

This is a blank page.

06



- London's workforce is generally younger than that of the United Kingdom as a whole. In spring 2002 the proportion of the labour force aged between 25 and 34 stood at 31 per cent in London compared with a UK average of 23 per cent.
- Between 1991 and 2001, the number of employee jobs in the financial and business services industry in London increased by more than a half to 1.3 million.
- In 2001 Newham and Tower Hamlets had the lowest employment rate not just in London but in the whole of Great Britain at 54 per cent.

06: Labour market



- London had a higher proportion of self-employed people than the UK average in spring 2002 (13.3 per cent compared with 11.3 per cent).
- Men in London were more likely to work part-time than those in the United Kingdom overall, while women were less likely to do so.
- The unemployment rate in London stood at 6.9 per cent in spring 2002, one of the highest rates in the United Kingdom and 1.6 percentage points higher than the national average.
- In April 2002 the gross weekly earnings of full-time non-manual employees in London were on average 33 per cent higher than the UK as a whole for men, while the difference for women was 30 per cent.

The previous chapter examined the economy of London in respect of production levels and business enterprises. This chapter explores the human dimension of economic activity in the form of employment, unemployment and earnings.

Data from the Labour Force Survey in this chapter cover people who live in London, while the employer surveys cover those who work in London. As London has high levels of commuting across the regional boundary, these groups may have some different characteristics. In addition, the LFS counts people in employment while the employer surveys count jobs. See Notes and Definitions.

Employment

In spring 2002, 71 per cent of the working-age population (16 to 64 for men and 16 to 59 for women) in London were in employment. This was lower than the United Kingdom figure of 74 per cent. The number of people of all ages who were in employment in London stood at 3.4 million.

Table 6.1 shows the composition of employment of people living in London. The main difference between the current composition in London and in the United Kingdom as a whole is that London has a higher proportion of self-employed people and consequently proportionally fewer employees. As the economy grew in the late 1980s, so the number of employees living in London increased. However, London suffered more severely from the recession of the early 1990s than the United Kingdom as a whole, and employment fell. Since then there has been a recovery, and by spring 2002 there were 3.0 million employees in London.

London had a higher proportion of self-employed people than the national average in spring 2002 (13.3 per cent compared with 11.3 per cent). The proportion of people in work who were self-employed has remained fairly

Table 6.1

Components of employment¹

					Percentages and thousands
		Employees	Self-employed	Others in employment ²	Total in employment (=100%) (thousands)
Males					
London					
1997		81.3	17.7		.. 1,683
2002		82.2	17.5		.. 1,851
United Kingdom					
1997		82.0	16.8	1.2	14,276
2002		84.0	15.4	0.6	14,819
Females					
London					
1997		90.8	8.1		.. 1,462
2002		90.9	8.4		.. 1,572
United Kingdom					
1997		91.4	7.2	1.4	11,992
2002		92.6	6.5	0.9	12,746

¹ At spring each year, not seasonally adjusted.

² Covers people on government-supported employment and training schemes, and unpaid family workers.

Source: Labour Force Survey, Office for National Statistics

Figure 6.2

Employees and the self-employed^{1,2}



¹ At spring of each year, not seasonally adjusted.

² As percentage of total in employment.

Source: Labour Force Survey, Office for National Statistics

constant in London over the last 5 years, while in the United Kingdom as a whole it has fallen slightly (Figure 6.2). There were 455,000 self-employed people in the capital in spring 2002 – this was 39,000 more than 5 years ago (a 9 per cent increase). Men were much more likely to be self-employed than women. Some 17 per cent of male workers were self-employed, compared with 8 per cent of women.

The labour market in the United Kingdom has become more flexible in recent years although the flexibility varies with the economic cycle. Part-time work, second jobs, job sharing, shift working, flexitime and also fixed-term or temporary contracts are now more common. Women workers remain much more likely than men to work part-time (Table 6.3). Around a third of female workers in London worked part-time in spring 2002, a similar proportion to 1997. This compared with just over a tenth of male workers. In London, male workers were more likely to work part-time than those in the United Kingdom overall, while female workers were less likely to do so.

