

# Monthly labour market update

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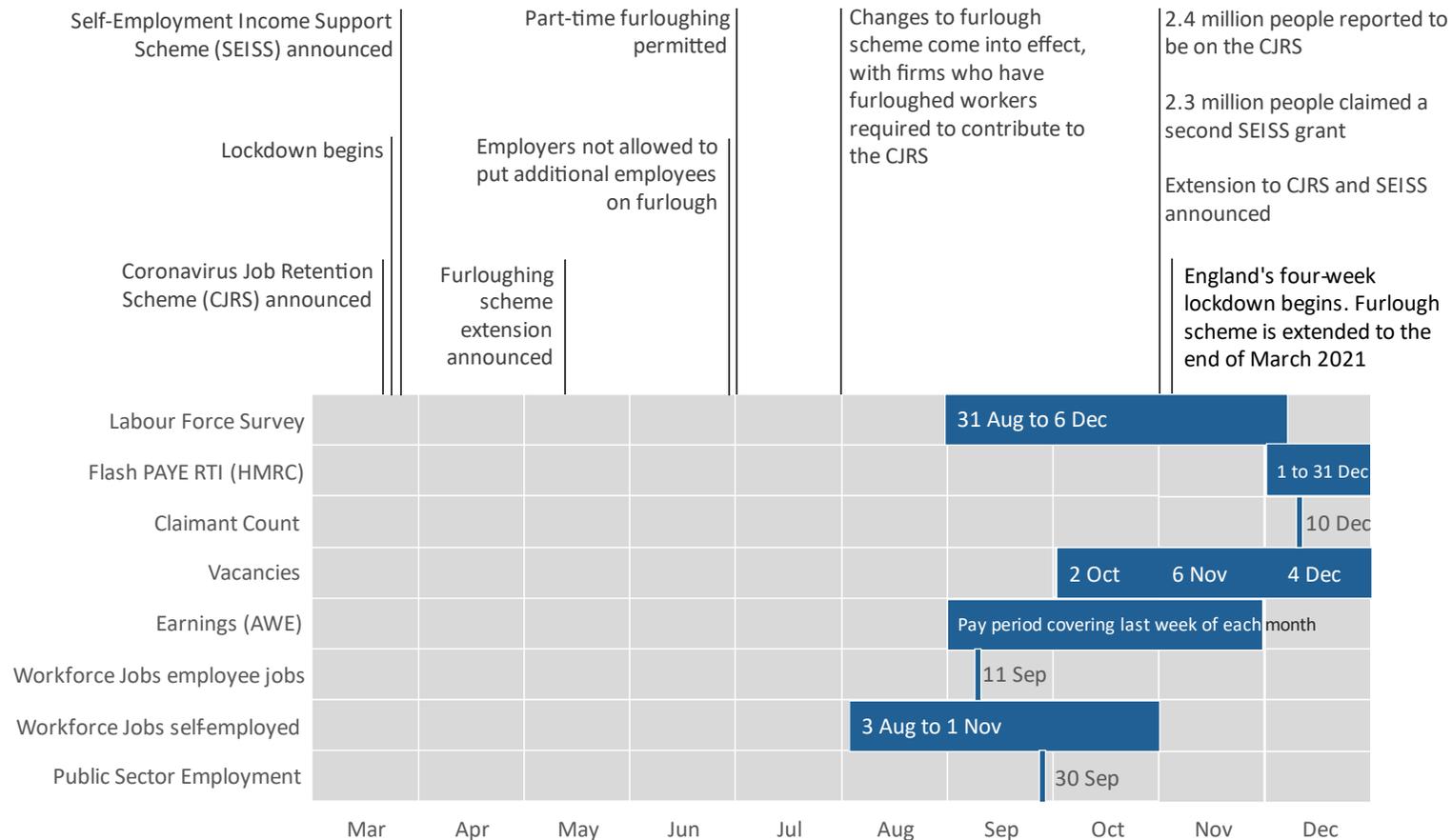
# Summary of latest labour market data

