

Estimates of increased jobs at risk of furlough if London moves to Tier 3

December 2020

Estimates of increased number of jobs at risk of furlough in the main ‘closed’ sectors if Tier 3 restrictions are re-introduced in London in December

	Workforce jobs	Latest estimate of the no. of jobs on furlough (as at end of September)	Estimated additional jobs at risk of furlough under Tier 3	Share of jobs
Accommodation and food services	431,000	89,043	71,350	16.6%
Arts, entertainment and recreation	205,000	27,967	21,085	10.3%
London	6,026,000	454,100	92,436	1.5%

Source: GLAE analysis using ONS Workforce Jobs (June 2020) and HMRC CJRS Statistics

Assumptions and caveats

- To estimate the level of jobs at additional risk based on the available information we have to date, we assume that London furlough levels (an indicator of risk) in the ‘closed’ sectors under Tier 3 would return to similar levels to those seen at the end of July.
- This is because we believe the general economic conditions under Tier 3 would most likely mirror the level of job risk seen towards the end of July in a post-lockdown scenario/early but staggered recovery scenario.
- We assume that the furlough scheme is a relative indicator of jobs at risk. However, assuming a return to the July levels of furloughed jobs, we do not necessarily reflect the fact that some of those jobs may have disappeared since. Equally, we do not account for employers that may have ceased their business operations since. This may therefore overestimate the total number of jobs at risk (in the sense that for a proportion of these jobs the ultimate risk of job suppression may already have materialised).
- Another important caveat to note is that we do not have the London sectoral breakdown for the respective data points and that we have therefore used the UK sectoral profile to make inferences about London’s furlough numbers by sectors (by applying the UK industrial shares to the Coronavirus Job Retention Scheme (CJRS) total for London). We see this as introducing an element of symmetrical uncertainty – i.e. it could slightly overstate or understate the sectoral numbers for London.
- We assume that the additional number of jobs at risk will be the difference between the latest number of people on furlough we observed (reflecting end of September data) and the level of furlough at the end of July.
- In addition, it is worth noting that the furlough numbers from the end of July would have also captured those who were partially furloughed; however, ‘closed’ sectors under Tier 3 will not be able to partially furlough staff in the same way. This could also mean that the jobs at risk figures above could be an

underestimate (if, for example, employers decided to dismiss altogether staff who they would have otherwise considered to employ on a part-time furloughed basis).

- These estimates focus on employee jobs and therefore do not capture the self-employed. It is worth noting, there will be additional jobs at risk among the self-employed who work in these sectors who are not included in these estimates.