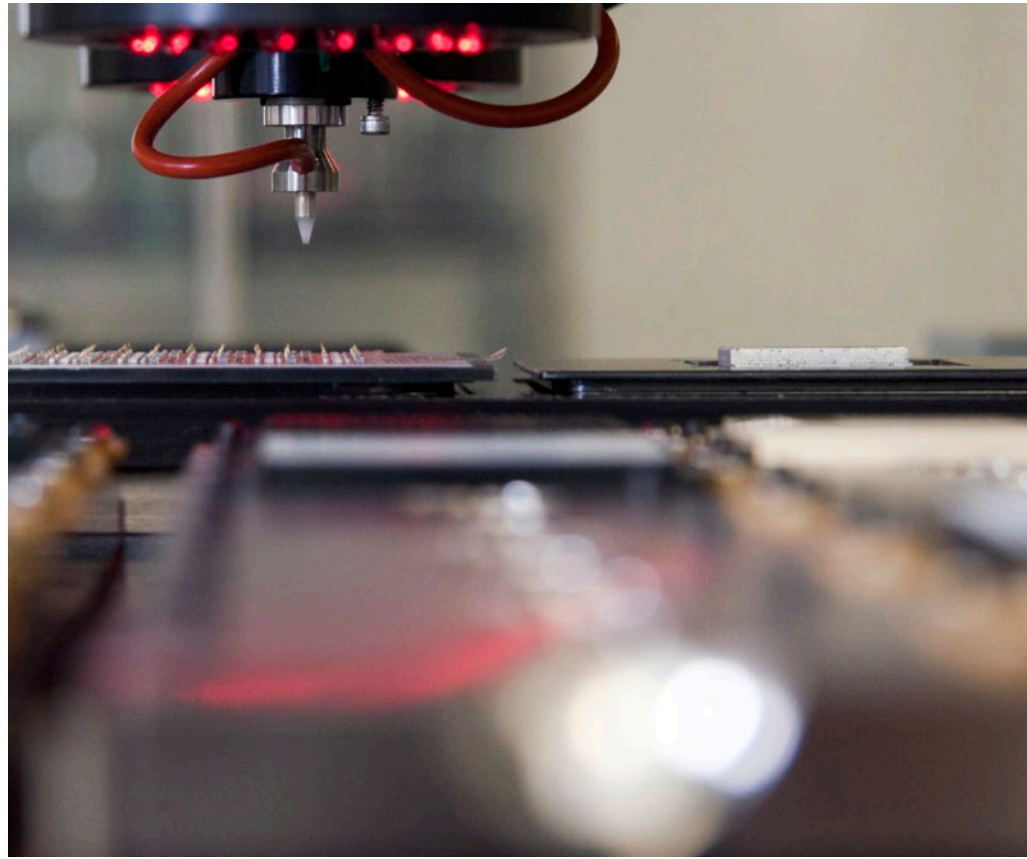




# LONDON

Advanced Manufacturing and Engineering (AME) is sometimes overlooked in discussions of London's economy, with finance and other services credited with driving the city's growth and economic prosperity.

# LONDON



## Introduction

London has a strong base in the sector – it accounts for more micro-sized AME businesses than any other part of the UK. London is, of course, larger than any other UK region in terms of population, but this statistic demonstrates that manufacturing in London is thriving. Many of those micro-sized organisations are cottage industries, run out of spare bedrooms and garages, producing specialised goods to cater to niche audiences, with a global reach thanks to the internet.

However, London also has a contingent of medium-sized and large AME sector employers - as a global city, it is a natural choice for an export-led, internationalist industry. The challenge for AME in London is to provide opportunities which are attractive to incomers and which enable young Londoners who are not academically inclined to build a good, rewarding career in the city.

Unlike many other urban parts of the UK, London enjoys significant devolution of powers over skills, in the control of the elected executive Mayor. London is set to take control of £1bn of adult education funding and there have been calls from the Mayor for the city to take control of its own apprenticeship levy funding too.

## Regional Profile

In terms of the proportion of AME employers based in London, the city punches below its weight – but its size means that it still accounts for a higher number of micro-sized organisations than any other UK region.

London's AME employer base skews towards the smaller end of the scale – the city has 10.6% of the UK's AME micro-sized employers, but just 6.2% of medium-sized employers and 6.5% of the large ones. This means that skills interventions in the city should be focused at smaller businesses for the greatest impact. In terms of numbers employed, London is also underrepresented in UK AME terms – it accounts for just 7% of total employment.

