

# London labour market update

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July 2021



## Summary of latest labour market data

- **Payrolled employees** up by almost 53,800 or 1.4% on the previous month (the fourth consecutive month of growth), bringing the number of payrolled employees in London close to levels seen in June 2020.
- **Unemployment rate** estimated at 6.5% for the three months ending May 2021, down 0.7 percentage points (pp) on the quarter but still up 1.2pp on the same period in the previous year (and above the UK average of 4.8%).
- **Employment rate** estimated at 74.5%, up slightly on the previous quarter (0.4pp) but still down on the year (0.6pp).
- **Claimant count rate** estimated at 7.4%, having declined by 0.4pp on the previous month (the third consecutive month of decline).



# Coronavirus and measuring the labour market

- The ONS has published its latest [labour market update](#) covering Labour Force Survey data for the three months ending May 2021. This briefing presents the latest headline estimates for London.
- Note: the latest estimates from the Labour Force Survey have been produced using new population weights and a change in weighting methodology. Slides [11-12](#) discuss the impact of reweighting on key indicators.
- Please also 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.

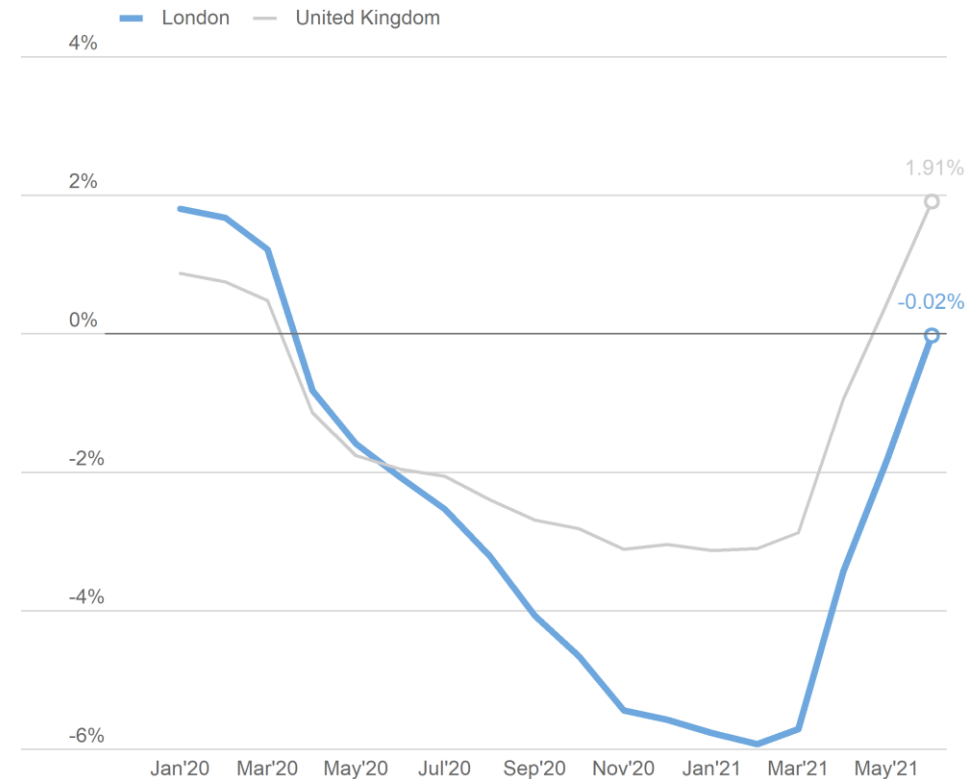
# Payrolled employees in **London** now at similar levels to a year ago, but still below the pre-pandemic peak

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 around 4.02 million payrolled employees living in London in June 2021.
- Compared with the previous month, the number of employees paid through payroll rose by almost 53,800 or 1.4%. This was the fourth consecutive month of growth in London and the highest month-on-month increase since records began in July 2014. These trends are broadly in line with the national picture (+1.3% in June).
- As a result, the total number of payrolled employees living in London is now at a similar level to June 2020 (only 900 employees or 0.02% below). This compares to a 1.9% rise in payrolled employees across the UK between June 2020 and June 2021 (see chart).
- Despite these signs of recovery, compared with March 2020 (the pre-pandemic peak in London), the number of payrolled employees living in London is still down by roughly 129,400 or 3.1%. This compares to a 0.6% decline across the UK over this time.

