

COVID-19: Labour Market Round-Up

A round up of the key developments in the labour market and overview of emerging trends and timely evidence on the impact of COVID-19 on London's Labour market. Please note that whilst this is a general overview of key findings, it may not capture every aspect.

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This analysis has been prepared to support stakeholders in developing a view of some key issues arising from the COVID-19 crisis, as they relate to London. Our objectives are to contribute to the emerging body of evidence around COVID-19 impacts and help to avoid local duplication of effort. The analysis had been prepared under challenging circumstances and to short timescales. When using outputs from this analysis you should be aware of the following caveats:

- The analysis is not intended to be comprehensive or exhaustive. It is a snapshot analysis of key data as it pertains to London.*
- The analysis does not represent the full body of evidence on which Mayoral Policies are or will be based.*

Given these limitations, we would advise that our outputs are triangulated with other sources of information and analysis to develop a rounded statistical picture of any specific policy issues.

London's labour market continues to see the effects of the Covid crises, though there are buffers in play:

The pandemic continues to reduce employment, hours and pay ...

... and stall recruitment (although there may be some modest signs of stabilisation).

ONS statistics are also starting to pick up the impact of CV-19 on London's labour market ...

... including a steep rise in unemployment across London.

For now, two factors have cushioned the blow to London's jobs figures: (1) homeworking...

... which has been particularly important to some occupations and industries ...

...and (2) the Job Retention Scheme (CJRS)...

... which has especially supported those in low-paid occupations.

GLA Economics' analysis of London workers shows:

London has over 1.3 million key workers ...

... who are disproportionately of Black and Asian ethnicity, and 1 in 4 key worker jobs are in health and social care.

London has up to 1.1 million workers at risk due to the crisis...

...non-UK nationals and the low skilled also reflect a considerable share of these workers at risk.

Just under 900,000 London workers face the greatest exposure to the virus at work ...

... with Black, Asian and female workers disproportionately exposed.

The young could play a key part of the recovery ...

...as further research shows they are amongst the hardest hit.

On the other end of the age spectrum, there is growing evidence that older workers may be hard hit.

And we must be wary of the clinically vulnerable as we recover ...

... as well as those with childcare responsibilities.

Latest policy suggestions include:

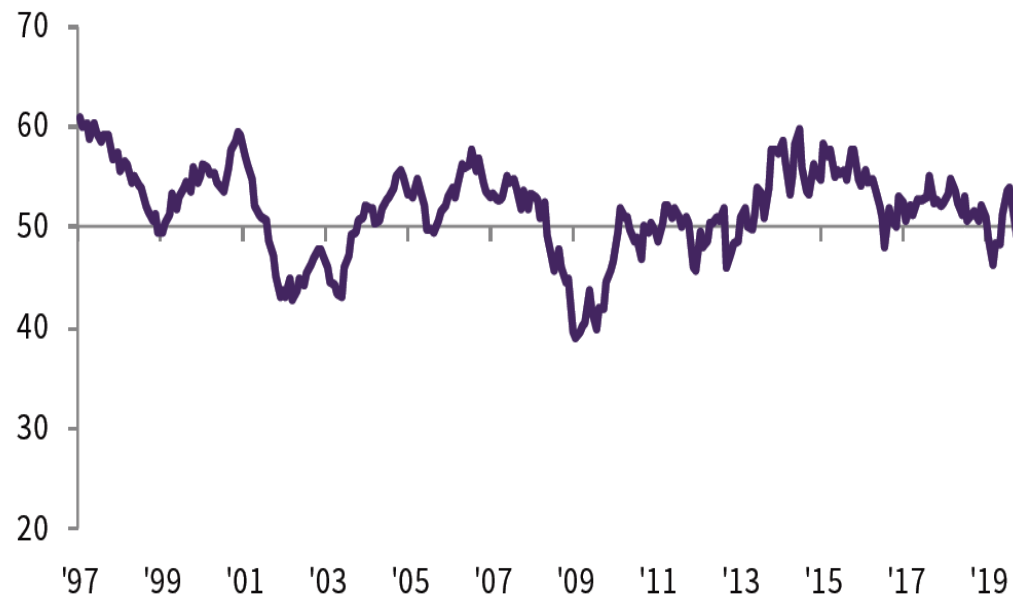
Helping people back into work and...

...supporting younger people.

The pandemic continues to reduce employment, hours and pay ...

Employment Index, London

sa, >50 = growth since previous month



Source: IHS Markit, PMI index

- Latest **PMI** data shows employment in **London** fell drastically in April – to a series low (see chart).
- The **ONS BICS** shows transport & storage and accommodation & food had the highest share of **UK** workers being made redundant. (6-19 April).
- The **GLA Coronavirus Weekly Tracker**, suggests 5% of working **Londoners** have been made redundant (4-7 May, 1,156 respondents) (similar to the previous wave of 27-30 April).
- For those still employed, many have seen falls in hours and pay:
 - **PWC** survey shows **London** had a relatively high proportion of workers whose hours have been reduced (16-19 April, 1,000 respondents).
 - The **GLA Coronavirus Weekly survey of London adults** shows 9% of **London** workers had their hours or pay reduced. (4 – 7 May, 1,156 respondents). (8% in the previous week, 27-30 April).
 - The **ONS BICS** shows 30.1% of **UK** businesses still trading had reduced working hours. (6-19 April) (29% in the previous wave, 23 March – 9 April).
 - **KPMG/REC** survey reports **UK** permanent staff appointments and temp billings fell at the sharpest rates in the survey's 22-year history (7-24 April).
 - **Bank/Ipsos MORI survey** reported half of **UK** respondents were employed but not currently working, or were working fewer hours, due to the pandemic. The self-employed were most likely to report working fewer hours. (24-27 April)
 - **ONS Opinions and Lifestyle Survey** reports that, in **GB**, CV-19 affected 37% of people's work – 27.7% of these had been furloughed; 19.3% found working from home difficult; 17.9% had a fall in their working hours. (24 April – 3 May).

... and stall recruitment (although there may be some modest signs of stabilisation).

Decline in job postings on Indeed, in selected countries

Job postings trend on Indeed as of 1 May 2020 (vs. same day in 2019)

| Country | Change in job postings trend |
|----------------|------------------------------|
| New Zealand | -64% |
| United Kingdom | -54% |
| Australia | -54% |
| Ireland | -49% |
| Canada | -49% |
| Spain | -47% |
| France | -45% |
| Poland | -43% |
| United States | -39% |
| Italy | -38% |
| Netherlands | -35% |
| Belgium | -27% |
| Germany | -23% |
| Singapore | -22% |

Source: Indeed

- Jobs postings in **UK** and London have had a steep drop:
 - Postings on **Indeed UK** website were down 54% on the year on 1st May, with **London** seeing one of the slowest declines (-49.4%)(1 Feb – 1 May).
 - In contrast, **IES analysis**, based on the government’s Find a Job website, found new openings declined most in **London** since the crises (-63%), with 7 of the top ten LAs with the largest falls in the capital (Lewisham, City of London, Westminster, Brent, Wandsworth, and Hammersmith & Fulham, down 73% or more). (15 March – 10 May).
- The job posting decline in the **UK** appears large in contrast to other countries (see chart).
- With entry-level jobs hard hit - **Institute of Student Employers(ISE)** research suggests all entry-level roles in the **UK** have fallen 23%. (apprentices/school leaver programmes down by 32%; graduate jobs down by 12% and internships and placements by 40%).
- Nonetheless, there are signs that the decline may be levelling off:
 - IES analysis** suggests **UK** vacancies have bottomed out at a level 60% lower than pre-crisis and 63% below this time last year
 - New postings on **Indeed UK** were up 46% on 1st May from mid-April low – driven by community & social service (+62%), education & instruction (+55%), personal care & home health (+42%) and nursing (+26%).
 - IFS analysis** of Find a Job **UK** adverts shows that in the first week of May there was some recovery in Health & Care vacancies and, to a lesser extent, for Business, Media & Public Service Professional. By contrast, there was little recovery for occupations directly affected by the lockdown (Transport, Entertainment).

Note job postings data from different organisations are based on different data sources and are therefore not directly comparable. For example, data from Indeed are based on postings to that website alone whereas data from Find a Job is scrapped from a number of webpages, sometimes picking up the same job multiple times.

ONS statistics are also starting to pick up the impact of CV-19 on London's labour market ...