- The **London** labour market continues to be particularly affected by the coronavirus (COVID-19) pandemic and the measures to contain it. Data from the ONS Labour Force Survey show unemployment in **London** increasing faster than across the **UK**, while the fall in the employment rate has been similar to national trends.
- The unemployment rate in the **capital** saw a record rise this quarter and the employment rate continued to fall, although the economic inactivity rate also fell to its lowest level since March 2020. For **London**, comparing the three months to November 2020 with the previous quarter:
  - The employment rate fell 1pp to 75.1%
  - The unemployment rate rose 1.7pp to 6.9%
  - The economic inactivity rate fell 0.5pp to 19.3%
- Experimental Claimant Count estimates show that the number of unemployment related claims in **London** has also increased by 164% (307,000) since March – higher than the increase across the **UK** (106%). Note that in response to the pandemic the government has increased eligibility for unemployment related benefits.

# Coronavirus and measuring the labour market

- The ONS has published its latest [labour market update](#) covering Labour Force Survey data for the three months to November 2020. This release presents the latest headline estimates for London.
- Please note:
  - Many of the statistics included here are estimates based on surveys, and as such have a margin of error – known as sampling variability
  - They also cover different reference periods or count dates – and are therefore impacted differently by the coronavirus (COVID-19) social distancing and lockdown measures
- We advise that our outputs are triangulated with other sources of information and analysis to develop a rounded statistical picture of any specific policy issues; more information and previous GLAE analysis can be found on our COVID-19 labour market analysis page.
- For reference, the chart on the next slide shows the data reported in the latest ONS update (dark bars) alongside their different reference periods and count dates (white text) and the main dates for coronavirus social distancing and lockdown related measures.

# Impact of the main coronavirus (COVID-19) dates on labour market data sources



Source: ONS Labour market overview, UK: January 2021

# Employment rate in **London** falls in line with **UK** average

The employment rate is the percentage of the working age population (those aged 16 to 64) in employment.

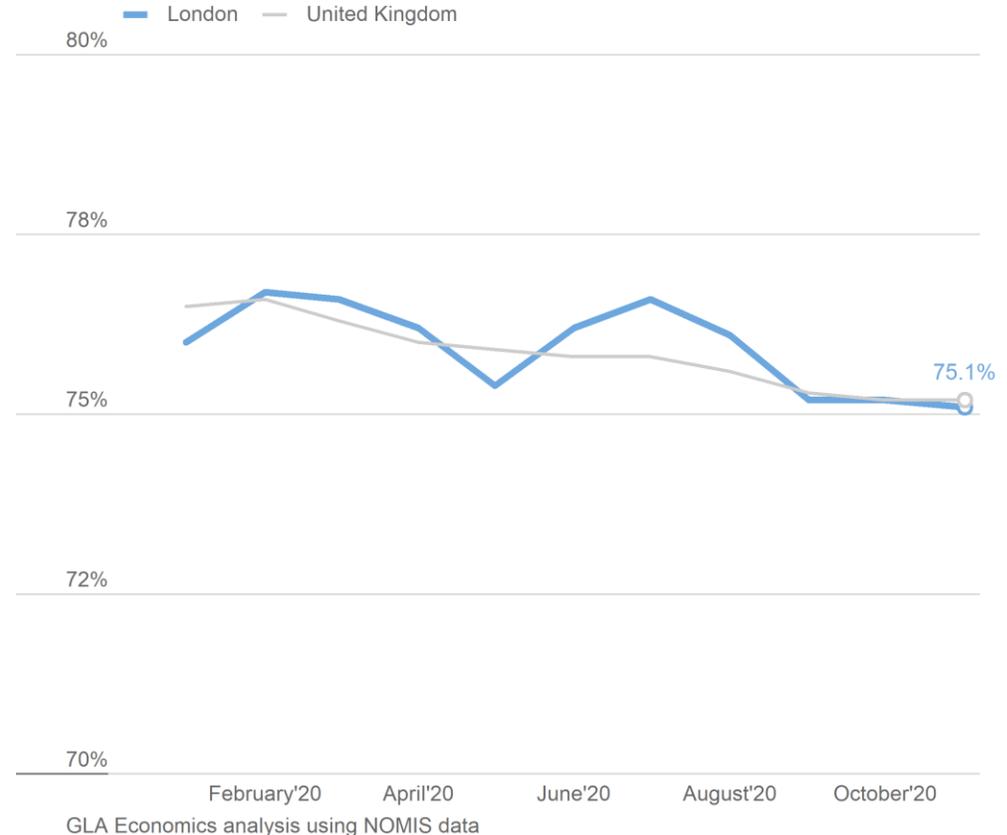
In the three months to November 2020, **London's** 16-64 employment rate was estimated at 75.1%. This was down 1.0 percentage points (pp) on the previous quarter and down 0.5pp from a year earlier.

