



# Monthly Labour market update

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*Many of the statistics presented here are estimates based on a survey, and as such have a margin of error – known as sampling variability*

# Summary of latest labour market data (1)

The unemployment rate in the **capital** saw a record rise this quarter and the employment rate continued to fall, although it remains higher than last year. For **London**, in the three months to September 2020 compared against the previous quarter:

- The employment rate fell by 1.0 percentage points (pp) to 75.2%.
- The unemployment rate rose 1.2pp to 6.0%.
- The economic inactivity rate rose 0.2pp to 20.2%.

**Experimental Claimant Count data** covers claims for Jobseeker's allowance and claimants on Universal Credit "searching for work". Following the Government response to Covid-19, people on low incomes but still in work became eligible for unemployment related benefits and are included in these statistics. This data shows:

- The number of claims in **London** has increased by 158% (293,000) since March – higher than the **UK** increase (112%).
- Between September and October, the number of claims in the **capital** increased by 900 - all other regions saw falls.
- Workers aged 25-29 in saw the largest year on year increase in claims (+237%). All age groups in **London** experienced a larger proportional increase than their **UK** counterparts.
- Among boroughs, Newham claims increased by most compared to the same period last year (+17,400).
- Among parliamentary constituencies, West Ham claims increased by most compared to the same period last year (+12,800), followed by Tottenham and East Ham.

It is worth noting that [recent RF analysis](#) suggests that 61% of new UC claimants are either working, receiving furlough pay, or receiving an SEISS grant, according to the Understanding Society data.

## Summary of latest labour market data (2)

**Experimental monthly estimates of employees and wages** using HMRC PAYE data are now available at the regional level:

- Since March 2020, the number of paid employees fell 782,400 in the **UK**, with 191,861 living in **London**, the largest fall across UK regions.
- In the three months to June the number of paid employees fell 2.7% in **London** relative to the previous quarter (see chart).
- Median pay fell from February to May, but has now rebounded. Median pay in **London** was 3.1% higher in October than February – the same increase seen in the **UK** as a whole.

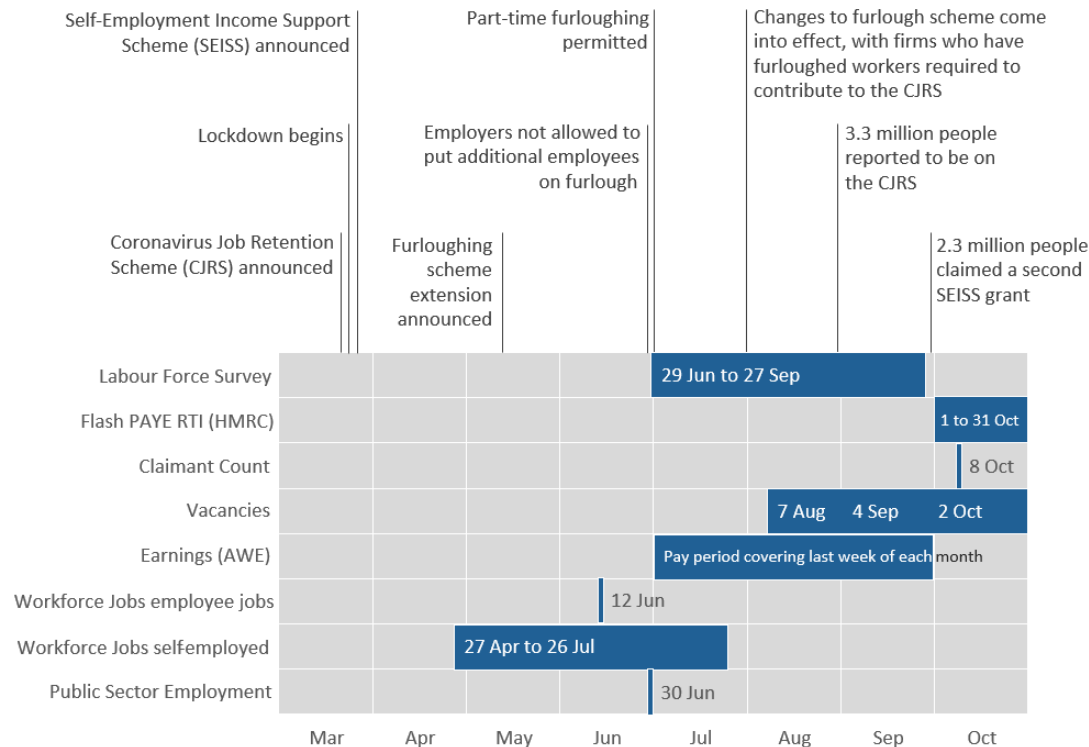
ONS has published **UK** data on **hours worked, redundancies and vacancies**:

- Between April to June 2020 and July to October 2020, total actual weekly hours worked increased by a record 83.1 million hours (9.9%).
- Redundancies for the September quarter rose 181,000 on the year to a record high of 314,000.
- For August to October 2020, there were an estimated 525,000 job vacancies. Vacancies are rising, but remain well below the pre-COVID period, now 34.6% lower than a year ago.