Early estimate for UK pay growth suggest a sharp fall

Percentage change on same month in previous year, UK, July 2015 to April 2020, seasonally adjusted



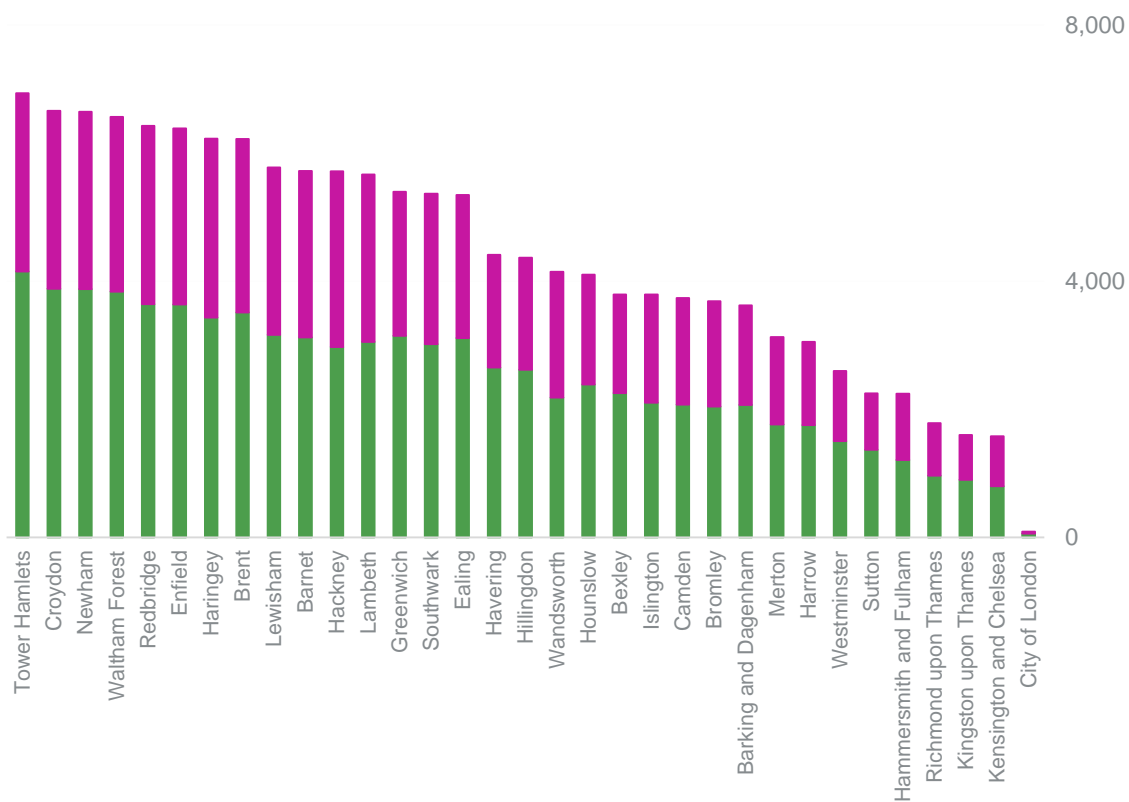
Note: April estimate is based on early data and subject to revision

Source: HMRC, PAYE Real Time Information

- In the previous round up, official statistics had not yet covered the COVID period. The latest official statistics from the **ONS** confirm the steep drop employment, hours and pay and the steep rise in unemployment.
- Early estimates for April from the HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) experimental data suggests:
 - The number of paid employees in the **UK** dropped by 457,000 between March and April;
 - Median monthly pay growth in the **UK** turned negative (i.e. pay fell), having seen increases in recent years (see chart).
- Between Jan-March 2019, total actual weekly hours worked in the **UK** decreased by 12.4m (1.2%), to 1.04 bn hours. This was the largest annual decrease since Nov '09 to Jan '10 - evidence employers are furloughing workers and reducing hours.
- The ONS Vacancy Survey showed that in the Feb-April period, there were 637,000 vacancies in the **UK** - 170,000 fewer than the previous quarter and 210,000 fewer than a year earlier.

... including a steep rise in unemployment across London.

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



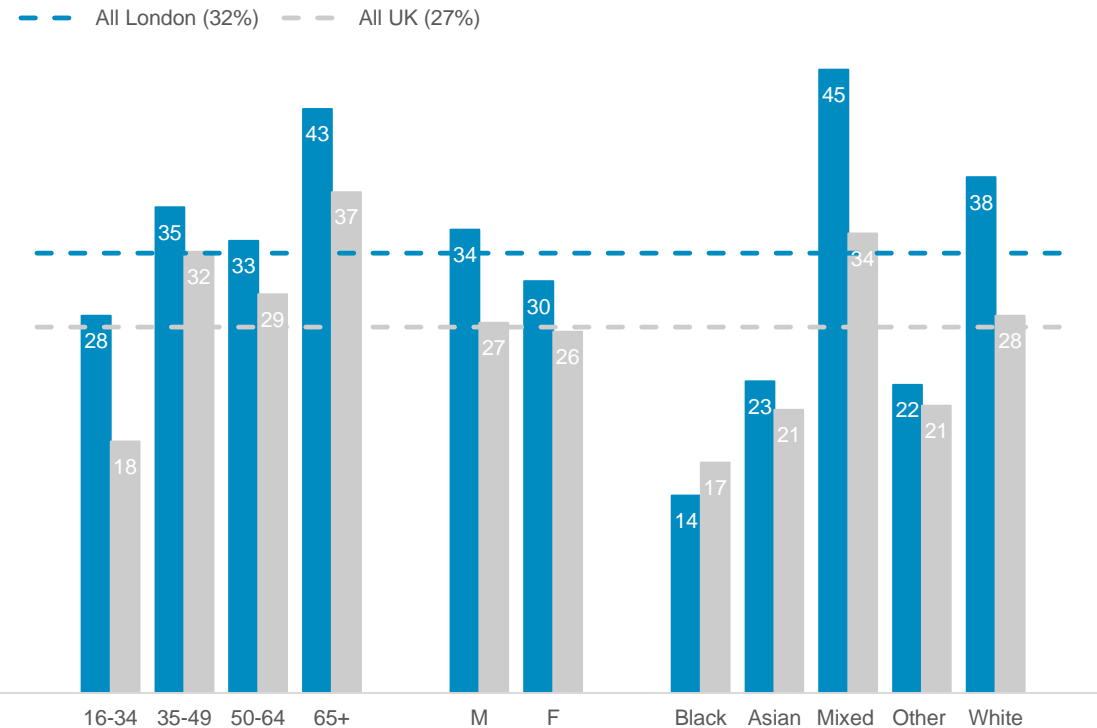
Source: DWP

- Experimental Claimant Count covers claims for Jobseeker’s allowance and those claimants in the UC “searching for work”. Data for **London** in April shows that:
 - The number of claims has gone up by 63% (117k) from March, reaching a total of nearly 302k claims. By comparison, in 2019 the typical monthly change in the claimant count was between 1k and 3k. In the **UK**, the claimant count went up 69% on March.
 - London had the joint third smallest increase (1.9 percentage points) in the claimant count rate (proportion of 16-64 population) of all English regions, although the range was small (between 1.8-2.4 percentage points, with a 2.0 percentage point change England-wide)
 - Londoners aged 25-29 saw the largest increase (+91%) from March, followed by 30-34 (80%) and 35-39 (72%).
 - Tower Hamlets experienced the largest year on year change (+6,935), followed by Croydon (+6,655) and Newham (6,645). (See chart).

Note that as part of the response to Covid-19 a number of changes were made to Universal Credit. These may have increased the number of employed people eligible for UC through their earnings falling below income thresholds. Consequently some of the change in the Claimant Count will be due to changes in the number of employed people who are eligible for Universal Credit. It is not possible to identify the impact of this on the numbers.

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Proportion of different groups who have ever worked from home, **London** and UK

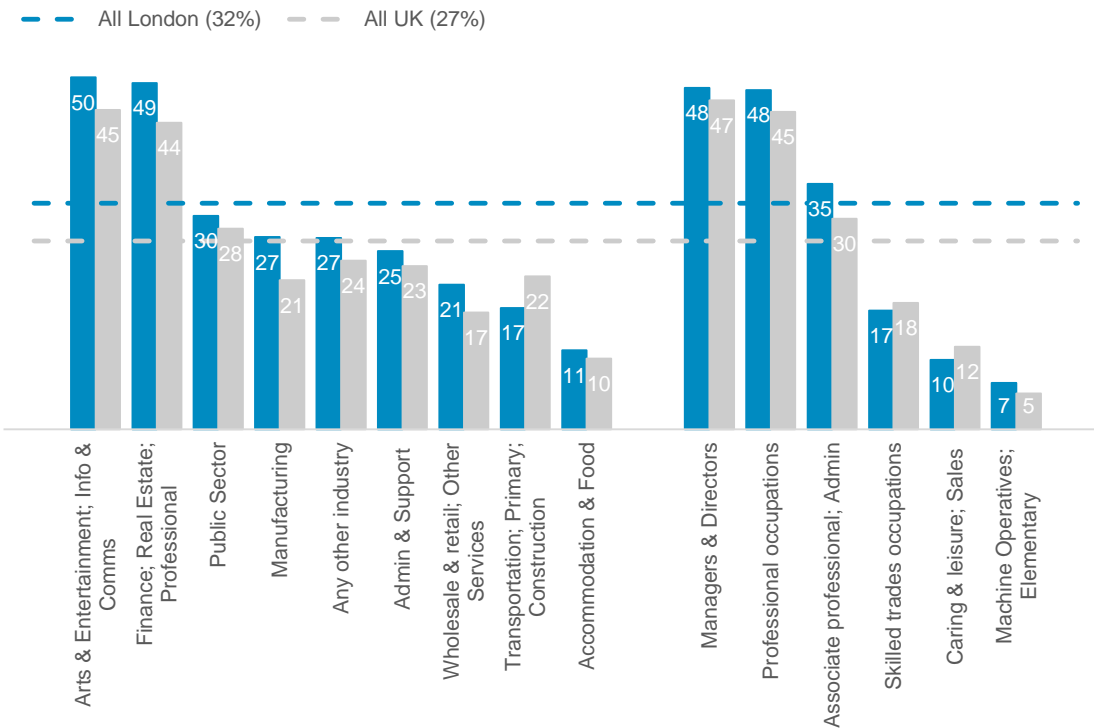


Source: ONS Annual Population Survey, Jan-Dec 2019

- In the previous round up we showed that homeworking was more prevalent in **London** and the South East with more than 30% of workers in these regions having ever previously worked from home. For this Roundup we now have greater detail for **London** (see chart):
 - Young people in London (aged 16-34) were particularly more likely to have ever worked at home compared to their UK counterparts;
 - Londoners aged 65+ were also more likely than those in the UK to have ever worked from home. In both London and the UK this group were also more likely (c.10 percentage points) than the average to have ever worked from home;
 - Employed men in London were also more likely to have ever worked from home compared women in London and their UK counterparts;
 - Those of Mixed/Multiple and White ethnicity in London were noticeably more likely to have every worked from home – both in comparison to those from other ethnicities in London (including more than twice as likely as those who identified as Black) and in comparison to their counterparts in the UK
 - The vast majority (93%) of those who could work from home in the week prior to the interview come from the top 4 major occupation groups (1) Managers Director and Senior Officials, (2) Professional Occupations, (3) Associate Professional and Technical occupations, (4) Admin and Secretarial occupations (see chart). This was 88% for the **UK**.
 - Finance & Insurance and Professional services provide the most opportunities for people to work from home. Manufacturing and Hospitality provided the fewest. For the **UK**, Professional services provided the most opportunities to work remotely.