## Payrolled employees, change on previous year

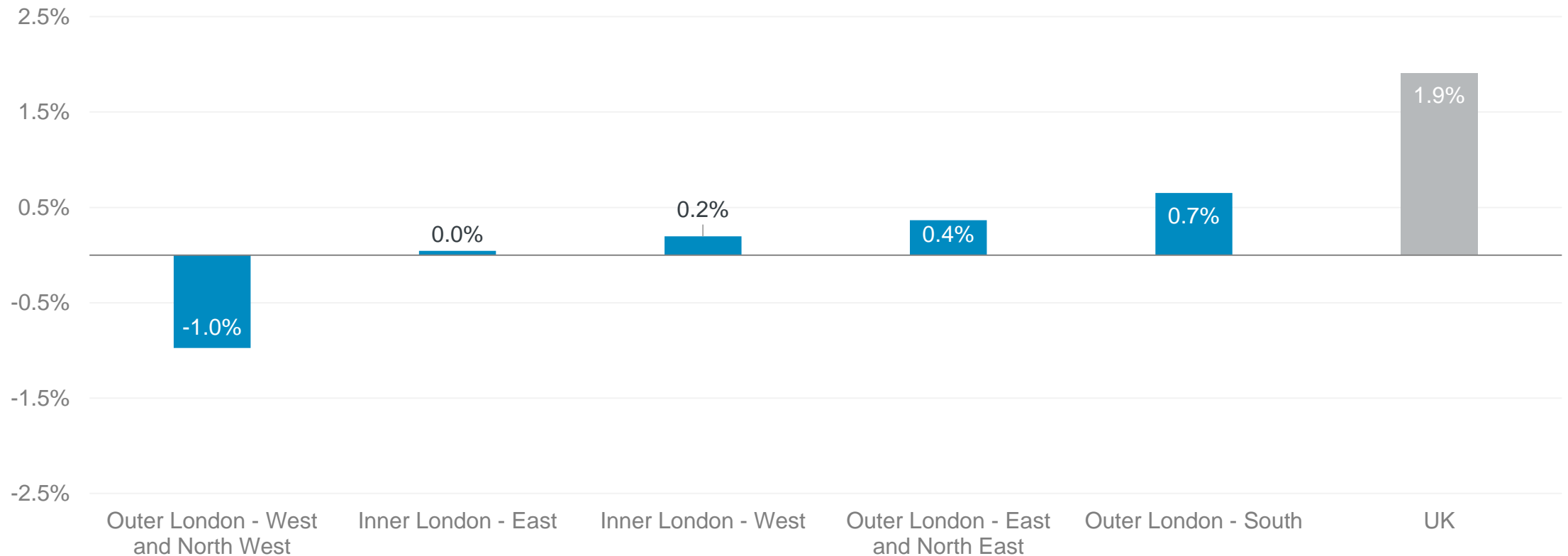
Latest data for period June 2021



The annual rate of growth in payrolled employees remains relatively weak in all parts of London, especially in Outer London – West and North West