# ONS headline indicators now capture the lockdown period

Data for headline indicators cover up until the end of September. This relate to the period when a number of the government lockdown measures aimed at protecting businesses and jobs during the coronavirus pandemic started to be However, they still do not show the full impact of Covid-19 and this is for the same two reasons highlighted in previous labour market updates:

- The first relates to the way the data is collected. The Labour Force Survey (LFS) is the main source of employment data. This is the largest household survey that the ONS publishes – aside from the census – and interviews almost 80,000 adults every quarter to ask how much they have worked, how much they earn and whether those out of work are actively seeking a job. This is an extremely rich dataset but unfortunately it is not as timely as we would like it to be. The latest release only covers until the end of September and it does not account the latest policy and labour market developments. The chart on the LHS shows how much of the data in the LFS and other key datasets were impacted by the social distancing measures.
- The second relates to the measures used in relevant data. For example, the International Labour Organization (ILO) definition of employment used in the LFS includes those who worked in a job for at least one hour and those temporarily absent from a job. Workers furloughed under the CJRS or who are self-employed but temporarily not in work have a reasonable expectation of returning to their jobs after a temporary period of absence. Therefore they are classified as employed under the ILO definition and ONS estimates.



# Employment rate in London starting to fall

In the three months to September 2020, **London's** 16-64 employment rate was estimated at 75.2% - down 1.0pp on the previous quarter but still up 0.5pp from last year.

For the **UK**, the employment rate was estimated at 75.3%, down 0.6pp on the quarter, and 0.8pp on the year. Among the regions:

- **London's** quarterly fall was in the middle relative to other regions. Yorkshire and the Humber had the largest quarterly increase of 0.8pp and Wales had the largest decrease of 2.5pp.
- **London's** increase relative to last year was second only to Yorkshire and the Humber, up 0.8pp.

Men drove the decrease in employment, down 25,000 (63%), with a decrease of 14,000 for women. This reversed the trend from the March to June, where women drove and falls in employment.

Employment rates by age are not seasonally adjusted, so comparisons are against the previous year:

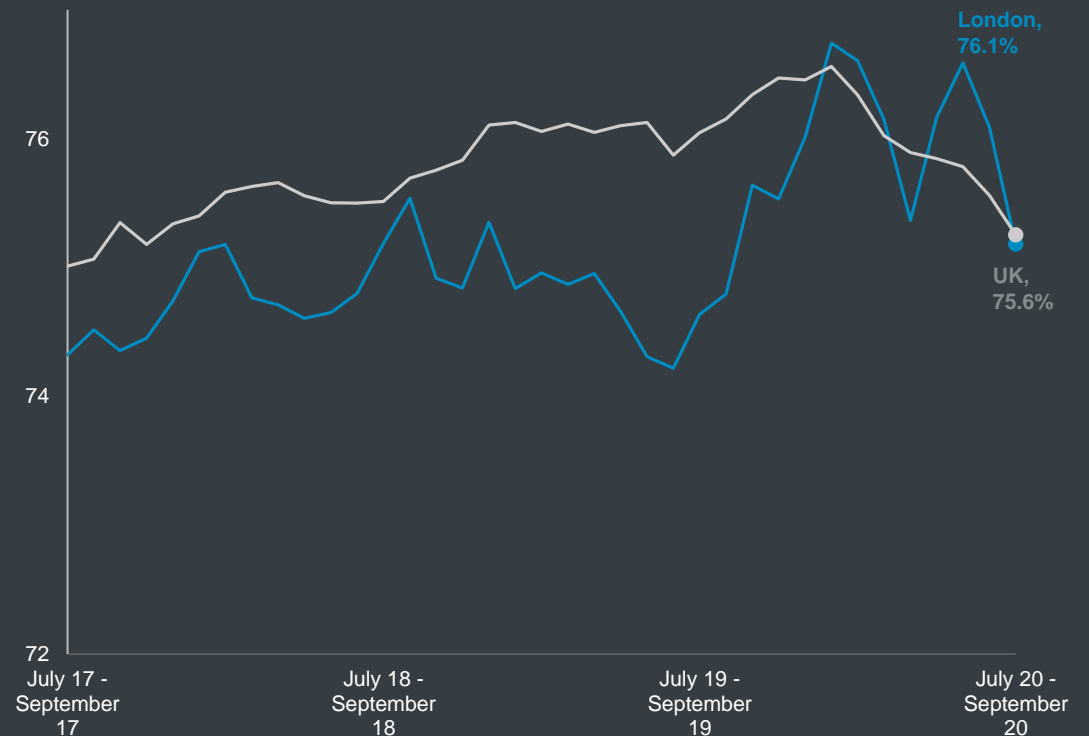
- The 16-24 age group saw the only fall, down 7.0pp, driven by a 10.0pp fall for men
- The 25-34 age group saw the largest increase (3.8pp), driven by a 6.0pp increase for women
- The 65+ group showed the biggest difference between men and women, up 6.4% for men and down 1.0% for women

Source: ONS Labour Force Survey 2020

## Employment rate (% of working age population)

**London** Sampling variability  $\pm 1.4\%$

**UK** Sampling variability  $\pm 0.4\%$



# Unemployment rate sees record rise

The 16+ unemployment rate in the **capital** was 6.0% in the three months to September 2020, up 1.2pp from the previous quarter and 1.4pp from the previous year. This is the largest quarterly increase **London** has seen since the series started in 1992, the next closest was an increase of 1.1pp in 1993.

