

Employment and earnings in Luton

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Executive summary

- The majority of employees in Luton work in the service sector but there are also 6,000 employees in the manufacturing sector. The airport and associated area is a major employer in the town with 11,000 jobs estimated to be linked with it.
- Luton has a lower proportion of employees in managerial and professional occupations than nationally and a higher proportion in elementary occupations.
- Luton has a higher unemployment rate than the national figure.
- Those who work in Luton but don't necessarily live in Luton have a higher average salary than Luton's residents.
- Household incomes in Luton are below the national average.

Employment

Table 1: Full and part-time employment in Luton 2020

Date	Total employees	Full time employees	%	Part time employees	%
2016	94,000	63,000	67.0	31,000	33.0
2017	95,000	65,000	68.4	30,000	31.6
2018	92,000	62,000	67.4	30,000	32.6
2019	91,000	62,000	67.4	30,000	32.6
2020	93,000	64,000	68.8	29,000	31.2

Components may not sum to totals due to rounding. Source: Office for National Statistics

Table 2: Employment by industrial sector in Luton 2020

Industrial sector	Employees	%
Agriculture, forestry and fishing	50	0.1
Mining and quarrying	0	0.0
Manufacturing	6,000	6.5
Electricity, gas, steam and air conditioning supply	20	0.0
Water supply; sewerage, waste management	200	0.2
Construction	5,000	5.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	11,000	11.8
Transportation and storage	10,000	10.8
Accommodation and food service activities	4,500	4.8
Information and communication	2,250	2.4
Financial and insurance activities	600	0.6
Real estate activities	1,750	1.9
Professional, scientific and technical activities	6,000	6.5
Administrative and support service activities	18,000	19.4
Public administration and defence; compulsory social security	3,000	3.2
Education	8,000	8.6
Human health and social work activities	14,000	15.1
Arts, entertainment and recreation	1,250	1.3
Other service activities	1,250	1.3
Total	93,000	

Components may not sum to totals due to rounding. Source: Office for National Statistics

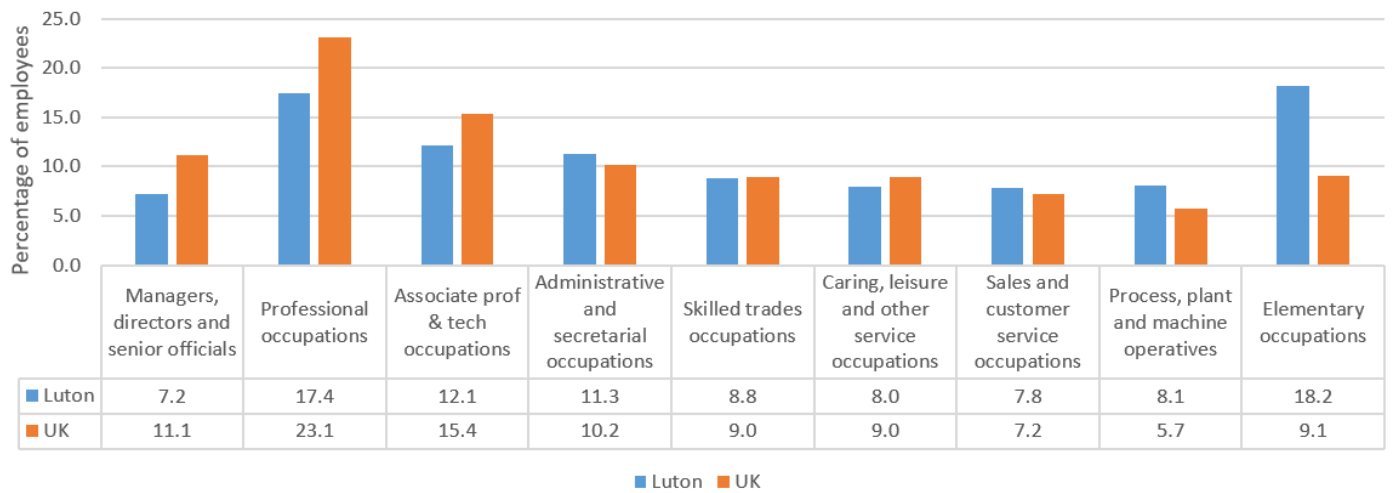
The latest employment data from the [Office for National Statistics \(ONS\)](#) recorded 93,000 employees in Luton in 2020, with 68.8 percent in full time employment and 31.2 percent part time.

The biggest employment sectors are administrative and support services (19.4 percent), health (15.1 percent), wholesale and retail (11.8 percent), transportation and storage (10.8 percent), education (8.6 percent) and manufacturing (6.5 percent).

The majority of employees work in the service sector but there are also 6,000 employees in the manufacturing sector.

The airport and associated area is a major employer in the town with 11,000 jobs estimated to be linked with it.

