

# London Labour Market Update

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## Summary of latest labour market data

- **Payrolled employees** rose by around 30,600 or 0.7% between September and October 2021 but remain 0.6% below pre-pandemic (February 2020) levels.
- **Unemployment rate** estimated at 5.6% for the three months ending September 2021, down 0.8 percentage points (pp) on the quarter but above the UK average of 4.3%.
- **Employment rate** estimated at 75.1%, up by 0.4pp on the previous quarter and up 0.3pp from a year earlier.
- **Claimant count** (non-seasonally adjusted) fell by around 5,600 or 1.4% between September and October 2021, with the claimant rate falling to 6.3% of working age residents.



## Note on end of furlough

- According to official HMRC statistics, there were still around 231,000 London staff on furlough at the [end of September 2021](#), with a higher furlough take-up rate in the capital when the scheme closed.
- The latest payrolled employee and claimant count estimates for October 2021 provide an early indication of the impact of the end of the scheme on the labour market in London.\*
- Both measures show relatively steady trends in the latest month, with an increase in the number of employees paid through payroll and a small decline in the number of people claiming unemployment related benefits.
- These latest estimates may not yet reflect post-furlough redundancies. For example, according to the [ONS](#):

‘It is possible those made redundant at the end of the furlough scheme will be included in the RTI data for a few further months, while they work out their notice period.’
- However, responses to a recent [ONS business survey](#) suggest that only a small share of furloughed employees were made redundant recently. Early indications suggest this may also be true for London.

\*Note: the latest payrolled employees estimate is based on incomplete information and may be subject to revision.



# Coronavirus and measuring the labour market

- The ONS has published its latest [labour market update](#) covering Labour Force Survey (LFS) data for the three months ending September 2021. This briefing 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](#).

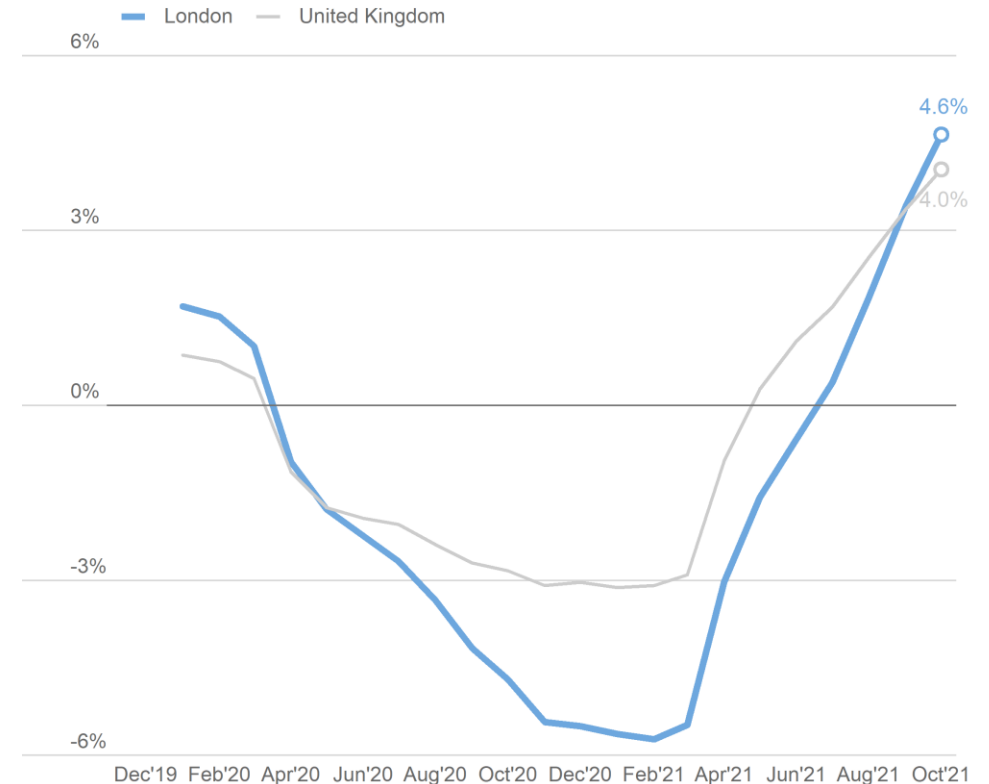
# Payrolled employees in **London** rose sharply for the seventh month in a row, yet remain below February 2020 levels

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

- Early estimates indicate that there were around 4.1 million payrolled employees living in London in October 2021, an increase of around 30,600 or 0.7% since September. This was the largest proportionate increase of any UK region or country.
- The number of payrolled employees living in London is now around 183,200 higher than in October 2020, a 4.6% increase. This is now higher than the 4.0% annual growth across the UK between October 2020 and October 2021 (see chart).
- However, the number of payrolled employees in London is still down on pre-pandemic (February 2020) levels – by 26,300 or 0.6%. This compares to a 0.8% increase across the UK on average, with all other regions/countries now above February 2020 levels.

