

Better Work Audit:

Job quality in London
over the last decade

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Better Work Audit: Job quality in London over the last decade



The *Better Work Audit* examines the quality of work in London over the last decade. To do this, we have examined public data across multiple dimensions of job quality in the capital based on the Carnegie UK Trust and RSA's *Good Work Standard* quality of work measures. Through this analysis, we hope to highlight London's performance in delivering good jobs and call attention to the different components of work that have substantial influence on the quality of life of millions of workers in the capital. The Audit examines change between both 2011 and 2019, to track progress across the last decade before the unprecedented impact of the pandemic, and between 2019 and 2020/2021 (where data is available) to explore how the pandemic has impacted quality of work in London.

This work builds on '*Paved with gold? Views on job quality in the capital*' our last paper which explored what good work means to Londoners, as well as the drivers and impact of poor-quality employment in the capital. The paper found that while an adequate salary (52 per cent) is prioritised by Londoners, workers value a wide range of factors including a good work-life balance (49 per cent), secure contract (22 per cent) and opportunities for progression (20 per cent). The paper also found that almost half of Londoners were dissatisfied with their salary and two-in-five were dissatisfied with opportunities for progression in the twelve months up to April 2021. Two-in-five Londoners had felt unwell due to work-related stress across the same period. The paper called for greater emphasis on the different factors of quality of work in the capital to help promote good work for all Londoners.

The *Better Work Network* is a policy and practice-based initiative which aims to support progression from low pay and improve job quality for all. The network is delivered in partnership by Learning and Work Institute and Trust for London.

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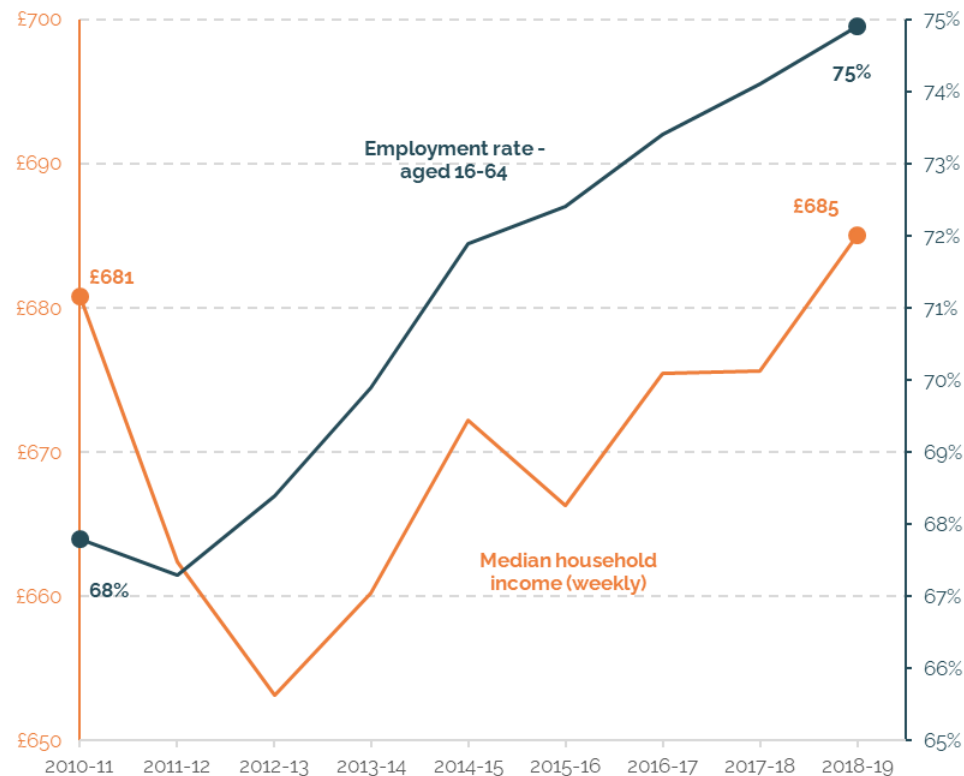

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Note:

This analysis uses Labour Force Survey datasets from the UK Data Service for research use. The collection of the survey has been affected by the pandemic, and ONS has responded by reweighting the survey datasets. ONS has described the process in this blog post <https://blog.ons.gov.uk/2021/07/08/carry-that-weight-reducing-the-effects-of-covid-19-on-the-labour-force-survey/>. This analysis was conducted before the latest reweighted datasets were made available to researchers. ONS describe the effects overall as modest, but it is feasible that future versions of this analysis will be revised as a result.