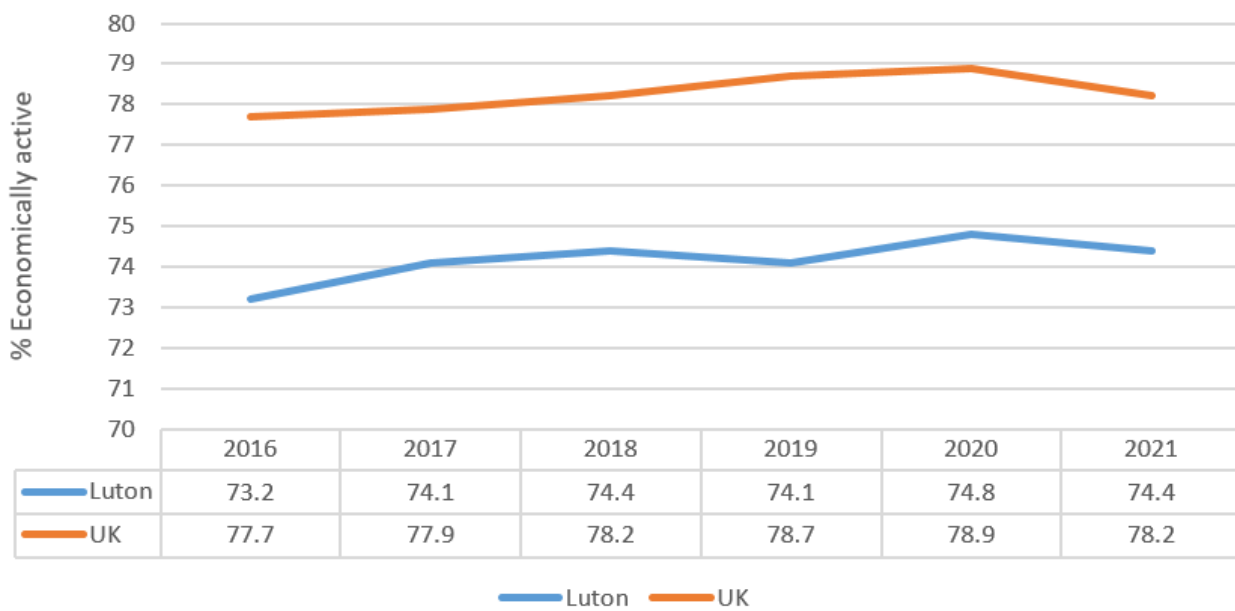
Figure 1: Percentage of employees by occupation in Luton and UK 2021



Source: Annual Population Survey, ONS

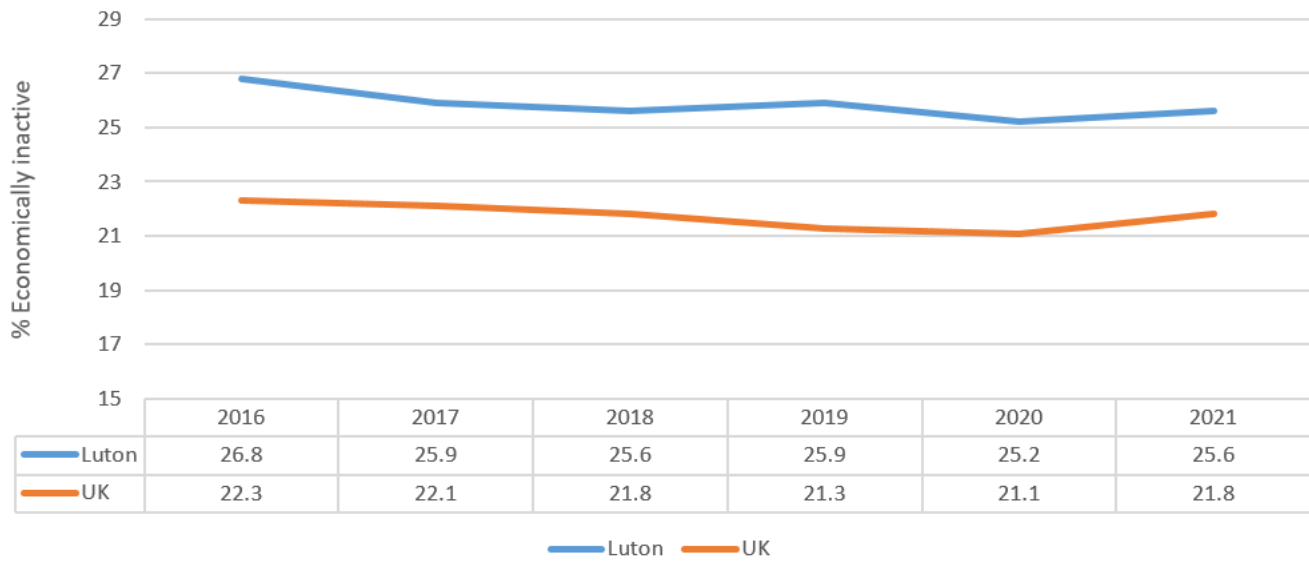
Figure 1 compares the proportion of employees by occupation in Luton against the UK as a whole. Luton has a lower proportion of employees in managerial and professional occupations than nationally and a higher proportion in elementary occupations. This means that there will be a higher proportion of people in Luton on lower incomes.