For the **UK**, the employment rate was estimated at 75.2% – down 0.4pp on the quarter and 1.1pp on the year.

As with the three months to October 2020, men drove the latest decrease in employment in London. The employment rate for men fell 1.8pp over the quarter, compared with a 0.1pp fall for women, while over the year the employment rate for men fell 2.1pp and increased 1.1pp for women.

## Employment rate (% of working age population)

Latest data for period Sep 2020-Nov 2020



Source: ONS Labour Force Survey 2020. Note: the margin of error for employment estimates is +/- 1.4% for London and +/- 0.5% for UK estimates.

# London unemployment rate increases by record amount

Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

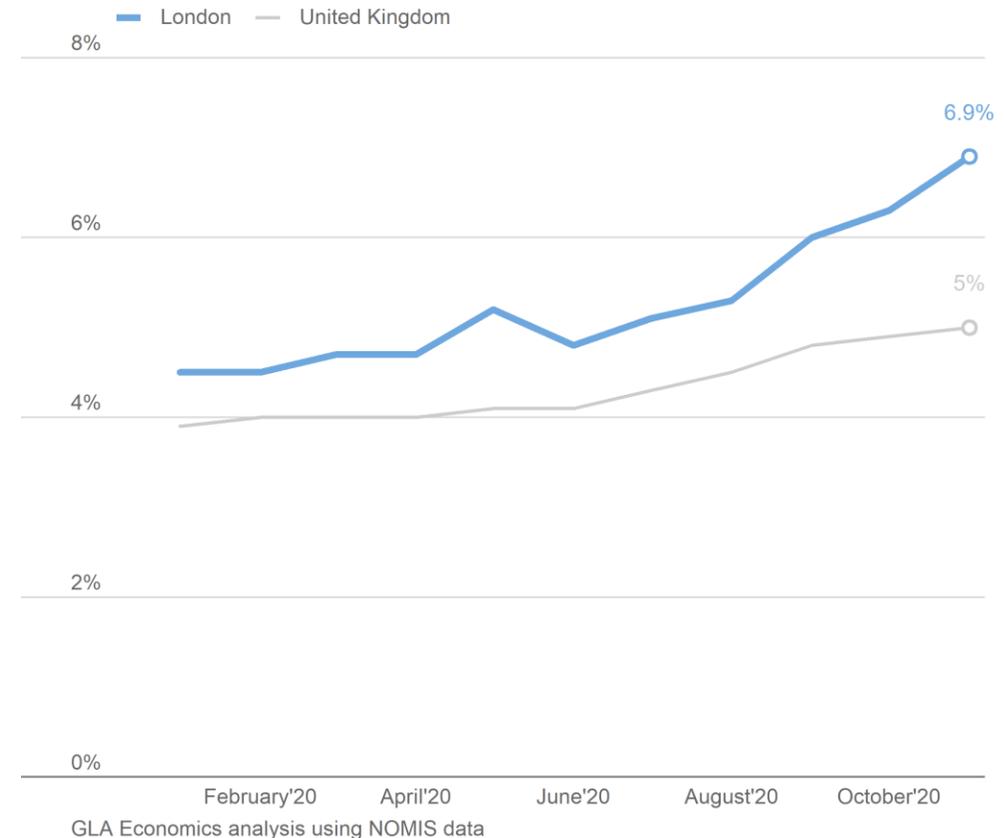
The unemployment rate for **London** was 6.9% in the three months to November 2020 – up 1.7pp from the previous quarter and 2.6pp from a year earlier. The quarterly change is a new record increase for London.

