propensity of being in employment by an average of 6 percentage points.
- Ensuring demand for mid-tier skills can be met locally is an important policy message for the LLDC area.

Employment change by skill level, LLDC area, 2012 - 2030



Source: Oxford Economics

Working age population by skill level, LLDC area, 2012



Source: Annual Population Survey

Sourcing labour locally

Sourcing local labour supply

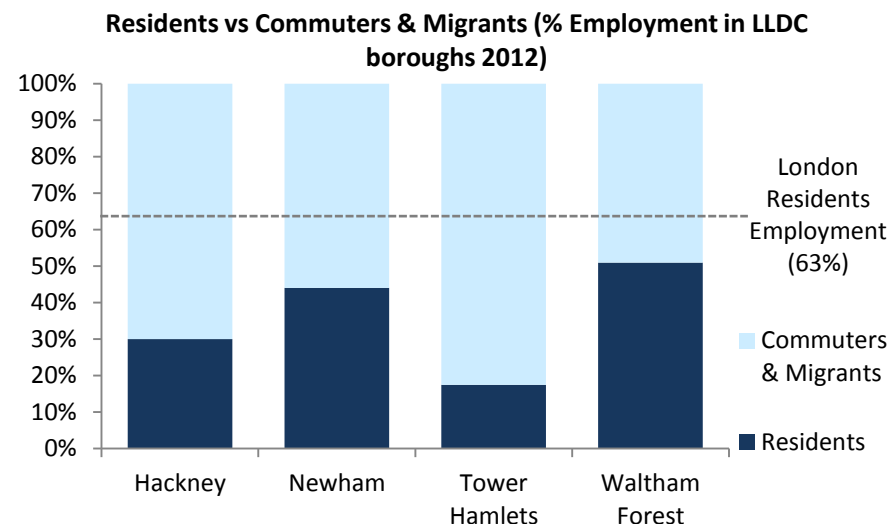
- This section provides an overview of current employment sourcing trends in the LLDC area
- In particular, we examine the relationship between labour supply from locals, commuters and migrants.
- To this end, we analyse current trends within graduate labour supply, using Higher HESA data to evaluate the quantity of local graduates taking up their first employment within the LLDC area and where those who do graduate from the universities in the LLDC area take their first job.
- Ultimately, our aim is to reconcile both of these trends to give an indication of the potential or feasibility of attracting local HE graduates to remain in the local area.

Current labour trends – locals, commuters and migrants

- Currently, across the LLDC areas the majority of employment is taken by both commuters and migrant workers
- Areas such as Tower Hamlets in particular employ a minor amount of the local labour pool with less than 1 in 5 jobs going to local workers. This is well recognised trend.
- However, on average, less than half of all jobs created in the LLDC area go to residents in the area.
- By comparison, London overall has 63% of employment sourced locally some 13 percentage points above the LLDC average

	Residents	Commuters	Migrants
Hackney	30.0%	61.6%	8.4%
Newham	44.0%	47.7%	8.3%
Tower Hamlets	17.5%	78.2%	4.3%
Waltham Forest	51.0%	43.8%	5.2%

Source: HBEM 2.0, Oxford Economics

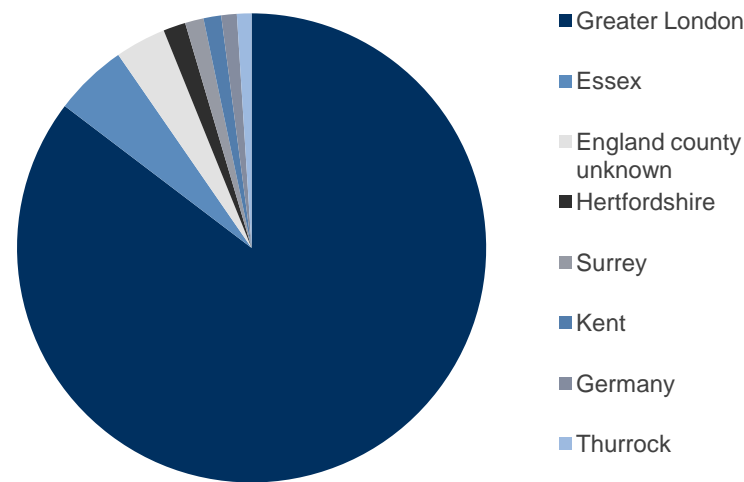


Graduate labour supply within the LLDC area

- Graduates of universities within the LLDC area should provide an important source of future employment within the four boroughs – due to the high skill-low experience nature of the bulk of opportunities
- Overall, over half of new graduates of these universities find their first employment within Greater London which is almost 17 times greater than the next largest destination – Essex
- The key to any future local labour force job obtainment will be through retaining these graduates within the four boroughs.