Industrial and occupational composition

London has a unique industrial structure, as detailed in the previous chapter. This is reflected in the composition of the capital's GVA (Gross Value Added), which provides a measure of the value of goods and services produced within the region and an indication of the region's competitiveness. London's employment structure follows a similar pattern to output: in particular, the financial and business services sector is the largest contributor to employee jobs as well as to GVA. The decline in manufacturing jobs between 1991 and 2001 was steeper in London than nationally. The number of jobs in this sector fell by nearly one fifth in London to 260,000, more than the proportional decline for Great Britain (down 13 per cent to 3.6 million in 2001). This was offset by a

Table 6.3

Part-time working^{1,2}

		Percentages	
		London	United Kingdom
Males			
1997		11.5	9.0
2002		11.2	9.5
Females			
1997		34.6	44.8
2002		33.8	44.1

1 At spring each year, not seasonally adjusted. Based on respondents' own definition of part-time.

2 Part-time workers as percentage of total in employment.

Source: Labour Force Survey, Office for National Statistics

sharp increase in jobs in the financial and business services industry, particularly in London, where the number of employee jobs increased by more than a half to 1.3 million (Table 6.4).

This chapter so far has treated London as a single unit. However, it should be noted that there are considerable variations between London's boroughs (Maps 6.5 and 6.6). Employee jobs in the manufacturing industries are most

prevalent in Barking and Dagenham, traditionally a centre of the motor industry. In 2001 it was the only borough to have a higher proportion (21 per cent) of employee jobs in the manufacturing sector than the average for Great Britain as a whole (14 per cent). The next highest – the boroughs of Bexley, Brent and Merton – are also in Outer London. In contrast, the service sector is heavily concentrated within Inner London – the highest percentages were in the City, Kensington and

Table 6.4

Industrial composition¹ of employee jobs

	Percentages and thousands			
	London		Great Britain	
	1991	2001	1991	2001
Agriculture, hunting, forestry & fishing	0.1	0.1	1.4	1.0
Mining & quarrying; Electricity, gas & water	1.0	0.3	1.7	0.8
Manufacturing	9.9	6.5	19.3	14.2
Construction	3.7	3.3	4.7	4.5
Distribution, hotels & catering, repairs	20.2	22.2	21.9	24.3
Transport, storage & communication	9.3	8.0	6.3	6.1
Financial & business services	26.5	33.0	15.6	19.6
Public administration & defence	7.9	5.1	6.5	5.2
Education, social work & health services	15.6	14.4	18.6	19.1
Other	5.9	7.1	4.1	5.2
Whole economy (=100%) (thousands)	3,255	4,015	21,576	25,456

1 At September each year. Figures are based on Standard Industrial Classification 1992. See Notes and Definitions.

Source: Census of Employment and Annual Business Inquiry, Office for National Statistics.

Chelsea, Westminster and Wandsworth. Barnet, Kingston upon Thames and Hounslow were the only boroughs in Outer London with more than 90 per cent of employee jobs in service industries in 2001.

There are also wide variations in employment rates between boroughs. Table A6.1 in the Appendix shows the working-age employment rate by borough. In 2001 Newham and Tower Hamlets had the lowest employment rate not just in London but in the whole of Great Britain at 54 per cent. At the other end of the scale Sutton had an employment rate of 82 per cent.

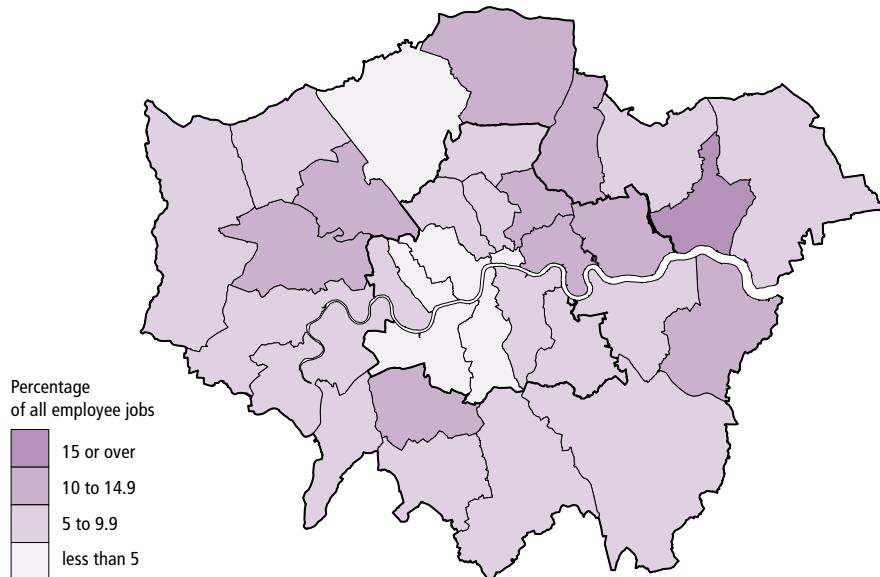
Considering that a third of employee jobs in London are in financial and business services, it is unsurprising to find a large percentage of London employees in professional, associate professional and technical jobs (Table 6.7). Comparisons between men and women show much the same contrasts in London as exist in the United Kingdom as a whole. In the professional, associate professional and technical jobs, the proportions of women and men are similar, while the proportion of women in managerial and senior officials jobs is still significantly lower than that for men.