Figure 1: Percentage of economically active working age people, Luton and UK, 2016-21



Source: ONS

Figure 2: Percentage of economically inactive working age people, Luton and UK, 2016-21



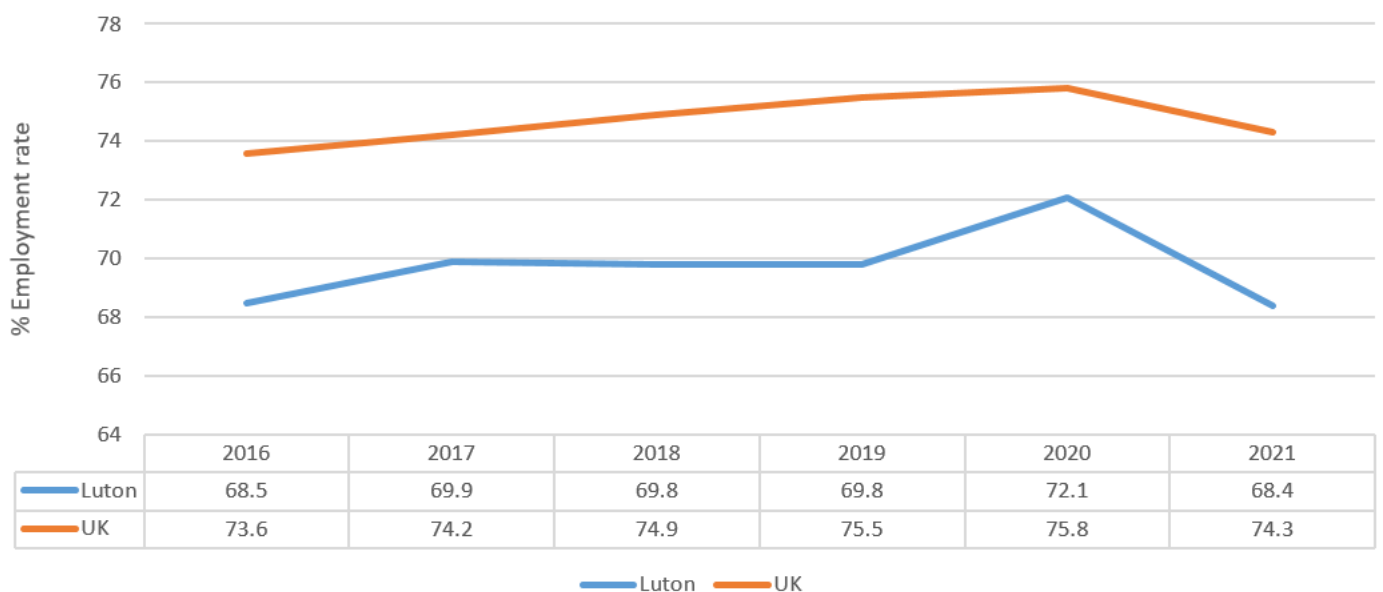
Source: ONS

Luton has a lower percentage of working age people who are economically active, i.e. either in employment or seeking employment. The rate for Luton is 74.4 percent in comparison to 78.2 percent nationally.

The economically inactive rate in Luton is 25.6 percent which is higher than the national figure of 21.8 percent