University	Borough
University of East London (Stratford and Docklands Campus)	Newham
University of London (Birkbeck - Stratford Campus)	Newham
Queen Mary (University of London)	Tower Hamlets
London Metropolitan University	Tower Hamlets

Top 8 Destinations of graduates from LLDC area universities (2009)

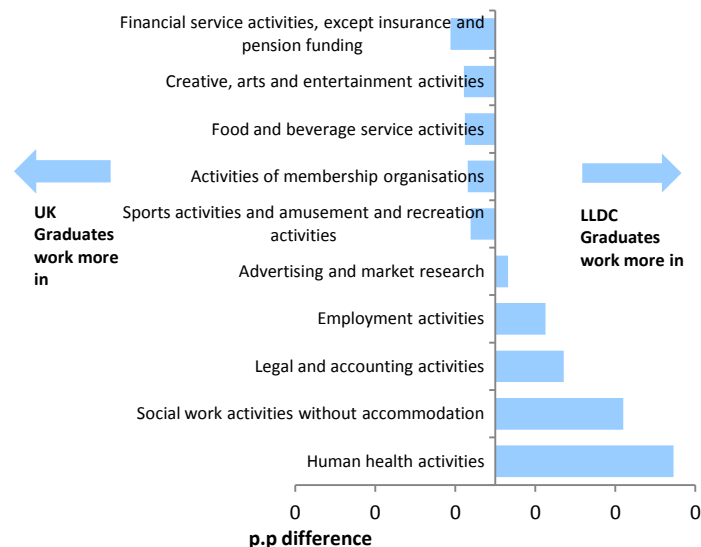


Source: HESA

Graduate labour supply by industry and occupation

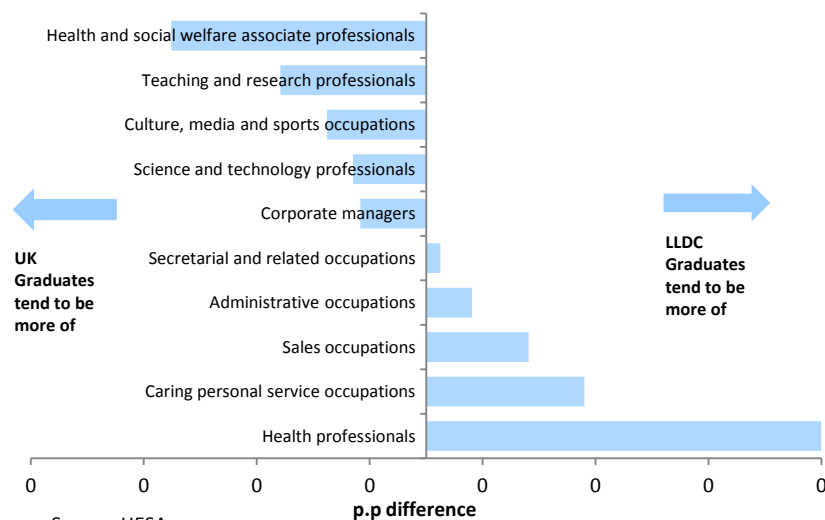
- At a granular level, more graduates from LLDC universities tend to be employed in areas such as Human health activities relative to UK graduates overall
- Likewise, health professionals make up the bulk of graduate destinations – due in part to the location of Queen Mary’s school of Medicine and Dentistry located in the area
- However, there tends to be less LLDC graduates relative to the rest of the UK who take their first job in the sectors which currently make up the bulk of employment in the LLDC area
- Therefore there appears to be a mismatching of skills which could partly explain the low graduate retention and therefore high skilled labour, within the LLDC area

