



Monthly Labour market update

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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 Office for National Statistics (ONS) has released its latest labour market estimates. The changes in employment and unemployment remain modest, suggesting that the Government support is mitigating the impact of COVID-19 on the labour market.

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

- The employment rate fell 0.4 percentage points (pp) to 76.5%.
- The unemployment rate was 4.6% - unchanged from last quarter.
- The economic inactivity rate increased to 19.7% (0.4pp).

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 in **London** has gone up by 154% since March (around 284.6k) – higher than the **UK** increase for the same period (117%).
- Between June and July the number of claims went up by around 16.9k, after decreasing between May and June (-3.6k).
- Workers aged 25-29 in saw the largest year on year increase in claims (+246%).
- All age groups in the **capital** saw the number of claims increasing by more than their **UK** counterparts.
- Among boroughs, Newham claims increased by most compared to the same period last year (+17k).
- Among parliamentary constituencies, West Ham claims increased by most compared to the same period last year (+16,985), followed by Tottenham and East Ham.

However, it is worth noting that **recent RF analysis** reports 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 published new analysis on people temporarily away from paid work, who are included in employment figures but who did not work in the reference week, for example, furloughed workers. This shows:

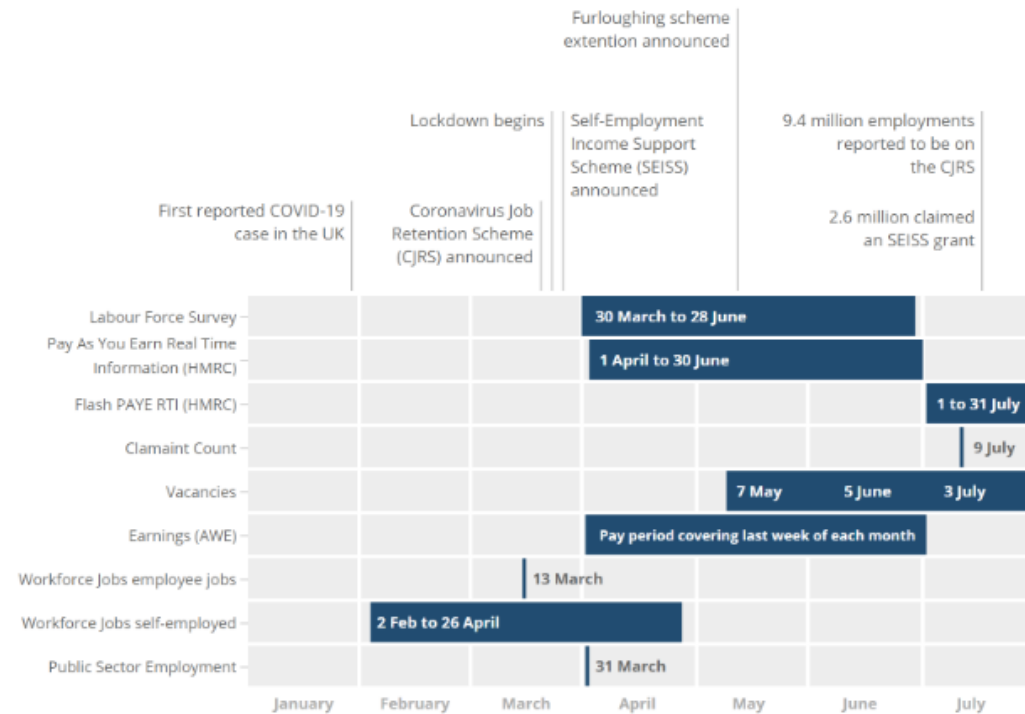
- In the three months to June 2020, 7.3 million (22.3%) of those in employment were temporarily away from paid work (+16.1pp on the year);
- Younger (16-19) and older workers (70+) saw the biggest increases on the previous year
- **London** was the region with the lowest share of people in employment away from work (19.3%) and the region with the smallest increase on the previous year (+12.4pp).