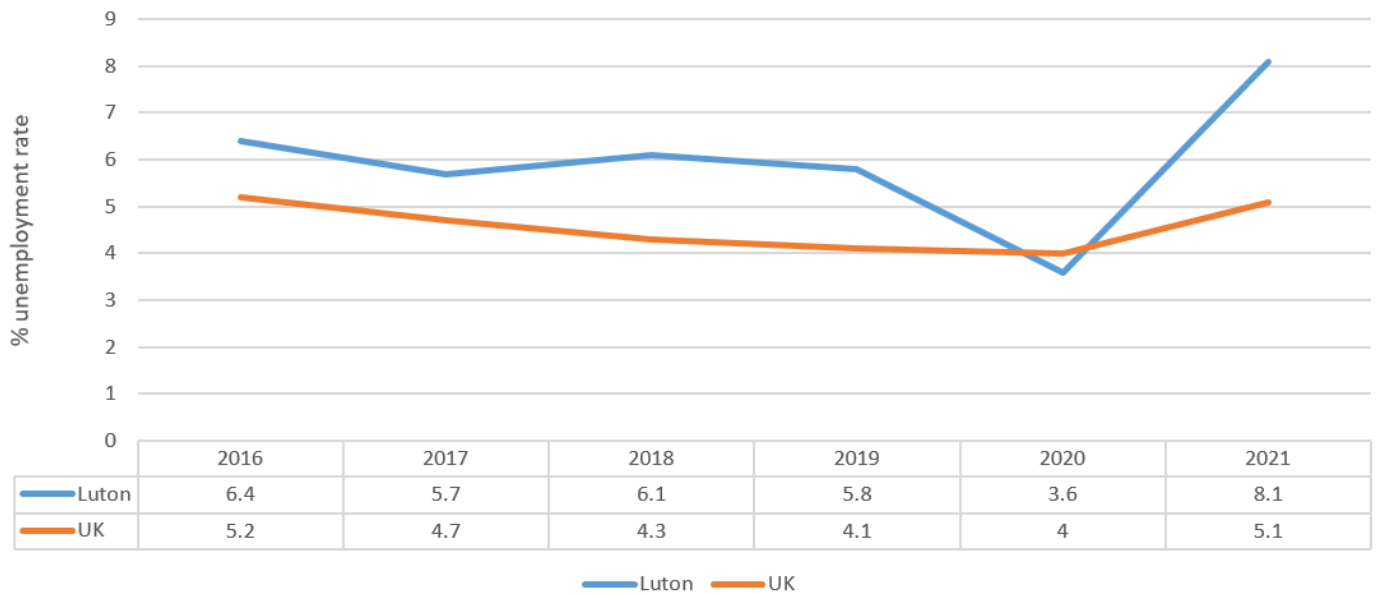
The economically inactive rate has not increased significantly since the covid-19 pandemic, indicating that the virus has not yet lead to an increase of people who are economically inactive through long term sickness in Luton.

Figure 3: Percentage of working age people in employment, Luton and UK, 2016-21



Source: ONS

Figure 4: Percentage of working age people who are unemployed, Luton and UK, 2016-21



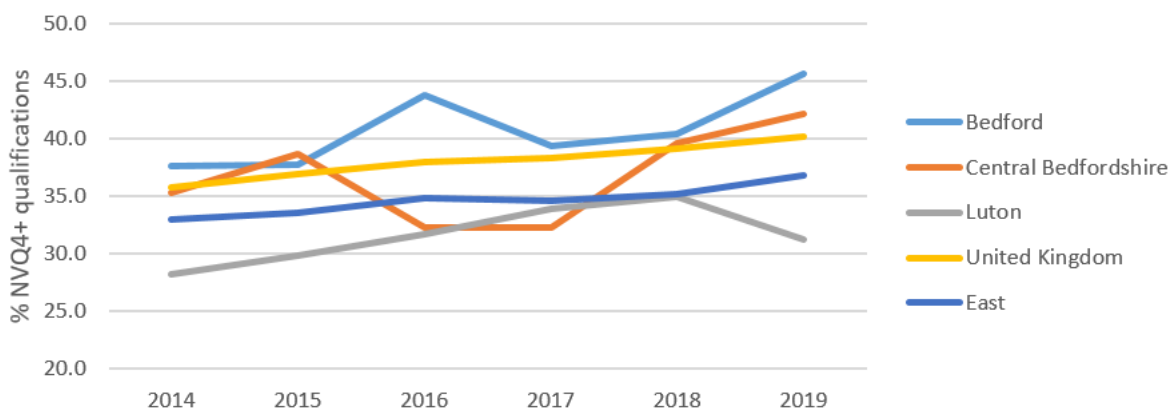
Source: ONS

The employment rate in Luton is 68.4 percent in comparison to 74.3 percent nationally and the unemployment rate is 8.1 percent in comparison to 5.1 percent nationally.

The unemployment rate has increased both locally and nationally since the pandemic but has risen at a faster rate in Luton indicating that the town has experienced a more severe impact of the pandemic than most areas.

Figure 5: Percentage of working age population with a degree level qualification, 2015-19