The **UK** unemployment rate was estimated at 5%, up 0.6pp from the previous quarter and 1.2pp on the year.

In **London** and across the **UK** women are currently more likely to be unemployed than men. In **London**, female unemployment was 7.4% in the three months to November (a 2.8pp and 3.7pp quarterly and annual increase, respectively) and male unemployment was 6.4% (a 0.8pp quarterly and 1.7pp annual increase).

## Unemployment rate (% of economically active)

Latest data for period Sep 2020-Nov 2020



Source: ONS Labour Force Survey 2020. Note: the margin of error for unemployment estimates is +/- 1% and +/- 0.3% for London and the UK respectively.

# London inactivity rate falls and remains below UK level

The economic inactivity rate is the proportion of 16 to 64-year olds not in work and either not looking for or unable to work.

In the three months to November 2020, the rate of economic inactivity in **London** was 19.3%. This is 0.5pp below the previous quarter's level and down 1.7pp on the year.

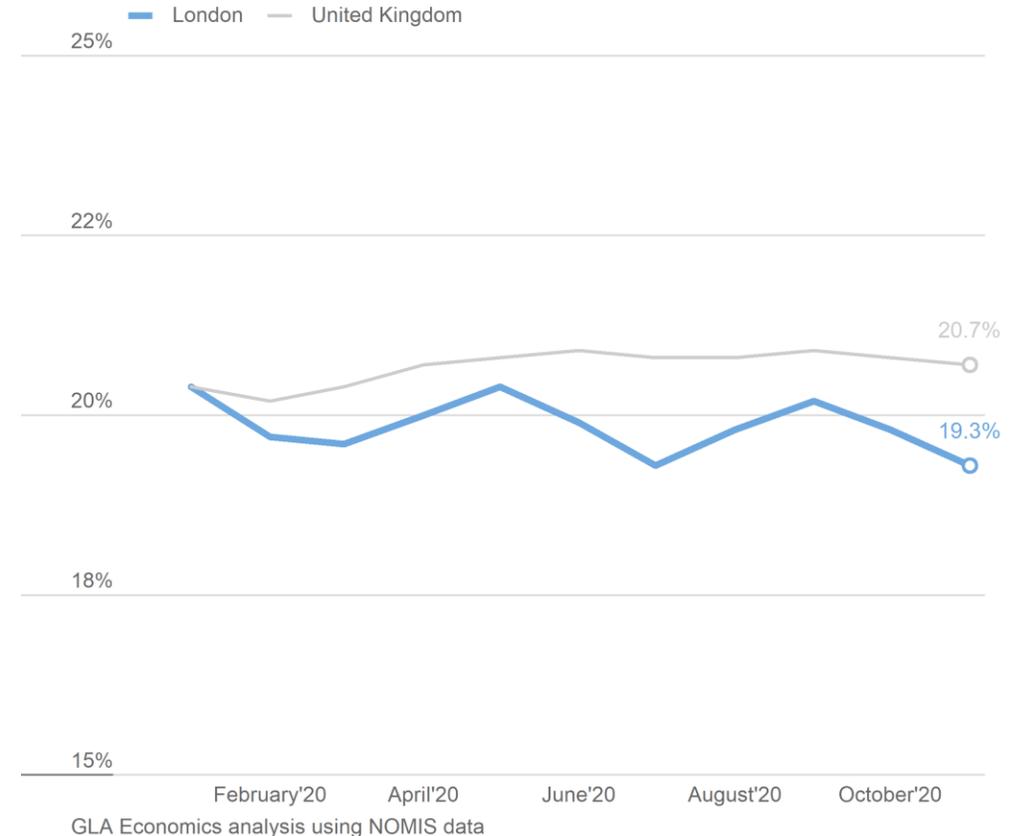
The **UK** rate of economic inactivity was slightly higher at 20.7%. This was down 0.1pp on the previous quarter and up 0.2pp compared with the previous year.

