



Monthly Labour market update

Gabriele Piazza, GLA Economics

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Many of the statistics presented here are estimates based on a survey, and as such have a margin of error – known as sampling variability

Summary of latest labour market data (1)

The employment rate in the capital remains high while unemployment is relatively stable. Overall, this suggests that the Government support is still mitigating the impact of COVID-19 on the labour market.

For **London**, in the three months to August 2020 compared against the previous quarter:

- The employment rate increased by 0.7 percentage points (pp) to 76.1%.
- The unemployment rate was 5.3%, unchanged on the quarter
- The economic inactivity rate fell to 19.8% (-0.6pp).

Experimental Claimant Count data covers claims for Jobseeker's allowance and claimants on Universal Credit "searching for work". Following the Government response to Covid-19, people on low incomes but still in work became eligible for unemployment related benefits and are included in these statistics. This data shows that in **London**:

- The number of claims has increased by 165% (305k) since March – higher than the **UK** increase (120%).
- Between August and September the number of claims in the **capital** went up by around 12.6k, the highest increase across **UK** regions.
- Workers aged 25-29 in saw the largest year on year increase in claims (+246%). All age groups in **London** experienced a larger proportional increase than their **UK** counterparts
- Among boroughs, Newham claims increased by most compared to the same period last year (+17.7k).
- Among parliamentary constituencies, West Ham claims increased by most compared to the same period last year (+9.5k), followed by Tottenham and East Ham.

It is worth noting that **recent RF analysis** suggests that 61% of new UC claimants are either working, receiving furlough pay, or receiving an SEISS grant, according to the Understanding Society data.

Summary of latest labour market data (2)

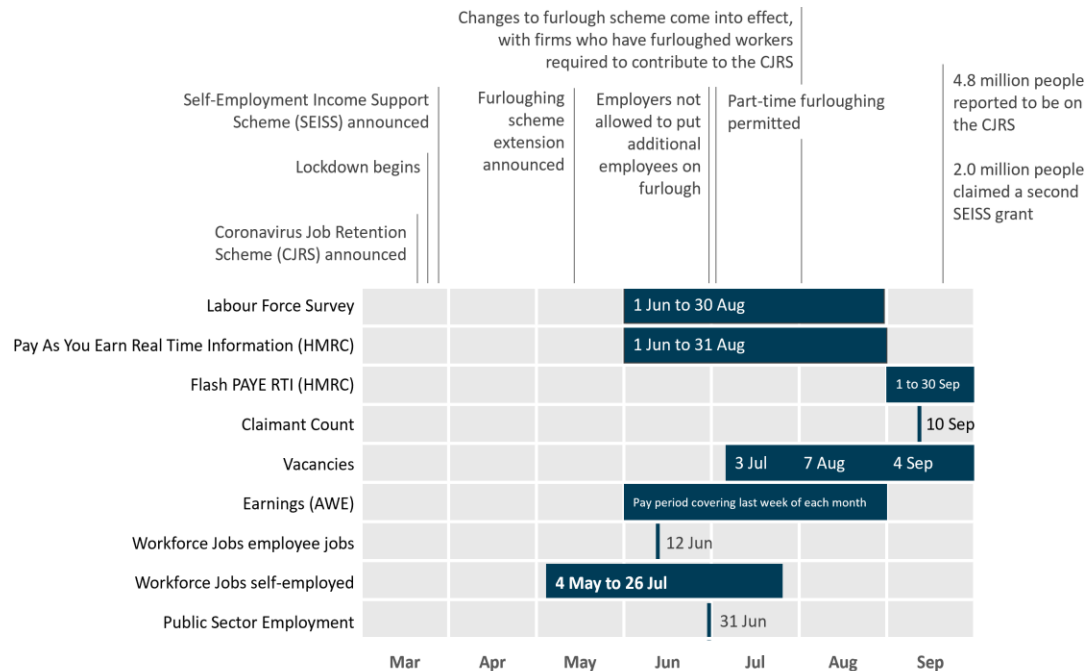
The ONS has also published data on the number of PAYE employees, actual hours worked, vacancies and redundancies which overcome some of the data limitations that we discuss in Slide 4.