Graduate's First Employment by Selected Industries (2009) LLDC vs UK



Source: HESA

Graduate's First Employment by Selected Occupations (2009) LLDC vs UK



Source: HESA

Implications of sourcing labour locally

- There are a wealth of graduates available from LLDC area universities
- Sourcing more jobs from the local labour force and retaining these graduates within the LLDC area are complementary policy aims.
- However, it may be more complex than simply retaining these highly skilled individuals given the disparity between the skills gained during education and the current opportunities available in the LLDC area.
- As it is difficult particularly within this recessionary climate to choose which sectors to grow – educating potential graduates of the future as to the employment opportunities likely to be created within the area is to be welcomed in order to increase the local labour supply.
- Inevitably however, highly skilled people will generally find employment quickly and all skills are to be welcomed with in order to cultivate a diverse labour force within the four Boroughs
- In addition to working with local graduates, there will be a significant requirement for those with mid-tier skills, and as such, working with local FE colleges should not be overlooked.

Conclusions

Conclusion

- The LLDC area has been growing strongly over the past 5 years, creating 62,600 new jobs between 2007 and 2012, a growth of 13%. Of this employment growth, almost one quarter (15,000 jobs) were part time.
- The majority of this growth – 60% - has been in the wider business services sector (admin & support, professional, scientific services and info & comms). In addition, over 7,000 jobs have been created in the accommodation & food sector.
- Conversely, there are expected to be 165,000 additional 5 – 18 year olds in the four Boroughs between 2012 and 2030.
- This analysis focuses on future employment opportunities across the four Boroughs, considering baseline ‘business as usual’ growth, the impact of the ongoing developments and replacement demand.
- When considering replacement demand, we forecast that there will be 52,800 employment opportunities per annum on average. Almost two thirds of these would come from replacement demand (labour market churn). However, the majority of these are likely to be realised post 2020.

Conclusion (2)

- However, the labour market is exceptionally competitive and the LLDC area has a significant commuter belt. Striving to ensure that local people – and especially local students / school leavers – get into employment is a significant challenge.
- The analysis suggests that skills – particularly those at the higher end – will become increasingly important by 2030; there will be a demand for an additional 84,700 people with degree or above skills, 43,000 with mid tier qualifications (NQF 1, 2 & 3) and conversely, a fall of 4,400 in those with no formal qualifications.
- Set against the context of the skills position in the LLDC area – which is sufficient at the high end but lagging at the lower end – this provides a significant challenge in the quest to source employment locally. There is however, a reasonable stock of mid-tier qualified residents (over 30% of residents have a middle level qualification).
- The majority of graduates from local universities do remain in Greater London, but unfortunately we can break this down no further to examine whether they remain truly local.
- Whilst the majority of the focus is on the highest and lowest levels qualification levels, there will be demand for 43,000 mid-tier skilled workers. This represents a promising opportunity for those with no formal qualifications to aspire to.

Conclusion (3)

- The key message to be portrayed from this work is that we forecast significant employment opportunities in the LLDC area and education pays; skills are in demand in the LLDC area and ensuring the young people attain the required skills is key in ensuring they become the local labour force of tomorrow.

Annex A - Developments

Summary of economic developments included – growth hubs

Development name	Borough	Gross direct jobs (total), 2030	Sectors
Wood Wharf	Tower Hamlets	25,000	Finance, professional, admin & support
Queen Elizabeth Olympic Park - iCITY	Hackney	3,600	Wholesale & retail, transport, accommodation, info & comms, finance, real estate, professional, admin & support, education, health, arts / entertainment, other services
QE Olympic Park – Legacy Communities Scheme	Newham (mainly)	4,421	Wholesale & retail, transport, accommodation & food, info & comms, admin & support, arts / entertainment, other services
The International Quarter	Newham	26,200	Professional services, admin & support, wholesale & retail, arts / entertainment

Summary of economic developments included - other

Borough	Projects	Gross jobs (total) in 2030	Sectors
Newham	Royal Docks, Canning Town, Custom House	7,800	Manufacturing, wholesale & retail, transport, accommodation, info & comms, finance, real estate, professional, admin & support, arts / entertainment, other services
Tower Hamlets	Ocean Estate, Blackwall Reach, Tesco District Centre, Sugar House Lane, Neptune Wharf	3,676	Wholesale & retail, accommodation, info & comms, finance, real estate, professional, admin & support, arts / entertainment
Waltham Forest	Blackhorse Lane	1,000	Wholesale & retail, accommodation, info & comms, finance, professional, admin & support, arts / entertainment, other services

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