... which has been particularly important to some occupations and industries ...

Proportion of workers in different occupation & industries who have ever worked from home, **London** and **UK**



Source: ONS Annual Population Survey, Jan-Dec 2019

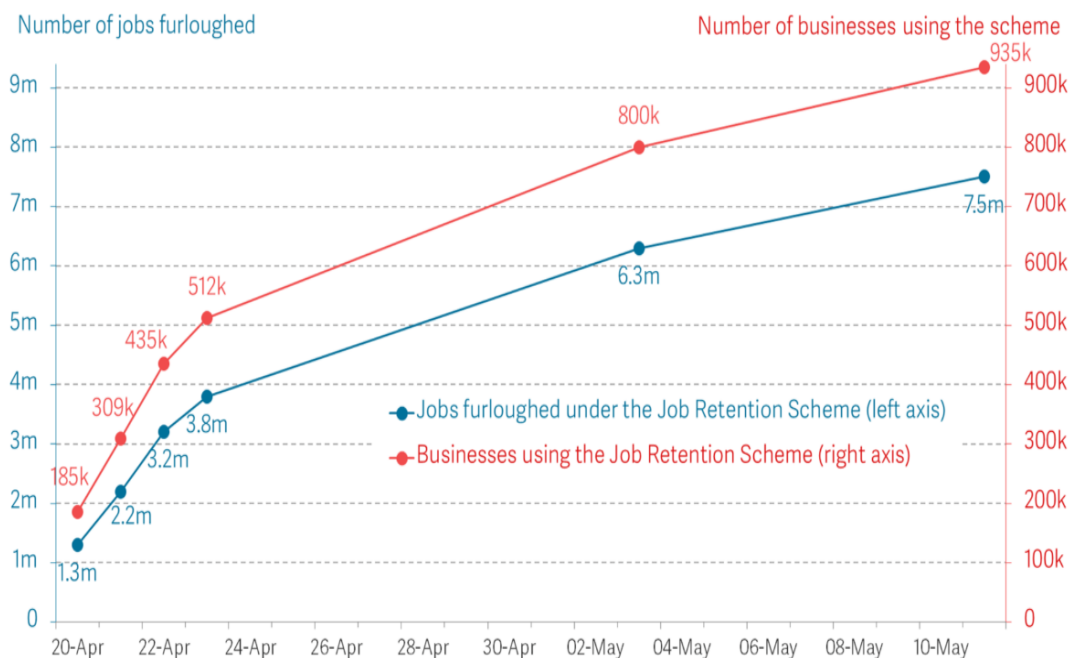
- **London** and **UK** had similar shares of workers who had ever worked from home for given industries and occupations (see chart).
- However, differences across industries and occupation were large; Londoners working in the Arts, Entertainment, Info & Comms and Finance, Real Estate & Professional industries were almost 5 times more likely to have ever worked from home than those in Accommodation & Food.
- Similarly, nearly 1 in 2 Londoners working as Managers & Directors and Professionals had previously worked from home. That compares to under 1 in 10 for those working as Machine Operatives & Elementary roles.

Note: homeworking data is based on data pre-lockdown. The pandemic will have undoubtedly changed this— although the relative share of homeworking across occupations and industries is unlikely to have significantly altered. Data for London is residence based (i.e. based on Londoners employed) rather than workplace based (i.e. working in London but not necessarily residing there). Data on a workplace basis was also analysed but the differences were small and so are not reported here.

- This is in line with recent **RF research** indicating that over four-in-five **UK** workers in the top earnings quintile are currently working from home some or all of the time, compared to less than half in the bottom quintile. (6-11 May, 6,005 respondents)

...and (2) the Coronavirus Job Retention Scheme (CJRS)...

Number of jobs furloughed and business using the Job Retention Scheme

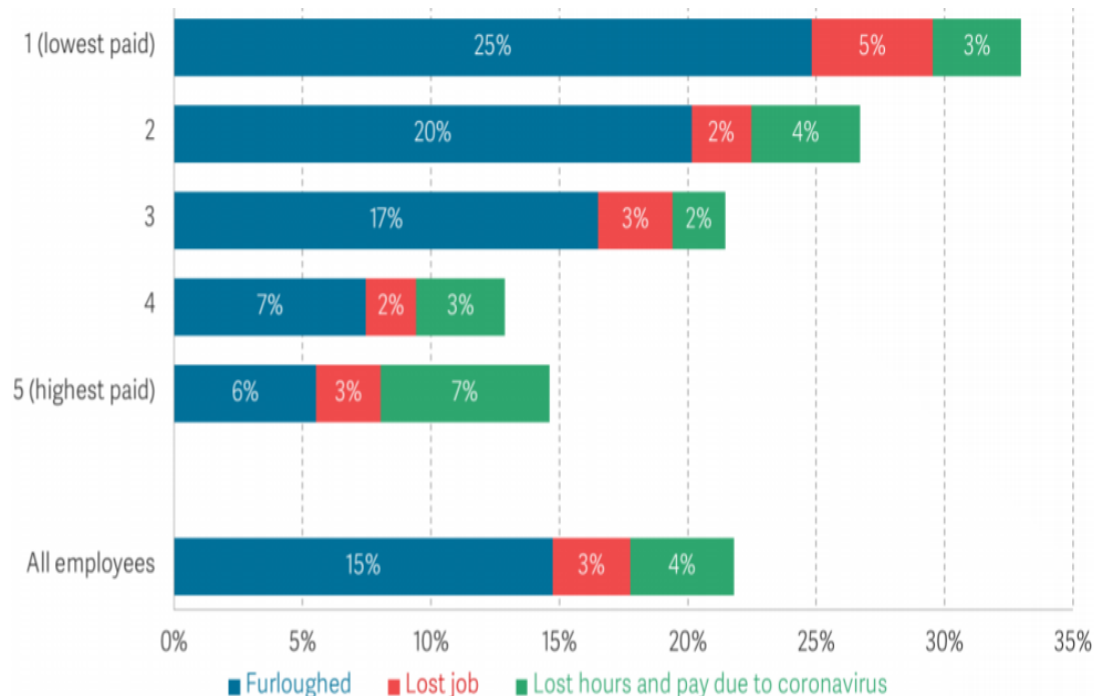


Source: HMRC; Resolution Foundation

- According to **HMRC figures**, 7.5m **UK** jobs have been covered since the CJRS opened on 20 April, almost ¼ of all employees, with around 935,000 businesses using the scheme. A further 440,000 claims were made on the first day of the Self-Employment Income Support Scheme (see chart).
- **BCC Coronavirus Business Impact Tracker** suggest 70% of **UK** firms had furloughed a portion of their staff. (5-8 May, 601 respondents).
- **L&W** calculated that without the CJRS 1 in 5 **UK** working age adults could have been unemployed. Similarly, a **CIPD survey** found that without the CJRS 14% of all **UK** employees (4.2 m jobs) would have been made redundant (7 May, 1,000 respondents).
- Latest survey results reaffirm that up to 28% of the **UK** workforce is on furlough:
 - According to a **GLA Coronavirus weekly survey of London adults**, 16% of **London** workers said they were furloughed (4-7 May, 1,156 respondents). This was 13% in the previous wave (27-30 April). *Not for general circulation.*
 - Similarly a **PWC** survey showed 17% of workers living in **London** were furloughed (16-19 April, 1,000 respondents).
 - The **ONS BICS** found 28% of the workforce had been furloughed (27% in the previous wave). This was 81% for those businesses that had temporarily closed or ceased trading (78% in the previous wave). (Latest wave: 6-19 April; Previous wave: 23 March – 5 April).
 - **A RF survey** found that 15% of **UK** employees had been furloughed from their main job in early May. This was 21% for the private sectors, higher than previous **RF estimates**. (6-11 May, 6,005 respondents).

... which has especially supported those in low-paid occupations.

Unemployment level and furloughed employees, outturn and various forecast, UK



Source: Resolution Foundation

- **A RF survey** showed that 30% of the lowest-earning fifth of **UK** employees have been furloughed or lost their job, compared to 8% of the top fifth of employee earners. In contrast, the distribution of coronavirus-related hours lost (that are associated with pay reductions) by prior earnings level is much less stark. (see chart) (6-11 May, 6,005 respondents)
- It also found that 31% of **UK** employees with variable hours, and 28% of employees on zero-hours contracts, have either lost their main job or been furloughed from it. At the extreme, almost one-fifth (19%) of those previously on temporary contracts have lost their main job.
- According to the **ONS BICS**, in the **UK** the accommodation and food service activities sector had the highest proportion of workers being furloughed (73%).