Note – the [Bank of England](#) recently identified an increase in the flow of workers moving from inactivity to unemployment as those who were made redundant over the summer began searching for jobs. This is consistent with recent increases in unemployment in London.

Both men and women living in **London** are now less likely to be economically inactive than elsewhere in the **UK**. The female economic inactivity rate is 23.3% in **London** compared with 24.4% across the entire **UK**, while for men the rate is 15.4% compared with 17%.

## Economic inactivity (% of working age population)

Latest data for period Sep 2020-Nov 2020

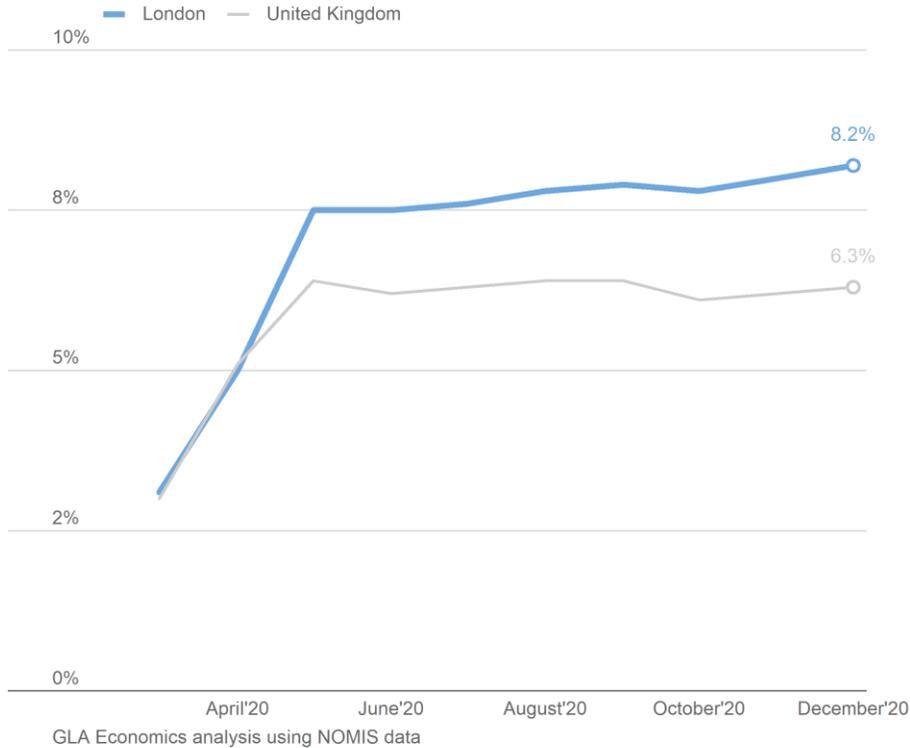


Source: ONS Labour Force Survey 2020. Note: the London margin of error is not published for economic inactivity, the UK margin is +/- 0.4%.