## Payrolled employees, change on previous year

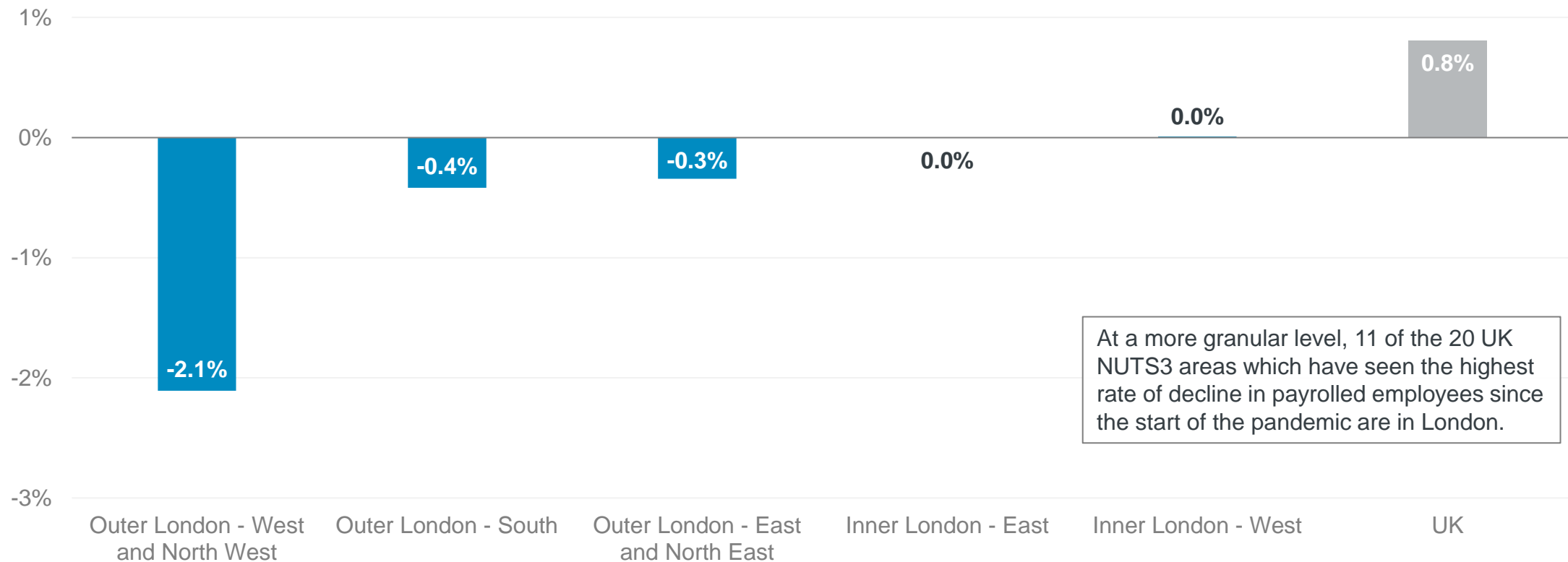
Latest data for period October 2021



# Compared to February 2020 levels, numbers of payrolled employees have recovered in inner London but are still down in Outer London