London: A tale of two cities

Figure 1: Real median weekly equivalized household income (in 2015 prices) and employment rate in London, 2010/11 – 2018/19



Household earnings: Why this measure?

There are several measures of pay which are used to monitor changes in the living standards of workers, including hourly wage, earnings, household earnings and household income. Household income accounts for the gross income received by all members of the household – this includes earned income (wages) and additional income (welfare payments, social security, and capital income). This is a reliable indicator of living standards as it reflects a central component of the household's total economic resources which supports consumption and the accumulation of wealth.



Global city

London is one of the most dynamic cities in the world, with an unrivalled capacity to attract people, capital and business. It is the wealthiest region in the UK and the functioning of its economy is key to the health of the wider UK economy - London is home to just 13 per cent of the UK population, but accounts for 24 per cent of Gross Value Added (GVA) ([Centre for London, 2020](#)).



A decade of job creation and falling unemployment

Over the last decade, London's economy has enjoyed many successes with significant jobs growth. Up to 2019, the number of jobs in London increased by 1.2 million, accounting for one-in-three jobs created in the UK ([ONS, 2019](#)). Prior to the pandemic, employment stood at 75.0% - with 6.1 million workforce jobs in total - while unemployment had fallen to 4.3 per cent, the lowest on record. This helped to narrow the historic gap in employment rates between London and England ([GLA, 2020](#)).



Largest peacetime drop in living standards in 200 years

The degree to which this success translated to the delivery of quality opportunities for Londoners, however, is less clear cut. This period of rising employment and job creation also coincided with a steep fall in real pay growth as pay failed to keep pace with inflation ([TUC, 2018](#)). Median household income fell across the first half of the decade, before starting a slow increase up to 2018/19. By the end of the decade, median weekly household income had risen by just 0.6%. This stagnation in household income contributed to the largest peacetime drop in living standards in two centuries.



1.6 million in working-households living in poverty

This crisis in living standards disproportionately hit those least able to afford it, with rising in-work poverty and employment not offering a guaranteed route out of poverty. Towards the end of the decade, 1.6 million Londoners were living in poverty despite living in a household with at least one person in employment - with the proportion of children in working families living in poverty over the last decade rising by 60% ([Trust for London, 2021](#)).

Source: L&W tabulations of NOMIS data, which draw from a range of sources, including FRS (for median household income) and LFS (for employment rate)

Note: Throughout the BWA, "London's workers" are defined as those who work in London, as opposed to those who reside in London. Region of work was chosen instead of reason of residence, as the capital is well-documented as an interrelated city for employment, particularly for commuters from the South-East and the East of England. In figure 1, for household income, each data point refers to a three-year average, i.e., 2018-19 refers to 2017-18 to 2019-20

Quality of work in London across the last decade (2011-19)



Trade union representation has fallen below one-in-five of London's workers

Trade union membership in London has fallen from 21 per cent in 2011 to 18 per cent in 2019. This signifies that Londoners are less likely to organise collectively to negotiate better pay, receive trade union protection related to employment rights and workplace conditions.



The proportion of employers providing development opportunities has fallen substantially

The proportion of employers engaging in development practices fell from 76 per cent in 2011 to 68 per cent in 2019, meaning that Londoners had less access to development and learning opportunities through their workplace.



There has been an increase in London's workers not paid high enough wage to achieve good standard of living

The proportion of workers earning less than the London Living Wage increased from 17% in 2012 to 20% in 2019, indicating that an increased proportion of Londoners are not paid a high enough wage relative to costs to have good living standards.



The proportion of London's workers who are overemployed has increased slightly

The proportion of workers wanting to work fewer hours – even if it means less pay – rose from 8.4 per cent in 2011 to 9.6 per cent in 2019, suggesting that Londoners had a slight worsening in workload and flexibility of hours, more risk of overwork and less time for wider responsibilities and recreational activities.









The last decade has seen a reduction in temporary, zero-hours and on-call employment

The proportion of employees in London in temporary, zero-hours and on-call employment contracts fell from 9.3 to 7.4 per cent between 2011 and 2019. This demonstrates a reduction in the prevalence of atypical work across this period. It is not possible to use this to demonstrate and improvement or worsening of quality, due to the complex trade-off between flexibility and security.