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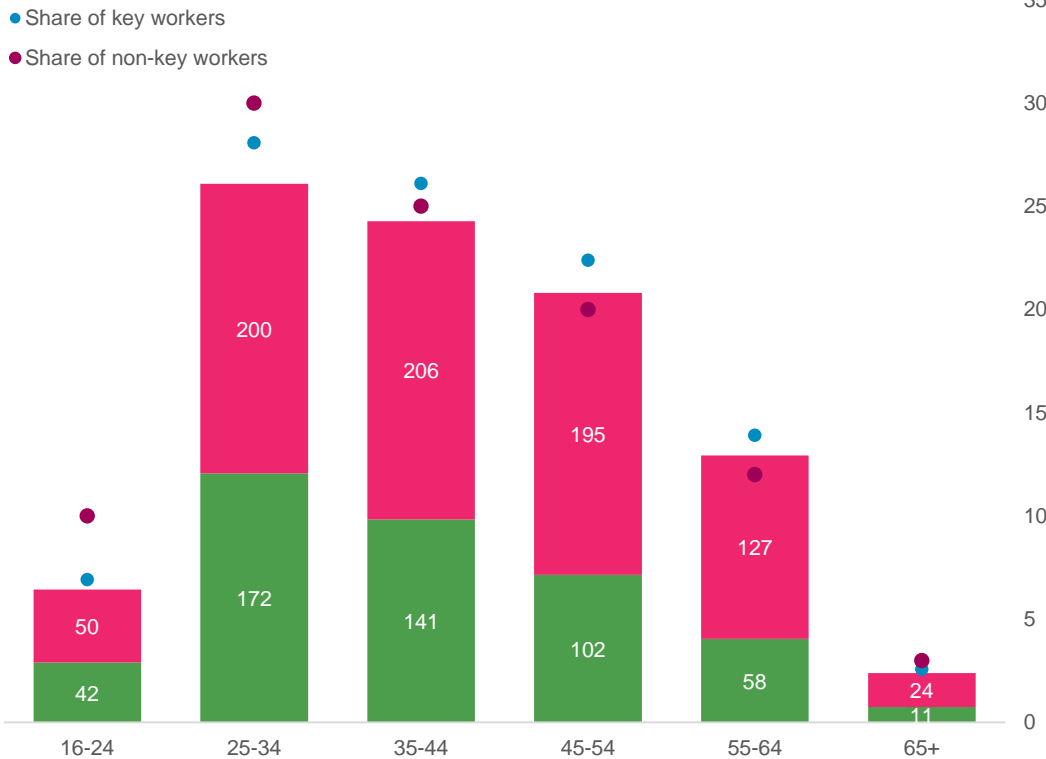
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GLA Economics (GLAE) estimates **London** has over 1.3 million key workers ...

Key workers by age **Inner (LHS)** and **Outer (RHS)** London (000s) and shares (RHS)



Source: GLAE analysis of APS (residence basis), year to Sept '19

- The previous Roundup showed RF and IFS analysis of **UK** key workers and their characteristics. More recently the **ONS** produced estimates of key workers. To gain further insights, GLAE have conducted similar analysis at a **London** level.

Note the definitions take slightly different approaches to identify key workers using the SIC (industry) and SOC (occupation) classifications. The IFS and early GLAE approach use an occupational approach whereas the RF uses an industrial approach. The ONS approach however is the most comprehensive and precise measure as it factors in both the occupation and industry. All breakdowns are based on the ONS definition of key workers unless stated otherwise.

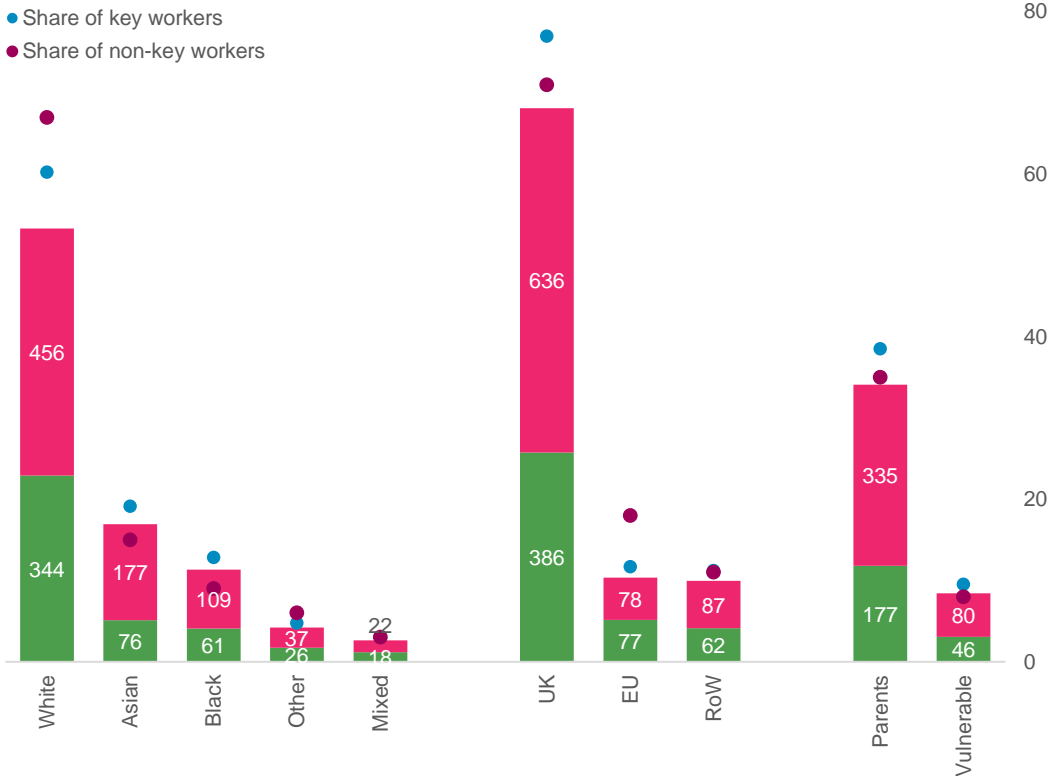
- Using the ONS key worker definition, GLAE estimates 3 in 10 workers resident in **London** work in key roles – a total of 1.33 million.

The ONS paper also produced some limited, headline, regional numbers. Their estimates were based on data from Jan-Dec 2019 (compared to our Oct 2018-Sept 2019). They estimate a slightly higher count of 1.35m key workers in London.

- Based on GLAE, **RF** and **IFS** definitions of key workers, key worker estimates range from approximately 929,000 key workers (IFS) in **London** to the 1.33 million using the ONS definition. The GLAE and IFS defined estimates were relatively similar; 1.27 million and 1.24 respectively.
- Approximately 60% of all key workers are based in outer London, - slightly higher than their 57% overall share of **London** workers. Figures show there were just over 800,000 key workers in outer London, compared with 525,000 in inner London.
- Key workers were predominately aged 25-54 (77%) although workers aged 45-64 were slightly more likely to be working in key roles than non-key roles (see chart).

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Key workers by ethnicity in Inner and Outer London (000s) and shares (RHS)



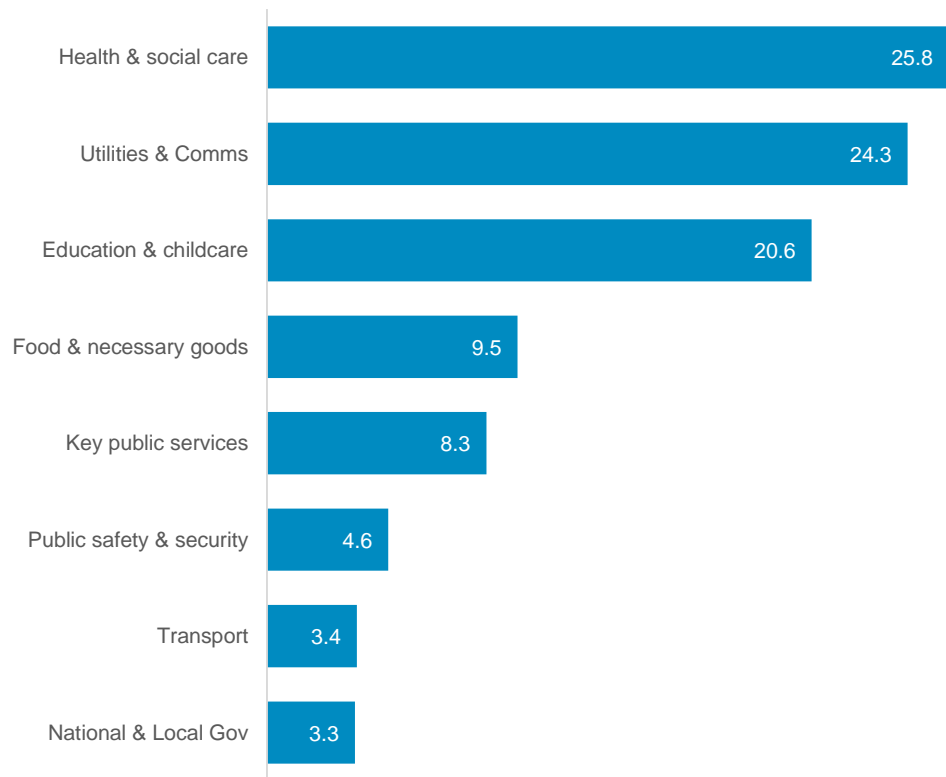
Source: GLAE analysis of APS (residence basis), year to Sept '19

- Workers of Black and Asian ethnicity made up nearly 1 in 3 of London's key workers (32%). This is higher than their 24% share in non-key worker roles.
- By nationality, 23% of London's key workers were Non-UK nationals, compared to 29% of non key workers. Approximately 12% of all key workers were (156,000) from the EU and 11%(149,000) were from the Rest of the World (RoW) (see chart).
- Our analysis also shows that 39% of key workers in London are parents with children under the age of 16, compared to 35% of non-key workers in London.
- We also estimate that at least 10% of London's key workers could be classed as **clinically vulnerable** to COVID-19 – slightly higher than the 8% of non-key workers.
- Our analysis using the ONS definition show women account for 55% of all key workers in London. The IFS and RF definitions suggest this share could be even higher (60%).

Note we estimate the clinically vulnerable based on the NHS guidance identifying those with pre-existing health conditions and those who are aged over 70. Whilst the APS will capture some of the risk factors which identify individuals as clinically vulnerable, it is likely to be an underestimate as some factors will not be picked up in the data.

and 1 in 4 key worker jobs are in health and social care.