- For the first time we have early regional estimates on the number of payroll employees, showing that in September there were 146,000 fewer **people in paid employment** living in the **capital** relative to March 2020.
- In September, **London** experienced the largest regional decrease (3.5%) in **employee growth** compared to the same month last year.
- Between February to April 2020 and May to July 2020, total **actual weekly hours worked** in the **UK** increased by 20.0 million to 891.0 million hours.
- **Redundancies** in the **UK** nearly doubled relative to last year, up 113,000 to a total of 227,000.
- For July to September 2020, there were an estimated 488,000 job **vacancies** in the **UK**. Despite a record quarterly increase (144,000), the number of vacancies are still 40.5% lower than a year ago.

ONS headline indicators mostly refer to the lockdown period

Data for headline indicators cover up until the end of August. This relate to the period when a number of the government lockdown measures aimed at protecting businesses and jobs during the coronavirus pandemic started to be However, they still do not show the full impact of Covid-19 and this is for the same two reasons highlighted in previous labour market updates:

- The first relates to the way the data is collected. The Labour Force Survey (LFS) is the main source of employment data. This is the largest household survey that the ONS publishes – aside from the census – and interviews almost 80,000 adults every quarter to ask how much they have worked, how much they earn and whether those out of work are actively seeking a job. This is an extremely rich dataset but unfortunately it is not as timely as we would like it to be. The latest release only covers until the end of August and it does not account the latest policy and labour market developments. The chart on the LHS shows how much of the data in the LFS and other key datasets were impacted by the social distancing measures.
- The second relates to the measures used in relevant data. For example, the International Labour Organization (ILO) definition of employment used in the LFS includes those who worked in a job for at least one hour and those temporarily absent from a job. Workers furloughed under the CJRS or who are self-employed but temporarily not in work have a reasonable expectation of returning to their jobs after a temporary period of absence. Therefore they are classified as employed under the ILO definition and ONS estimates.



It is worth noting that to mitigate the non-response bias due to change in interviewing methods during COVID, ONS has changed the weighting methodology for the LFS. This has resulted in revision to all estimates for the periods January- March to May-July. In these slides we report the movements based on the new methodology.

Employment rate in London remains high

In the three months to August 2020, **London's** 16-64 **employment rate** was estimated at 76.1%. This was up 0.7pp on the previous quarter and 1.9pp from the same quarter last year.

For the **UK**, the employment rate was estimated at 75.6%, down 0.3pp on the quarter, placing **London's** increase at the top of all regions:

- The Yorkshire and the Humber, the West Midlands and Scotland saw small quarterly increases, but only London also had a large annual increase (1.9pp)
- The North East, East Midlands, South West and Wales all saw quarterly falls of over 1pp. The South West also had the largest annual fall (4pp)

Women made up 61% of the quarterly increase in the **capital**, up 44,000 for women and only 28,000 for men, reversing the trend from the March to June, where employment fell, driven by falls for women.

Employment rates by age are not seasonally adjusted, so comparisons are against the previous year:

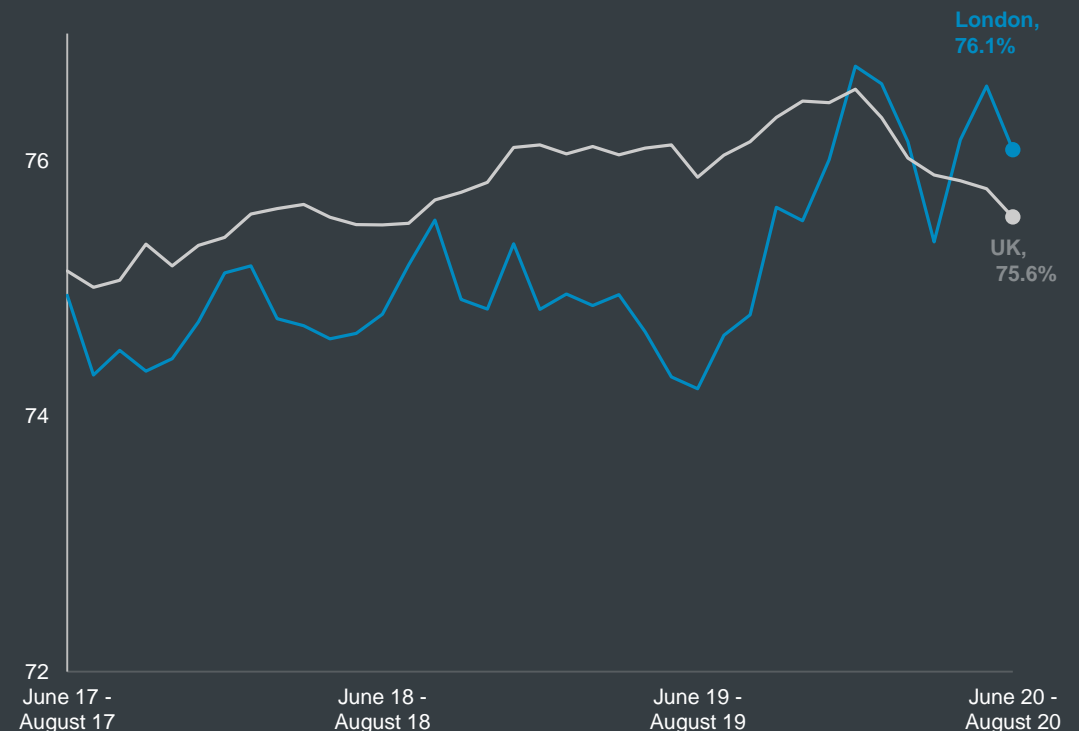
- The 16-24 age group saw the only fall, down 4.0pp
- The 25-34 age group saw the largest increase (4.8pp), driven by a 6.6pp increase for women
- The employment rate for women increased most in age brackets 25-34 and 50-64 and for men in age bracket over 50. In the 35-49 bracket, there was a 2.5pp increase for women and a 2.2pp fall for men.

Source: ONS Labour Force Survey 2020

Employment rate (% of working age population)

London Sampling variability $\pm 1.4\%$

UK Sampling variability $\pm 0.4\%$



Unemployment rate in the **capital** remains relatively stable

The 16+ **unemployment rate** in the **capital** was 5.3% in the three months to August 2020, unchanged from the previous quarter but up 0.6pp from the previous year.

The **UK** unemployment rate was estimated at 4.5%, up 0.4pp from the previous quarter.

The number of people unemployed in **London** increased by 5,000 relative to last quarter (up 1.9%). This increase was the result of an increase of 20,000 for men, largely offset by a fall of 15,000 for women.

Comparisons of **London's** unemployment rate by age against last year show:

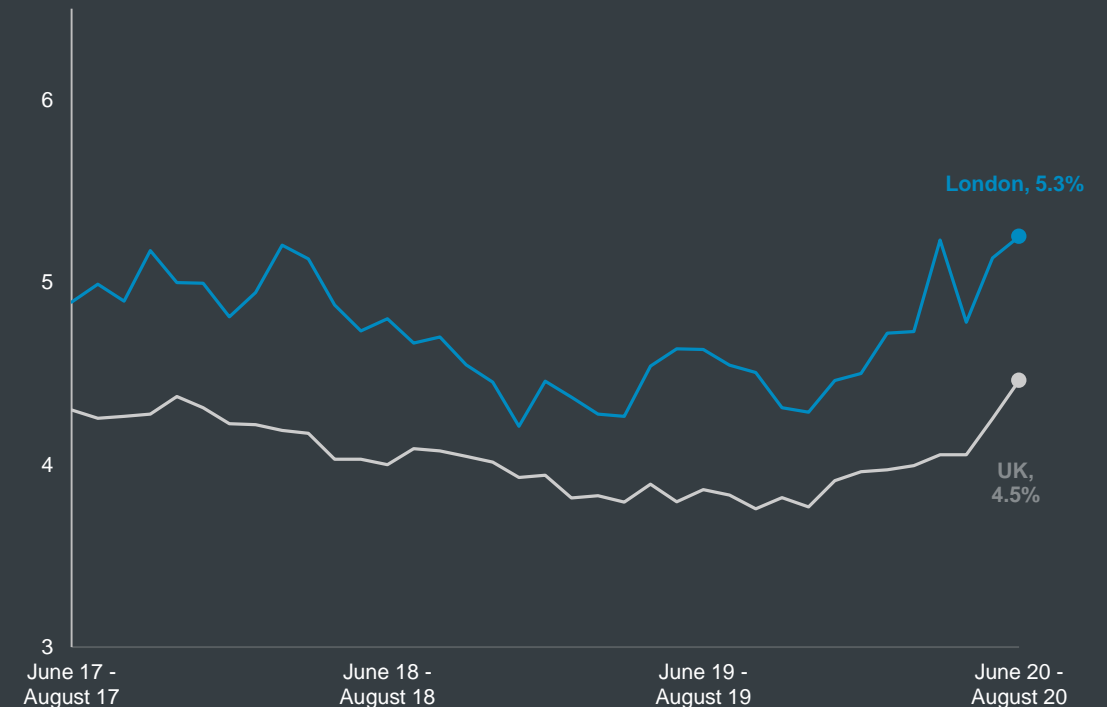
- The largest increases were in the 16-24 and 25-34 age groups, up 2.8pp and 1.7pp, with the 16-24 group driven by a 5.0pp increase for men.
- Only the 35-49 group fell, down 0.2pp.

