

Monthly labour market update

Christopher Rocks and Adama Lewis, GLA Economics

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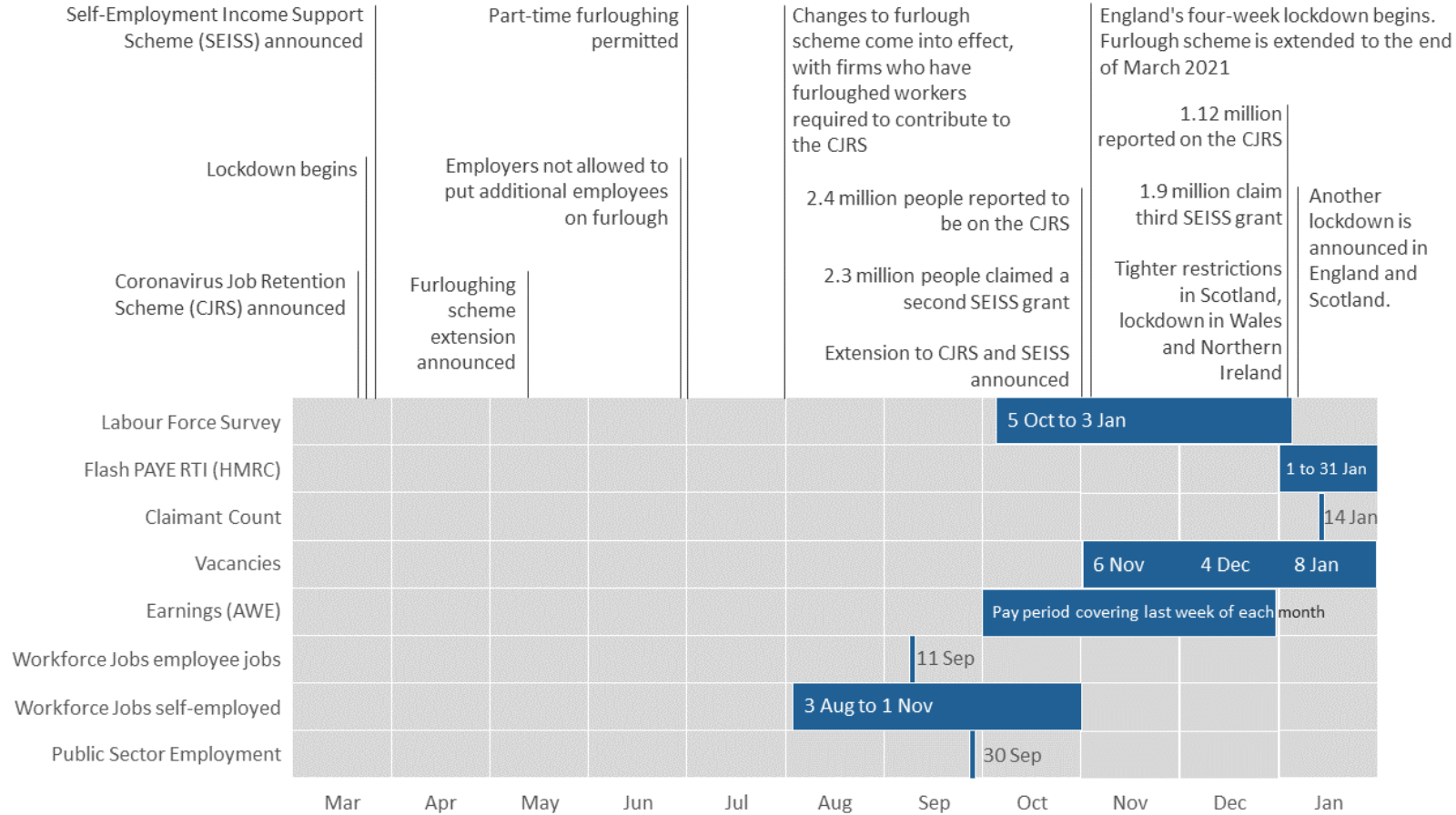
Summary of latest labour market data

