

# London labour market update

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## Summary of latest labour market data

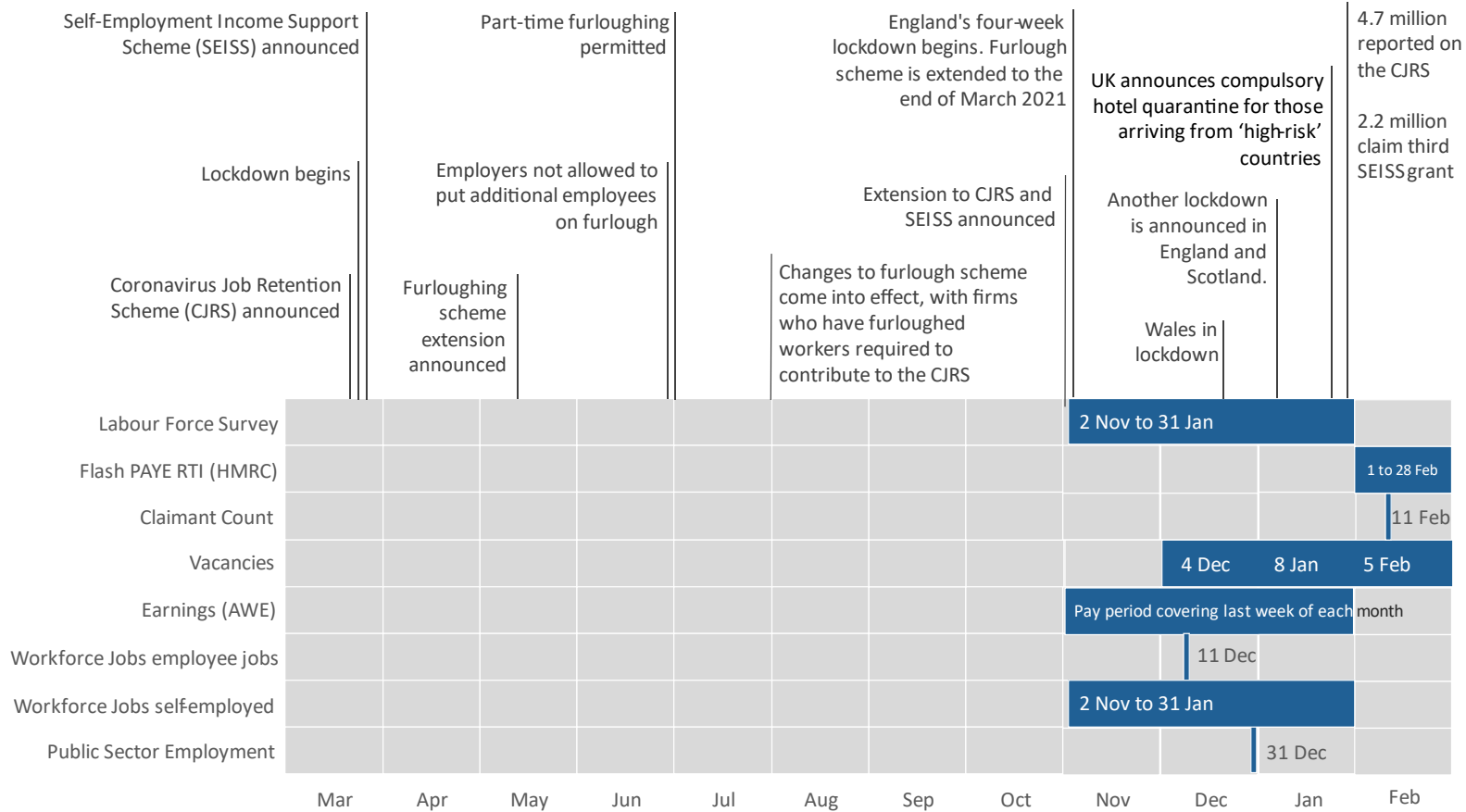
- London labour market continues to be particularly affected by the coronavirus (COVID-19) pandemic and the social distancing and lockdown measures to contain it.
- Despite recording another small increase in February 2021, the number of payrolled employees living in London was still down by 209,300 or 5.0% from the previous year, double the rate of decline recorded on average nationally.
- The latest data from the ONS Labour Force Survey (LFS) show that the unemployment rate in the capital continued to rise between November and January 2021 – more than in any other UK region on the previous year (+2.7 percentage points overall compared to +1.1 percentage points across the UK).
- 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 number of workforce jobs in London in December 2020 was estimated at 5.8 million, down by 293,400 or 5% from March 2020, compared to a 3% fall for the UK as a whole. Although between September and December the quarterly fall slowed significantly compared to each of the previous two quarters.
- The change in workforce jobs in London has also varied considerably between different industry groups. Accommodation & food services has recorded the largest fall in jobs in London between March 2020 and December 2020, while some industry groups have shown signs of recovery since September.



