

# Foreword

This OECD report comes at a challenging time for governments around the world as they manage the economic crisis caused by the COVID-19 pandemic. The severe lockdown and social-distancing measures that aimed to protect public health in the UK gave rise to an unprecedented economic shock, with GDP contracting by more than 20% in the second quarter of 2020. Whilst the impact on the labour market has been softened by the national furlough scheme that offered support to firms and employees, unemployment and benefits claims have risen sharply. In London, the UK's economic engine, claimant counts more than doubled between March and December to just under 500 000 Londoners, with 700 000 Londoners on furlough schemes in July. With the looming end of this scheme and the resurgence of the pandemic, the medium to long-term labour market impacts of the pandemic remain uncertain.

Even before the COVID-19 pandemic, London's labour market was undergoing a transformation. Automation, digitalisation, job polarisation, and the emergence of non-standard forms of work such as platform work had already begun to change the labour market and skills needs in London. COVID-19 looks increasingly likely to accelerate these trends, in particular automation and digitalisation, as firms look to expand their use of technology and digital services and adapt to new models of working, in particular teleworking. Within a context of uncertainty and falling revenues, firms may also alter their hiring practices and increasingly look to non-standard contracts such as part-time employees or independent contractors to cut costs. For London, its extensive ability to shift many jobs into remote work has been a source of resilience but permanent shifts are also likely to change London's economic geography and put jobs at risk that rely on commuters and Central London office workers.

This OECD report sheds light on the threats and opportunities facing London's labour market in light of the future of work, set against a backdrop of a decade long stagnation in productivity, and widespread skills mismatches and gaps. It highlights the importance of adult learning, which is now more relevant than ever, with many workers at risk of technological displacement or looking for new jobs as a result of the current crisis. Adult learning provides a gateway for these Londoners to gain new skills, re-train for positions in different sectors, or up-skill to move to jobs less vulnerable to automation. The report analyses London's existing adult learning system and highlights challenges as well as opportunities that could make the system more effective and better align learning with local labour market needs.

This report is part of the OECD Review on Local Job Creation Series within the Programme of Work of the OECD Local Employment and Economic Development (LEED) Programme. Created in 1982, the LEED Programme aims to contribute to the creation of more and better jobs in more productive and inclusive economies. It produces guidance to make the implementation of national policies more effective at the local level, while stimulating innovative practices on the ground. The OECD LEED Directing Committee, which gathers governments of OECD member and non-member countries, oversees the work of the LEED Programme. This report was submitted for approval by the OECD LEED Directing Committee on 21 October 2020 [CFE/LEED(2020)16].

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The analysis and preparation of the report were co-ordinated by Lukas Kleine-Rueschkamp under the supervision of Jonathan Barr, Deputy Head of the Local Employment, Skills and Social Innovation Division and Karen Maguire, Head of the Local Employment, Skills and Social Innovation Division, OECD. The report was drafted by Lukas Kleine-Rueschkamp, OECD, and benefited from valuable contributions from Jonathan Barr (OECD) and Fiona Aldridge, Director for Policy and Research at the Learning and Work Institute. Andrew Paterson (OECD) also provided comments. Eric Gonnard, Michela Meghnagi, Miriam Odonkor and Ida Peltonen (all OECD) provided helpful statistical support. Pilar Philip and François Iglesias (both OECD) prepared the report for publication.

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