Earnings

Average earnings in London have traditionally been higher than in the country as a whole. Table 6.8 shows that this continues to be the case, although the size of the differential varies by type of work and by sex. In April 2002 the gross weekly earnings of full-time manual employees in London were on average 12 per cent higher than the UK as a whole for men, while the difference for women was 17 per cent. The equivalent differences for non-manual employees were 33 and 30 per cent respectively. The earnings gap between London and the UK average was even more striking among the highest earning non-manual males, with the top 10 per cent of the earners in

Map 6.5

Employee jobs in manufacturing industries¹, 2001

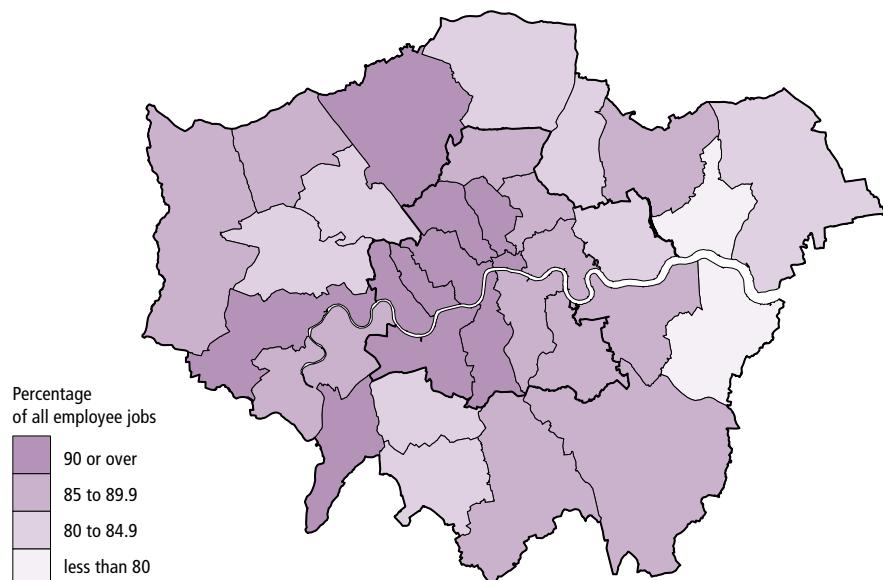


¹ Based on Standard Industrial Classification 1992.

Source: Annual Business Inquiry, Office for National Statistics

Map 6.6

Employee jobs in service industries¹, 2001



¹ Based on Standard Industrial Classification 1992.

Source: Annual Business Inquiry, Office for National Statistics

London earning more than £1,408 per week compared with £1,007 in the UK as a whole. The proportion of employees earning below £200 a week was lower in London than the UK for all categories of employees. However, nearly a fifth of women in full-time manual work in London earned less than £200 per week. The difference in non-manual earnings between London and the UK partly reflects the high salaries paid in financial and business services, which are concentrated in London. It also reflects the fact that London residents tend to have higher costs for some outgoings than people in other parts of the country, particularly for housing and transport, as discussed in Chapter 8. Salaries in the capital often include an extra allowance for this reason.

Table 6.9 shows earnings for individual occupational groups. Among men, the earnings gap between London and Great Britain ranged from those in associate professional and technical occupations in London earning 36 per cent more than those in the country as a whole, to a differential of 5 per cent for those in sales occupations. The highest differential between women in London and Great Britain was in clerical and secretarial occupations at 27 per cent. Those occupations classified as 'other' had the lowest differential at 15 per cent.

In all of the broad occupational groups, male earnings exceeded female earnings in both Great Britain and London. Although male and female earnings in the capital were broadly similar in clerical and secretarial occupations, the gap was more than 50 per cent for managers and administrators. The differential was also high for personal and protective service occupations at 45 per cent, and for plant and machine operatives and associate professional and technical occupations, at 42 per cent.

Table 6.10 looks at the average weekly hours worked by full-time employees in London and the UK. Full-time employees

Table 6.7

Occupations of employees, spring 2002

	Percentages and thousands ¹			
	Males		Females	
	United	United	London	Kingdom
Managers and Senior Officials	21.8	18.2	12.3	9.0
Professional Occupations	15.3	12.5	13.6	10.4
Associate Professional and Technical	16.8	13.7	16.7	13.5
Administrative and Secretarial	8.0	5.9	25.7	23.6
Skilled Trades Occupations	9.9	16.2	1.2	1.8
Personal Service Occupations	2.9	2.2	10.3	13.1
Sales and Customer Service Occupations	5.6	4.8	10.2	12.5
Process, Plant and Machine Operatives	6.5	13.2	1.0	2.9
Elementary Occupations	13.2	13.2	9.1	13.1
All employees ² (=100%) (thousands)	1,521	12,452	1,429	11,805

¹ Percentages are calculated on data which are not consistent with 2001 Census population data.
Thousands are consistent with the 2001 Census.