Source: L&W analysis of Labour Force Survey data (2011 to 2021) and Employer skills survey, 2011 and 2019

Note: "Across the last decade" represents the change from 2011 to 2019. The analysis summary has been presented across 2011-19 to demonstrate the trend prior to the impact of the pandemic. The impact of the pandemic for each measure is reported in the individual analysis charts (slide 8-13)

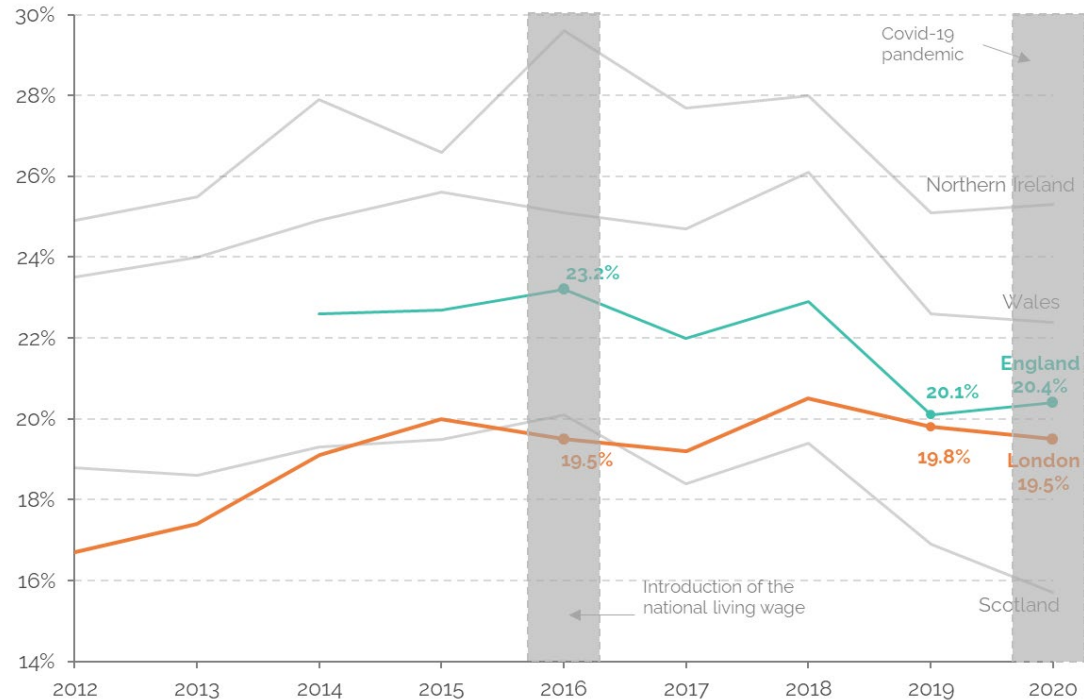
Measures of job quality

	Is this important to Londoners?	Potential indicators	Primary indicator used for the Better Work Audit	London's performance using Better Work Audit indicators (2011-19)
Earnings	52% of workers in London consider an adequate salary an important factor in a job	<ul style="list-style-type: none"> Levels of pay Employee perceptions Satisfaction with pay 	Paid below the voluntary Living Wage	
Terms of employment	22% of workers in London highlight a secure contract as an important factor in a job	<ul style="list-style-type: none"> Contract type Job security Underemployment 	Atypical work Temporary worker dissatisfaction with terms of employment	
Job design and nature of work	19% of workers in London state that making full use of their skills is an important aspect of a job	<ul style="list-style-type: none"> Opportunities for training Development opportunities Opportunities for progression Match between job requirements and skills 	Opportunities for development	
Representation and voice	5% of workers in London say that feeling involved in important decisions in the workplace is an important aspect of a job	<ul style="list-style-type: none"> Trade union representation Employee information Employee involvement 	Trade union membership	
Work-life balance	49% of workers in London state that a good work-life balance is an important aspects of a job	<ul style="list-style-type: none"> Overtime Overemployment Anxiety from work-life balance 	Overemployment	
Wellbeing and support	19% of workers in London report that feeling supported by peers and managers is one of the most important aspects of a job	<ul style="list-style-type: none"> Relationship with colleagues Support from managers Workplace injury Mental health measures 	Wellbeing and support data is not publicly available to the consistent, regional level required for this analysis. Further discussion on data limitations can be found here	

Note: The direction of the arrows in the "London's performance" column indicate the direction of change; the colours indicate the impact of said change, with red signifying a negative outcome and green signifying a positive outcome. The measures used throughout the BWA are rooted in the Good Work Standards set out by RSA and Carnegie Trust. UK workers are considered overemployed if they are willing to work less hours, even with reduced pay. The [Voluntary Living Wage](#) is calculated by the Living Wage Foundation based on the cost of a 'basket' of goods and services which people require to live a decent life

Earnings: Workers earning below the voluntary Living Wage

Figure 2: Proportion of full-time workers earning below the relevant voluntary Living Wage



Voluntary Living Wage: Why this measure?