## Payrolled employees, change since February 2020 by NUTS2 region

Latest data for period October 2021



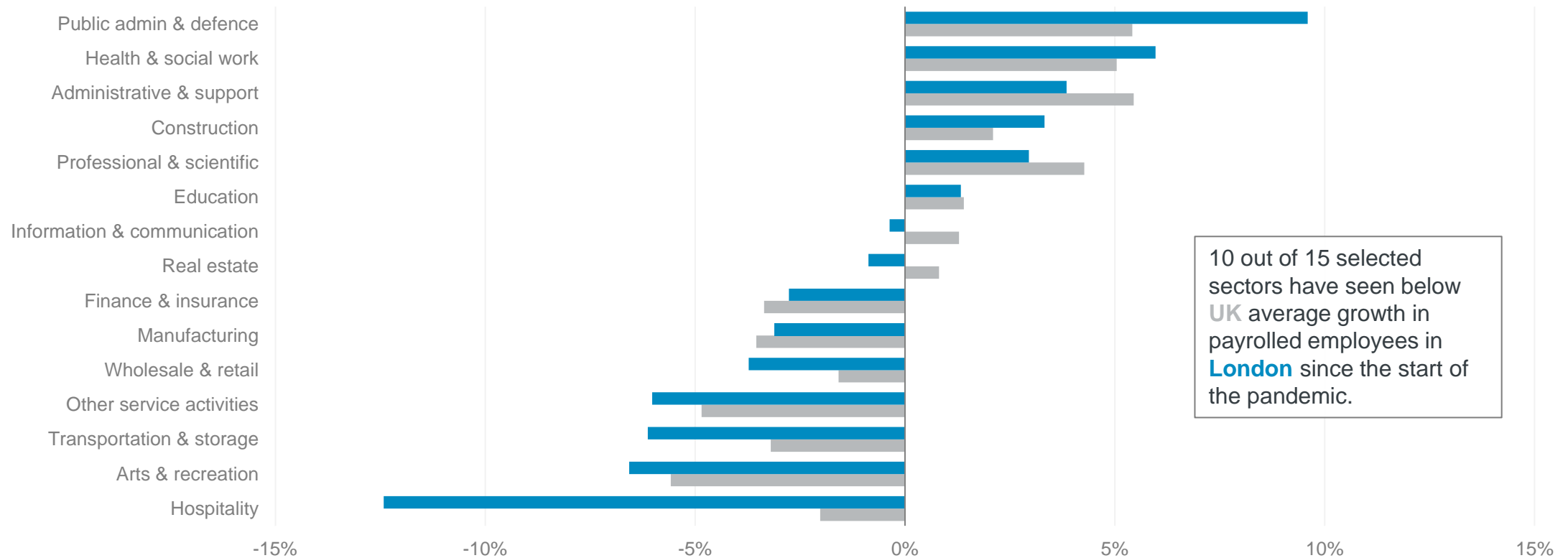
Source: HM Revenue and Customs – Pay As You Earn Real Time Information.  
Note: estimates are based on where employees live.

# There is also considerable variation by sector, with payrolled employees in hospitality and arts & recreation furthest down on February 2020 levels in London

## Payrolled employees, change since February 2020 by selected sector

Latest data for period October 2021

■ London ■ UK



Source: HM Revenue and Customs – Pay As You Earn Real Time Information.

Note: estimates are based on where employees live. Chart excludes sectors with fewer than 25,000 payrolled employees in London.

# Employment rate in **London** rose on the quarter and remains close to the **UK** rate

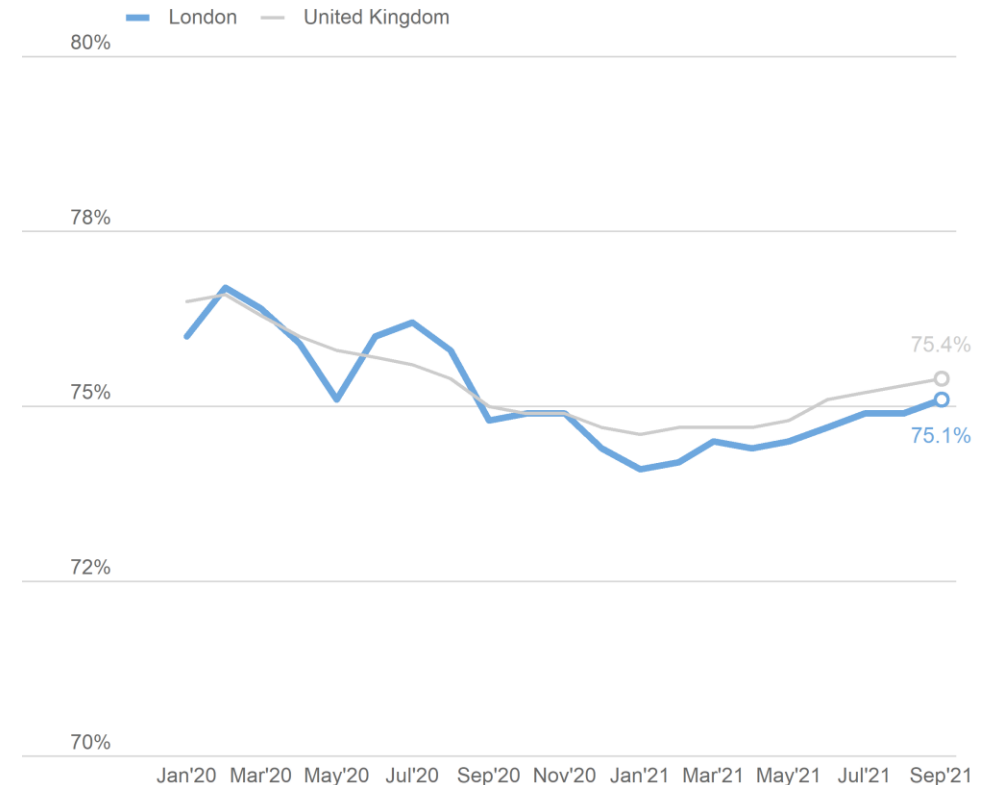
Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For July to September 2021:

- The 16-64 employment rate in **London** was estimated at 75.1%. This was up 0.4 percentage points (pp) on the previous quarter and up 0.3pp from a year earlier.
- The overall **UK** employment rate was estimated at 75.4% – up 0.4pp on both the quarter and on the year.

## Employment rate (% of working age population)

Latest data for period Jul 2021-Sep 2021



Source: ONS Labour Force Survey. Note: the margin of error for employment rate estimates is +/- 1.4% for London and +/- 0.4% for the UK.



## London's unemployment rate fell on the previous quarter but remains above the UK average

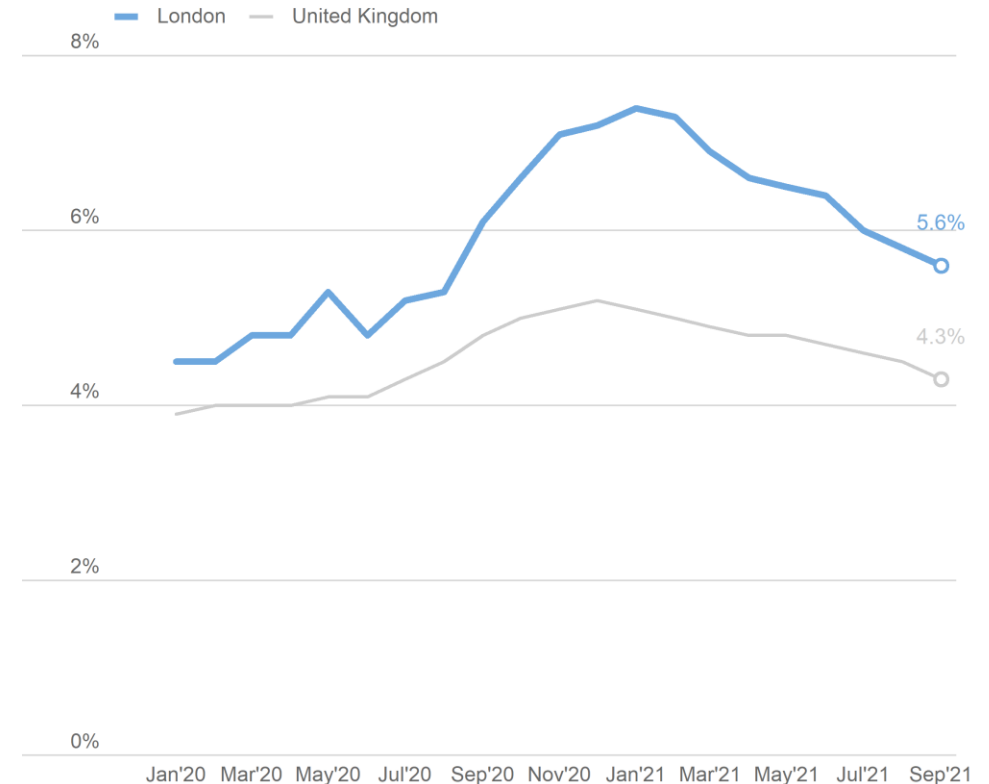
Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

For July to September 2021:

- The unemployment rate for **London** was estimated at 5.6% – down 0.8pp on the quarter and down 0.5pp from a year earlier.
- The **UK** unemployment rate was lower at 4.3% – down 0.5pp from the previous quarter and down 0.6pp on the year.

### Unemployment rate (% of economically active)

Latest data for period Jul 2021-Sep 2021



Source: ONS Labour Force Survey. Note: the margin of error for unemployment rate estimates is +/- 0.8% for London and +/- 0.2% for the UK.