The ONS has also published **UK** data on actual hours worked, number of PAYE employees, vacancies and redundancies which overcome some of the data limitations that we discuss in Slide 4. These statistics, mostly available at the UK level only, show that:

- Between March to May 2019 and March to May 2020, total actual weekly hours worked in the **UK** decreased by 191.3 million – the largest fall on record since the series began in 1971.
- In July there were 730,000 fewer people in paid employment than in March 2020 and 114,000 fewer than in June 2020.
- Nominal regular pay for the April-June period fell for the first time since records began in 2001.
- Redundancies in the UK rose 30,000 on the year and 27,000 on the quarter, reaching a total of 134,000.
- For May to July 2020, there were an estimated 370,000 job vacancies in the UK (+10% on April-June period).

ONS headline indicators cover the first three months of the lockdown

Data source reporting periods, reference periods and count dates alongside main coronavirus (COVID-19) dates



This is the first full quarter of data for headline indicators since the lockdown began. 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 June 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.

Employment rate in **London** is still high by historical standards

In the three months to June 2020, **London's** 16-64 **employment rate** was estimated at 76.5%. This was down by 0.4pp on the previous quarter but up 1.9pp on the year.

For the **UK**, the employment rate was estimated at 76.4% down by 0.2pp on the quarter, placing London's fall near the middle relative to other regions:

- The South West, East Midlands, Northern Ireland, the South East and Scotland had larger quarterly falls than London.
- While the North East, Yorkshire and the Humber, the West Midlands, and Wales all saw quarterly increases.

Looking at the changes in employment in the **capital** by gender shows that women made up 41% of the quarterly fall, down 23,600 for women, and 33,500 for men.

ONS also published estimates of employment rates by age (not seasonally adjusted, with comparisons against the previous year). For all age groups in **London**, the employment rate either increased or stayed the same:

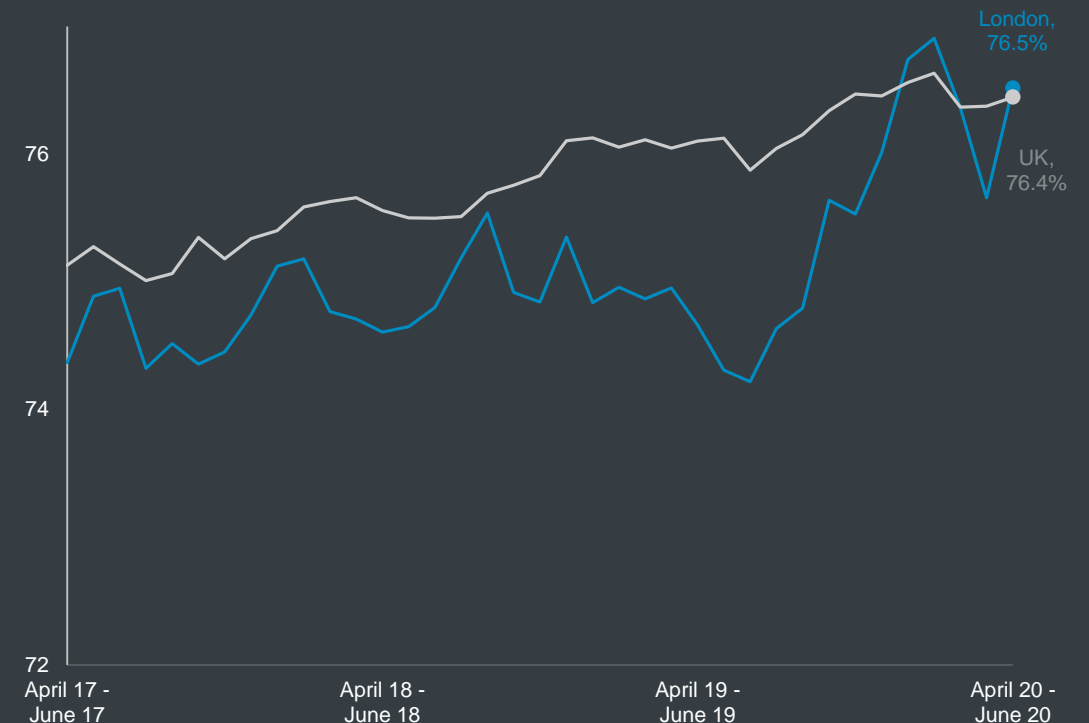
- The largest increase was in the 25-34 age group, which also has the highest employment rate, up 3.9pp to 88%.
- The groups 34-49 and 16-24 rose by less than 1pp (+0.2pp and 0.3pp).
- The modest increase for the 34-49 group was the result of a fall of 1.6pp for 34-49 men. For the 16-24 group it was due to a fall of 2.3pp for 16-24 women.