- The London labour market continues to be particularly affected by the coronavirus (COVID-19) pandemic and the social distancing and lockdown measures to contain it.
- Despite a small increase in the last month, the number of payrolled employees living in London has decreased by 213,900 or 5.2% since January 2020, double the rate of decline recorded nationally.
- The latest data from the ONS Labour Force Survey (LFS) show that the unemployment rate in the capital continued to rise between October to December 2020 – more than in any other UK region on the previous year (+2.7 percentage points overall).
- The LFS-based employment rate also continued to fall over the same period, while the headline rate of economic inactivity in London remains close to record lows.
- The unemployment rate for women in London has seen a relatively strong increase over the last year (+3.5 percentage points compared to +2.0pp for men). At the same time, the downward trend in economic inactivity among women in the capital appears to have continued despite the pandemic.
- Experimental Claimant Count estimates showed a small decrease in the last month. However, the number of unemployment related claims in London remains around 170% higher than in January 2020.

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 December 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.
 - A comparison of the main labour market data sources used in this release can be found [here](#).
- 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: February 2021

The number of employees in **London** has declined more steeply than across the **UK**

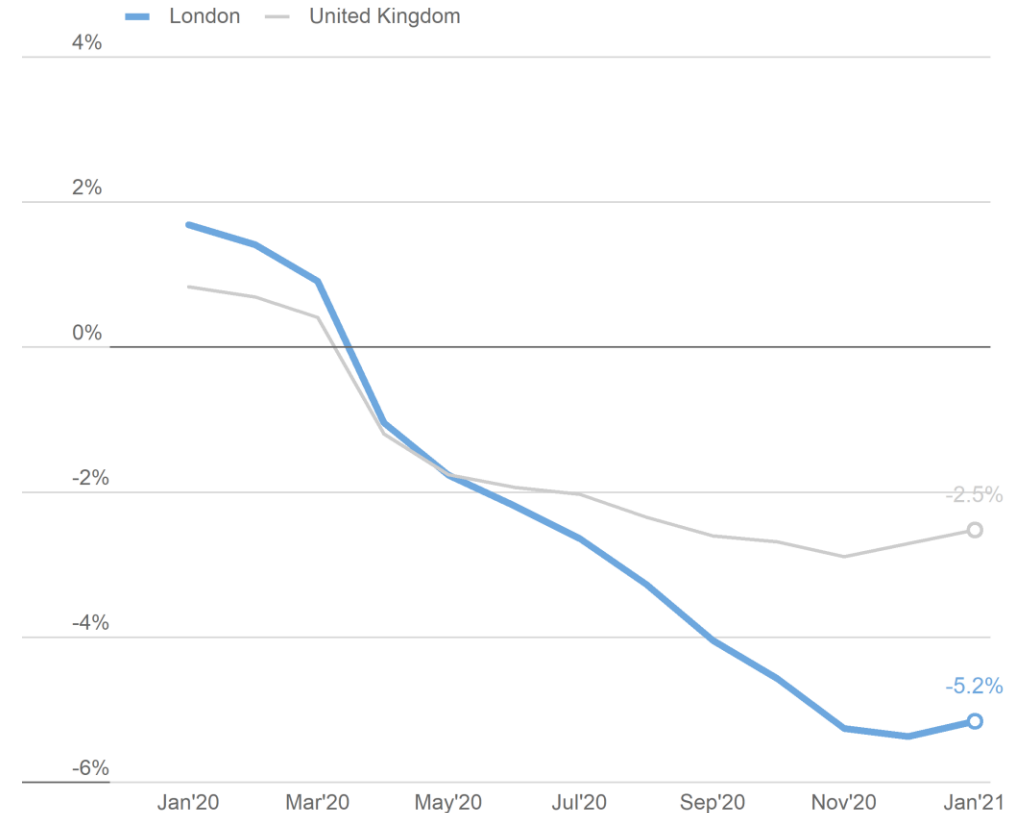
The count of payrolled employees from HMRC's Pay As You Earn (PAYE) RTI dataset offers the best single measure of resident labour market trends:

- Early estimates indicate that there were 3.9 million payrolled employees living in London in January 2021, the lowest level since November 2016.
- Comparing January 2021 with January 2020, that number has declined by 213,900 or 5.2% – double the rate of decline for the UK as a whole (2.5%).
- Although comparing with the previous month, there was a small increase in the number of employees paid through payroll in January (up by 11,500 or 0.3%). This was in-line with national trends.

An age breakdown is now available at the UK level. This indicates that around 60% of the fall in UK payrolled employees between January 2020 and January 2021 has been among employees aged under 25.