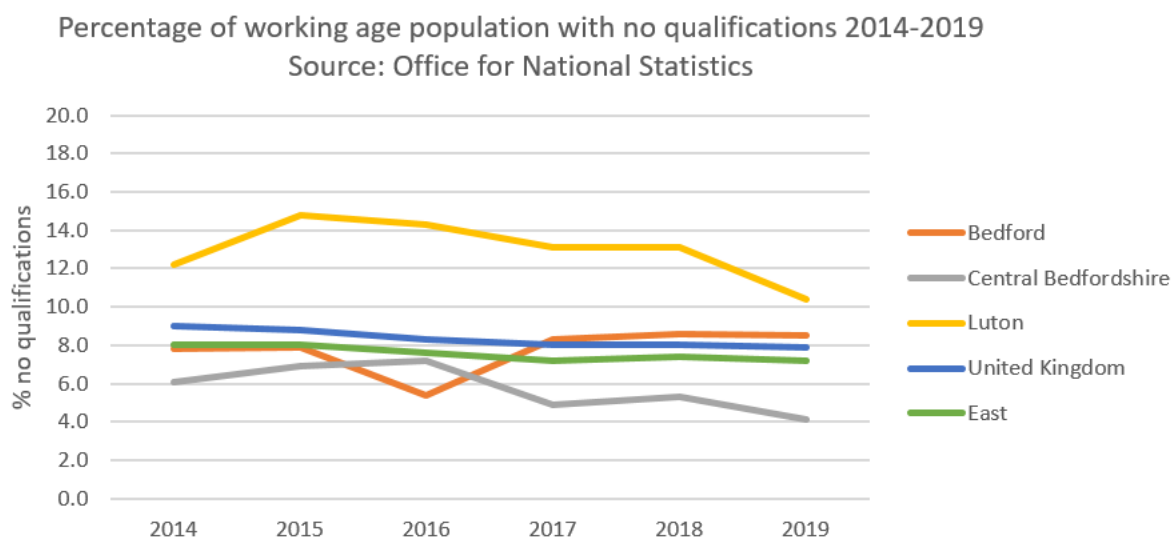
Percentage of working age population with degree level and above qualifications 2014-2019
Source: Office for National Statistics



Source: ONS

Figure 5 shows the proportion of the working age population with a degree level qualification. The proportion has been increasing in Luton but is still below neighbouring areas and the national figure.

Figure 6: Percentage of working age population without any qualifications, 2015-19



Source: ONS

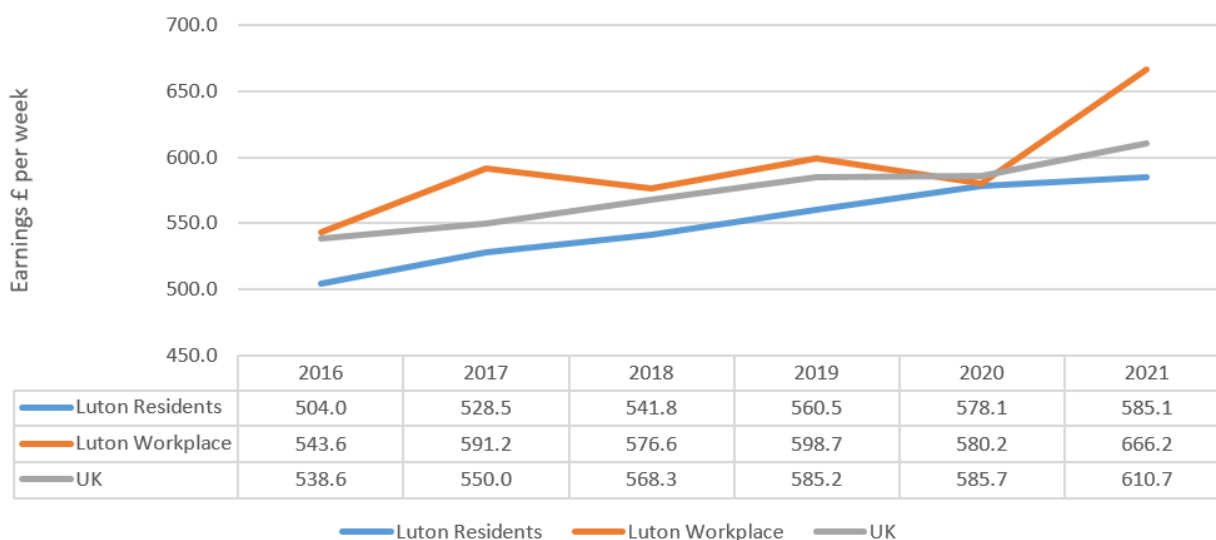
Figure 6 shows that the proportion of the working age population without any qualifications has been falling, but it is still above the rates in neighbouring local areas and the national figure. The lower levels of people with qualifications in Luton helps to explain the differential between workplace and resident based earning levels and is a contributor to poverty in the town.

Earnings and incomes

The [Annual Survey of Hours and Earnings](#) is a business survey from the ONS to estimate the level and distribution of pay. They produce estimates of residents' pay and workplace pay, such as those who work in, but don't necessarily live in, an area.

The second estimate measures the impact of commuting and more recently homeworking. These data do not take into account inflation.