Source: ONS Labour Force Survey 2020

Employment rate (% of working age population)

London Sampling variability $\pm 1.2\%$

UK Sampling variability $\pm 0.5\%$



Unemployment rate remained unchanged

The **unemployment rate** in the **capital** was 4.6% in the three months to June 2020, unchanged on the quarter and on the year.

The **UK** unemployment rate was estimated at 3.9%, virtually unchanged compared against the previous quarter and the previous year.

The number of people unemployed in **London** fell by 4,100, with 8,500 fewer men unemployed but 4,400 more women unemployed. Although there are fewer people unemployed relative to last quarter, this share of unemployed among the smaller number of economically active people leaves the unemployment rate unchanged. We discuss the inactivity rate on the next slide.

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

- The 25-34 age group saw an increase of 0.9pp to 4.5%.
- All other age groups either stayed the same or saw a fall in the unemployment rate. The largest fall was in the 16-24 group, down 0.8pp to 14.9%.
- Within the 16-24 age group, there were large differences in the annual change between men and women. The rate for men fell 5.2pp to 15.4% and the rate for women rose 3.8pp to 14.4% - remaining just below the rate for men.

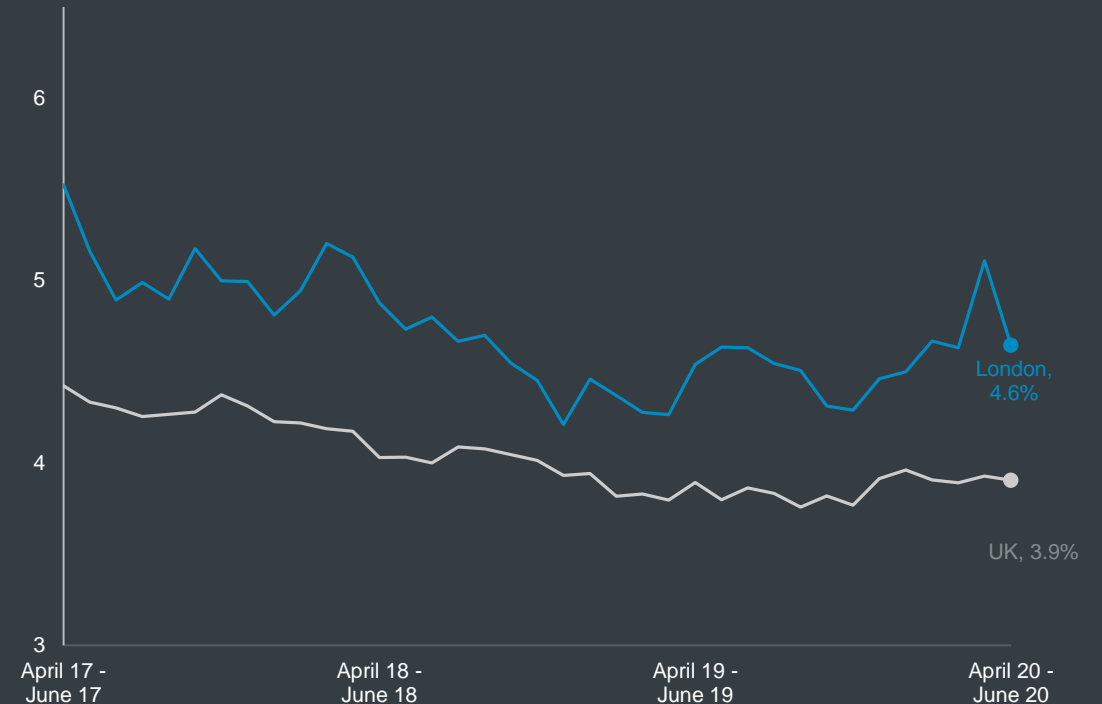
Source: ONS Labour Force Survey 2020

Unemployment rate (% of economically active)

London and UK

London Sampling variability $\pm 0.6\%$

UK Sampling variability $\pm 0.3\%$



There was a modest increase in **London**'s inactivity rate

In the three months to June 2020, the rate of **economic inactivity** in **London** (the proportion of 16 to 64 year olds not in work and not looking for or not able to work) was 19.7%, up 0.3 pp on the previous quarter but 2.0 pp down on the year.