# A greater proportion of **Londoners** across all age groups are claiming unemployment related benefits compared with the **UK**

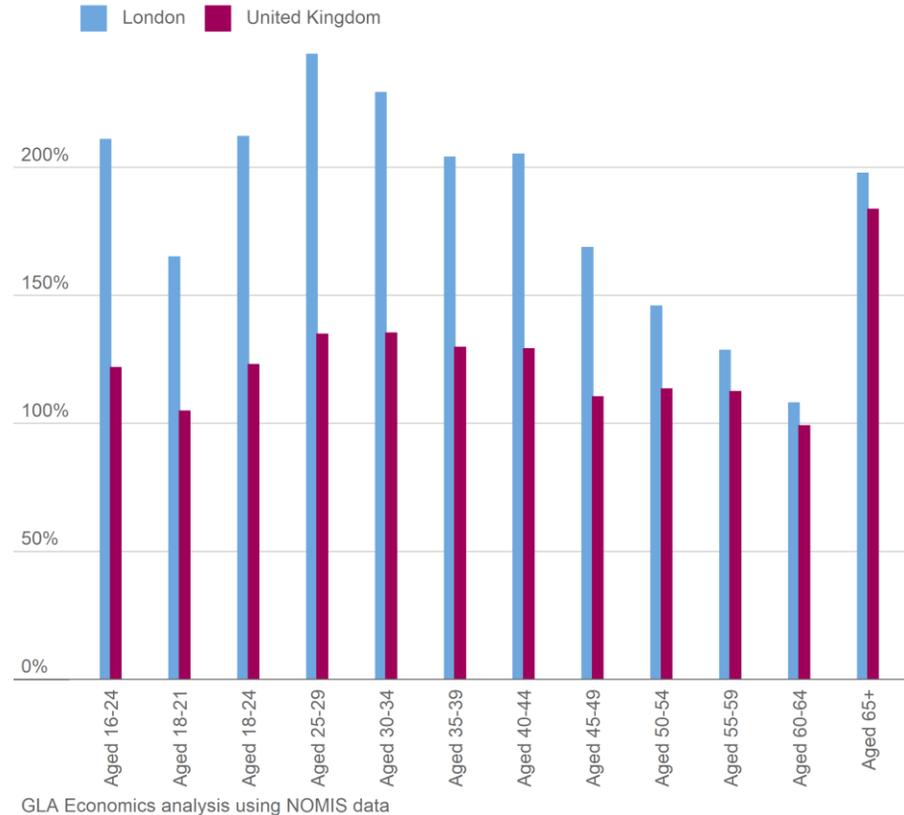
**Claimant count (as a % of residents aged 16 to 64)**

Latest data for period December 2020



**Year-on-year percentage increase in claimant count**

Latest data for period December-2020



Note: an increasing number of people recently became eligible for unemployment-related benefit support, although still employed. Changes in the claimant count will not be due wholly to changes in unemployment.

# The number of employees in **London** is falling more steeply than across the **UK** as a whole

Experimental data on the number of payroll employees and median earnings, using HM Revenue and Customs's (HMRC's) Pay As You Earn (PAYE) Real Time Information (RTI), also show current labour market conditions.

On this measure, the number of paid employees fell by 828,000 across the **UK** between February 2020 and December 2020. Around 229,000 of these employees were living in **London** – the single largest fall across the **UK's** nations and regions.

For December 2020, the year-on-year fall in the number of employees in **London** was greater than that for the **UK** as a whole – down 5.5% versus 2.7%.