Figure 7: Median full time earnings in Luton and UK, 2016-21

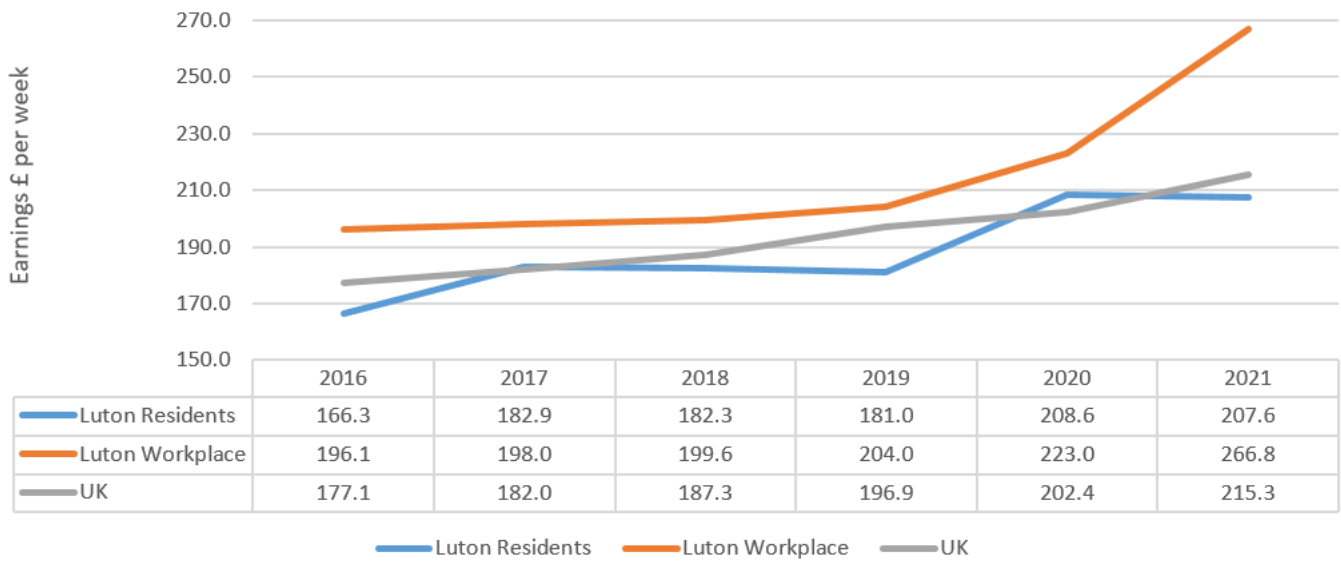


Source: ONS

The average full time earnings of Luton residents is £585.1 per week, which is below the national average of £610.7 per week. The average earnings of those who work in Luton but don't necessarily live in Luton is £666.2 which is higher than both the national average and Luton residents' figures. Average earnings have been on an upward trend in Luton.

Workplace earnings being higher than residents' earnings can be partly explained by the Luton having lower than average levels of qualifications and commuters taking higher paid jobs.

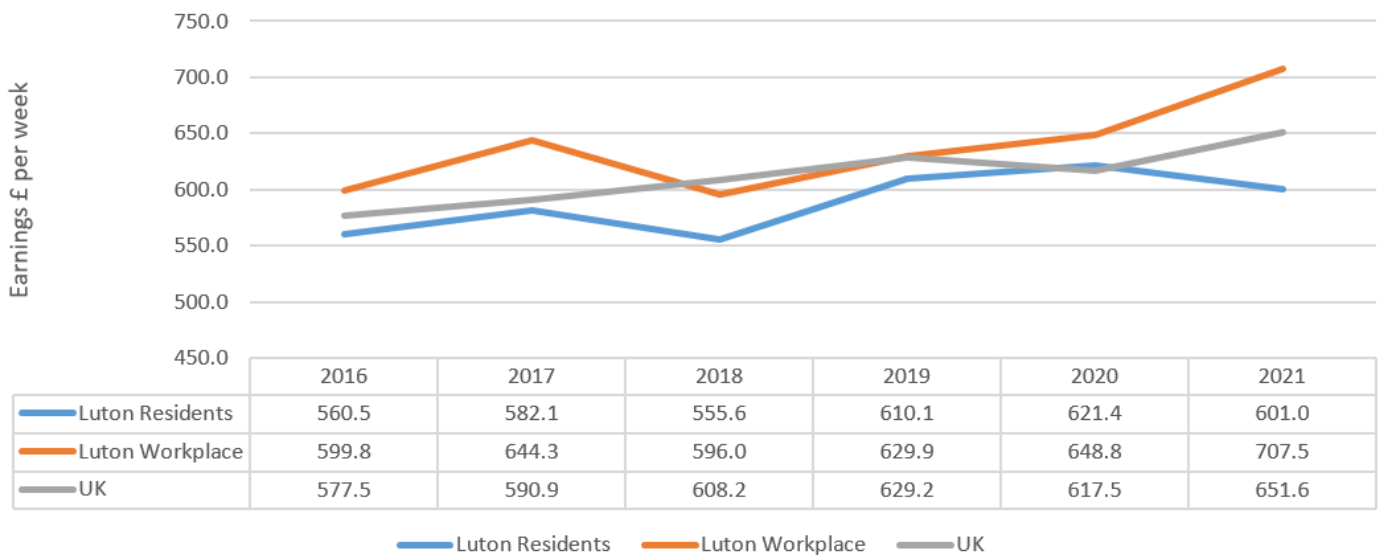
Figure 8: Median part time earnings in Luton and UK, 2016-21



Source: ONS

The average part time earnings of Luton residents is £207.6 per week which is below the national average of £215.3 per week. The average part-time earnings of those who work in Luton but don't necessarily live in Luton is £266.8 which is higher than both the national average and Luton residents' figures.