² Includes those who did not state their occupation, but percentages are based on totals that exclude this group.

Source: Labour Force Survey, Office for National Statistics

in London worked fewer paid hours than those in the UK as a whole, but the differential was small and has not changed much in over 20 years. Men worked longer hours than women partly because they did more paid overtime, though men in London worked less paid overtime than across the UK overall. It should be noted that the figures in the table are from the New Earnings Survey and include paid overtime only. According to the Labour Force Survey, in spring 2002 full-time male employees in London usually worked an average of nearly 5 hours of unpaid overtime a week, an hour longer than the UK average. Women on average work more unpaid overtime than men, which is probably related to the greater proportion of women who work in non-manual occupations – the practice of working unpaid hours is recognised as being more prevalent in these occupation types. In addition to this, Londoners spend more time travelling to work than people in any other region. The average time spent travelling from

home to work in Great Britain was 25 minutes in autumn 2001. For Londoners, it was 43 minutes.

Unemployment

Unemployment is linked to the economic cycle, although there is a time lag. Broadly speaking, as the country experiences economic growth unemployment falls. Conversely, as the economy slows and goes into recession so unemployment tends to rise. Unemployment in the United Kingdom is measured using the definition agreed by the International Labour Organisation (ILO) – see Notes and Definitions. The administrative count of those claiming unemployment-related benefits (Jobseeker's Allowance) is also published and is known as the claimant count.

Over the last 5 years, the unemployment and claimant count figures have followed similar trends in terms of accelerations, decelerations and cyclical turning points (Figure 6.11).

Unemployment is consistently higher than the claimant count, mainly because not all unemployed people claim benefits. In spring 2002 unemployment in London stood at 247,000 (seasonally adjusted), some 6.9 per cent of the economically active working-age population. This compared with a claimant count of 167,000 people (3.6 per cent) in April 2002.

Since the 1990s the unemployment rate for London has been higher than the national average. The rate in London stood at 6.9 per cent in spring 2002, one of the highest rates in the United Kingdom and 1.6 percentage points higher than the national average. However, unemployment has fallen over the last 5 years in line with the UK as a whole. In spring 1997 nearly one in ten of London's workforce was unemployed.

Not surprisingly, there is considerable variation in the unemployment rate between the boroughs. For those boroughs where a rate can be reliably estimated, the annual average from March 2001 to February 2002 ranged from 3.9 per cent in Bromley and 4.1 per cent in Hillingdon to 12.3 per cent in Tower Hamlets and 12.2 per cent in Hackney (Table A6.1 in the Appendix).

All minority ethnic groups in London had higher unemployment rates than the White group in spring 2002 (Table 6.12). However, there are large differences in unemployment rates within some of the groups shown. For example, within the Asian or Asian British group the unemployment rate of those of Pakistani and Bangladeshi origin is over two and a half times higher than among the Indian origin group.

In October 2002 there were around 165,000 people claiming unemployment-related benefits in London, nearly three quarters of them men (Table 6.13). Men were also more likely than women to have been claiming unemployment-related benefits for over a year – over 20 per cent of male and 15 per cent of female

Table 6.8**Gross weekly earnings¹, April 2002**

	Average gross weekly earnings (£)	£ per week and percentages						
		10 per cent earned		Percentage earning under				
		Less than (£)	More than (£)	£200	£250	£350	£460	
United Kingdom								
Males								
Manual	366.6	218.1	541.8	6.2	18.4	52.9	79.6	
Non-manual	608.7	259.2	1,007.0	2.8	8.7	24.1	42.7	
Females								
Manual	250.3	160.8	363.6	33.3	59.8	88.0	96.7	
Non-manual	404.0	208.5	635.8	7.9	22.3	50.3	70.5	
London								
Males								
Manual	409.1	234.1	623.5	4.7	13.4	42.0	70.1	
Non-manual	806.7	311.2	1,408.0	1.5	4.6	14.2	28.1	
Females								
Manual	292.8	172.3	440.8	18.1	42.3	76.9	91.6	
Non-manual	523.5	263.9	819.8	3.1	8.2	28.7	51.3	

¹ Data relate to full-time employees on adult rates whose pay for the survey pay-period was not affected by absence.