The **UK**'s rate of economic inactivity was slightly higher at 20.4%, up 0.2 pp on the previous quarter but down 0.4 pp on the year.

Looking at the changes in inactivity by gender in the **capital** shows that men accounted for 72% of the increase in economic inactivity (up 16,000 for men and 6,100 for women).

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

- Only the 16-24 age group had an increase, up 0.1pp to 49.8%
- All other age groups saw a decrease in the inactivity rate, with the largest fall in the 25-34 age group (down 5pp to 7.9%, considerably lower than other age groups) – with large falls for both men and women in that age group.

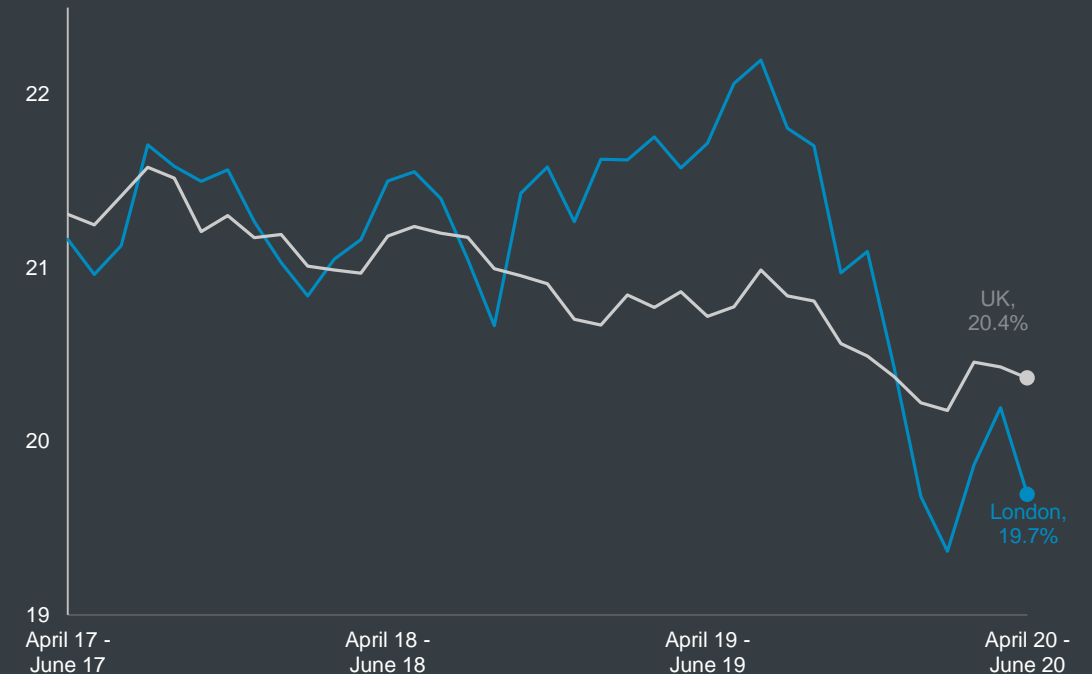
Source: ONS Labour Force Survey 2020

Economic inactivity (% of working age population)

London and UK

London Sampling variability (not published)

UK Sampling variability $\pm 0.4\%$



The overall claimant count in **London** is up 284k on March

Since March 2020, the number of claims by residents aged 16+ in the **capital** has gone up by 154% (284,620), reaching a total of 469,660 claims. After the South East (+154%), this was the highest regional proportional increase. In the **UK**, the claimant count has increased by 117% (1,448,570) since March. The **capital** accounted for a fifth of this increase.