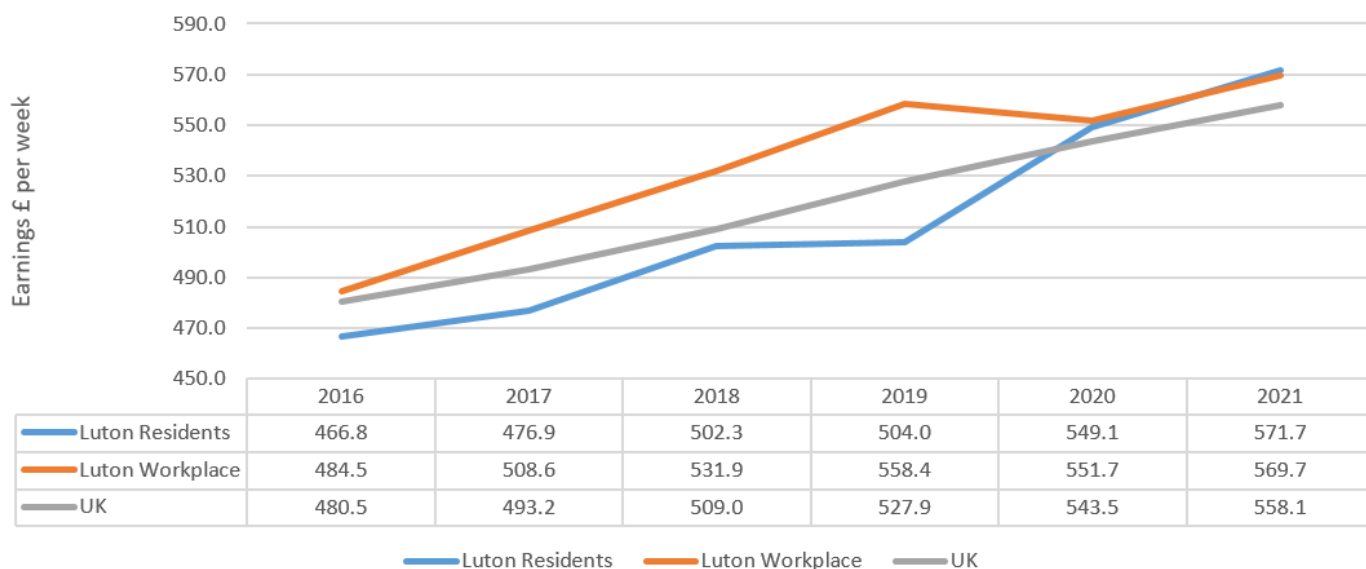
Figure 8: Median male full time earnings in Luton and UK, 2016-21



Source: ONS

The average male full time earnings of Luton residents is £601 per week which is below the national average of £651.6 per week. The average earnings of those who work in Luton but don't necessarily live in Luton is £707.5 which higher than both the national average and Luton residents' figures.