Source: New Earnings Survey, Office for National Statistics

Table 6.9**Average gross weekly earnings¹: by occupational group, April 2002**

		£ per week			
		Males		Females	
		London	Great Britain	London	Great Britain
Managers and administrators	1030.0	784.4	661.8	528.7	
Professional	825.6	679.7	673.5	562.2	
Associate professional and technical	790.5	581.9	558.5	447.8	
Clerical and secretarial	380.5	328.1	377.1	298.0	
Craft and related	472.7	404.6	..	276.6	
Personal and protective services	463.5	396.1	319.6	267.7	
Sales	416.7	395.4	320.3	274.2	
Plant and machine operatives	436.7	372.2	307.9	264.6	
Other	344.9	315.4	265.4	230.2	
All occupations	704.8	513.8	503.6	383.4	

¹ Data relate to earnings of full-time employees on adult rates whose pay for the survey pay-period was not affected by absence.

Source: New Earnings Survey, Office for National Statistics

claimants had been doing so. For both men and women, the proportions rose with age – 37 per cent of male and 30 per cent of female claimants aged 50 or over had been unemployed and claiming benefits for over a year.

Until December 2002 the claimant count rate for London boroughs and other small areas was calculated by measuring claimants as a percentage of all jobs plus claimants in an area. As commuting is an important feature of the London labour market these "workplace-based" rates could be distorted when there was significant commuting to work into or out of an area. From January 2003 the claimant count rate for local authorities has been calculated as the proportion of the working-age population resident in an area who are claimants. The effects of commuting do not distort these "residence-based" rates. However, such rates are not consistent with the workplace-based rates that are published for London or the UK as a whole. (See Chapter 10 for more information on commuting both into and out of London.)

New Deal

The percentage of young people who are unemployed and claiming benefits is disproportionately high. In October 2002 over a fifth of all Jobseeker's Allowance claimants in London were under the age of 25.

In April 1998 the Government introduced the New Deal for Young People as part of the Welfare to Work strategy. The aim of the scheme was to help young people who have been unemployed and claiming Jobseeker's Allowance for six months or more to find work and to improve their longer-term employability.

From the beginning of the scheme in 1998 up to the end of 2002 there were 140,000 starts in London on the New Deal for people aged 18 to 24, with 40,300 of the leavers entering sustained

Table 6.10

Average weekly hours¹ of full-time employees²

	Hours			
	Males		Females	
	Total including overtime	Overtime	Total including overtime	Overtime
United Kingdom				
1979 ³	43.2	4.5	37.5	0.6
1989 ⁴	42.3	4.0	37.6	1.0
1999 ⁴	41.4	2.8	37.5	0.8
2002 ⁴	40.9	2.4	37.4	0.7
London				
1979 ³	42.1	4.1	37.3	0.7
1989 ⁴	40.7	3.3	37.2	1.0
1999 ⁴	40.2	2.0	37.2	0.7
2002 ⁴	39.7	1.7	37.2	0.5

¹ Including paid overtime.

² At April each year.

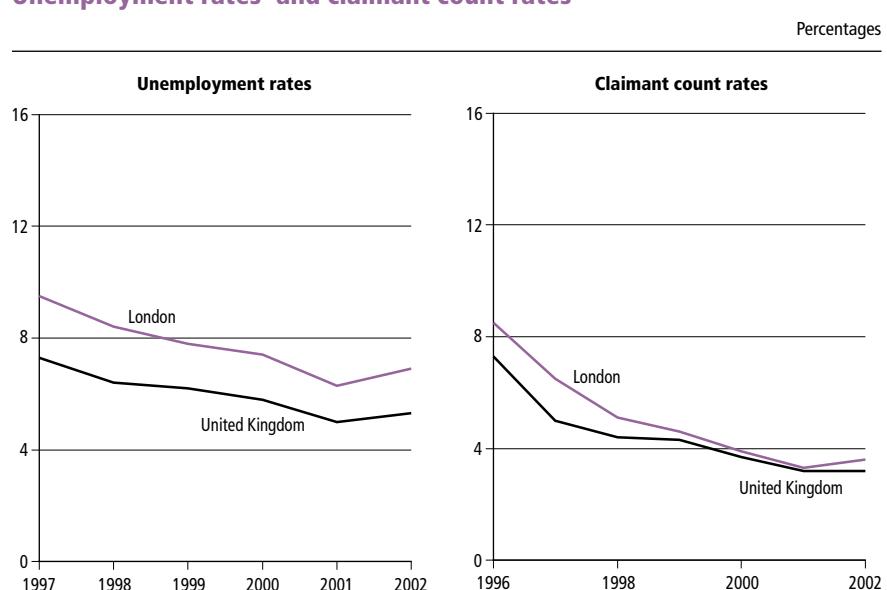
³ Data from the 1979 New Earnings Survey were compiled on the basis of males aged over 21 and females aged over 18.