Employer size	Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)	Total	As percentage of total
East Midlands	9,920	1,315	325	50	11,610	7.4
East of England	13,905	1,610	400	75	15,990	10.2
<b>London</b>	<b>14,705</b>	<b>995</b>	<b>225</b>	<b>50</b>	<b>15,975</b>	<b>10.2</b>
North East	6,180	535	165	35	6,915	4.4
North West	15,120	1,625	375	75	17,195	10.9
Northern Ireland	2,660	370	85	15	3,130	2
Scotland	14,080	1,085	250	65	15,480	9.9
South East	21,125	2,125	470	125	23,845	15.2
South West	11,575	1,265	270	65	13,175	8.4
Wales	5,120	545	160	35	5,860	3.7
West Midlands	13,620	2,110	525	110	16,365	10.4
Yorkshire and the Humber	9,655	1,435	375	65	11,530	7.3
<b>Total</b>	<b>137,665</b>	<b>15,015</b>	<b>3,625</b>	<b>765</b>	<b>157,070</b>	<b>100</b>
<b>As % of Total</b>	<b>87.6</b>	<b>9.6</b>	<b>2.3</b>	<b>0.5</b>	<b>100</b>	

	2018 Employment in AME
East Midlands	112,377
East of England	139,623
<b>London</b>	<b>102,730</b>
North East	56,051
North West	161,874
Northern Ireland	38,878
Scotland	107,941
South East	189,627
South West	144,903
Wales	79,798
West Midlands	192,956
Yorkshire and Humber	120,346
<b>Grand Total</b>	<b>1,447,103</b>