Payrolled employees, change on previous year

Latest data for period January 2021



Inner London generally experienced even sharper decreases in payrolled employees in 2020 than Outer London

Payrolled employees, change on previous year by NUTS2 region

Latest data for period January 2021



Source: HM Revenue and Customs – Pay As You Earn Real Time Information. Note: estimates are based on where employees live.

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

Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For October to December 2020:

- The 16-64 employment rate in **London** was estimated at 74.7%. This was down 0.5 percentage points (pp) on the previous quarter and down 0.9pp from a year earlier.
- The overall **UK** employment rate was estimated at 75.0% – down 0.3pp on the quarter and down 1.5pp on the year.

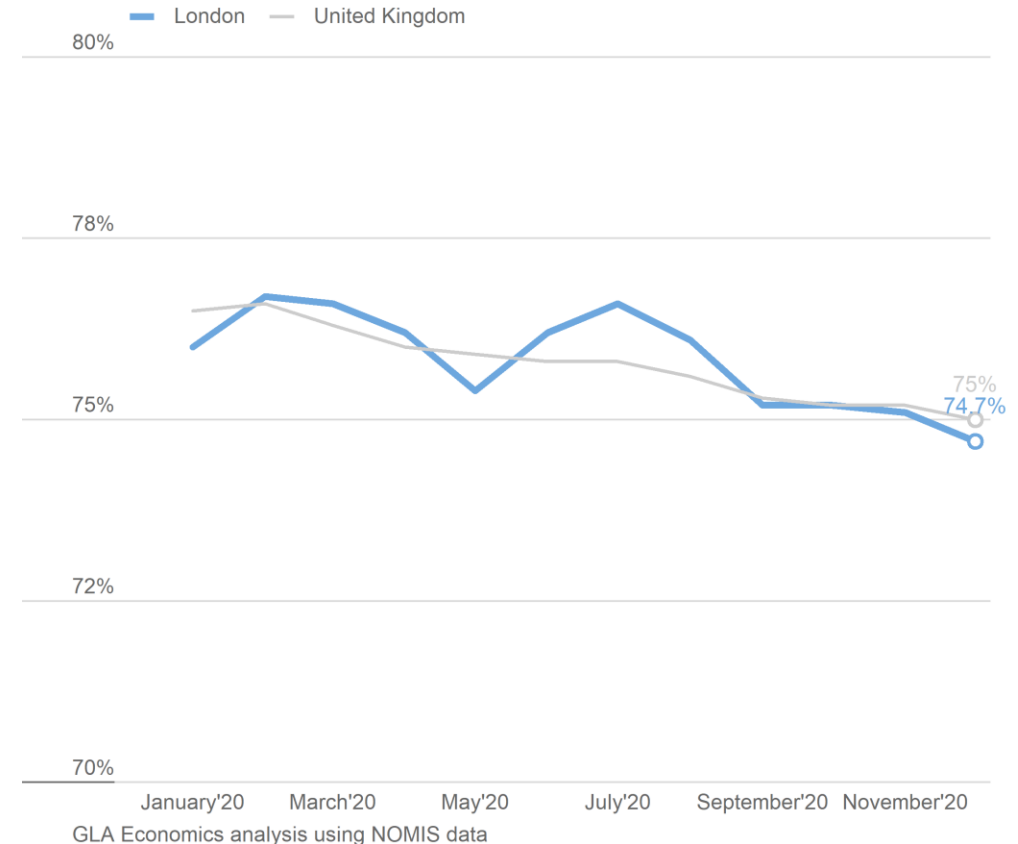
As was also noted in the previous release, men have led the latest decreases in employment in **London**:

- The employment rate for men was estimated at 78.3%. This was down 1.4pp on the previous quarter and 2.9pp on the year.
- The employment rate for women was estimated at 71.0%. This was up 0.3pp on the previous quarter and 1.2pp on the year.

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

Employment rate (% of working age population)

Latest data for period Oct 2020-Dec 2020



London unemployment rate continues to rise more quickly than in other parts of the UK

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.

For October to December 2020:

- The unemployment rate for **London** was 7.0% – up 1.0pp on the quarter and 2.7pp from a year earlier. The annual change is a record increase for London and was higher than in any other UK region.
- The **UK** unemployment rate was estimated at 5.1%, up 0.4pp from the previous quarter and 1.3pp on the year.