Key workers in **London** by occupation group share (%)



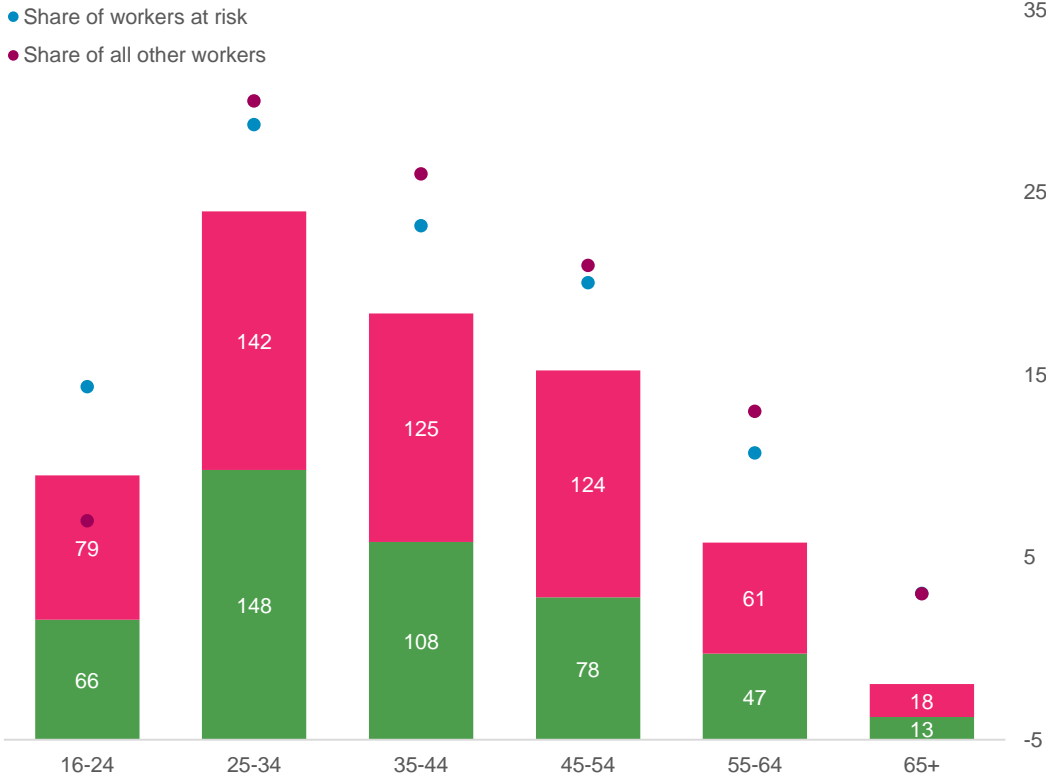
Source: ONS Annual Population Survey, year to Dec 2019

- The **ONS** provided a further breakdown of key workers by occupational group for **London** according to the categories defined in the governments key worker guidance:
 - Health and social care workers accounted for the greatest proportion of London's key workers (26%).
 - This was followed by Utilities and Comms which comprised of 24% of all key workers in London.
 - Education and childcare also made a significant proportion (21%) of all London key workers.
- London is shown to have comparably higher number of key workers when compared with all other city regions, with 1.34 million key workers in the **capital**, followed by 432,000 in the Greater Manchester Combined Authority and 427,000 in the West Midlands Combined Authority.

Note this data is in reference to the ONS publication which is based on the year to Dec 2019.

London has up to 1.1 million workers at risk due to the crisis...

Workers at risk by age in Inner (LHS) and Outer (LHS) London (000s) and shares (RHS)



Source: GLAE analysis of APS (residence basis), year to Sept '19

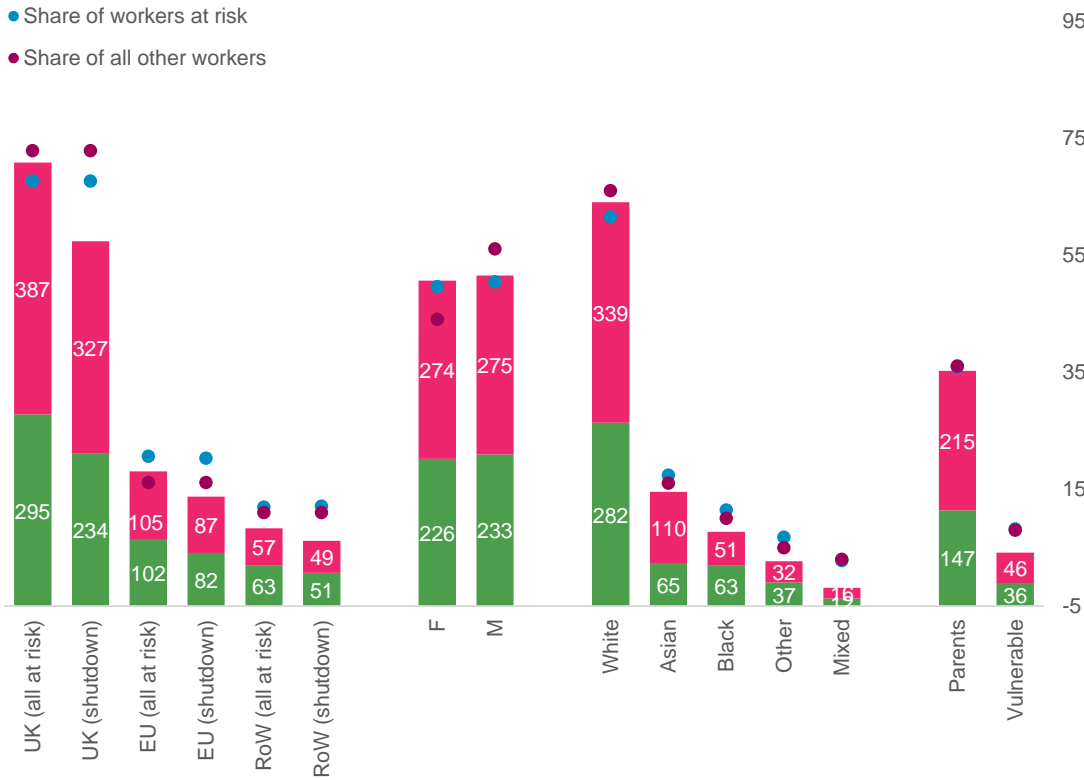
- Our previous Roundup looked at the jobs in the **UK** at greatest risk due to the crisis and the characteristics of workers in these jobs. Here we delve deeper into these characteristics at a London level.
- GLAE analysis using the **IFS 'shutdown sectors'** and the **RF sectors facing the greatest economic risk**, estimates that there may be around 830,000 **Londoners** employed in 'shutdown' sectors in the year to Sept 2019. Whereas just under 1.1 million **London** workers were in sectors facing the greatest economic risk.

Note the IFS shutdown sectors captures the sectors that were specifically shut down by the government as part of their social distancing measures. The RF approach captures all sectors which may be most adversely affected, not limited to those directly closed by the government. The following breakdowns are based on the RF approach unless stated otherwise as this measure considers all the jobs with the greatest economic risk. Data includes students.

- 54% of the **Londoners** with jobs at risk are from inner London, this is relatively higher than the corresponding share of all workers (43%).
- Similar to key workers, 25-34 was the most prominent age group with a share of 30% of all workers at risk, followed by 26% for the 35-44 and 21% for the 45-54. Whilst the figure for the 16-24 group is not as prominent with a 14% share, this age group were disproportionately represented in workers at risk, as this share is almost twice the corresponding share of all other workers (7%).

...non-UK nationals and the low skilled also reflect a considerable share of these workers at risk.

Workers at risk by nationality in Inner (LHS) and Outer (LHS) London (000s) and shares (RHS)