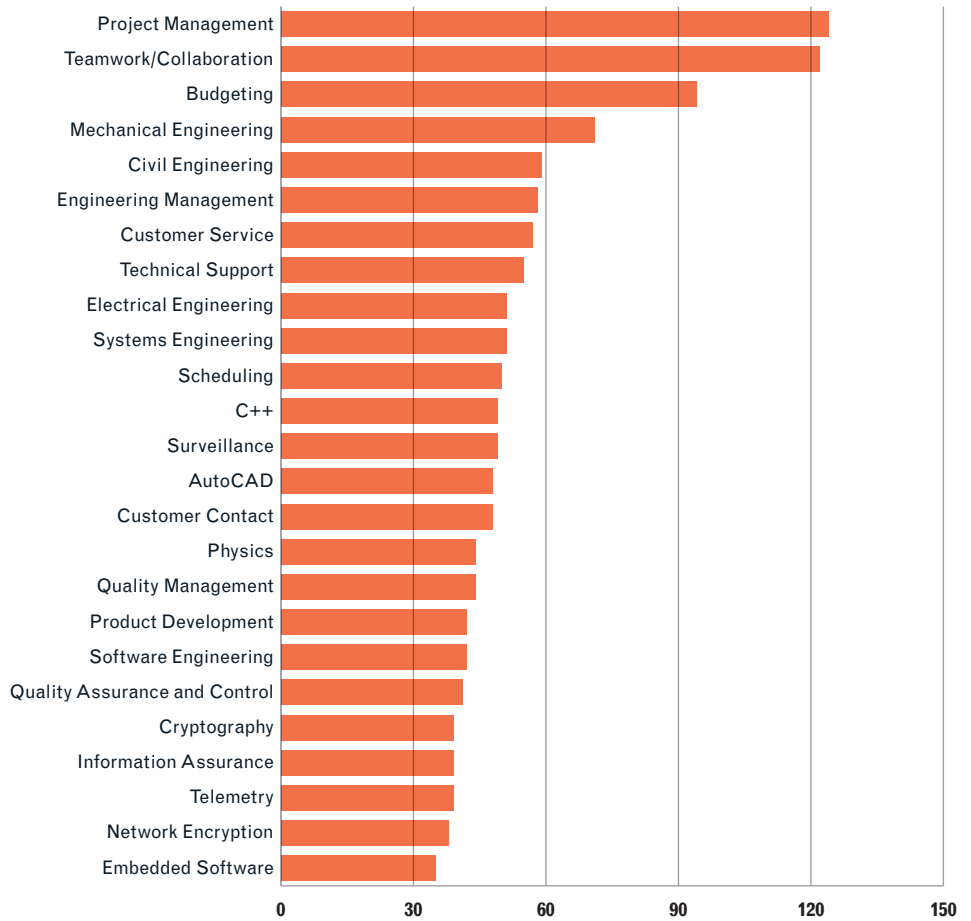




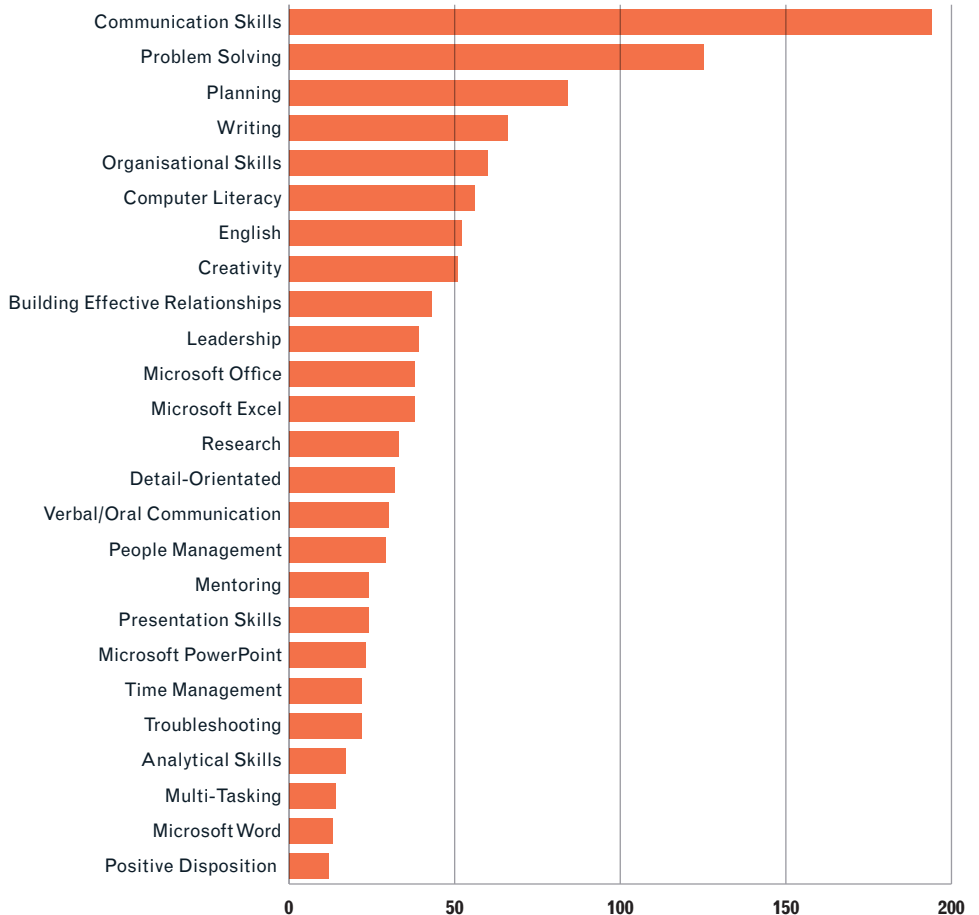
## Demand for Skills

Although London’s AME sector skews heavily towards micro-sized employers, according to Labour Insight data, in 2017 the specialised skills most needed by AME sector employers were project management, teamwork and budgeting skills.

None of these is a specialised engineering-specific skill. This can be explained by the relatively high proportion of professionals making up the London AME sector’s employment (see right).



The most demanded general skills in the London AME sector are the same as those needed in the rest of the UK – communication, problem solving and planning – while writing skills are relatively highly prized.