# 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 January 2021. 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.
- 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: March 2021

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

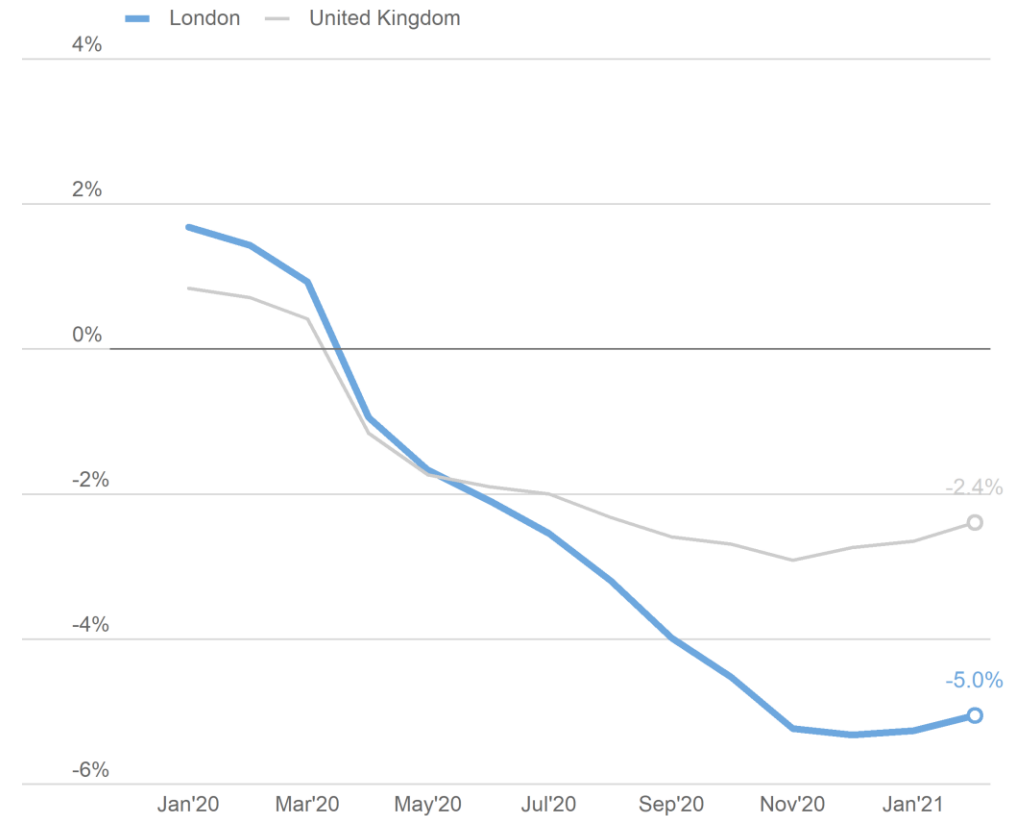
The count of payrolled employees from HMRC's Pay As You Earn (PAYE) RTI dataset offers the best single measure of resident labour market trends:

- Early estimates indicate that there were 3.9 million payrolled employees living in London in February 2021, the lowest level since October 2016.
- Comparing February 2021 with February 2020, that number has declined by almost 209,300 or 5.0% – double the rate of decline for the UK as a whole (2.4%).
- Although comparing with the previous month, there was another small increase in the number of employees paid through payroll in February (up by 4,700 or 0.1%). This was in-line with national trends (+0.2%).