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

Latest data for period June 2021



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

# Employment rates in **London** and the **UK** look more stable in recent quarters but remain down on the previous year

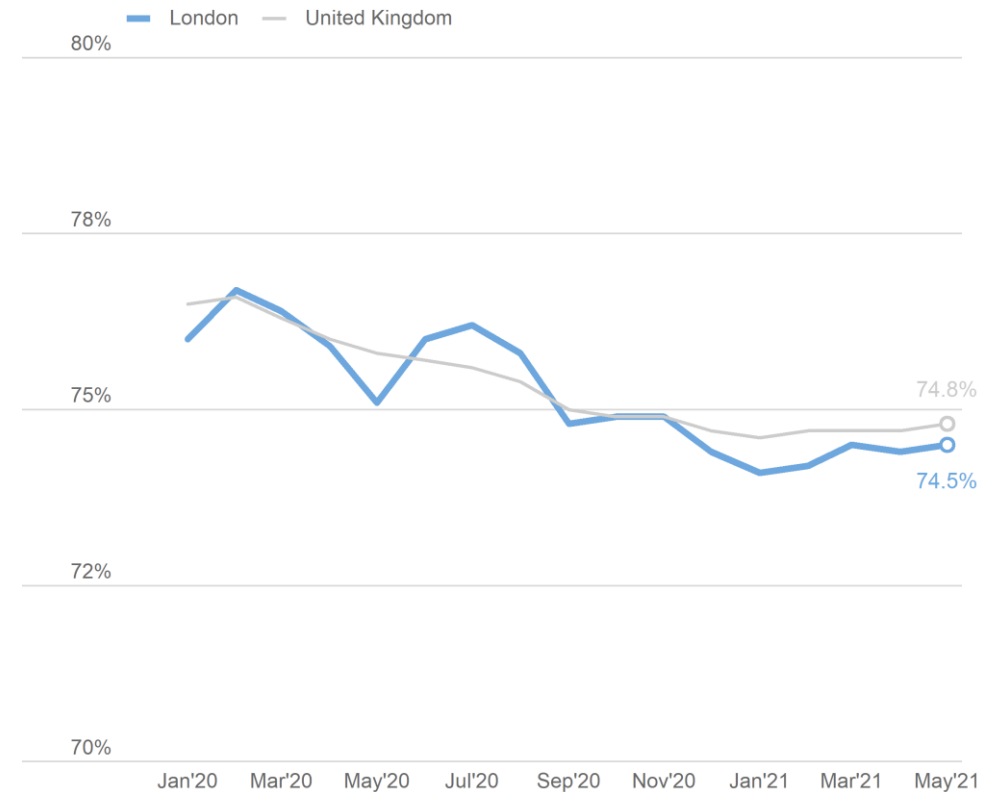
Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For March to May 2021:

- The 16-64 employment rate in **London** was estimated at 74.5%. This was up 0.4 percentage points (pp) on the previous quarter but still down 0.6pp from a year earlier.
- The overall **UK** employment rate was estimated at 74.8% – virtually unchanged on the quarter (+0.1pp) and down 1.0pp on the year.

## Employment rate (% of working age population)

Latest data for period Mar 2021-May 2021



## London's unemployment rate fell on the previous quarter but remains higher than for the UK as a whole

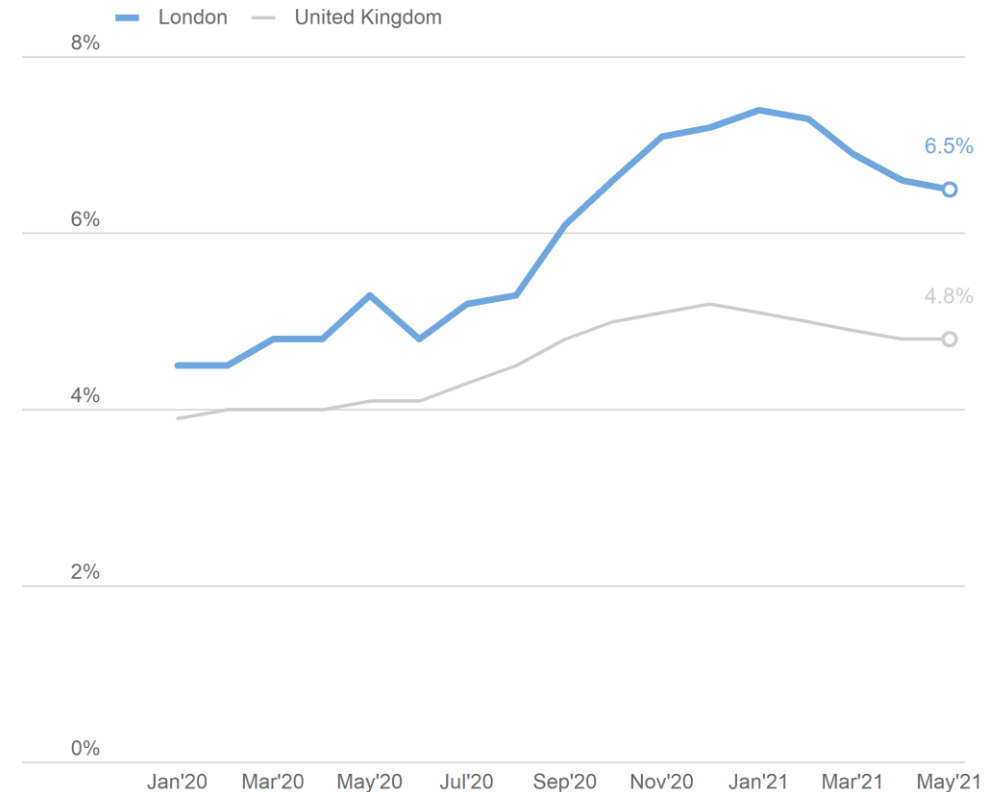
Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