Between May and June, the number of claims fell across all UK regions but the data for July show claims are on the rise again. Between June and July, the number of claims in **London** increased by 16,930, relative to a decrease of 3,650 between May and June.

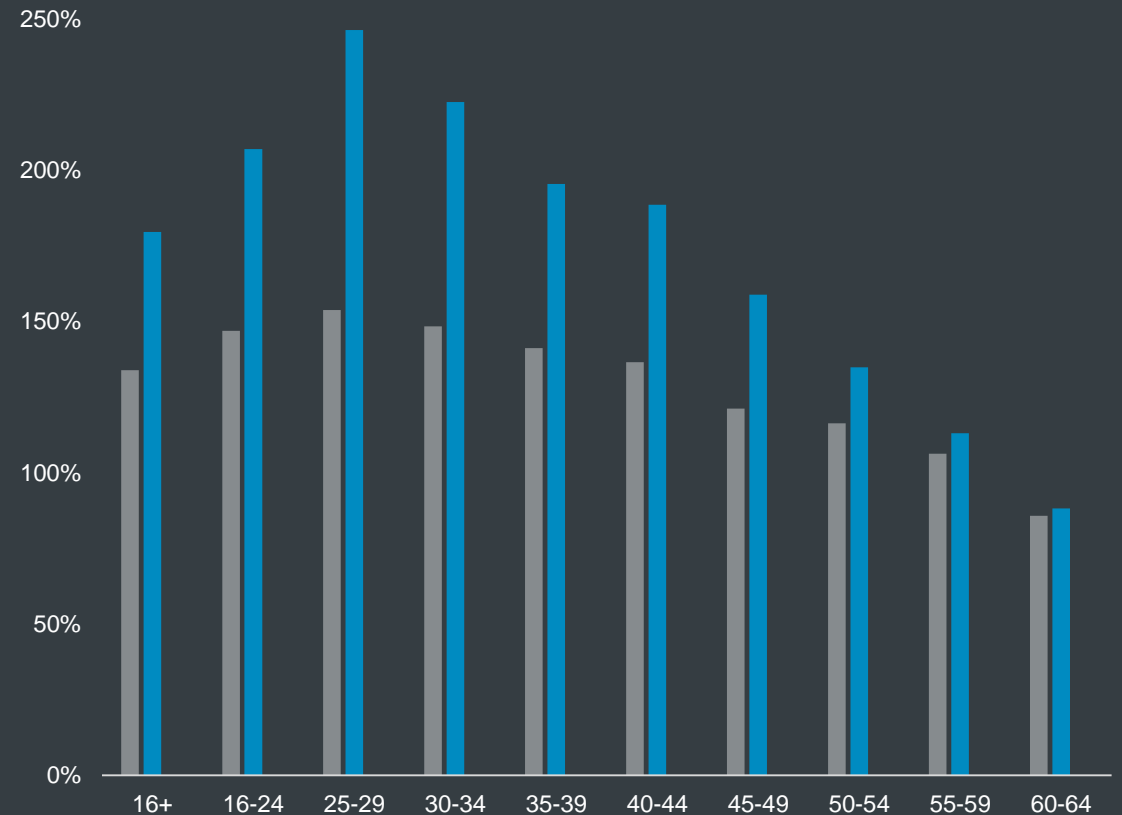
Looking at claims by gender in the **capital**:

- Claims by men increased by 165% (167,625) compared to March – 6% (9,300) of this increase was seen between June and July.
- Claims by women rose by 140% (116,990) compared to March, with 7% (7,620) of that occurring between June and July.
- Overall, women accounted for 41% of the increase in claims in **London**. This was higher than in other UK regions.

Comparing June 2020 against June last year, workers aged 25-29 saw the largest proportional increase in claims in the **capital** (246%), followed by the 30-34 (223%) age group. At the **UK** level, these were also the two age groups that saw the largest proportional increase in claims. 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, July 2019- July 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 (+16,985) and Richmond had the smallest (+3,715) (excluding the City of London).