An age breakdown is now available at the UK level. This indicates that around 63% of the fall in UK payrolled employees between February 2020 and February 2021 has been among employees aged under 25.

## Payrolled employees, change on previous year

Latest data for period February 2021



# The decline in payrolled employees in the last year has been widespread across the capital

## Payrolled employees, change on previous year by NUTS2 region

Latest data for period February 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

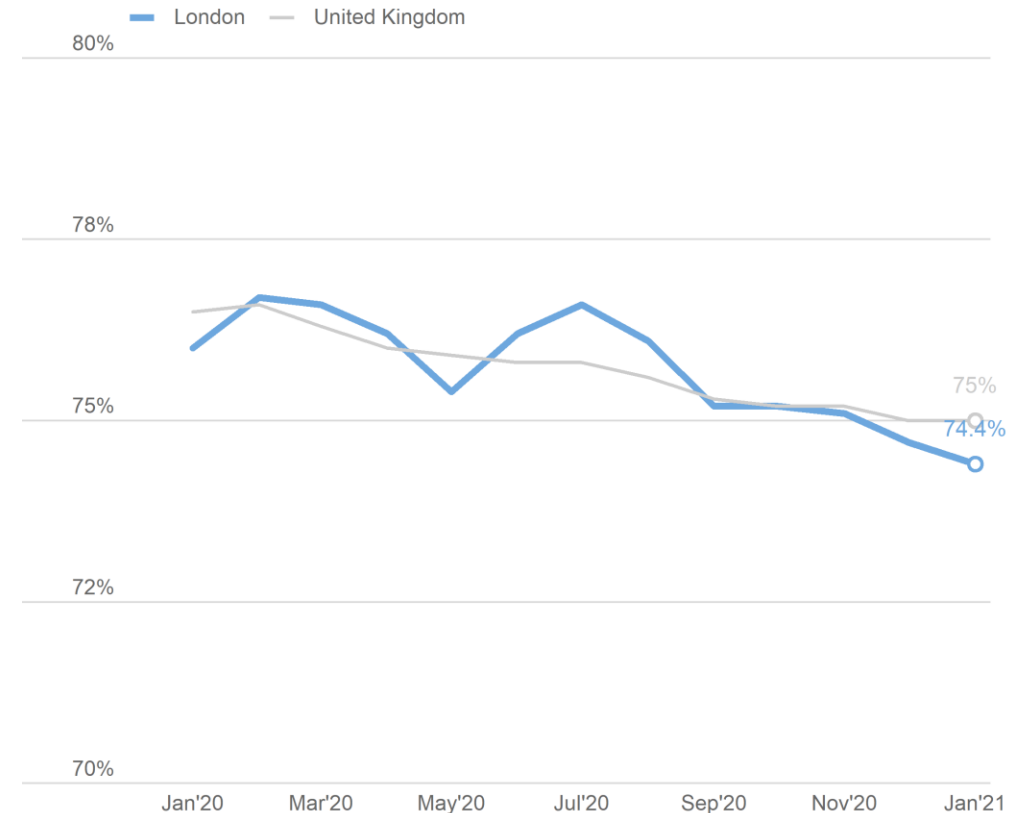
Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For November 2020 to January 2021:

- The 16-64 employment rate in **London** was estimated at 74.4%. This was down 0.7 percentage points (pp) on the previous quarter and down 1.6pp 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.

## Employment rate (% of working age population)

Latest data for period Nov 2020-Jan 2021



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.