The voluntary Living Wage is calculated by the Living Wage Foundation (LWF) based on the cost of a 'basket' of goods and services that people need to live a decent life. The Living Wage Foundation calculates two rates – one for London and another for the rest of the UK – to account for the higher cost of living in the capital. In 2020/21 the 'London Living Wage' is £10.85, and the 'UK Living Wage' is £9.50

Introduction of National Living Wage in 2016

One of the most high-profile and far-reaching interventions to reduce low pay was the introduction of the National Living Wage (NLW) in 2016. The NLW brought a substantial increase in pay for workers aged 25 from £6.70 in 2015-16 to £7.20 in 2016-17. The NLW continued to increase over the remainder of the decade, reaching its initial target of 60% of median earnings in April 2020.

The National Living Wage now stands at £8.91 and has been extended to all workers aged 23 and above – the eighth highest adult minimum wage of 25 OECD countries after taking cost of living into account ([House of Commons Library, 2021](#)). The increases in minimum wage, and spillover effects for workers above the wage floor, have delivered meaningful pay rises to millions of workers – by 2018, 30% of workers had already benefited from the introduction of the NLW ([Low Pay Commission, 2019](#)).

'Voluntary Living Wage' vs. 'National Living Wage'

Figure 2 shows the proportion of full-time workers earning below the voluntary Living Wage (relevant to each nation/region – the UK Living Wage or London Living Wage). Unsurprisingly, there is a larger gap between the National Living Wage (legally required minimum wage) and the London Living Wage due to the higher costs of living in London – it costs between 15–60% more for households to reach a decent living standard in London compared to the rest of the UK ([Trust for London, 2019](#)).

The NLW has less 'bite' in London

Nationally, the introduction of the NLW stemmed the increase in the proportion of workers in England earning below the voluntary UK Living Wage, with the proportion of workers falling from a peak of 23.2% in 2016 to 20.4% in 2020. Despite this fall, this was still higher than the proportion earning below the relevant voluntary Living Wage in London (19.5%) which has typically had a lower proportion of workers earning below the relevant voluntary Living Wage – even though it is calculated at a higher rate – reflecting higher levels of pay by comparison.

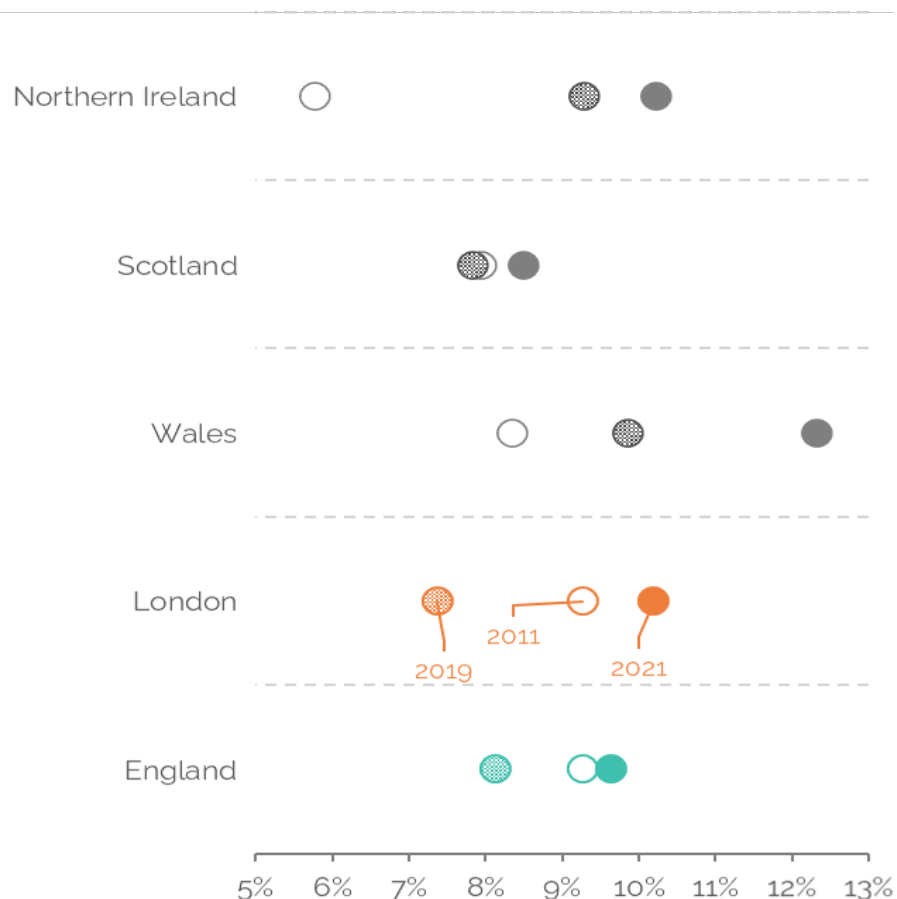
The introduction of the NLW has had little effect on the proportion of Londoners earning enough to afford a decent standard of living in the capital, with the proportion earning below the London Living Wage remaining no lower than before its introduction (19.5%). This is higher than 16.7% in 2012. The restricted capability of the NLW to tackle in-work poverty in London highlights the need to consider a wider range of policy instruments to support the security and progression of workers in high-cost, high-wage areas.