# The inactivity rate in **London** has seen marginal changes on the previous quarter and year

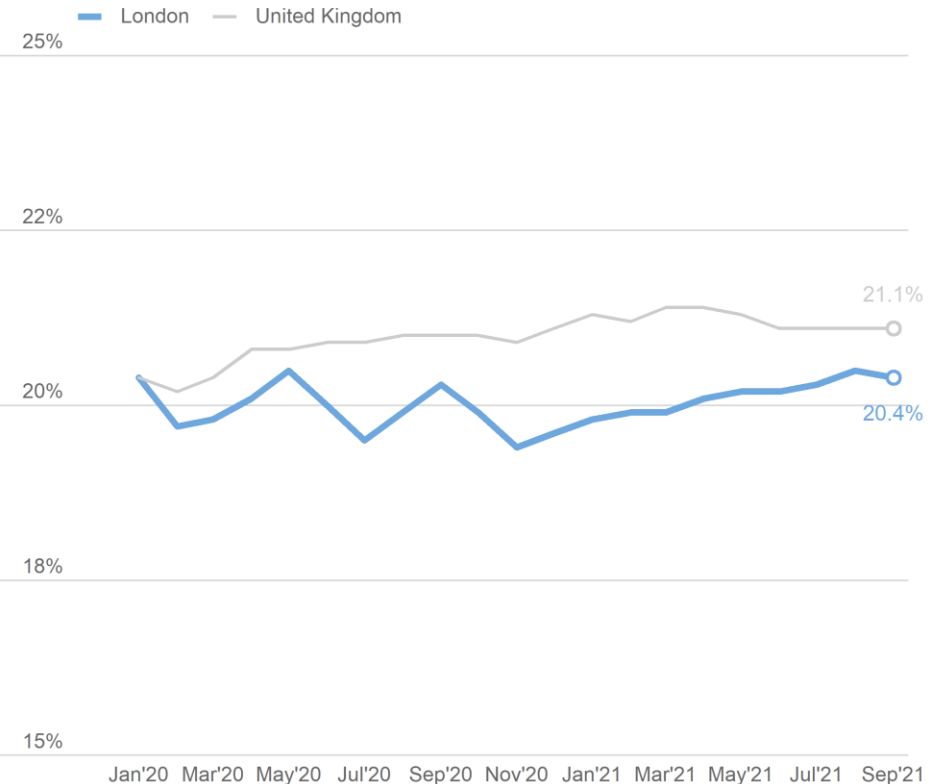
The economic inactivity rate is the proportion of 16 to 64-year olds not in work and either not looking for or unable to work.

For July to September 2021:

- The rate of economic inactivity in **London** was estimated at 20.4%. This was up 0.2pp on the previous quarter and up 0.1pp on the year.
- The **UK** rate of economic inactivity was 21.1%. This is the same level as the previous quarter and up 0.1pp on the previous year.