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

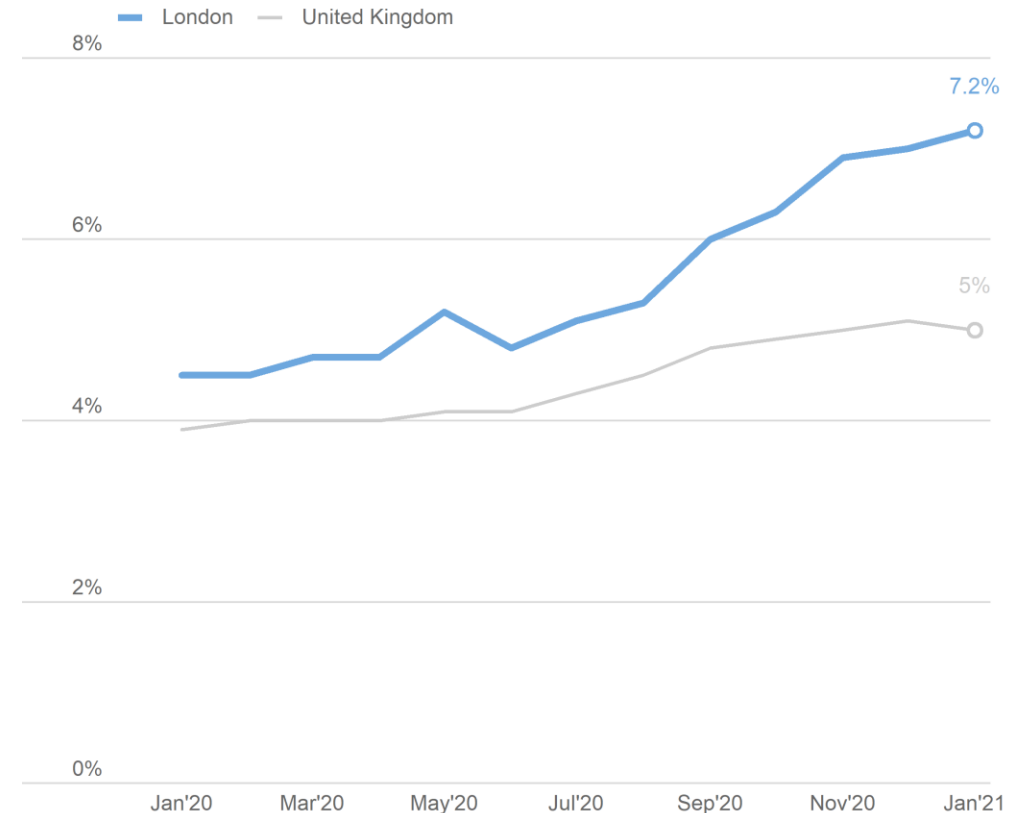
Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

For November 2020 to January 2021:

- The unemployment rate for **London** was 7.2% – up 0.8pp on the quarter and 2.7pp from a year earlier. The annual change is a joint-record increase for London and was higher than in any other UK nation or region.
- The **UK** unemployment rate was estimated at 5.0%, up 0.1pp from the previous quarter and 1.1pp on the year.