Figure 9: Median female full time earnings in Luton and UK, 2016-21



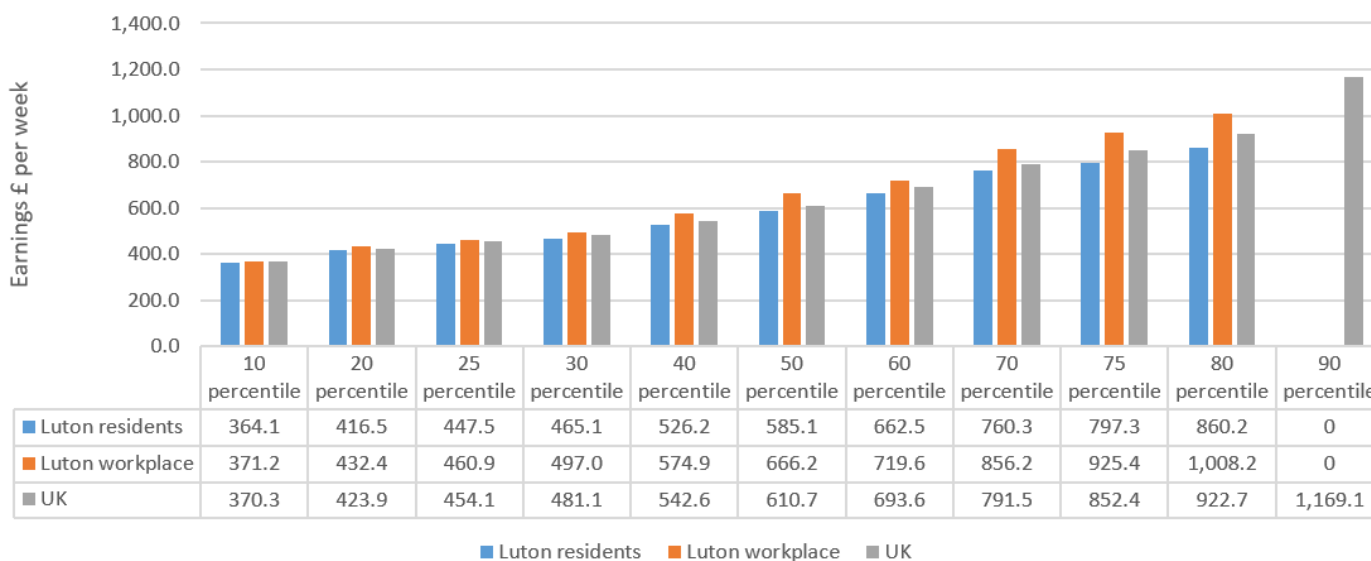
Source: ONS

The average female full time earnings of Luton’s residents is £571.7 per week and the average work place earnings is £569.7 per week. Both of these figures are higher than the national female average earnings of £558.1 per week.

The full time female earnings of Luton’s residents has seen strong growth in the last 2 years, but these results need to be treated with caution because of the small sample size and data collection problems in the pandemic.

Another explanation could have been a loss of lower earning employees during the pandemic pushing up the average.

Figure 9: Luton resident, workplace and UK full time earnings by Percentile, 2021 £ per week



Source: ONS

Figure 9 shows the average earnings at each percentile of the population such as the lowest 10% of earners of Luton residents has an average wage of £364.1 per week.

As earnings increase Luton residents average earnings diverges from the UK average indicating

that there are fewer people on higher earnings living in Luton. Average workplace based earnings is higher than the UK average at the 80 percentile level. There are no data above the 80 percentile for Luton.

**Figure 10: Gross disposable household income (GDHI) Luton and UK, 2011-19
£ per week**

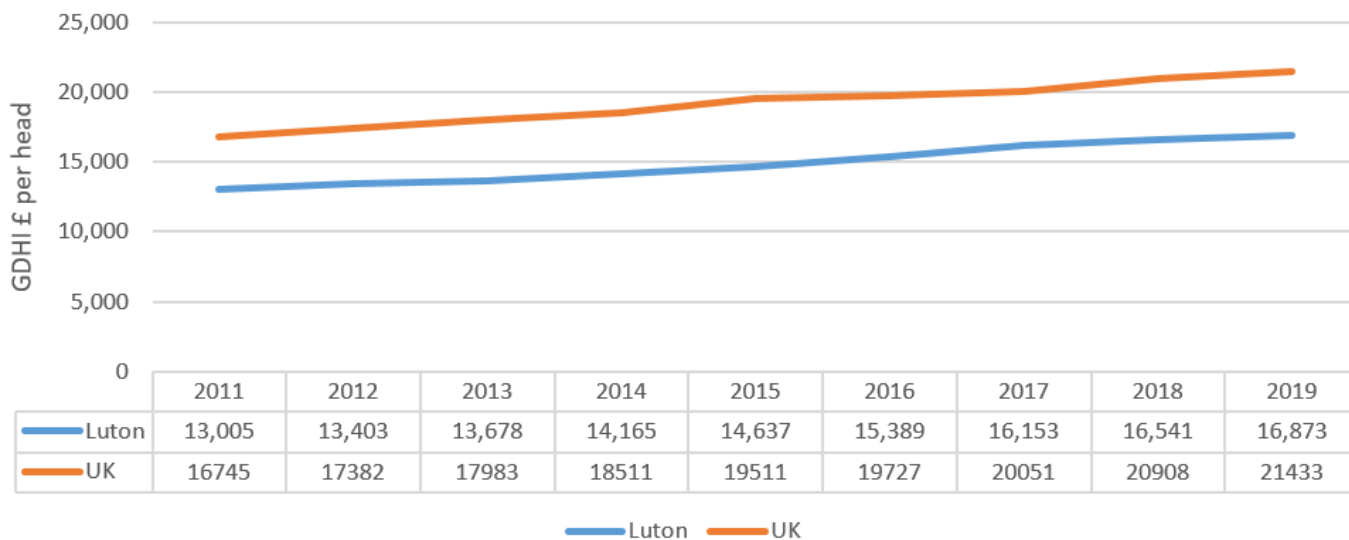


Figure 10 shows GDHI for Luton in comparison to the UK. This measures how much money a household has to spend after income distribution methods such as taxes, benefits and social contributions.

Luton has a lower GDHI per head than the national average, £16,871 in comparison to £21,433. Luton has the lowest household income in the East region.

Despite improvements in average earnings, rising costs of living and an increase in unstable poorly paid jobs such as zero hour contracts have caused an increase in in-work poverty. Various measures of income show the pressures on living standards in Luton both before and after the pandemic.