Source: ONS Labour Force Survey 2020

Unemployment rate (% of economically active)

London Sampling variability $\pm 0.6\%$

UK Sampling variability $\pm 0.3\%$



London's inactivity rate continues to fall

In the three months to August 2020, the rate of economic inactivity in **London** was 19.8%, down 0.6pp on the previous quarter and 2.4pp on the year. Economic inactivity rate is the proportion of 16 to 64 year olds not in work and not looking for or not able to work.

The UK's rate of economic inactivity was slightly higher at 20.8%, unchanged from the previous quarter.

Looking at the changes in inactivity by gender in the capital shows that women accounted for just over half of the decrease (down 20,000 out of 37,000 total).

Comparisons of London's inactivity rate by age against last year show:

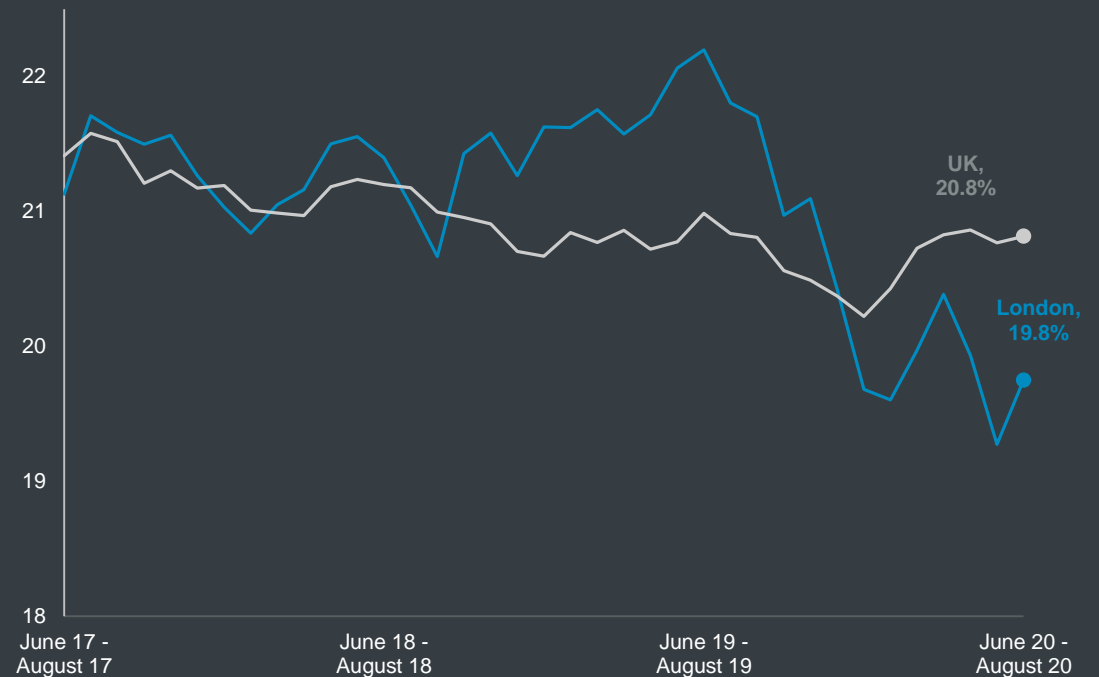
- Only the 16-24 age group increased, up 3.3pp, mostly driven by an increase for women.
- The largest fall was in the 25-34 group, down 6.6pp.
- Although the 35-49 group fell 0.1pp overall, it rose 2.4pp for men and fell 2.4pp for women. There was a corresponding increase in the employment rate for the same age group for women, indicating a move from inactivity to employment.