⁴ Data from the 1989, 1999 and 2002 New Earnings Survey were compiled on the basis of employees on adult rates.

Source: *New Earnings Survey, Office for National Statistics*

Figure 6.11

Unemployment rates¹ and claimant count rates²



¹ Seasonally adjusted averages for spring (March to May) each year based on those aged 16 to 59/64.

² Seasonally adjusted workplace-based rates for spring (March to May) each year based on those aged 16 or over.

Source: *Office for National Statistics*

employment. Some 15,500 young people in London remained in the scheme as at the end of 2002. The monthly average for young people in London leaving the scheme for sustained, unsubsidised jobs was 29 per cent in 2002; this compared with a Great Britain average of 36 per cent.

New Deal leavers in minority ethnic groups fared worse than White people in finding employment in 2002. In London, the success rate for minority ethnic participants in finding a job was 87 per cent of the success rate for White participants. This was however better than the national average, where the relative success rate of minority ethnic participants was 74 per cent.

A similar New Deal scheme was subsequently introduced for people aged 25 and over, and there were 12,700 people in London on this scheme as at December 2002. Other New Deal schemes have been introduced for those aged 50 or over, as well as for people with disabilities and for lone parents.

Table 6.12**Unemployment rates¹: by ethnic origin, spring 2002**

	Percentages	
	London	United Kingdom
White	4.9	4.8
Mixed	18.8	14.7
Asian or Asian British	8.8	9.3
Indian	6.7	6.2
Pakistani or Bangladeshi	17.2	15.3
Other Asian	..	7.6
Black or Black British	14.3	13.0
Black Caribbean	12.4	11.6
Black African	15.5	14.8
Other Black
Chinese or other ethnic group	9.5	9.2
All minority ethnic groups	11.5	10.8
All ethnic groups ²	6.6	5.2

1 As a percentage of all economically active people of working age (males aged 16 to 64 and females aged 16 to 59). Not seasonally adjusted.

2 Includes those who did not state their ethnic origin.

Source: Labour Force Survey, Office for National Statistics

Table 6.13**Claimant count:¹ by age and duration²; London, October 2002**

	Percentages and thousands							
	Males				Females			
	18 to 24	25 to 49	50 or over	All ages ³	18 to 24	25 to 49	50 or over	All ages ³
2 weeks or less	11.0	6.7	5.7	7.5	11.4	8.4	6.8	9.1
Over 2 weeks, up to 8	27.8	17.1	13.1	18.8	29.9	20.8	15.8	22.9
Over 8 weeks, up to 13	16.3	11.1	8.2	11.8	16.8	12.3	10.0	13.3
Over 13 weeks, up to 26	25.4	20.1	16.8	20.7	23.9	20.7	17.7	21.2
Over 26 weeks, up to 1 year	15.9	22.2	18.9	20.5	14.6	19.6	19.6	18.0
Over 1 year, up to 2	3.3	16.1	17.2	13.6	3.1	13.8	16.6	11.0
Over 2 years, up to 3	0.3	2.6	6.6	2.6	0.2	2.0	5.9	2.0
Over 3 years, up to 5	0.0	2.3	6.0	2.3	0.0	1.5	4.3	1.5
Over 5 years	0.0	1.8	7.6	2.2	0.0	0.8	3.4	1.0
All claimants (=100%) (thousands)	23.5	78.8	15.4	118.3	13.3	26.0	6.7	46.4

1 Not seasonally adjusted.

2 Computerised claims only.

3 Includes some aged under 18.

Source: Jobcentre Plus administrative system

Economic activity

The number of economically active people living in London increased by around six per cent over the period spring 1997 to 2002. This was double the rise in the United Kingdom as a whole. In London the increase was slightly higher among men than women. Overall in the UK the number of economically active men remained fairly constant while the number of economically active women grew.

The economically active population is otherwise known as the labour force, and includes people who are either in full- or part-time work, and those who are unemployed and actively seeking work. Its size is influenced by, amongst other things, demographic factors (which are reflected in the population) and socio-economic trends (such as participation in further and higher education and patterns of retirement). The size of London's labour force and the size of the adult population have increased at similar rates, so the percentage who are economically active has changed little over the last 5 years.