Looking at the data by parliamentary constituency shows that:

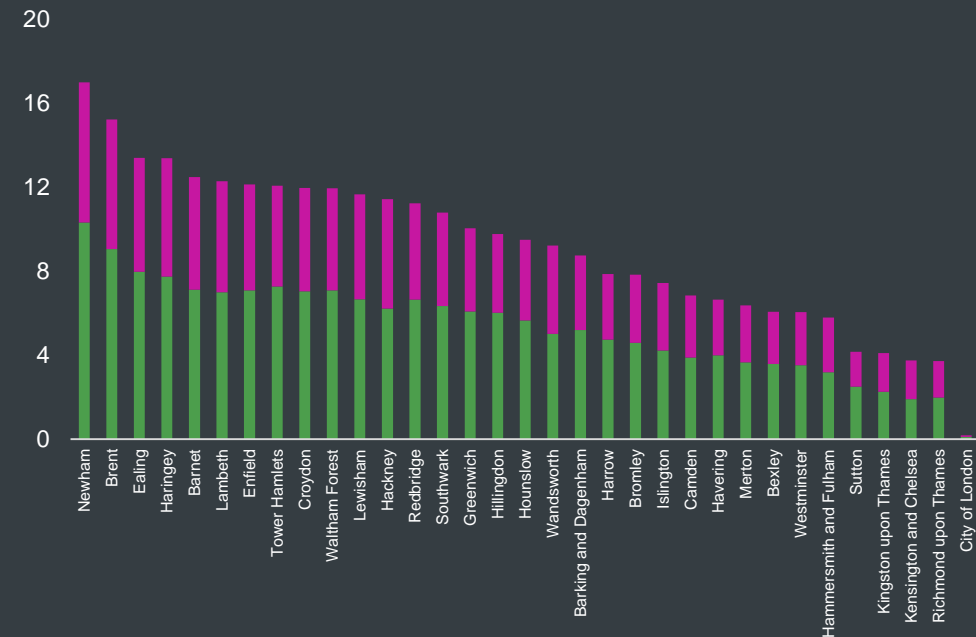
- West Ham was the parliamentary constituency with the largest year on year increase (+9,085), followed by Tottenham (+8,325), and East Ham (+7,900). Orpington was the parliamentary constituency with the smallest increase (+1,875).
- Tottenham saw the largest year on year increase in the share of working age residents claiming benefits (+8.4pp), followed by Brent Central (+7.8pp) and East Ham (+7.1pp). Richmond Park saw the smallest increase (+2.8pp) over the same period (excluding City of London & Westminster).

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

- 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 Tottenham and West Ham.

Source: ONS Labour Market Statistics

Year on year change in claimants for July 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 with largest increase in claims

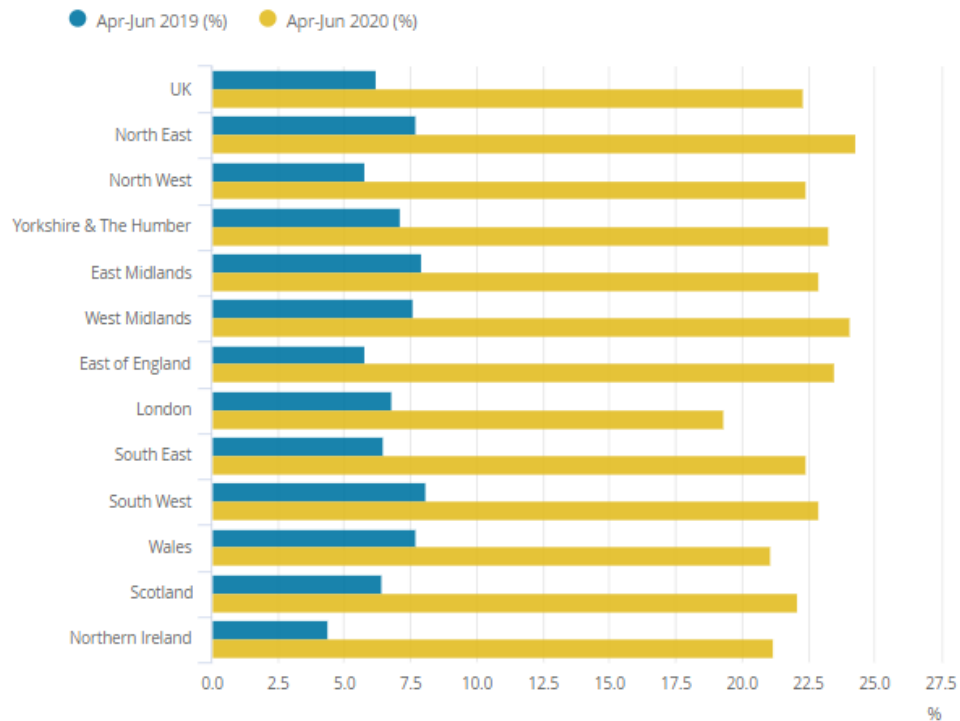
Change in number of claims and % of 16-64 residents claiming unemployment benefits, July 19 – July 20, by parliamentary constituency and age, Top 5/Bottom 5