Source: L&W tabulations of Annual Survey of Household Earnings data

Note: Publicly available ASHE data for England does not exist before 2014, thus the data series starts in this year. Region-specific living wage refers to the London and national living wage rates. Figure 2 starts in 2012 (as opposed to 2011), as 2011 ASHE data is not publicly available

Terms of employment: Atypical work

Figure 3: Proportion of working-age employees in atypical work



Atypical work: why this measure?

Atypical work is when workers are employed on non-permanent employment contracts. This includes temporary, zero-hours and on-call contracts. Atypical work is not necessarily a factor of poor-quality work. It can, for example, offer workers flexibility and allow them to obtain a way of working that suits their needs. This can relate to working time or the location of work and can be particularly beneficial for individuals whose time or location is restricted by wider factors, for example health or parental/caring responsibilities.

Yet, atypical work can also lead to job insecurity, with workers employed on unstable, irregular employment contracts with little advanced guarantee of the hours worked or income earned week-to-week. This can present key challenges to workers, including the capability to manage their budget and financial responsibilities. Unpredictable shifts can also cause difficulties planning, for example, childcare and caring arrangements or additional job responsibilities. These challenges can cause increased levels of stress for workers, impacting their capability to do their job effectively.

The LFS measures of 'temporary', 'zero-hours' and 'on-call' contracts have been aggregated to measure the prevalence of atypical work. This has been chosen as a measure for terms of employment as it is a direct measure of job insecurity.

The last decade saw a drop in the use of atypical contracts in London, with the proportion of employees in atypical work falling from 9.3 to 7.4 per cent between 2011 and 2019. The proportion of workers in atypical work in England decreased marginally, falling 8.3 to 8.1 per cent across the same period. This shows that workers in London were less likely to be in atypical work than workers in England.

We must be wary to frame the fall in atypical work as either a worsening or improvement in the quality of work because of the complex trade-off between security and flexibility. When assessing terms of employment, it is important that we consider worker preference between security and flexibility. Additional L&W LFS analysis offers further insight into this area, with **the proportion of temporary workers in London who did not want to be on a temporary contract falling from 31.7 per cent, to 20.4 per cent between 2011 and 2019**. This signifies greater satisfaction amongst workers on temporary contracts, as the proportion of atypical workers fell. This suggests an improvement in terms of employment up to 2019. The proportion of temporary workers in England who did not want to be on a temporary contract also fell across this period (from 35.7 to 23.2 per cent) – reflecting a similar improvement in England (and comparatively worse satisfaction amongst workers in England on temporary contracts).