Children and pensioners fall outside the age groups where people will normally have a job. Some people who are of working age are unable to work, while others choose not to do so. Table 6.14 looks at the proportion of the population of working age who were economically active between spring 1997 and 2002. London has a lower economic activity rate than the UK as a whole, and while the national activity rate remained stable, in London it fell slightly. Women's economic activity rates in London dropped more than men's, down from 71 per cent in 1997 to 69 per cent in 2002. This was a different pattern from the UK as a whole, where female economic activity increased slightly. While economic activity rates also fell among men in London, this was broadly in line with the national picture.

Demographic changes affect not only the overall size of the labour force but

also its internal structure. In the UK as a whole there has been a large fall in the proportion of the labour force aged between 16 and 24 since 1992. One of the reasons for this is that a much higher proportion of those of minimum school-leaving age has continued in full-time education than previously (see Chapter 7 for more details on those in full-time education). Table 6.15 shows that over the last 5 years the fall has been greater in London than in the UK overall. Despite this, the age profile of

London's workforce is generally younger than that for the UK. This is particularly shown in the proportion of the labour force aged between 25 and 34, which in spring 2002 stood at 31 per cent in London, much higher than the UK average of 23 per cent.

The proportion of the workforce aged between 50 and retirement age remained constant in London between 1997 and 2002. In the UK overall the percentage increased. In spring 2002

Table 6.14

Economic activity rates¹: by sex

	Percentages					
	London			United Kingdom		
	Males	Females	All Persons	Males	Females	All Persons
1997	84.8	70.6	77.7	84.7	71.8	78.4
1998	82.9	69.5	76.1	84.2	72.0	78.2
1999	84.6	70.5	77.5	84.4	72.5	78.6
2000	83.7	70.2	76.9	84.6	72.9	78.9
2001	83.3	68.3	75.8	84.0	72.8	78.5
2002	83.5	68.7	76.2	83.8	73.0	78.6

¹ At spring of each year. Based on the population of working age in private households, student halls of residence and NHS accommodation.

Source: Labour Force Survey, Office for National Statistics

Table 6.15

Age structure of the labour force^{1,2}

	Percentages and thousands			
	London		United Kingdom	
	1997	2002	1997	2002
Percentages ³ aged				
16 to 24	15.5	14.3	15.6	15.2
25 to 34	30.9	31.4	26.4	23.4
35 to 49	34.0	34.6	35.7	36.9
50 to 59 (females) /64 (males)	17.0	16.8	19.4	21.4
60 (females) /65 (males) or over	2.6	3.0	2.9	3.1
Total labour force (=100%)				
(thousands)	3,460	3,660	28,254	29,037

¹ All economically active people aged 16 and over, not seasonally adjusted.

² Data have been adjusted to reflect the 2001 Census population data.

³ Percentage of the household population who are in the labour force at spring each year.

Source: Labour Force Survey, Office for National Statistics

some 17 per cent of London's workforce were in this age group compared with 21 per cent nationally.

London's ethnically diverse population is reflected in its labour force. (See Chapter 2 for more information on London's population). Table 6.16 shows working-age economic activity rates for people of different ethnic origins in London and the UK in spring 2002. For all ethnic groups, rates in the capital were similar to those for the UK as a whole. The highest economic activity rates were in the White group, while there were wide differences in activity rates for other groups. Within the Asian and Asian British group, economic activity ranged from 44 per cent among Bangladeshis and 60 per cent among Pakistanis to over 70 per cent among Indians. Much of this variation can be explained by differences in the economic activity of women in the different ethnic groups. Only 30 per cent of women of working age in the Bangladeshi and Pakistani group were economically active, compared with an average of more than 60 per cent for other minority ethnic groups.

The 2001 London Employer Survey collected information on the ownership of private businesses and found that more than a fifth of single proprietors were from a minority ethnic community. It also found that the Asian community form a higher proportion of London's single proprietors and directors of businesses than any other minority ethnic group. Black ethnic groups are considerably under-represented, accounting for 11 per cent of the population but only four per cent of single proprietors and three per cent of directors of businesses.