### Unemployment rate (% of economically active)

Latest data for period Nov 2020-Jan 2021



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



## London inactivity rate falls and remains below UK level

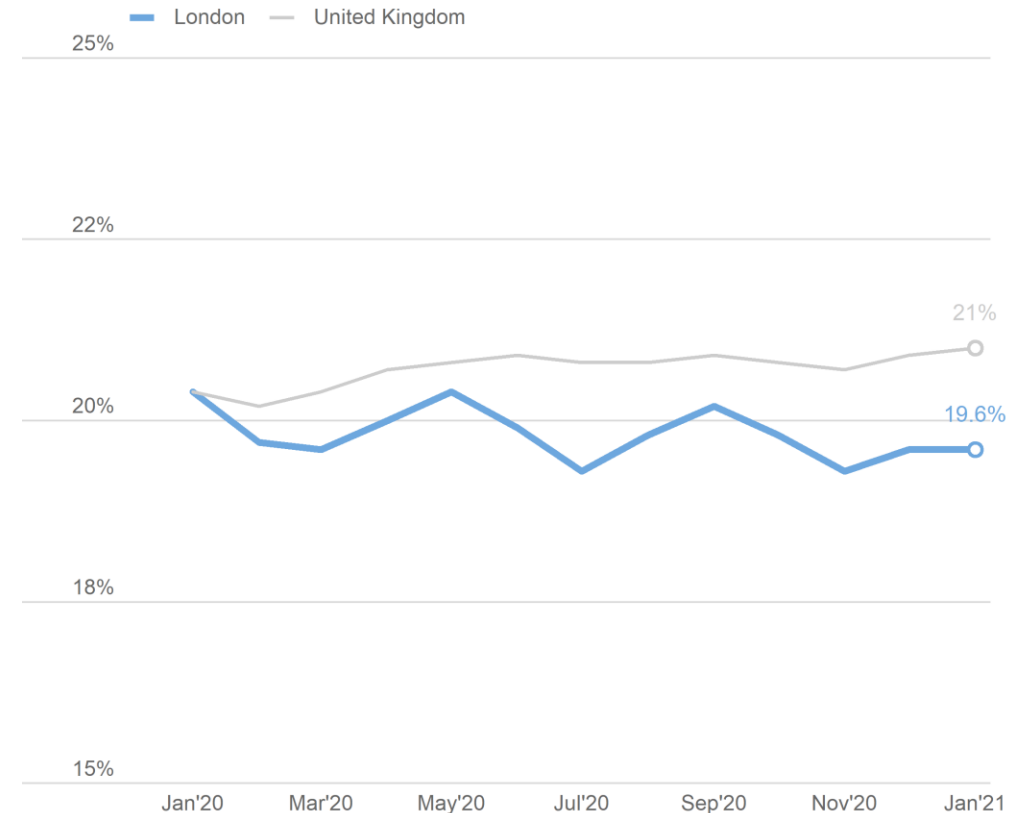
The economic inactivity rate is the proportion of 16 to 64-year olds not in work and either not looking for or unable to work.

For November 2020 to January 2021:

- The rate of economic inactivity in **London** was 19.6%. This was down 0.2pp on the previous quarter and down 0.8pp on the year.