Top 5										
Ranking	16+		18-24		25-49		50+		% of 16-64 residents	
1	West Ham	9,085	West Ham	1,615	West Ham	5,965	Brent Central	1,655	Tottenham	8.4
2	Tottenham	8,325	East Ham	1,385	Tottenham	5,430	Tottenham	1,520	Brent Central	7.8
3	East Ham	7,900	Tottenham	1,365	East Ham	5,110	West Ham	1,500	East Ham	7.1
4	Brent Central	7,875	Brent Central	1,240	Brent Central	4,975	East Ham	1,400	Edmonton	6.8
5	Ilford South	6,210	Barking	1,150	Bethnal Green and Bow	4,145	Ilford South	1,185	Walthamstow	6.7
Bottom 5										
Ranking	16+		18-24		25-49		50+		% of 16-64 residents	
69	Carshalton and Wallington	2,150	Orpington	380	Carshalton and Wallington	1,310	Sutton and Cheam	425	Beckenham	3.3
70	Sutton and Cheam	2,015	Carshalton and Wallington	375	Sutton and Cheam	1,270	Old Bexley and Sidcup	420	Sutton and Cheam	3.1
71	Old Bexley and Sidcup	1,995	Wimbledon	350	Old Bexley and Sidcup	1,140	Ruislip, Northwood and Pinner	415	Twickenham	3
72	Beckenham	1,915	Cities of London and Westminster	335	Beckenham	1,075	Beckenham	410	Richmond Park	2.8
73	Orpington	1,875	Sutton and Cheam	310	Orpington	1,070	Wimbledon	380	Cities of London and Westminster	2.7

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

Londoners are the least likely to be temporarily away from paid work

Away from work rates for those in employment, by region, UK, April to June 2019 to April to June 2020



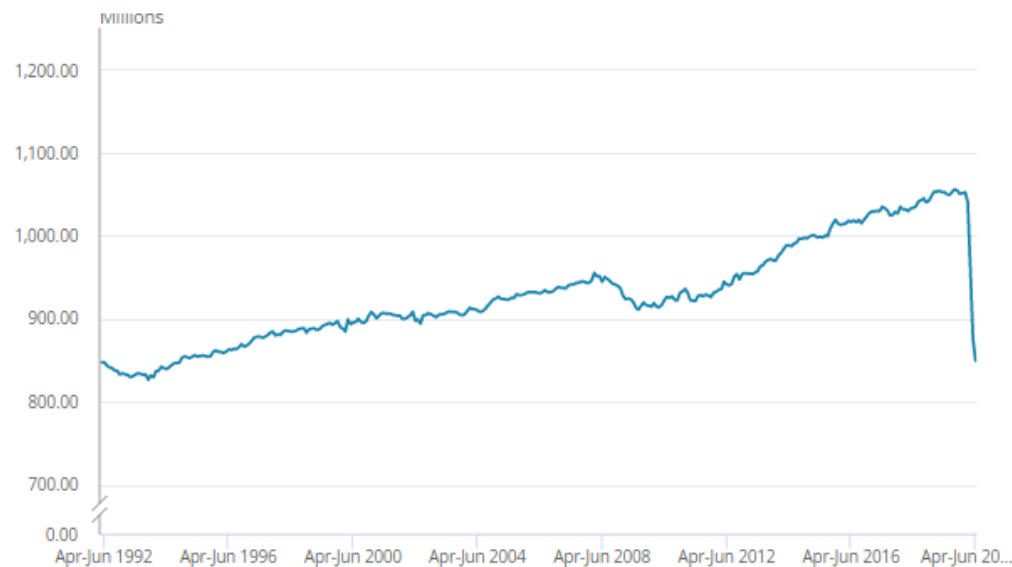
Source: Office for National Statistics – Labour Force Survey