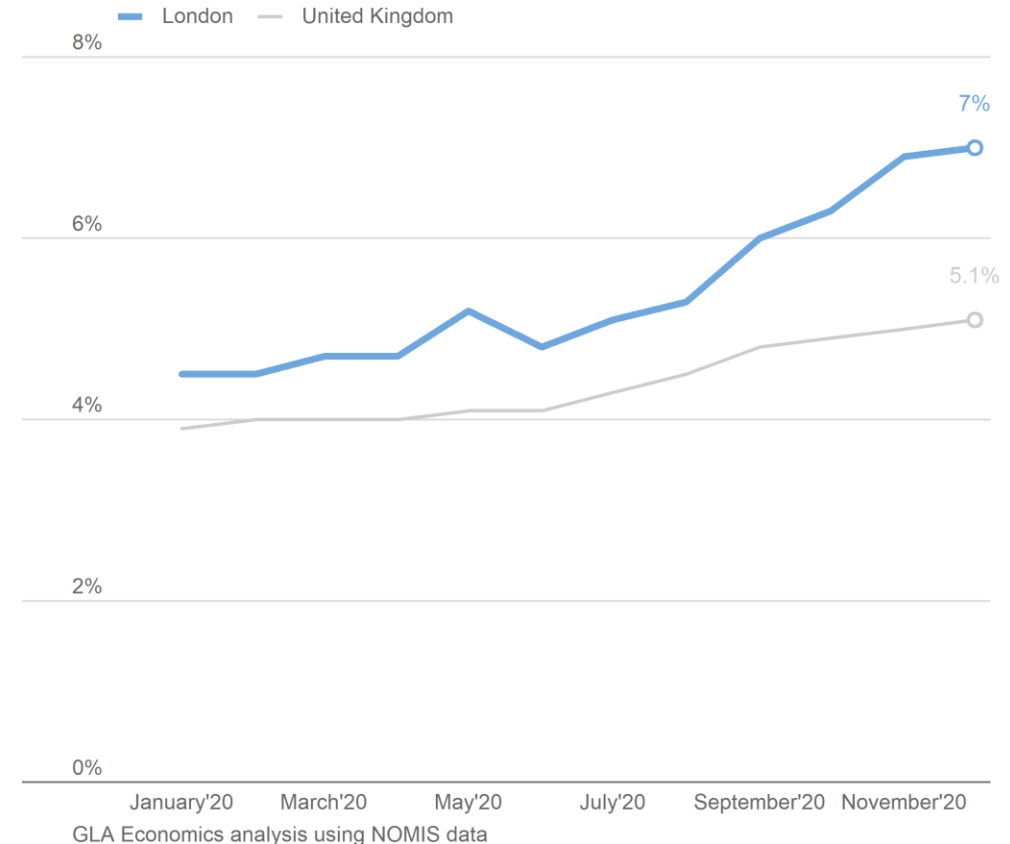
In contrast to employment trends, it is women who have recorded the largest increases in unemployment in **London** recently:

- The unemployment rate for men was estimated at 6.7%. This was up 0.8pp on the previous quarter and 2.0pp on the year.
- The unemployment rate for women was estimated at 7.2%. This was up 1.3pp on the previous quarter and 3.5pp on the year.

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

Unemployment rate (% of economically active)

Latest data for period Oct 2020-Dec 2020



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.

For October to December 2020:

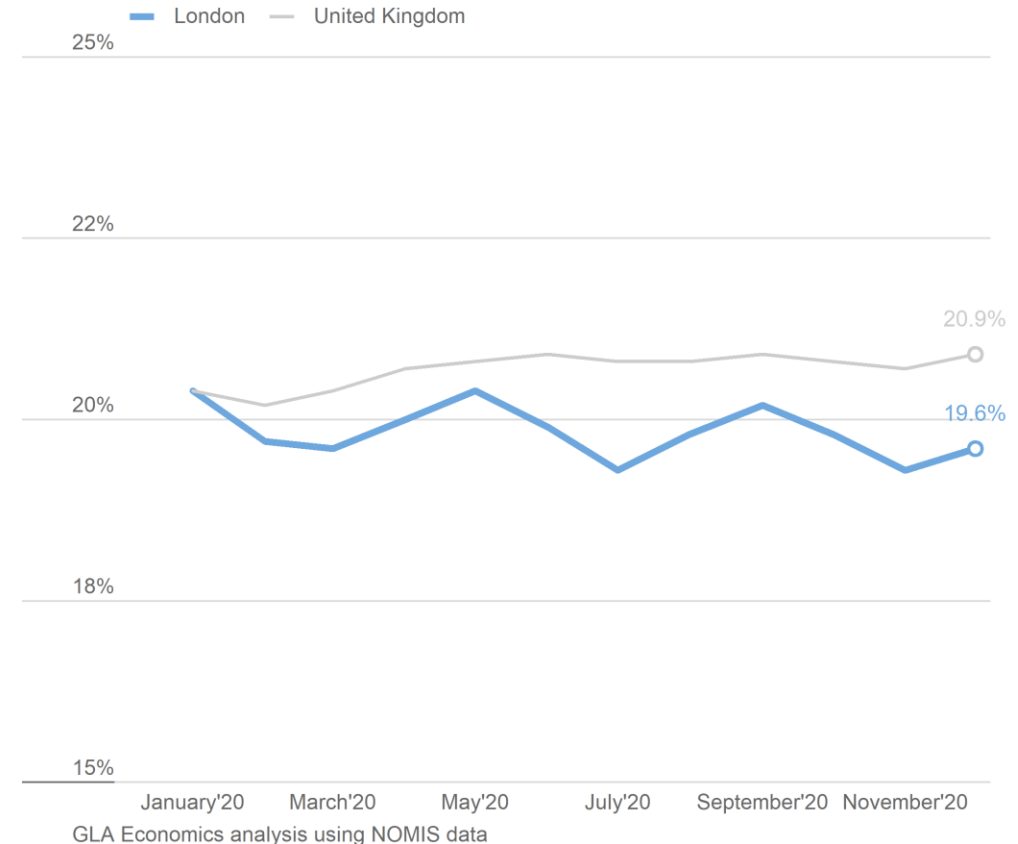
- The rate of economic inactivity in **London** was 19.6%. This was 0.6pp below the previous quarter's level and down 1.5pp on the year.
- The **UK** rate of economic inactivity was slightly higher at 20.9%. This was unchanged on the previous quarter and up 2.7pp compared with the previous year.

It is women who have driven the decrease in economic inactivity in **London** over the last year. This explains the recent increases in both the rate of employment and unemployment noted for female Londoners.

- The economic inactivity rate for men was estimated at 16.1%. This was up 0.5pp on the previous quarter and 1.1pp on the year.
- The economic inactivity rate for women was estimated at 23.2%. This was down 1.7pp on the previous quarter and 4.1pp on the year.

Economic inactivity (% of working age population)