For March to May 2021:

- The unemployment rate for **London** was 6.5% – down 0.7pp on the quarter and up 1.2pp from a year earlier.
- The **UK** unemployment rate was lower at 4.8% – down 0.2 pp from the previous quarter and up 0.7pp on the year.

### Unemployment rate (% of economically active)

Latest data for period Mar 2021-May 2021



Source: ONS Labour Force Survey. Note: the margin of error for unemployment rate estimates is +/- 1% for London and +/- 0.2% for the UK.

## London's inactivity rate increased marginally on the previous quarter and is now close to where it was a year ago

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 March to May 2021:

- The rate of economic inactivity in **London** was 20.2%. This was up 0.3pp on the previous quarter and down 0.3pp on the year.
- The **UK** rate of economic inactivity was estimated at 21.0%. This was virtually unchanged (+0.1pp) on the previous quarter and up 0.5pp compared with the previous year.

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

Latest data for period Mar 2021-May 2021

— London — United Kingdom

25%

22%

20%

18%

15%

Jan'20 Mar'20 May'20 Jul'20 Sep'20 Nov'20 Jan'21 Mar'21 May'21

21.3%

20.2%

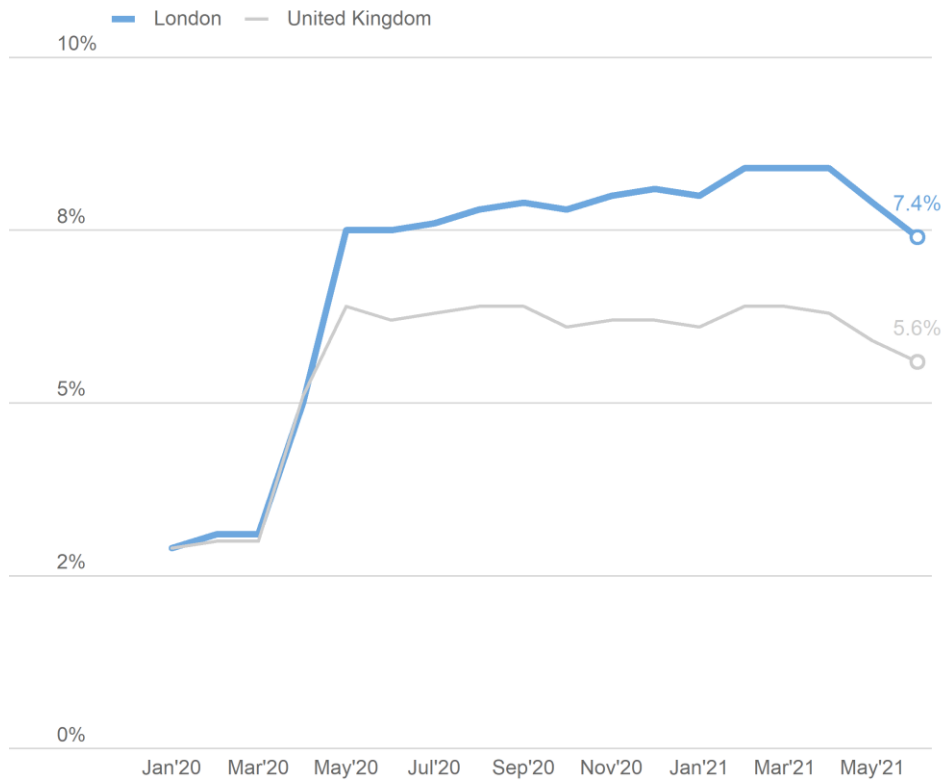
Source: ONS Labour Force Survey. Note: the London margin of error is not published for economic inactivity rates, the UK margin is +/- 0.4%.