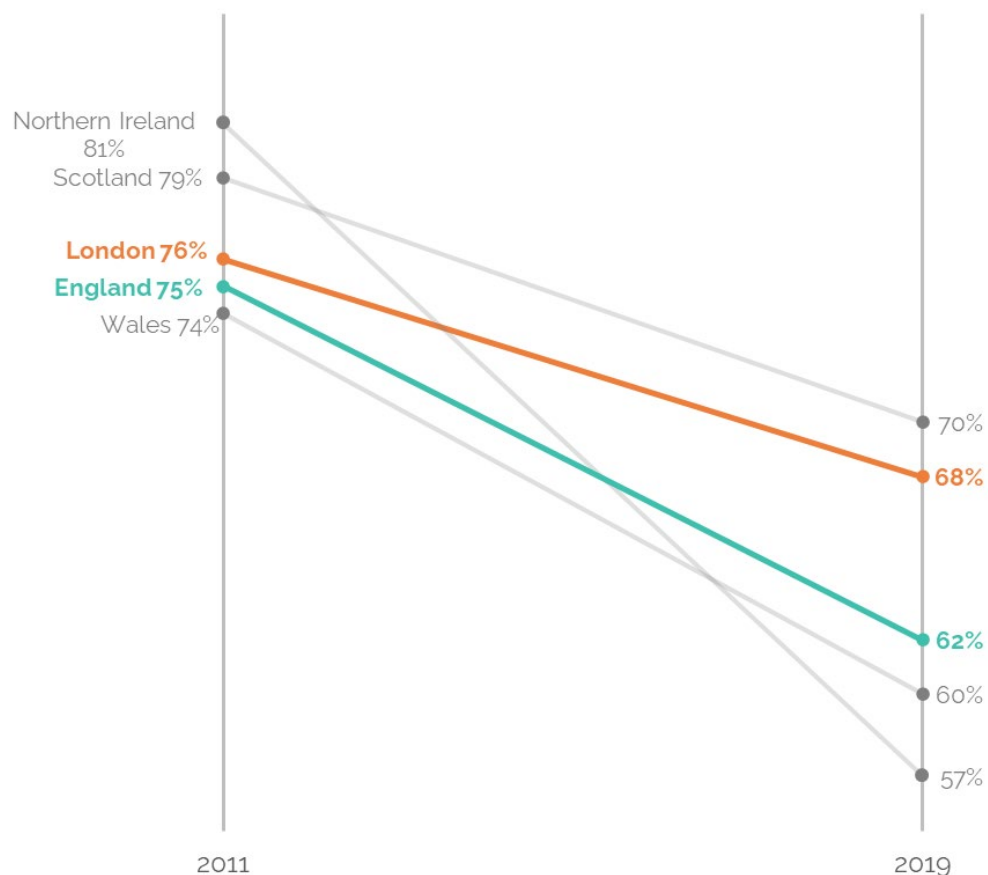
The pandemic seems to have brought an increase in atypical work in London in comparison to 2019, with the proportion of Londoners in atypical work increasing from 7.4 to 10.2 per cent in 2021. **This coincided with a marked increase in the proportion of temporary workers in London who were dissatisfied with their temporary contract** (from 20.4 to 30.9 per cent). Again, this suggests a reduction in atypical contracts corresponds with an improvement in temporary worker satisfaction with their contract.

Source: L&W analysis of Labour Force Survey data (2011 to 2021)

Note: Atypical work is defined as employment on any sort of temporary contract, zero-hour contract, or on-call contract.

Job design and nature of work: Opportunities for development

Figure 4: Proportion of employers who provided development activities for employees



Opportunities for development: why this measure?

Opportunities for development in the workplace, however informal, represent internal pathways to develop the skills, capabilities and competencies an employer requires from its workforce. This can boost productivity and business success for employers. Opportunities for development can also provide workers with the sense of accomplishment associated with building skills and experience, while providing variety to tasks at work.

This measure has been used as a measure of job design and nature of work as it is a direct measure of the proportion of employers providing development activities for their employees.

Fewer employers in London are providing development opportunities. The proportion of employers in London who provided their employees with development opportunities (a composite measure of various specific development activities) fell from 76 per cent in 2011 to 68 per cent in 2019. Despite starting at a similar level in 2011, the proportion of employers in England providing development practices reduced further over the same period, falling from 75 per cent to 62 per cent. This suggests a reduction in the development and progression opportunities available to employees across both London and England.

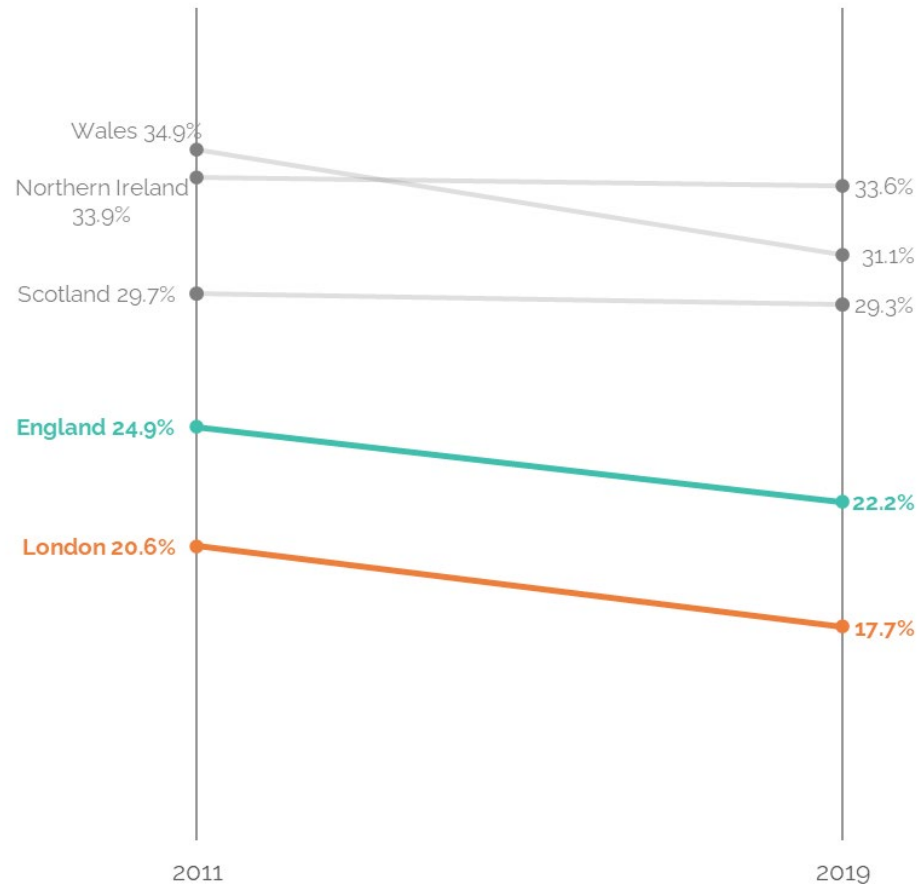
When analysing specific development activities, the picture is no different. The proportion of employers "guiding workers through their job role" and the proportion of workers "allowed to perform tasks beyond their job role" both fell from 2011 to 2019 in both London and England. In both cases, London's employers were more inclined to offer opportunities for development - in 2011 and in 2019.