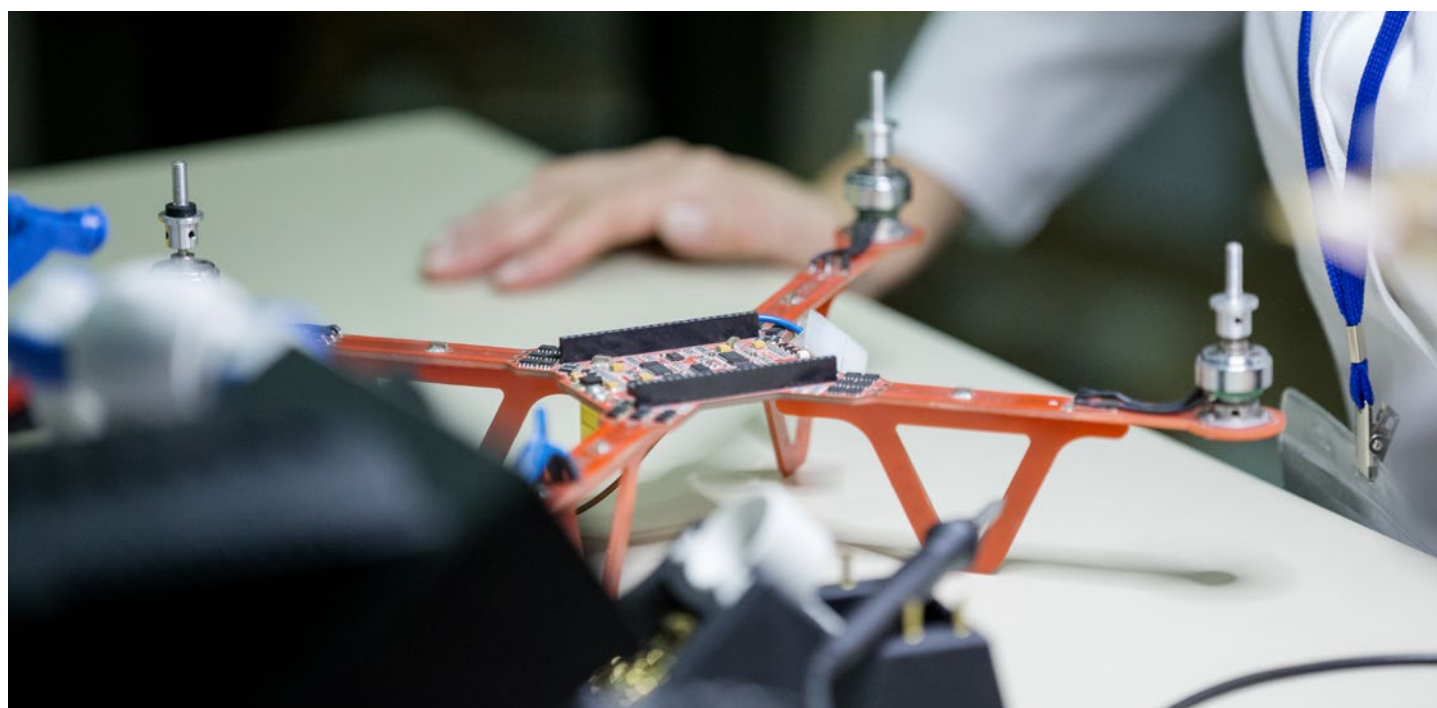


## London AME employment by sector (SIC groups)

Design activities account for a larger proportion of London's AME employment than any other sector – a number of large employers base their administrative and technical operations in the city – and there is also a strong research base. That research base is expected to grow in the medium term.

London is an outlier in UK terms, in that its automotive and aerospace sectors are relatively quite small and the fabricated metal products sector only accounts for under 11% of the employment base.

Sector	London 2018	London 2023	2018-23 London change	2018-23 UK change
Engineering design activities for industrial process and production	30,718	29,777	-3.10%	-1.30%
Research and experimental development on natural sciences and engineer	22,126	23,168	4.70%	7.20%
Technical testing and analysis	11,575	11,235	-2.90%	-1.10%
Fabricated Metal Products	11,095	10,020	-9.70%	-6.10%
Wholesale of metals and metal ores	4,693	4,679	-0.30%	0.40%
Automotive	3,827	3,283	-14.20%	-10.60%
Repair of machinery Installation of industrial machinery and equipment	3,657	3,258	-10.90%	0.20%
Electrical Equipment	3,429	3,114	-9.20%	-7.40%
Manufacture of computer, electronic and optical products	3,268	2,855	-12.60%	-21.50%
Mechanical Equipment	2,026	1,570	-22.50%	-18.80%
Basic Metals	1,338	1,131	-15.50%	-10.10%
Repair and maintenance of aircraft and spacecraft	1,055	933	-11.60%	-0.10%
Aerospace	700	657	-6.10%	-3.50%
Repair and maintenance of other transport equipment	653	577	-11.60%	-0.30%
Repair of electrical equipment	637	570	-10.50%	0.40%
Repair of fabricated metal products, machinery and equipment	471	417	-11.50%	-0.20%
Repair and maintenance of ships and boats	429	380	-11.40%	0.00%
Repair of electronic and optical equipment	376	337	-10.40%	0.30%
Marine	332	312	-6.00%	-3.50%
Rubber Tyres	209	192	-8.10%	-12.80%
Other Transport Equipment	115	108	-6.10%	-3.30%
<b>Grand Total</b>	<b>102,730</b>	<b>98,572</b>	<b>-4.00%</b>	<b>-5.50%</b>



## Occupations, qualifications and the skills shift

London's AME sector is expected not to see any growth in any family of workers in the medium term apart from a small increase in the numbers of professionals employed.