Source: ONS Labour Force Survey 2020

Economic inactivity (% of working age population)

London Sampling variability (not published)

UK Sampling variability $\pm 0.4\%$



Claimant count in **London** is up 305k on March

Since March 2020, the number of claims by residents aged 16+ in the **capital** has gone up 165% (304,750), reaching a total of 489,800 claims. This was the highest regional proportional and nominal increase.

The In the **UK**, the claimant count has increased by 120% since March (almost 1.5 million). The **capital** accounted for around a fifth of this increase.

Between August and September, the number of claims increased in all **UK** regions except Wales and the South West, totalling 28,070. The number of claims in **London** increased by 12,620 – the highest in the **UK**.

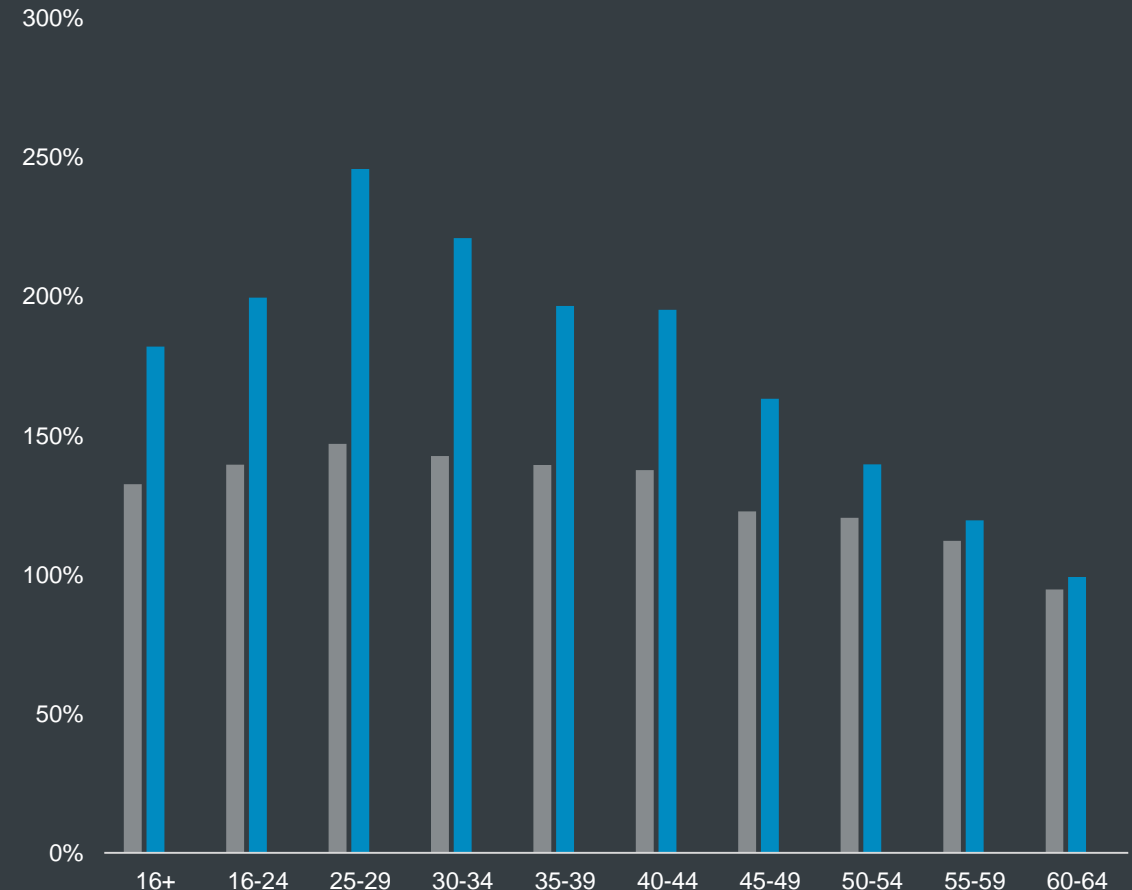
Looking at claims by gender in the **capital**:

- Claims by men increased by 175% (178,080) compared to March – 3% (6,110) of this increase was seen between August and September.
- Claims by women rose by 152% (126,670) compared to March, with 5% (6,510) occurring between August and September.
- Overall, women accounted for 42% of the increase in claims since March in **London**, a higher share than in other **UK** regions.

Comparing September 2020 against September last year, workers aged 25-29 saw the largest proportional increase in claims in the **capital** (246%), followed by the 30-34 age group (221%). All age groups in **London** experienced a larger proportional increase than their **UK** counterparts (see chart).

Source: ONS Labour Market Statistics

Claimant count change (%) by age groups, September 2019 – September 2020 , **UK** and **London**



Note that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed.

Newham saw the largest increase in the number of claims

Within **London**, Newham was the local authority with the largest year on year change (+17,750). Kensington & Chelsea had the smallest increase (+3,915) (excluding the City of London). See chart for more details.

Looking at the data by parliamentary constituency:

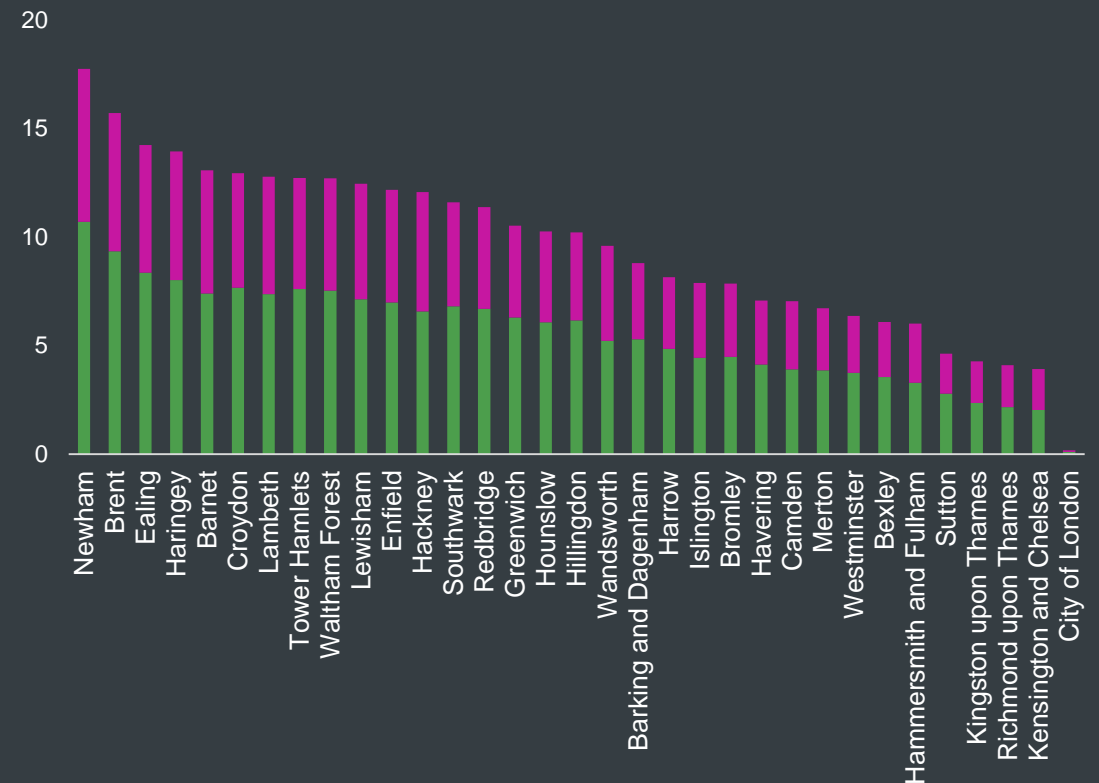
- West Ham had the largest year on year increase (+9,495), followed by Tottenham (+8,585), and East Ham (+8,250). Orpington had the smallest increase (+1,820).
- Tottenham saw the largest year on year increase in the share of working age residents claiming benefits (+8.6pp), followed by Brent Central (+8.0pp) and East Ham (+7.5pp). Richmond Park saw the smallest increase (+3.1pp) over the same period (excluding City of London & Westminster).