Source: Employer Skills Survey (2011 and 2019) & Scottish Employer Perspectives Survey (2019)

Note: The Employer Skills Survey excluded Scotland in 2019, thus data from the Scottish Employer Perspectives Survey (2019) which looked at employers who "provided training and development opportunities for staff in the last 12 months" has been used as a proxy

Representation and voice: Trade union membership

Figure 5: Proportion of employees who are members of a trade union



Trade union membership: why this measure?

Trade union membership supports workers to negotiate better sectoral pay, better working conditions, and discuss worker concerns. It also guarantees workers the right to receive trade union protection related to employment rights and workplace conditions, and access to training opportunities.

The LFS metric is an effective measure of representation and voice, as it is a direct measure of trade union membership in the workplace.

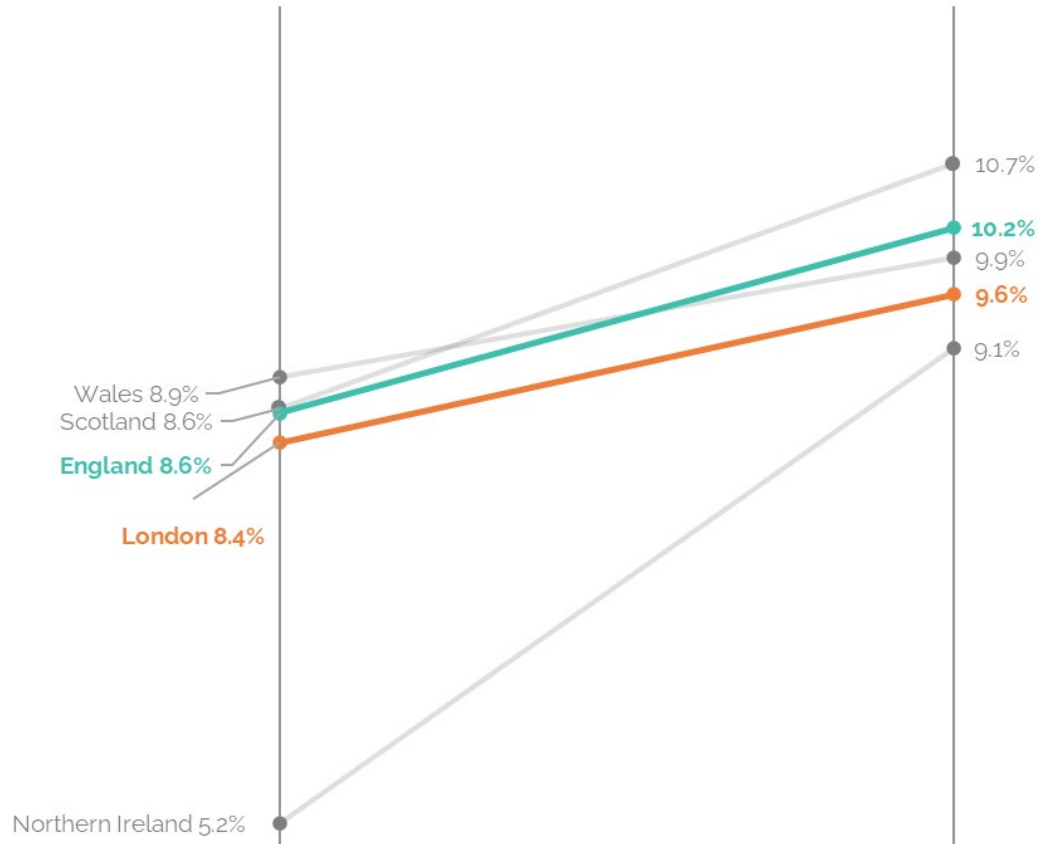
Trade union membership in London fell between 2011 and 2019. In 2011, 21 per cent of workers in London were trade union members. This fell to 18 per cent by 2019. During the same period, England has experienced a similar decline. Just over a fifth of workers were still represented by a trade union in 2019, having fallen from 25 per cent in 2011. This demonstrates workers in England had greater representation and voice in both 2011 and 2019.