## Economic inactivity (% of working age population)

Latest data for period Jul 2021-Sep 2021

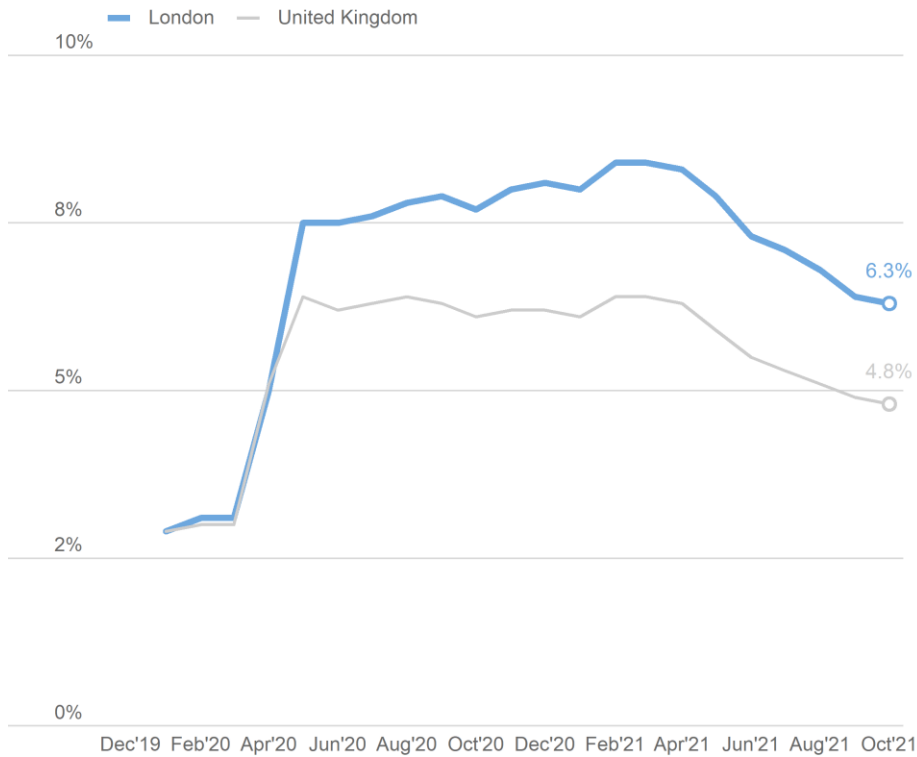


Source: ONS Labour Force Survey. Note: the London margin of error is not published for economic inactivity rates, the UK margin is +/- 0.4%.

# The share of residents claiming unemployment related benefits in **London** declined in October, though remains above the UK average

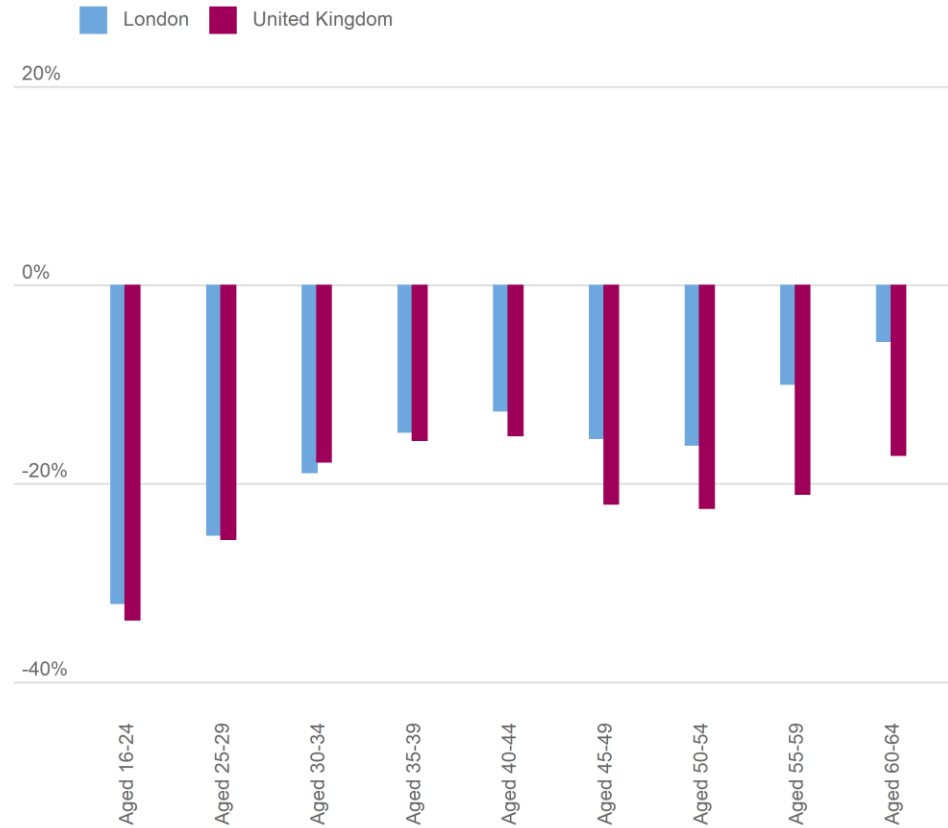
**Claimant count (as a % of residents aged 16 to 64)**

Latest data for period October 2021



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

Latest data for period October 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 July - September 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>	4,777	44	▲	36	▲	75.1	0.4	▲	0.3	▲
<b>UK</b>	32,523	247	▲	173	▲	75.4	0.4	▲	0.4	▲
<b>Unemployment</b>										
<b>London</b>	284	-38	▼	-25	▼	5.6	-0.8	▼	-0.5	▼
<b>UK</b>	1,448	-152	▼	-200	▼	4.3	-0.5	▼	-0.6	▼
<b>Economic inactivity (16 - 64)</b>										
<b>London</b>	1,250	16	▲	9	▲	20.4	0.2	▲	0.1	▲
<b>UK</b>	8,733	6	▲	29	▲	21.1	0.0	◆	0.1	▲

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+.