The LFS collects data on those “temporarily away from paid work” that they are expected to return to – those individuals who did not work during the reference week. According to the ILO definition this group of workers are categorized as still in employment. These persons could be away from work for a range of reasons (sick leave, holiday and furlough). The ONS has published **new analysis** on this group, with people on furlough contributing to the increases. ONS estimates show that:

- In the three months to June 2020, 7.3 million (22.3%) of those in employment were temporarily away from paid work, up 16.1pp on the year.
- All age groups saw a large increase on away from work rates for the three months to June 2020 compared with a year earlier. Younger and older workers saw the largest increases - up 32.0 pp for 16-to 19-year-olds and up 25.9 pp for those aged 70 and older.
- For the April-June period, people in elementary occupations saw the largest increase on the year in people temporarily away from their job (+27.2pp). In contrast, people in professional occupations saw the smallest annual rise (+5.3pp), increasing from 7.7% to 13.0%.
- Breaking down the rates of whether someone in employment is temporarily away from their job down by ethnicities shows that Pakistani people saw the highest rise (+21.5pp), from 6.1% in April to June 2019 to 27.6% for the same period in 2020.
- **London** was the region with the lowest share of people in employment away from work (19.3%). The capital was also the region with the smallest increase on the previous year (+12.4pp).

Across the UK actual hours worked continue to fall, reaching a new record low

UK total actual weekly hours worked (people aged 16 years and over), seasonally adjusted, between March to May 1992 and April to June 2020



Source: Office for National Statistics – Labour Force Survey

Source: ONS Labour Force Survey

ONS has published data on actual hours worked, number of employees on payroll, pay, redundancies and vacancies:

- Between March to May 2019 and March to May 2020, **total actual weekly hours worked** in the **UK** decreased by 191.3 million (18.4%) to 849.3 million. This was the largest fall on record since the beginning of the series in 1971 and the lowest level since September-November 1994.
- Experimental monthly estimates of paid employees in the **UK** using HMRC PAYE data show that in July there were 730,000 fewer people in paid employment than in March 2020 and 114,000 fewer than in June 2020. **ONS analysis** suggests that the fall in paid employment in the last three months is driven by lower than usual inflows, rather than higher outflows.
- Employee **pay growth** in the **UK** continued to decline in June. Nominal regular pay growth for the April-June period was negative for the first time since records began in 2001, driven by lower pay for employees on furlough.
- **Redundancies** in the UK have gone up by 30,000 on the year and 27,000 on the quarter, reaching a total of 134,000. This is the highest level since February-April 2013, but still considerably lower than in 2008.
- For May to July 2020, there were an estimated 370,000 job **vacancies** in the **UK**. This was 10% higher than the record low in the April-June period. ONS analysis suggests that this increase is mainly driven by small businesses taking on new staff to meet COVID-19 guidelines.

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

April 2020 - June 2020	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimat	Change on Quarter		Change on Year	
Employment										
London	4,831	-57	▼	164	▲	76.5	-0.4	▼	1.9	▲
UK	32,924	-220	▼	113	▲	76.4	-0.2	▼	0.3	▲
Unemployment										
London	235	-4	▼	13	▲	4.6	0.0	▼	0.1	▲
UK	1,338	-10	▼	9	▲	3.9	0.0	▼	0.0	▲
Economically Inactive (16 - 64)										
London	1,203	22	▲	-114	▼	19.7	0.3	▲	-2.0	▼
UK	8,435	82	▲	-127	▼	20.4	0.2	▲	-0.4	▼

**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+.*