# The share of residents claiming unemployment related benefits declined in **London** for a third consecutive month

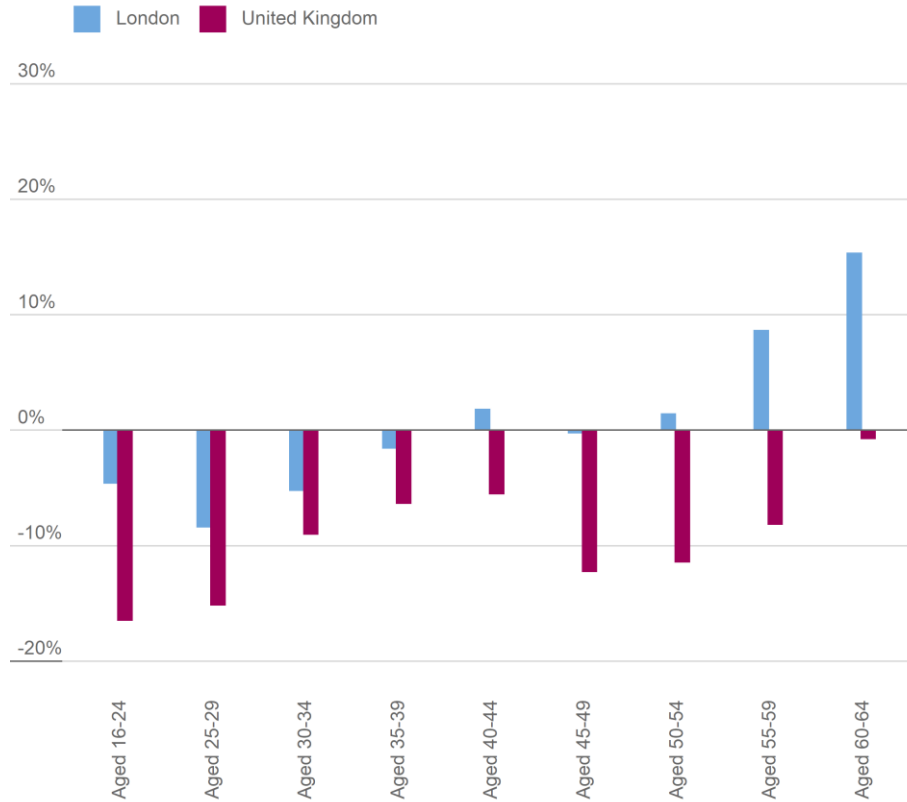
**Claimant count (as a % of residents aged 16 to 64)**

Latest data for period June 2021



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

Latest data for period June-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 March - May 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>	4,724	27	▲	-2	▼	74.5	0.4	▲	-0.6	▼
<b>UK</b>	32,180	25	▲	-526	▼	74.8	0.1	▲	-1.0	▼
<b>Unemployment</b>										
<b>London</b>	330	-38	▼	64	▲	6.5	-0.7	▼	1.2	▲
<b>UK</b>	1,637	-68	▼	222	▲	4.8	-0.2	▼	0.7	▲
<b>Economic inactivity (16 - 64)</b>										
<b>London</b>	1,236	19	▲	-14	▼	20.2	0.3	▲	-0.3	▼
<b>UK</b>	8,806	38	▲	197	▲	21.3	0.1	▲	0.5	▲

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+.



## Reweighting of Labour Force Survey (LFS)

- As part of continuing work by the ONS to improve Labour Force Survey estimates, a new weighting methodology has been introduced for LFS responses for periods from January to March 2020.
- This reweighting uses new populations derived from growth rates from HMRC Real Time Information (RTI), to allow for different trends during the coronavirus (COVID-19) pandemic.
- The overall impact of the reweighting on headline LFS measures is modest – although there are larger impacts on estimates of levels and changes in levels than for rates (which we focus on in these briefings).
- The next slide outlines the impact in London in more detail based on data for the three months ending April 2021; further background information can be found [here](#).

## Impact of reweighting on key LFS indicators – London

Headline estimates for February - April 2021, London	Number (16+, thousands)			Rate*		
	Old weights	New weights	Difference	Old weights	New weights	Difference
Employment	4,763	4,728	-35	74.7	74.4	-0.2
Unemployment	329	333	4	6.5	6.6	0.1
Economic inactivity (16-64)	1,229	1,231	3	20.0	20.1	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+.