- The **UK** rate of economic inactivity was slightly higher at 21.0%. This was up 0.3pp on the previous quarter and up 0.6pp compared with the previous year.

### Economic inactivity (% of working age population)

Latest data for period Nov 2020-Jan 2021



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

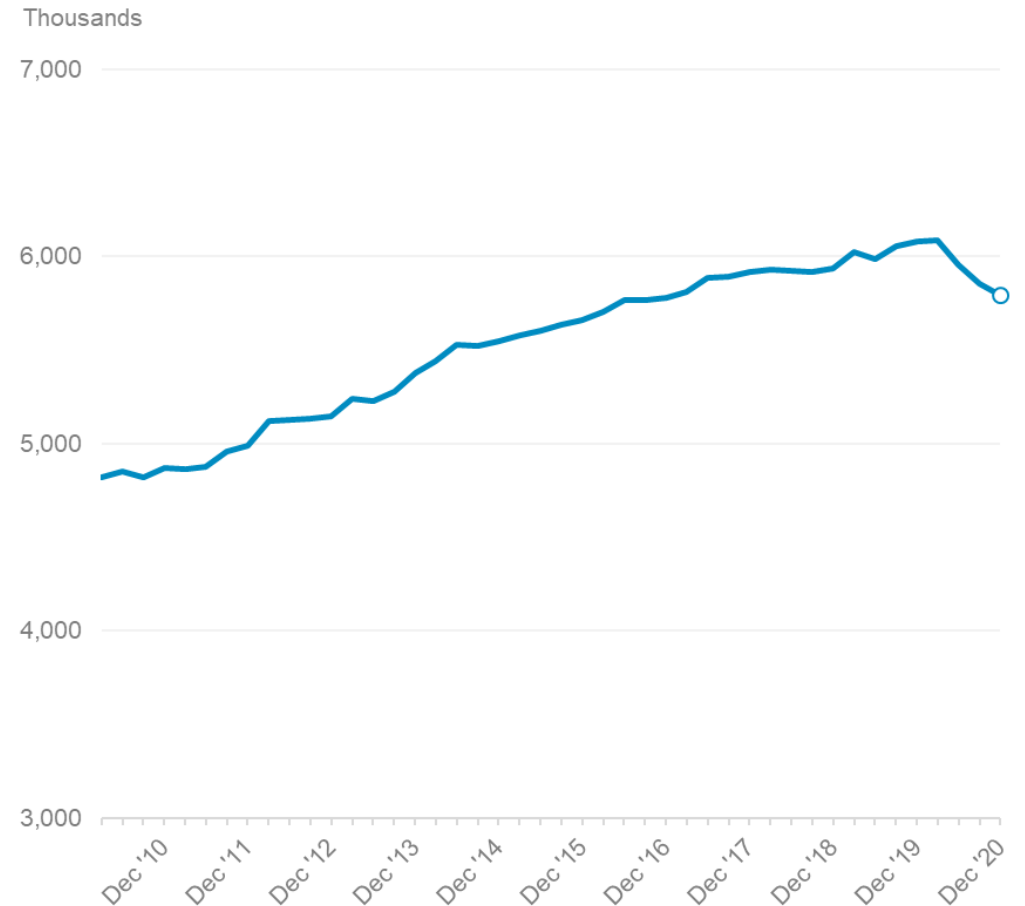
# Workforce Jobs in London are down by 293,400 or 5% since March 2020