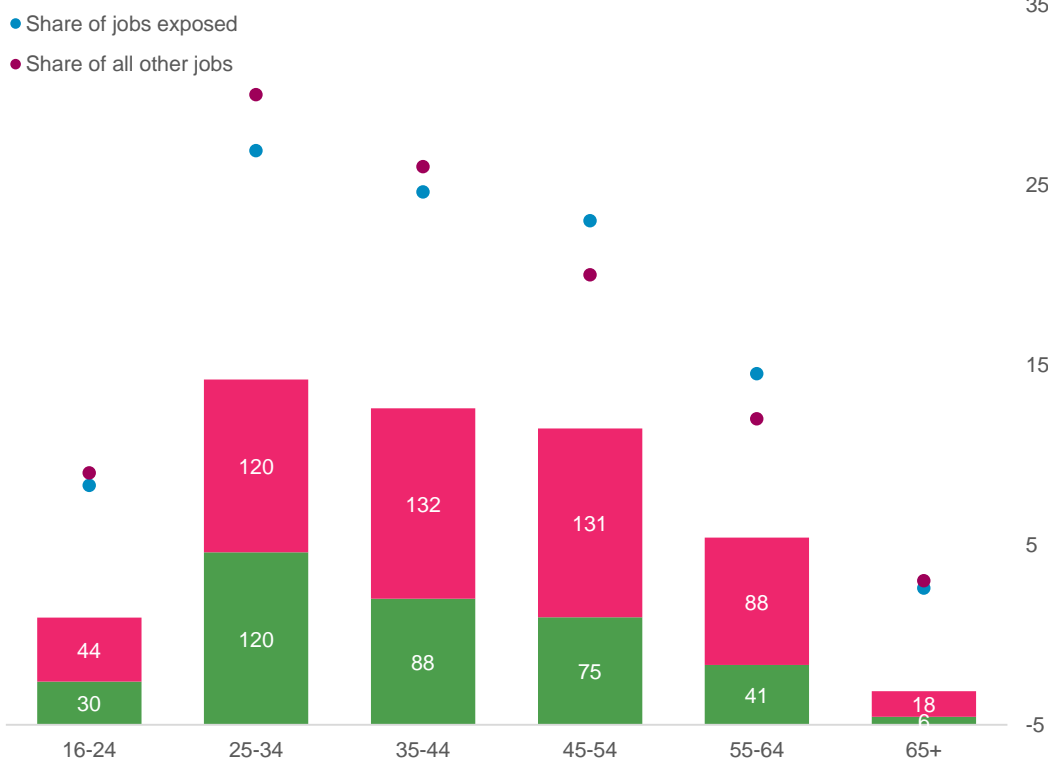


Source: GLAE analysis of APS (residence basis), year to Sept '19

- BAME constitute 38% of London's workers which are at greatest risk. – slightly higher than their share in lower risk sectors (34%). If we look at just the sectors that were directly shutdown (IFS), the BAME proportion is 4 percentage points higher at 42%.
- Around a third of **Londoners** in jobs at risk are non-UK nationals, this represents a total of 327,000 London workers, of which the chart shows roughly 210,000 are from the EU (accounting for 21% of all jobs at risk).
- 36% of **London** workers (362,000) at risk were also parents of children under the age of 16 and thus possibly also affected by childcare responsibilities (although this share is broadly reflective of the corresponding parental share amongst all other workers).
- Our analysis also reveals that at least 8% are classified as **clinically vulnerable**. This could pose a longer term problem as these workers may not be willing and able to return to work as social distancing measures are lifted.
- If we look at the education and skills profile of **London** workers who are at risk, roughly 35% do not have a Level 3 (GCE, A levels or equivalent) or above qualification. This is compared with 21% for all other workers in non-high risk jobs. This could be a key factor during recovery as a fair share of those who lose their jobs may face difficulties finding work because of their skills profile.
- For the workers at greatest risk there is a 50:50 split between men and women. This infers that the women share of **London** workers at risk is around 6 percentage points higher than their corresponding share in all other jobs.

Just under 900,000 London workers face the greatest exposure to the virus at work ...

Jobs exposed by age in Inner (LHS) and Outer (LHS) London (000s) and shares (RHS)



Source: GLAE analysis of APS (residence basis), year to Sept '19

- Analysis by the **RF** shown in the previous Roundup also looked at the jobs facing the biggest health risk and their characteristics. The **ONS published analysis** on occupations which have highest potential exposure to (COVID-19). GLAE analysis looks at this on a London level.

Note that the occupations defined as highest potential exposure are those in the top quartiles in terms of proximity to others and exposure to disease using the ONET occupational dataset.

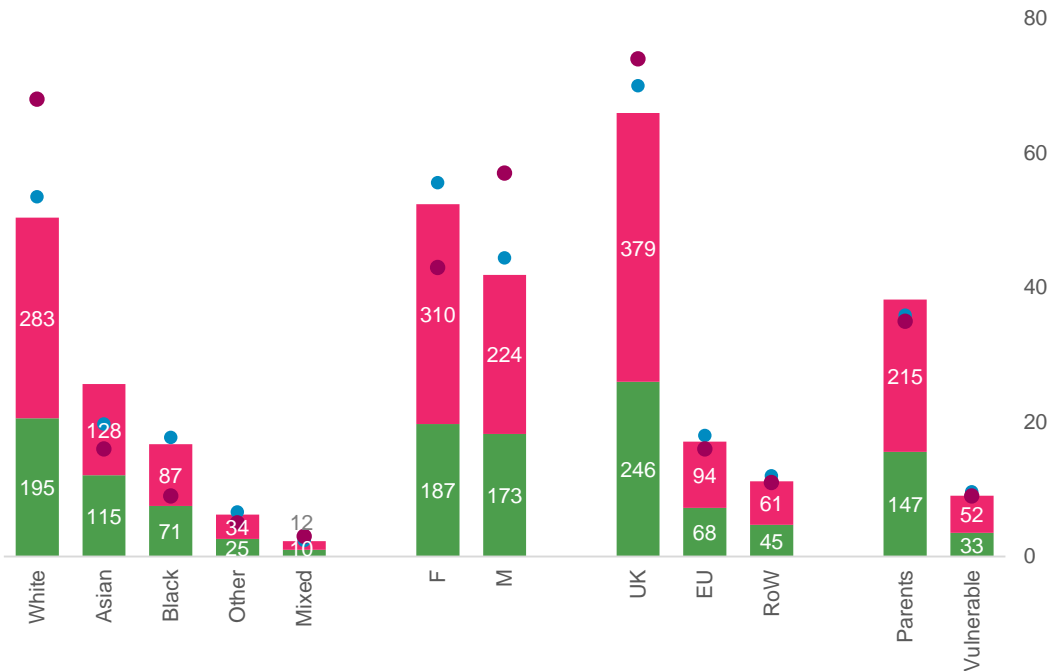
- GLAE estimate that approximately 893,000 **London** workers are in occupations which have the highest exposure to COVID-19. Of which 40% (359,000) are from inner London.
- A large majority (83%) of workers in **London** with high exposure to the virus are under the age of 55. This could indicate that a relatively large share of workers would be at lower risk of COVID due to their age and therefore more inclined to return to work, aiding a faster recovery (although age is just one of several risk factors).
- However, it is worth noting that there are still over 153,000 **London** workers aged 55 and over who are in jobs at highest exposure to the virus, comprising of 17% of all London jobs exposed to the virus.

Note that whilst both are insightful, comparing these characteristic shares against the overall share of London workers is a more effective benchmark than comparing across the groups.

... with Black, Asian and female workers disproportionately exposed.

Jobs exposed by ethnicity in Inner (LHS) and Outer (LHS) London (000s) and shares (RHS)

● Share of jobs exposed
● Share of all other jobs

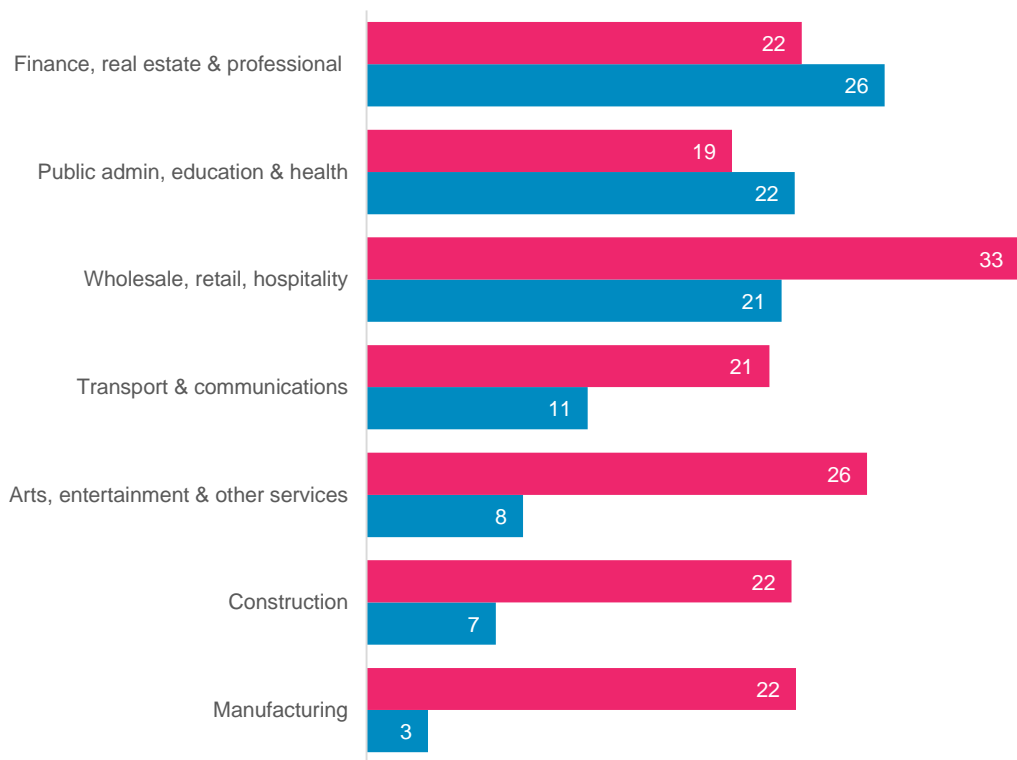


Source: GLAE analysis of Annual Population Survey, year to Sept '19

- Whilst those from Black and Asian backgrounds reflect just under 27% of all **London** workers, 37% of jobs exposed to the virus were held by BAME workers, this is 12 percentage points higher than the corresponding Black and Asian share in all other jobs.
- The impact of this may be exacerbated by the fact Black and Asian workers are also amongst the least likely to have ever worked from home.
- Women comprise a slightly higher share of these occupations in **London** that are exposed to COVID-19, with 55% of this group being women.
- Non-UK nationals account for 30% of **London** jobs (268,000) exposed to the virus, with approximately 162,000 from the EU and 106,000 from the rest of the world.
- Parents with children aged under 16 make up 41% of **London** workers (893,000) most exposed to the virus, this is 6 percentage points higher than the corresponding parental share across all other jobs (35%).
- At least 10% of **London** workers in highly exposed roles are also clinically vulnerable (86,000)
- 30% of workers in this exposed category do not have a Level 3 or above qualifications.

The young could play a key part of the recovery ...