Looking at the number of claims by parliamentary constituency and age:

- West Ham saw the largest increase in the number of claims by 18-24 year old residents, followed by East Ham and Tottenham.
- The same parliamentary constituencies also saw the largest increases in claims by 25-49 year old residents.
- Brent Central had the largest increase in claims by residents aged 50+, followed by West Ham and Tottenham.

Source: ONS Labour Market Statistics

Year on year change in claimants for September 2020, by borough (Men/Women) (in thousands)



Note that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed.

Top 5 Parliamentary constituencies by increase in claims

Change in number of claims and % of 16-64 residents claiming unemployment benefits, September 19 – September 20, by parliamentary constituency and age, Top 5/Bottom 5

Top 5										
Ranking	16+		18-24		25-49		50+		% of 16-64 residents	
1	West Ham	9,495	West Ham	1,600	West Ham	6,225	Brent Central	1,755	Tottenham	8.6
2	Tottenham	8,585	East Ham	1,480	Tottenham	5,660	West Ham	1,665	Brent Central	8
3	East Ham	8,250	Tottenham	1,310	East Ham	5,310	Tottenham	1,610	East Ham	7.5
4	Brent Central	8,065	Brent Central	1,260	Brent Central	5,050	East Ham	1,460	Walthamstow	7.2
5	Poplar and Limehouse	6,375	Poplar and Limehouse	1,175	Bethnal Green and Bow	4,335	Croydon North	1,245	Ealing, Southall	7.1
Bottom 5										
Ranking	16+		18-24		25-49		50+		% of 16-64 residents	
69	Sutton and Cheam	2,275	Chelsea and Fulham	380	Bexleyheath and Crayford	1,335	Beckenham	460	Chelsea and Fulham	3.4
70	Ruislip, Northwood and Pinner	2,200	Sutton and Cheam	370	Ruislip, Northwood and Pinner	1,325	Ruislip, Northwood and Pinner	435	Orpington	3.4
71	Beckenham	1,995	Cities of London and Westminster	365	Beckenham	1,100	Orpington	430	Twickenham	3.4
72	Old Bexley and Sidcup	1,935	Orpington	360	Old Bexley and Sidcup	1,090	Wimbledon	420	Richmond Park	3.1
73	Orpington	1,820	Wimbledon	355	Orpington	1,025	Old Bexley and Sidcup	405	Cities of London and Westminster	2.8

Source: ONS Labour Market Statistics. Note that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed

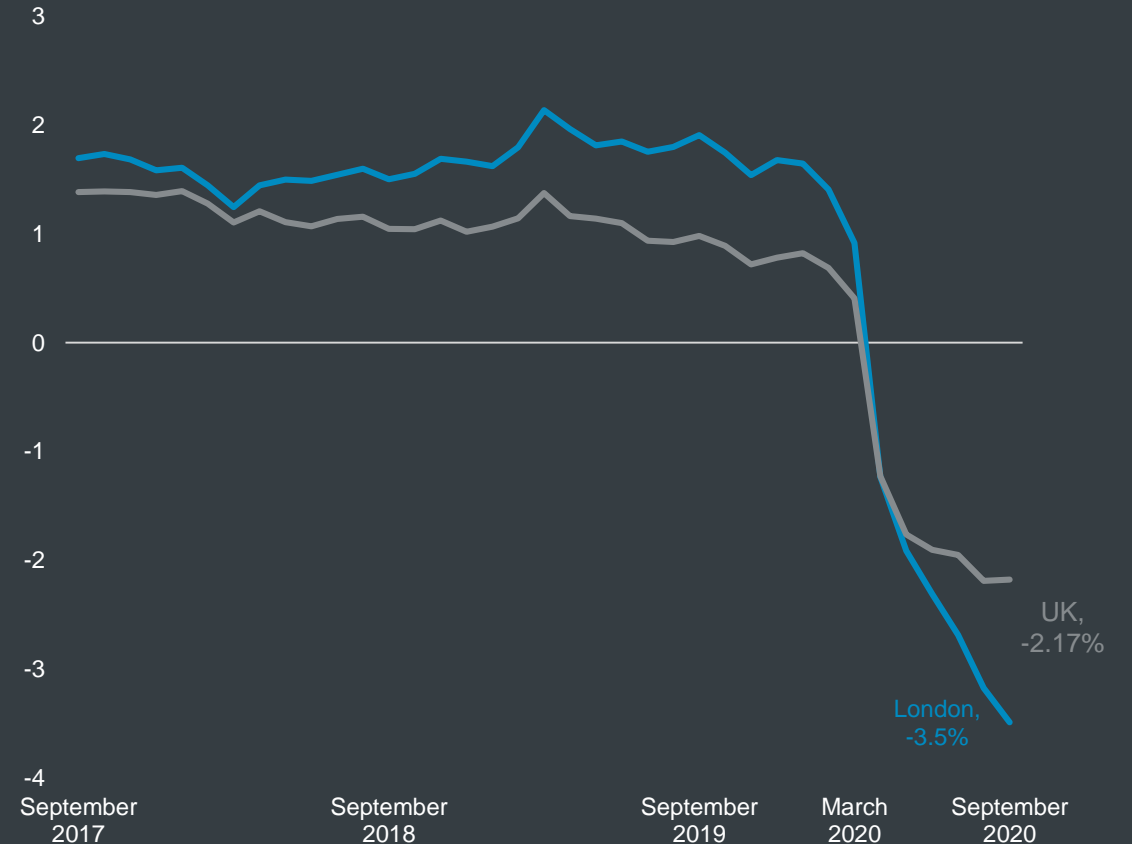
The number of employees in **London** is falling

ONS has published data on number of employees on payroll, employee growth, redundancies and vacancies:

- **Experimental monthly estimates of paid employees** using HMRC PAYE data are now available at the regional level. Since March 2020, of the 673,000 decrease in **UK** payroll employees, around 146,000 were living in **London**, the largest fall across UK regions.
- In September, the number of employees fell 3.5% in **London** relative to September last year, the largest regional fall (see chart).
- Between March to April 2020 and June to August 2020, **total actual weekly hours worked** in the **UK** increased by 20.0 million to 891.0 million hours.
- **Redundancies** in the **UK** rose 113,000 on the year to a total of 227,000 – the largest annual increase since April-June 2009, and a record 114,000 on the quarter.
- For July to September 2020, there were an estimated 488,000 job **vacancies** in the **UK**. This was a record quarterly increase of 144,000 vacancies. However, vacancies remain well below the pre-COVID period and are 40.5% lower than a year ago.

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

Employee growth, percentage change on same month in previous year, **UK** and **London**



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

June 2020 - August 2020	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimat	Change on Quarter		Change on Year	
Employment										
London	4,813	72	▲	171	▲	76.1	0.7	▲	1.9	▲
UK	32,591	-153	▼	-102	▼	75.6	-0.3	▼	-0.3	▼
Unemployment										
London	267	5	▲	41	▲	5.3	0.0	▲	0.6	▲
UK	1,522	138	▲	209	▲	4.5	0.4	▲	0.6	▲
Economically Inactive (16 - 64)										
London	1,208	-37	▼	-140	▼	19.8	-0.6	▼	-2.4	▼
UK	8,625	-3	▼	-51	▼	20.8	0.0	▼	-0.2	▼

*All figures are seasonally adjusted. Rates are based on working age (16 – 64 male and female), except for the unemployment rate which is age 16+.