The Workforce Jobs series provides quarterly estimates of the number of jobs in the UK and is the ONS' preferred source of jobs broken down by region of workplace and industry.

The latest data for December 2020 shows that:

- The total number of workforce jobs in London was estimated at 5.8 million, down by 293,400 or 5% from March 2020.
- The total number of jobs includes both employees and self-employment. The employee jobs estimate fell by 189,400 (-4%) from March 2020 while self-employed jobs fell by 102,300 (-13%).
- Between September and December 2020 the quarterly fall in jobs slowed to 59,700 (down by 1%), which is almost half of the fall recorded in each of the previous two quarters.
- By comparison, the total number of workforce jobs at the UK level has fallen by 1.2 million or 3% since March 2020, and by 195,700 or 1% between September and December 2020.

**Total number of Workforce Jobs in London**  
Seasonally adjusted, latest data for December 2020



Source: ONS Workforce Jobs. Note: the London margin of error for all jobs is +/- 0.9%, the UK margin is +/- 0.3%.

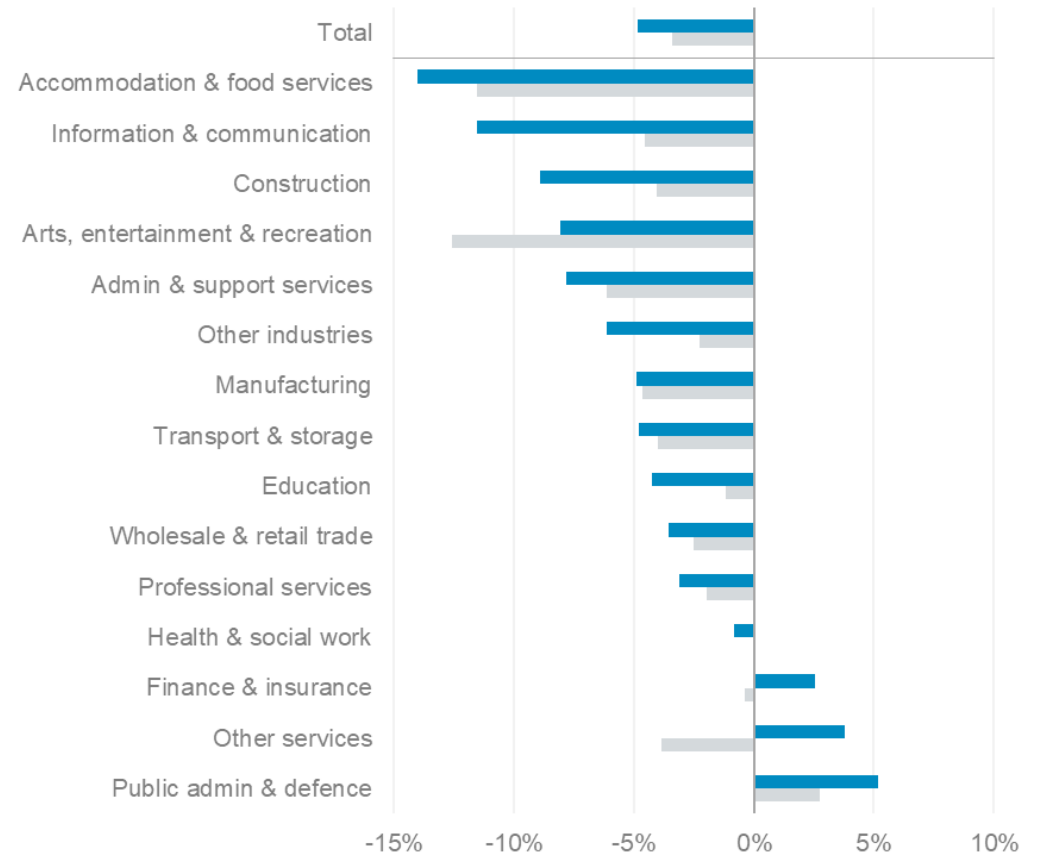
# The pandemic has affected jobs differently across industries