The younger age profiles of minority ethnic groups is one reason why they tend to have lower economic activity rates than those from the White group. Young people are much more likely to be in full-time education and therefore less likely to be economically active than those over 25, and young people

Table 6.16

Economic activity rates¹: by ethnic origin, spring 2002

	Percentages					
	London			United Kingdom		
	Males	Females	Total	Males	Females	Total
White	85.6	73.2	79.8	84.4	74.2	79.6
Mixed	79.5	64.0	71.0	78.0	66.4	71.7
Asian or Asian British	77.4	52.6	65.7	75.9	49.5	63.3
Indian	80.6	64.3	72.7	78.0	64.3	71.4
Pakistani or Bangladeshi	70.5	29.8	50.3	72.4	29.7	51.7
Other Asian	78.2	54.2	68.1	78.6	56.9	69.1
Black or Black British	73.4	63.4	68.2	75.7	63.7	69.6
Black Caribbean	75.8	70.8	73.3	77.9	69.8	73.9
Black African	71.5	54.7	62.7	72.8	55.3	63.9
Other Black	..	86.8	77.9	77.3	75.0	76.0
Chinese or other ethnic group	71.9	53.3	63.1	67.8	54.4	61.5
All minority ethnic groups	75.2	57.4	66.4	74.7	55.5	65.3
All ethnic groups ²	82.7	68.4	75.9	83.7	72.7	78.5

¹ As a percentage of all people of working age (males aged 16 to 64 and females aged 16 to 59).

² Not seasonally adjusted.

² Includes those who did not state their ethnic origin.

Source: Labour Force Survey, Office for National Statistics

from minority ethnic groups tend to have higher participation rates in full-time education.

European Structural Funds

The European Unit in the Government Office for London is responsible for managing the European Structural Funds money available to London, in close partnership with other key organisations. The European Regional Development Fund contributes the majority of funding to the Objective 2 programme, which is concerned with the economy and so is described in the previous chapter. The other Structural Fund which benefits London, the European Social Fund, makes a contribution to Objective 2 but also fully funds the Objective 3 programme. This runs from 2000 to 2006 and aims primarily to tackle barriers to labour market participation experienced by the unemployed and the socially excluded. Under Objective 3, there are five main

policy fields, the first of which deals with active policies to assist the long-term unemployed and other groups excluded from the labour market. In addition, it aims to help equip young people for the world of work. Policy Fields 2 and 5 are concerned with equal opportunities, social inclusion for all and gender equality in the labour market. Policy Field 3 promotes a commitment to workforce development and lifelong learning among employers and employees, while Policy Field 4 aims to sustain and enhance employability among employed people (making people more adaptable and encouraging entrepreneurship).

Objective 3 is a national programme, available across Great Britain as a whole rather than for designated areas. Provisional information on Objective 3 funding for the year 2000 is available, and Table A6.2 in the Appendix shows how more than £84 million has been allocated by London borough. Projects

approved tended to be concentrated in Inner London, with the largest amounts going to Newham, Islington, Hackney and Lambeth.

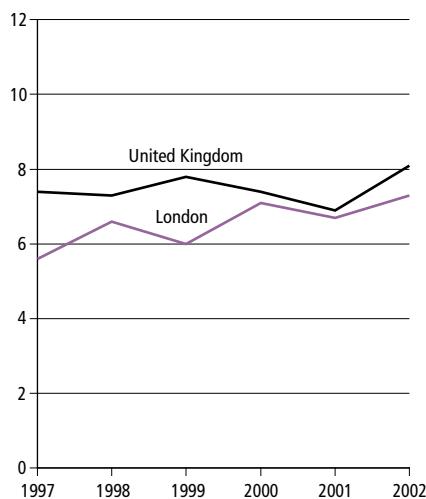
Job losses

The redundancy rate in London has changed little since 1997, as illustrated by [Figure 6.17](#). During the last recession the London rate was higher than the national rate as London suffered more from the recession than the United Kingdom as a whole. In recent years there has been a slightly lower redundancy rate in London than nationally. The reason for the lower rates in London may be due to its relatively small manufacturing sector. Across the UK as a whole manufacturing has one of the highest redundancy rates of any industrial sector. Redundancy is of course just one way of reducing staff. Turnover of staff gives companies the choice of whether or not to replace them. In addition, a number of forms of flexible employment such as fixed-term or casual contracts are used increasingly – in such cases, job losses are generally not reflected in the redundancy figures.

Figure 6.17

Redundancies¹

Rates per 1,000 employees



*1 In the three months prior to each spring survey; based on those aged 16 or over.
Not seasonally adjusted.*

Source: Labour Force Survey, Office for National Statistics

Skill shortages

The Employers Skill Survey 2002 looked at vacancies and recruitment difficulties across England. Some 28 per cent of London employers reported that they had vacancies, which compared to a national average of 30 per cent. London was also below the national average in its percentage of employers reporting hard-to-fill vacancies (11 per cent in London compared to 16 per cent in England as a whole) and skill-shortage vacancies (five per cent compared to eight per cent). The 2001 survey showed a different picture, with skill-shortage vacancies highest in London and the South East regions. The 2002 survey results suggested that skill-shortage vacancies and skill gaps were becoming more evenly spread across the country and less concentrated in the South East and especially London.