Latest data for period Oct 2020-Dec 2020

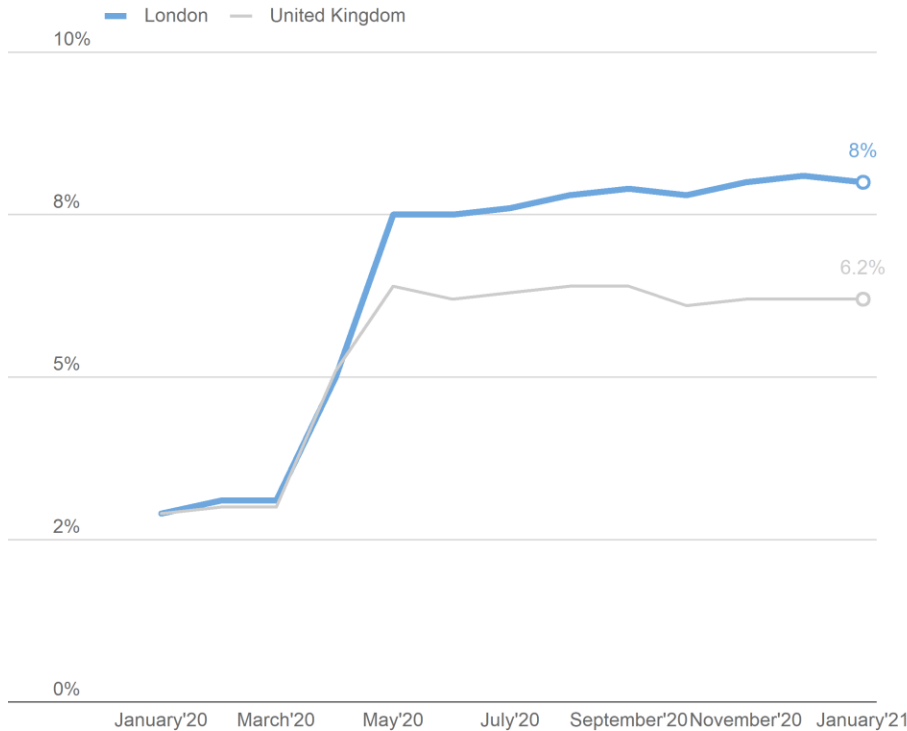


Source: ONS Labour Force Survey. Note: the London margin of error is not published for economic inactivity rates, the UK margin is +/- 0.4%.

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)

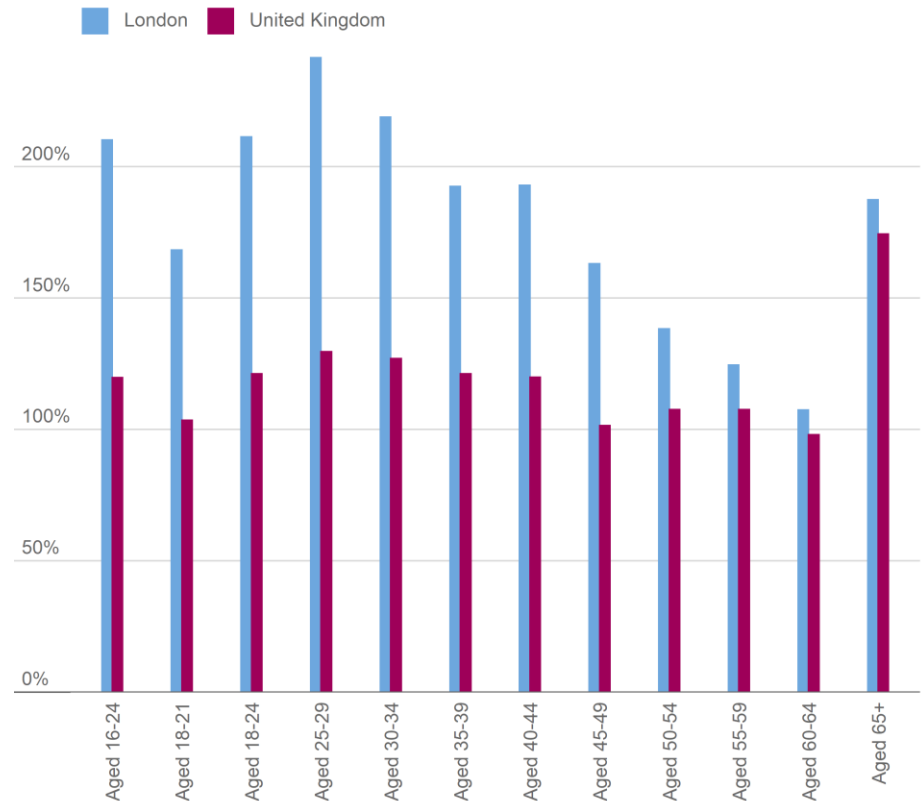
Latest data for period January 2021



GLA Economics analysis using NOMIS data

Year-on-year percentage increase in claimant count

Latest data for period January-2021



GLA Economics analysis using NOMIS data

Source: ONS Claimant Count by sex and age (NSA). 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.

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

Headline estimates for October - December 2020	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
Employment										
London	4,764	0	◆	14	▲	74.7	-0.5	▼	-0.9	▼
UK	32,393	-114	▼	-541	▼	75.0	-0.3	▼	-1.5	▼
Unemployment										
London	356	55	▲	143	▲	7.0	1.0	▲	2.7	▲
UK	1,744	121	▲	454	▲	5.1	0.4	▲	1.3	▲
Economic inactivity (16 - 64)										
London	1,201	-33	▼	-83	▼	19.6	-0.6	▼	-1.5	▼
UK	8,664	2	▲	187	▲	20.9	0.0	◆	0.4	▲

Source: ONS Labour Force Survey. Notes: *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+. LFS responses are weighted to official population projections. As the current projections are 2018-based they are based on demographic trends that pre-date the COVID-19 pandemic. The rates published from the LFS remain robust but levels and changes in levels should be used with caution.