Between March 2020 and December 2020:

- Most industry groups recorded a larger percentage decline in workforce jobs in London than across the UK as a whole.
- Accommodation & food services recorded the largest fall in jobs in London, down by 64,300 or 14%. This was followed by Information & communication (down 60,100 or 12%).
- Three industry groups recorded an increase in jobs in London: Public administration & defence (up 13,100 or 5%), Other services (up 5,900 or 4%) and Finance & insurance (up 10,300 or 3%).

Some industry groups in London have shown stronger signs of recent recovery than others. For example, Arts, entertainment & recreation (up 9,900 or 5%) and Other services (+15,800 or 11%) both recorded an increase in jobs between September 2020 and December 2020, following notable falls earlier in the year.

Percentage change in Workforce Jobs by selected industry groups between March and December 2020  
Seasonally adjusted, London and UK

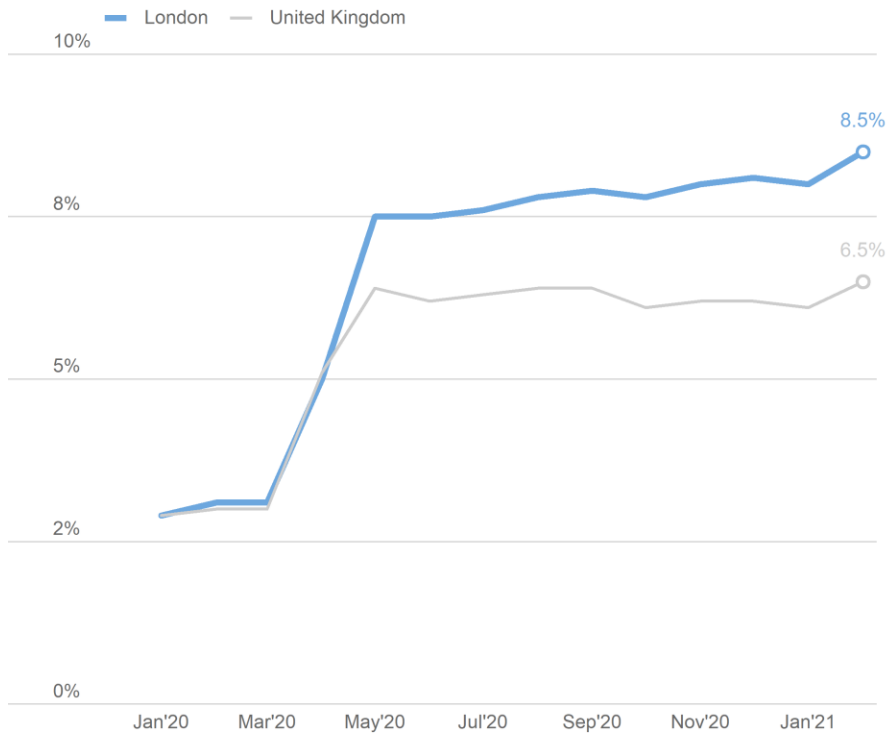


Source: ONS Workforce Jobs. Note: the London margin of error for all jobs is +/- 0.9%, the UK margin is +/- 0.3%.

# The number of **Londoners** claiming unemployment related benefits is rising faster than average across all age groups

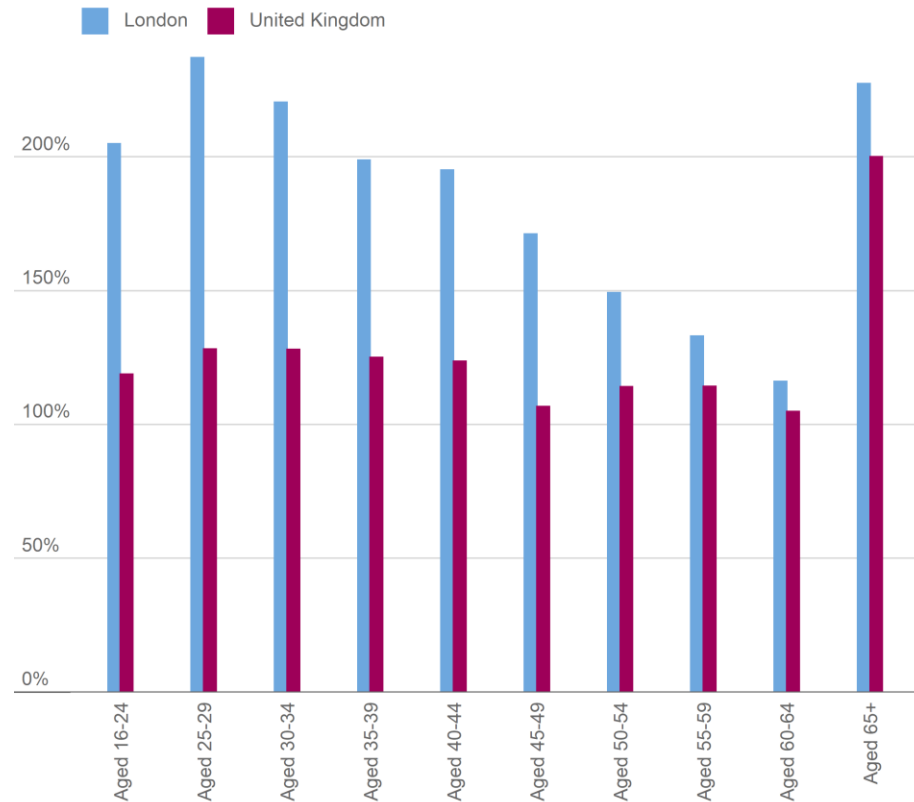
**Claimant count (as a % of residents aged 16 to 64)**

Latest data for period February 2021



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

Latest data for period February-2021



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 November - January 2021	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>	4,737	-19	▼	-68	▼	74.4	-0.7	▼	-1.6	▼
<b>UK</b>	32,374	-147	▼	-611	▼	75.0	-0.3	▼	-1.5	▼
<b>Unemployment</b>										
<b>London</b>	366	44	▲	142	▲	7.2	0.8	▲	2.7	▲
<b>UK</b>	1,703	11	▲	360	▲	5.0	0.1	▲	1.1	▲
<b>Economic inactivity (16 - 64)</b>										
<b>London</b>	1,204	-11	▼	-40	▼	19.6	-0.2	▼	-0.8	▼
<b>UK</b>	8,710	108	▲	279	▲	21.0	0.3	▲	0.6	▲

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.