Source: L&W analysis of Labour Force Survey data (2011 to 2019)

Note: Altering the "England" classification to "Rest of England" to decouple London's effect on England yields no substantial changes to Figure 6, indicating that London has no substantial drag on England's figures when discussing trade union membership at the aggregate level.

Work-life balance: Overemployment

Figure 6: Proportion of employees who would prefer shorter hours, even if it resulted in less pay



Overemployment: why this measure?

For a variety of reasons, including firm and customers variations in demand, workers may find themselves working more, or longer hours than they would prefer to. This can prevent workers from achieving a satisfactory work-life balance. Having a poor work-life balance can impacts workers capability to manage mental health, physical health, childcare and caring responsibilities and personal relationships.

This LFS metric is an effective measure of work-life balance, as it directly measures the proportion of employees who would prefer to work shorter hours, even if this resulted in less pay. The measure of overemployment is chosen instead of overtime as it captures the *preference* to work less hours.

The proportion of London's workers who are overemployed increased slightly over the last decade. In 2011, 8.4 per cent of all working age employees in London would prefer to work shorter hours, even if it resulted in less pay. This rose to 9.6 per cent by 2019. Overall, overemployment was lower in London than in England, where overemployment grew from 8.6 to 10.2 per cent across the same period.

Source: L&W analysis of Labour Force Survey data (2011 to 2019)

Note: Altering the "England" classification to "Rest of England" to decouple London's effect on England yields no substantial changes to Figure 7, indicating that London has no substantial drag on England's figures when discussing overemployment at the aggregate level.

Conclusions and recommendations

The *Better Work Audit* has examined the quality of work in London over the last decade. To do this, we examined public data across multiple dimensions of job quality in the capital based on the Carnegie UK Trust and RSA's *Good Work Standard* quality of work measures.

Unprecedented job creation in London did not lead to increase in quality of work in the capital

The 2010's were a decade of employment growth, with unemployment in London falling to a record low and the historic employment gap between London and England narrowing substantially. This period of unprecedented job creation, however, did not lead to an increase in the quality of jobs in the capital. Instead, most key dimensions of quality of work fell somewhat between 2011 and 2019. It is important to note that apparent reductions in measures were varied – with some measures documenting minimal changes across the decade, for example overemployment. This suggests little overall change across some dimensions of the quality of work – with no major shift in measures in the capital.

Overall, the Better Work Audit suggests quality of work is higher in London than England

Despite no evidence of improvements in the quality of work, there is some good news for the capital. Despite London's labour market performance traditionally lagging behind England, London's quality of work standings were largely similar or higher, with better performance in 2019 across all measures other than voice and representation. This suggests that, on average, workers in London enjoy a higher quality of work than their counterparts in England.

Pandemic has hit the quality of work in London and England

The available data demonstrates the disproportionate impact the pandemic has had on low paid, insecure workers and shows the crisis has led to a worsening of conditions for those that remain in work in both London and England. Looking forward, we are likely to see widening inequality within London's labour market, as low-wage sectors struggle to recover from the pandemic and the impact of the pandemic accelerates existing trends (for example, the decline of the High Street and the automation of low-skill roles).

As most restrictions cease in London and the wider UK, and hard-hit sectors continue their recovery, it is essential that policy makers support those that have suffered the worst impacts of both crises – the coronavirus crisis, and the crisis in living standards which preceded it. To do this, policy makers must:

1. Keep an active focus on all dimensions of quality of work through the regular and consistent monitoring of London's labour market data. This includes the identification and development of reliable indicators to measure change across each component of quality of work in London.
2. Ensure that the design and implementation of new labour market initiatives consider quality of work, including existing gaps in London's performance across, and the potential impact on, key dimensions of quality of work. Where relevant, objectives should be set and performance assessed against suitable measures.
3. Utilise a greater range of policy solutions to improve the quality of work in the capital, including support to help Londoners into good work and working closely with employers to encourage the creation of good jobs.