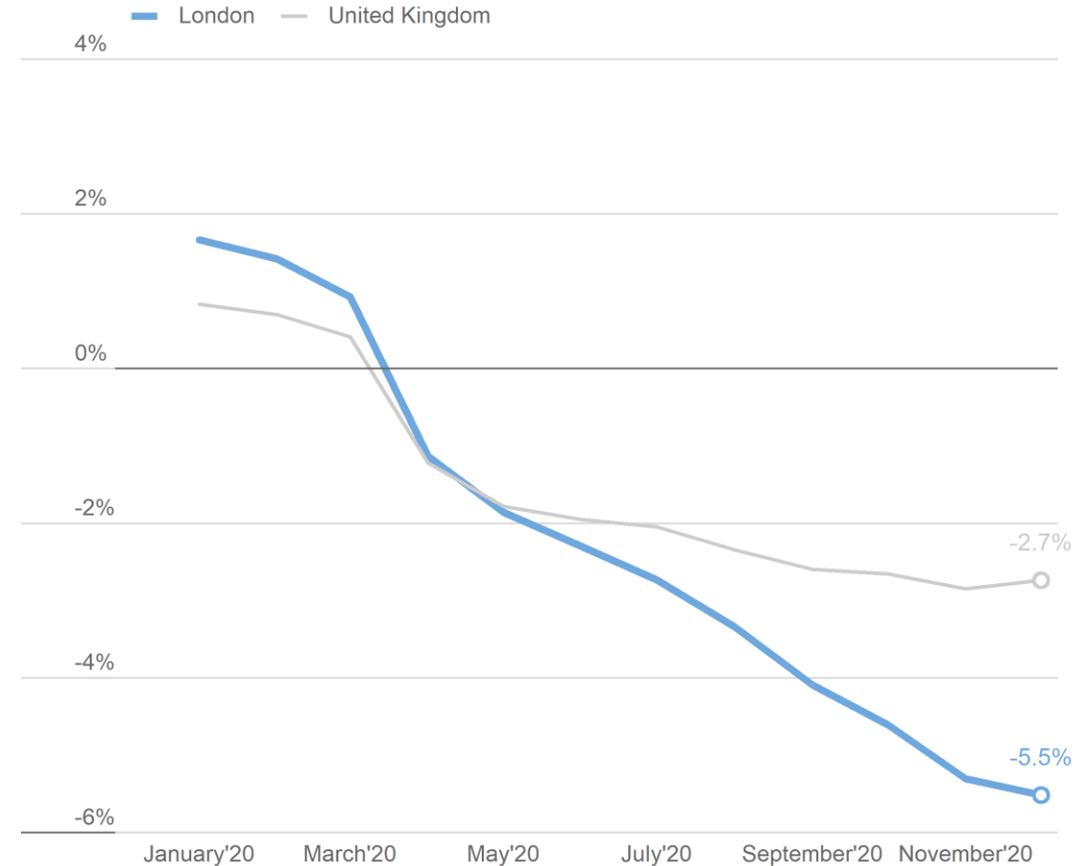
Compared with the previous month, the number of paid employees living in **London** also continued to fall marginally in December 2020 (by 0.05%). This contrasts with a 0.18% increase across the **UK**.

Median pay fell in all regions between February and May 2020 but has now rebounded. Median pay in **London** was 4% higher in December than in February, and 3.9% higher for the **UK** as a whole.

Source: HM Revenue and Customs PAYE Real Time. Note: estimates are based on where people live.

## PAYE jobs estimate, change on previous year

Latest data for period December 2020



# Summary of headline indicators for **London** and the **UK**

Headline estimates for September - November 2020	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
<b>Employment</b>										
<b>London</b>	4,778	-34	▼	30	▲	75.1	-1.0	▼	-0.5	▼
<b>UK</b>	32,503	-88	▼	-398	▼	75.2	-0.4	▼	-1.1	▼
<b>Unemployment</b>										
<b>London</b>	355	88	▲	141	▲	6.9	1.7	▲	2.6	▲
<b>UK</b>	1,724	202	▲	418	▲	5.0	0.6	▲	1.2	▲
<b>Economic inactivity (16 - 64)</b>										
<b>London</b>	1,182	-26	▼	-94	▼	19.3	-0.5	▼	-1.7	▼
<b>UK</b>	8,592	-33	▼	87	▲	20.7	-0.1	▼	0.2	▲

Source: ONS Labour Force Survey 2020. Note: \*All figures are seasonally adjusted. Rates are based on working age population (16 – 64 male and female), except for the unemployment rate which is age 16+.