Share of young workers and respective share of industry for London



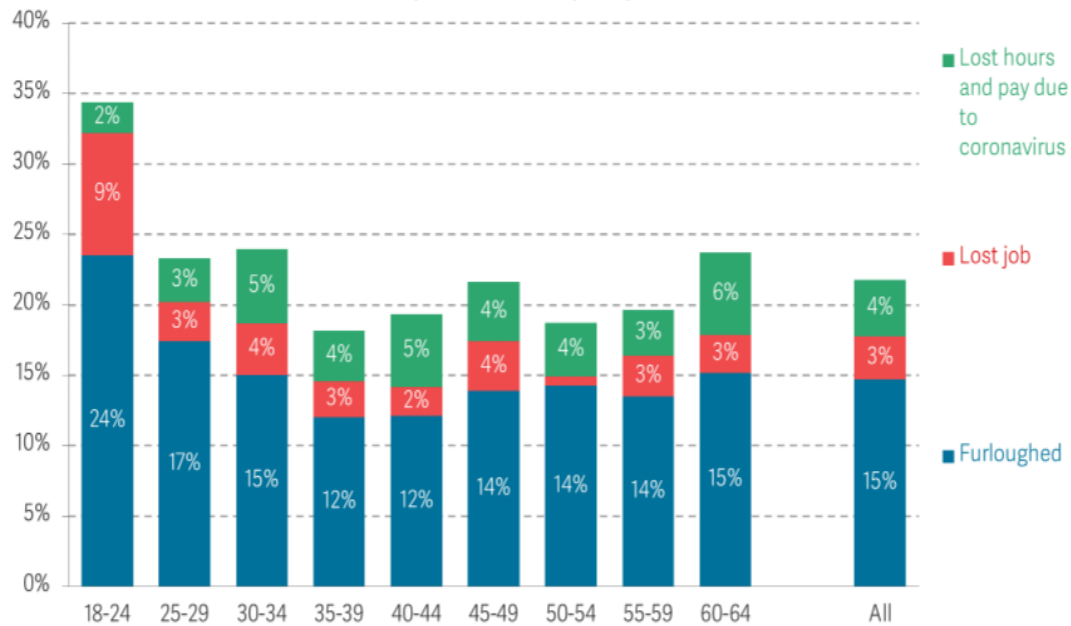
Source: GLAE analysis of APS (residence basis), year to Sept '19

- Work by **Warwick CAGE** suggested young people could play a key role in the economic recovery. GLAE estimate 1.04 million **London** workers are under the age of 30. Here we look at what jobs and industries they work in.
- Just under a quarter (23%) of all workers in the **capital** are under the age of 30, of which less than 5% are clinically vulnerable. That compares favourably to the 9% of all workers in London.
- At a high-level industry, young Londoners are most likely to work in Finance, Real Estate & Professional (26%) but they make up the greatest share of workers in Wholesale, Retail & Hospitality (33%) (see chart).
- The table below shows the top industries at a more granular level as well as the top occupations

| | Number of young workers | Share of young workers (%) | Share of industry (%) |
|--|-------------------------|----------------------------|-----------------------|
| Top 5 Industries | | | |
| Restaurants & mobile food service activities | 53,000 | 5.0 | 34.2 |
| Retail in specialised stores | 47,000 | 4.4 | 44.7 |
| Computer programming, consultancy & related | 46,000 | 4.3 | 24.9 |
| Retail sale in non-specialised stores | 42,000 | 3.9 | 32.9 |
| Management consultancy activities | 40,000 | 3.8 | 25.7 |
| Top 5 Occupations | | | |
| Sales & marketing associate professionals | 64,000 | 6.0 | 35.6 |
| Business & finance associate professionals | 61,000 | 5.7 | 29.5 |
| Other elementary services | 60,000 | 5.7 | 48.9 |
| Sales assistants and retail cashiers | 58,000 | 5.4 | 42.3 |
| Information tech and telecomms professionals | 56,000 | 5.2 | 23.1 |

...as further research shows they are amongst the hardest hit.

Proportion of employees (excluding full-time students) who experienced job changes, by age group: UK, 6-11 May 2020



Notes: Base = all UK adults aged 18-65 who had an employee job prior to the coronavirus outbreak, excluding full-time students (apart from the 'all' column). 'Furloughed' and 'lost job' relate to employees' main job; 'lost hours and pay due to coronavirus' captures employees not in either of these first two groups who are working fewer hours than their usual hours before the coronavirus outbreak, which they state has happened for coronavirus-related reasons, and which coincide with decreases in earnings.

Source: Resolution Foundation

- Research by **RF** found that younger workers are more heavily affected than other age groups (see chart):
 - the proportion of 18-24-year-old employees who have been furloughed from the main job is greater than the average across all ages.
 - 9% of the 18-24-year-old non-full-time students have lost their main job since the coronavirus outbreak began. This is 3 times the figure across all employees.
 - Taking these outcomes together, this suggests that in early May one-third of 18-24-year-olds (excluding full-time students) had been furloughed or made redundant. By contrast, less than 15% for 35-44-year-olds.
 - 18-24-year-olds (excluding full-time students) have been most susceptible to pay swings: over a third have had their pay reduced since before the outbreak, and 13% reported pay increases. This can be compared to prime-age adults (35-49-year-olds), 23% of whom have had their earnings reduced, and 5-6% of whom have experienced pay increases.
- **IES** estimates that at least 500,000 16-24 year olds will enter long-term claimant unemployment over the next eighteen months.
- **RF**, using the Labour Force Survey, has modelled the impact of a rise in the unemployment rate on recent education leavers. It found that a 6.1pp increase in the unemployment rate at the point of leaving full-time education (the OBR forecast) entails a 13% lower likelihood of a graduate being.

On the other end of the age spectrum, there is growing evidence that older workers may be hard hit.

Proportion of UK workers who are currently work, and expect to work, from home post-COVID, by age group



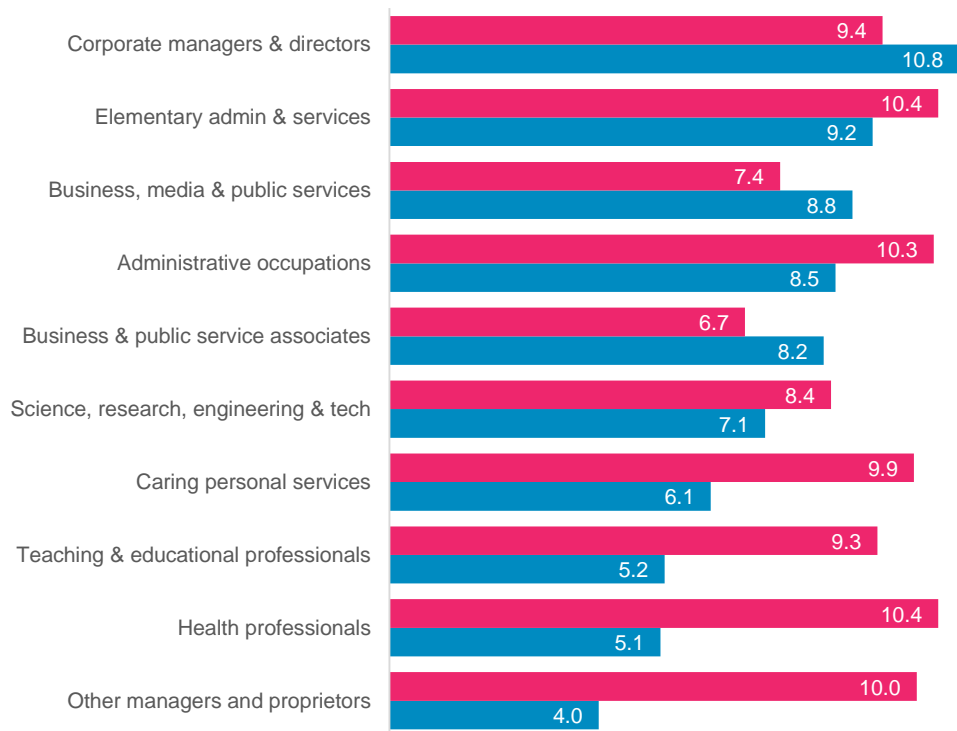
Notes: Base = all UK adults aged 18-65 who were employed or self-employed prior to the coronavirus outbreak and are currently working, excluding full-time students. Expectations for working from home after the outbreak excludes workers who cannot work from home. The gaps in the middle of each set of bars in the right-hand panel include people who responded 'about the same' or 'don't know'

Source: Resolution Foundation 6-11 May 2020

- Along with younger workers, the **RF survey** suggest older workers (aged 60-64) have seen a reduction in pay as they were found to be the second hardest hit after 18-24 year olds. (6-11 May).
- Older workers are amongst the least likely to work, or have an expectation of working, from home in the future (see chart).
- **Age UK** highlighted that more than one in five "Baby Boomers" (55-74-year-olds) who have regular or "typical" contracts have lost their job, been furloughed or seen their pay and hours reduced, rising to 27% among those who do not have secure contracts.
- They are also more likely to be vulnerable/shielding as GLAE analysis reveals that 60% of the **clinically vulnerable workers in London** aged 45 and over. This groups reflects just under 239,000 workers in the capital with, of which 127,000 are 55 and over.
- It is possible that the pandemic could create scarring amongst this hard-hit group, driving them out of the labour market and into early retirement. The **IES** reported that in 2019, just a third of over 50s who were made redundant found re-employment within three months: the lowest re-employment rate of any age group. They also report that a third of over 50s which the IES surveyed last year believed they had been turned down for a job they had applied for because of their age.

And we must be wary of the clinically vulnerable as we recover...