However, there is expected to be an increase in the numbers of workers needed who have higher education qualifications – this implies that existing workers will either need to be upskilled or (in the case of those approaching retirement) replaced with new workers who are better qualified than them.

## London employment by occupational area

Occupational area	London 2018	London 2023	2018-23 London change	2018-23 UK change
Professional occupations	38,478	<b>38,586</b>	0.30%	0.20%
Associate professional and technical	22,097	<b>21,718</b>	-1.70%	-1.90%
Managers, directors and senior officials	15,211	<b>15,059</b>	-1.00%	-0.70%
Skilled trades occupations	10,532	<b>8,914</b>	-15.40%	-11.70%
Administrative and secretarial	7,396	<b>6,167</b>	-16.60%	-8.50%
Process, plant and machine operatives	3,010	<b>2,583</b>	-14.20%	-12.90%
Elementary occupations	2,399	<b>2,109</b>	-12.10%	-9.60%
Sales and customer service	2,349	<b>2,187</b>	-6.90%	-4.20%
Caring, leisure and other service	1,259	<b>1,251</b>	-0.60%	2.30%
<b>Grand Total</b>	<b>102,730</b>	<b>98,572</b>	<b>-4.00%</b>	<b>-5.50%</b>



The expected shift in the London AME sector employment base mirrors that expected in other parts of the UK – however, London has a smaller number of workers employed in operative roles than other parts of the UK, so the expected shrinkage of the workforce is smaller than in other parts of the UK as a result.


## London employment by qualification level

Qualification level	London 2018	London 2023	2018-23 London change	2018-23 UK change
No qualification	1,755	<b>969</b>	-44.8%	-45.8%
QCF1 GCSE (below grade C) & equivalent	5,951	<b>3,745</b>	-37.1%	-21.8%
QCF2 GCSE (A-C) & equivalent	8,104	<b>5,643</b>	-30.4%	-10.3%
QCF3 A Level & equivalent	10,043	<b>7,563</b>	-24.7%	-14.9%
QCF4 HE below Degree Level	11,437	<b>11,778</b>	3.0%	3.2%
QCF5 Foundation Degree	4,187	<b>4,366</b>	4.3%	6.4%
QCF6 First Degree	39,987	<b>43,442</b>	8.6%	10.2%
QCF7 Other Higher Degree	17,680	<b>17,591</b>	-0.5%	4.0%
QCF8 Doctorate	3,586	<b>3,476</b>	-3.1%	2.2%
<b>Grand Total</b>	<b>102,730</b>	<b>98,572</b>	<b>-4.0%</b>	<b>-5.5%</b>


**There will be an expected need to upskill the existing workforce or bring in more skilled talent, in common with other parts of the UK.**

Semta’s own analysis has flagged a need for development of the AME workforce in London – the numbers of operatives needing upskilling are smaller than in other parts of the UK because the numbers of operatives employed in the London AME sector are smaller.


Correspondingly, there is a sizeable need to upskill the professional workforce, with over 10% being underqualified at present.




**1,699 Managers** require development to **Level 3 or higher**



**3,927 Professionals** require development to **Level 4 or higher**



**3,521 of those working in Skilled Trades Occupations** require development to **Level 3 or higher**



**852 Operators** require development to **Level 2 or higher**



## Gender

In common with other parts of the UK, London is expected to see its AME sector becoming more gender balanced in the medium term.

At present, it is already relatively more diverse than the UK as a whole – 29% of the workforce is female, whereas for the UK as a whole it is 24%. It could be that top-performing female talent is attracted to London’s AME sector, in the same way as London acts as a magnet for talent more widely. However, the male level of employment is forecast to drop at a lower rate than across the UK as a whole.

Gender	London 2018	London 2023	2018-23 London change	2018-23 UK change
Females	29389	29226	-0.6%	-0.6%
Males	73341	69347	-5.4%	-6.7%
<b>Grand Total</b>	<b>102730</b>	<b>98572</b>	<b>-4.0%</b>	<b>-5.5%</b>

If you have any queries or need support give our Customer Experience Team a call on **0845 643 9001** or **customerservices@semta.org.uk**

All data correct as of December 2018