Top 10 occupations, **Share of clinically vulnerable workers** and **respective share of industry** for London



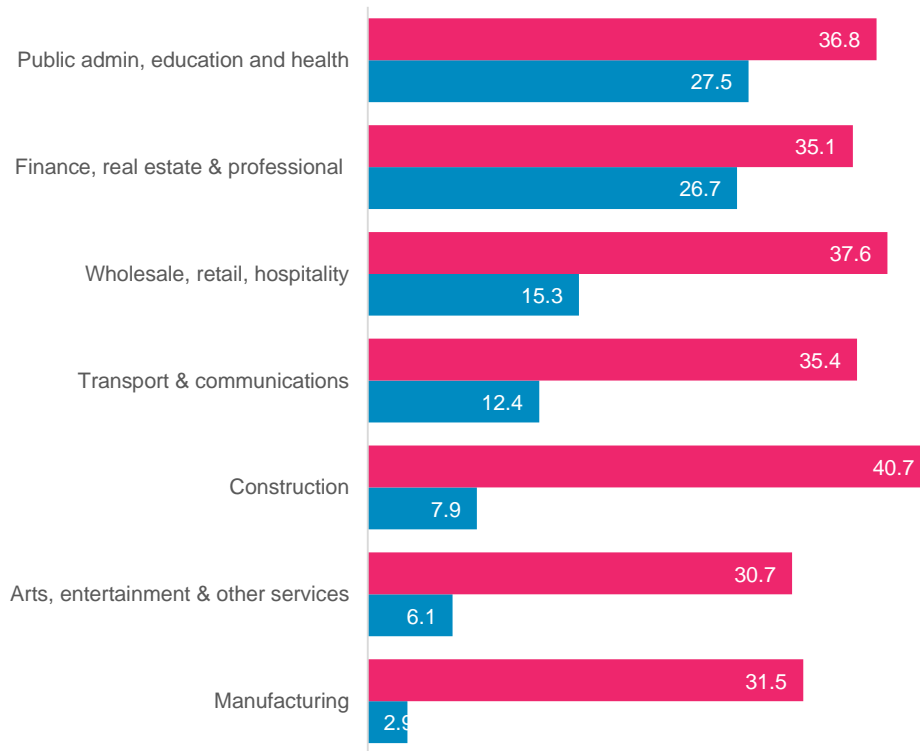
Source: GLAE analysis of APS (residence basis), year to Sept '19

- GLAE estimate 398,000 London workers are clinically vulnerable to COVID-19 and account for 8.5% of all **London** workers. This group may inevitably be reluctant to work if they can't work from home and therefore heavily impacted.
- Our analysis reveals that men comprise 60% of the clinically vulnerable **London** workers - 5 percentage points higher than their share of overall London workers.
- 39% of the clinically vulnerable workers in **London**, were from a BAME background. 30% had below level 3 qualifications whilst almost half (47%) of the clinically vulnerable had a degree or above.
- The most prominent occupation for **London's** clinically vulnerable workers was Corporate Managers & Directors (see chart). The table below shows the top occupations at a more granular level as well as the top industries.

| | Number of vulnerable workers | Share of vulnerable workers (%) | Share of industry (%) |
|--|------------------------------|---------------------------------|-----------------------|
| Top 5 Industries | | | |
| Hospital activities | 19,000 | 4.8 | 11.5 |
| Admin of the state & policy of the community | 17,000 | 4.4 | 8.6 |
| Primary education | 15,000 | 3.7 | 9.7 |
| Restaurants & mobile food services | 12,000 | 3.0 | 7.7 |
| Provision of services to the community | 12,000 | 3.0 | 9.5 |
| Top 5 Occupations | | | |
| Functional managers & directors | 25,000 | 6.2 | 9.6 |
| Teaching & educational professionals | 21,000 | 5.2 | 9.3 |
| Caring personal services | 17,000 | 4.2 | 13.2 |
| Information tech & telecomms professionals | 17,000 | 4.2 | 6.9 |
| Business & finance associate professionals | 16,000 | 4.0 | 7.6 |

...as well as those with childcare responsibilities.

Share of parents with children under 16 and respective share of industry for London



Source: GLAE analysis of APS (residence basis), year to Sept '19

- We estimate 1.67 million London workers are parents with children under the age of 16, just over a third of all London workers.
- The chart illustrates the industrial shares of these workers. More than half of parents work in Public admin, education and health as well as Finance, real estate and professional services, whilst not likely to be the most affected they will face challenges with balancing childcare and work.
- The table below shows the top industries at a more granular level as well as the top occupations

| | Number of parents | Share of parents workers (%) | Share of industry (%) |
|---|-------------------|------------------------------|-----------------------|
| Top 5 Industries | | | |
| Admin of the state & policy of the community | 71,000 | 4.3 | 35.6 |
| Primary education | 70,000 | 4.2 | 46.3 |
| Construction of buildings | 67,000 | 4.0 | 41.2 |
| Restaurants & mobile food services | 66,000 | 4.0 | 42.2 |
| Computer programming, consultancy & related | 66,000 | 3.9 | 35.8 |
| Top 5 Occupations | | | |
| Functional Managers and Directors | 109,000 | 6.5 | 42.1 |
| Information Technology and Telecommunications Professionals | 90,000 | 5.4 | 37.4 |
| Teaching and Educational Professionals | 81,000 | 4.9 | 36.2 |
| Road Transport Drivers | 62,000 | 3.7 | 47.8 |
| Road Transport Drivers | 62,000 | 3.7 | 47.8 |
| Business, Research and Administrative Professionals | 61,000 | 3.7 | 28.0 |

London's labour market continues to see the effects of the Covid crises, though there are buffers in play:

The pandemic continues to reduce employment, hours and pay ...

... and stall recruitment (although there may be some modest signs of stabilisation).

ONS statistics are also starting to pick up the impact of CV-19 on London's labour market ...

... including a steep rise in unemployment across London.

For now, two factors have cushioned the blow to London's jobs figures: (1) homeworking...

... which has been particularly important to some occupations and industries ...

...and (2) the Job Retention Scheme (CJRS)...

... which has especially supported those in low-paid occupations.

GLA Economics' analysis of London workers shows:

London has over 1.3 million key workers ...

... who are disproportionately of Black and Asian ethnicity, and 1 in 4 key worker jobs are in health and social care.

London has up to 1.1 million workers at risk due to the crisis...

...non-UK nationals and the low skilled also reflect a considerable share of these workers at risk.

Just under 900,000 London workers face the greatest exposure to the virus at work ...

... with Black, Asian and female workers disproportionately exposed.

The young could play a key part of the recovery ...

...as further research shows they are amongst the hardest hit.

On the other end of the age spectrum, there is growing evidence that older workers may be hard hit.

And we must be wary of the clinically vulnerable as we recover ...

... as well as those with childcare responsibilities.

Latest policy suggestions include:

Helping people back into work and...

...supporting younger people.

Helping people back into work ...

1. Help people back into work (IES-L&W, TUC, RF)

- Requiring companies that are receiving CJRS funding to notify Jobcentre Plus in all cases where redundancies are planned. (IES-L&W).
- Given the scale of the increase in unemployment, there will be a shortfall of at least 7,000 Jobcentre Plus staff. Need to mobilise a wider range of services to deliver the initial back-to-work support, particularly on mainstream recruitment activities. (IES-L&W).
- A new jobs guarantee will provide a minimum six months job with accredited training, paying the real living wage or the union negotiated rate. (TUC, RF)
- **GLAE quick view:** *These policies are aimed at trying to prevent rises in unemployment and to ensure rises are temporary and do not lead to long-term labour market scarring. Support for the unemployed should be done in a structured and targeted manner to be effective. Ideally (and for the longer-term) increases in employment should be driven by changes in demand. Subsidies can be expensive and provide only a short-term solution.*

2. Modifying the CJRS to support the recovery phase (IES-L&W, RF)

- In order to incentivize employers to bring workers back to work, companies should be asked to contribute towards the costs of furlough – rising from 10% of previous wages over a number of months. (RF).
- Linking the speed of the wind-down of CJRS to how quickly the economy recovers. (IES-L&W).
- Access to broader skills support for all those on the CJRS. (IES-L&W).
- Limited sectoral differentiation in the phasing out of the CJRS with longer phasing out for sectors most affected by ongoing social distancing like hospitality or where demand is slowest to return. (RF, IES-L&W).
- **GLAE quick view:** *The CJRS should seek to balance support to retain staff (particularly where firm-specific knowledge needs are high and scarring may be large) and incentivising firms to fully resume activity as soon as it is safe to do so. Making employers contribute to the scheme could be an effective way to achieve this, although it may drive a wave of redundancies, particularly in sectors still facing uncertainty. Skills support could improve the employability of those furloughed workers most likely to become unemployed once the CJRS ends.*

... and supporting younger people.

3. Support younger people - Education & Training (IES-L&W, RF)

- A system of additional maintenance support (a bursary or means-tested maintenance) to help young people stay in education (RF).
- Making employers spend the majority of their apprenticeship levy funds on training young people and/or new employees to the firm. (RF)
- A new “September Promise” guaranteeing access to high quality education or training places this Autumn to every young person who wants one (IES).
- Offering student finance on a modular basis across FE and HE so that prospective students won’t worry about the risks of being “locked in” to completing a full course. (RF)
- Increasing loans on a means-tested basis to help recent graduates from disadvantaged backgrounds gain additional education and take shelter from the current economic storm (RF)
- **GLAE quick view:** *Returns & externalities from education and training are well documented, and could help mitigate the pandemic impact on the young. Care should be taken so that the support provided incentivises the acquisition of skills that will be of value in the labour market (or to individuals’ wellbeing) rather than a blanket provision that does not support their future labour market participation.*

4. Support younger people - Labour market (IES-L&W, RF)

- A job guarantee for young adults under which public and private sector employers offer temporary paid jobs to unemployed young workers. The state would cover the wage costs and the programme would be structured to provide intensive support and target job outcomes. (RF, IES)
- Prioritise the smaller number of apprenticeship vacancies that remain for younger (under 25) apprentices. (RF)
- **GLAE quick view:** *A Jobs guarantee could help younger people enter the labour market and reduce scarring from the pandemic, although it may cause the displacement of other workers. “Young people” are also a heterogenous group and a jobs guarantee scheme may need further parameters to reduce deadweight.*