The **UK** unemployment rate was estimated at 4.8%, up 0.7pp from the previous quarter and 0.9pp on the year. Among the regions:

- Only Wales had a larger quarterly increase than **London**, up 1.9pp.
- Only the South West had a larger annual increase than London, up 1.5pp.

The number of people unemployed in **London** increased by 60,000 relative to last quarter (up 25%.0). Men drove this increase up 38,000 (62.4%), with an increase of 23,000 for women.

Comparisons of **London's** unemployment rate by age against last year show:

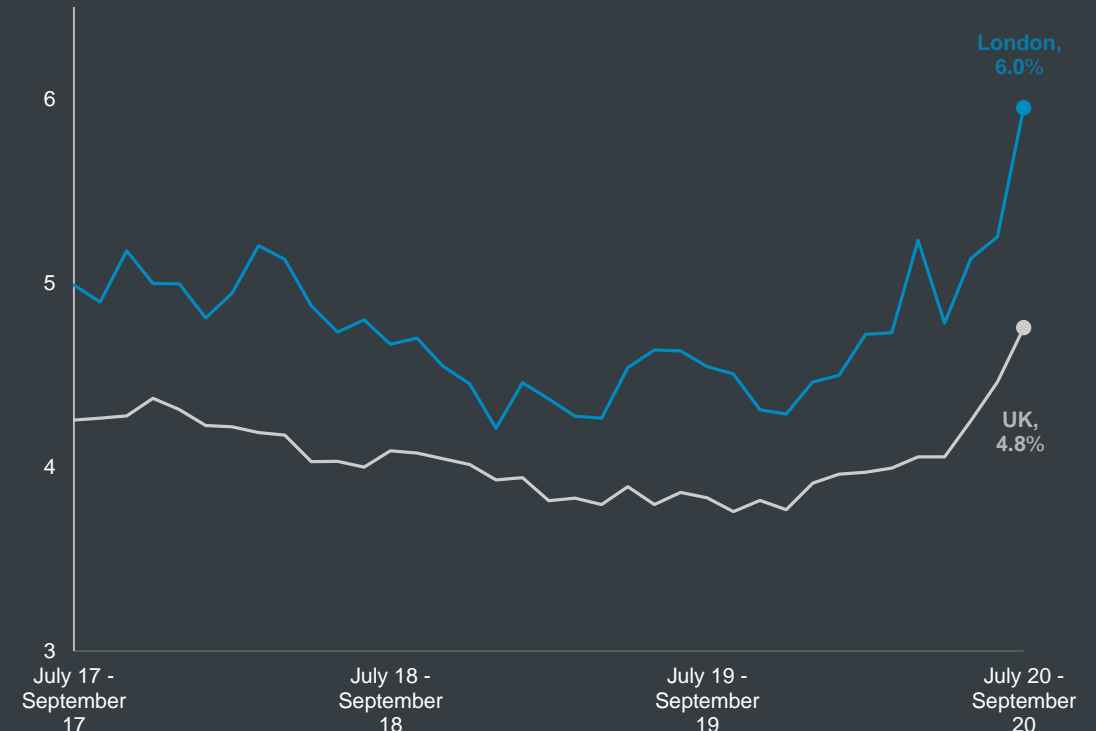
- The largest increases were in the 16-24 and 65+ age groups, up 5.7pp and 3.2pp respectively.
- The smallest increase was in the 50-64 group, up 0.2pp.
- There were similar patterns of increase between men and women across ages.

Source: ONS Labour Force Survey 2020

## Unemployment rate (% of economically active)

**London** Sampling variability  $\pm 0.6\%$

**UK** Sampling variability  $\pm 0.3\%$



# London's inactivity rate rises but remains low

In the three months to September 2020, the rate of economic inactivity in **London** was 20.2%, up 0.2pp on the previous quarter but still low relative to historical averages, down 1.6pp on the year. Economic inactivity rate is the proportion of 16 to 64 year olds not in work and not looking for or not able to work.

The **UK's** rate of economic inactivity was slightly higher at 20.9%, unchanged from the previous quarter.

Economic inactivity rose by 17,000 overall. There are large differences by gender with an increase of 43,000 for men and a fall of 26,000 for women, taking the rate for woman to a record low of 24.9%.

Comparisons of **London's** inactivity rate by age against last year show:

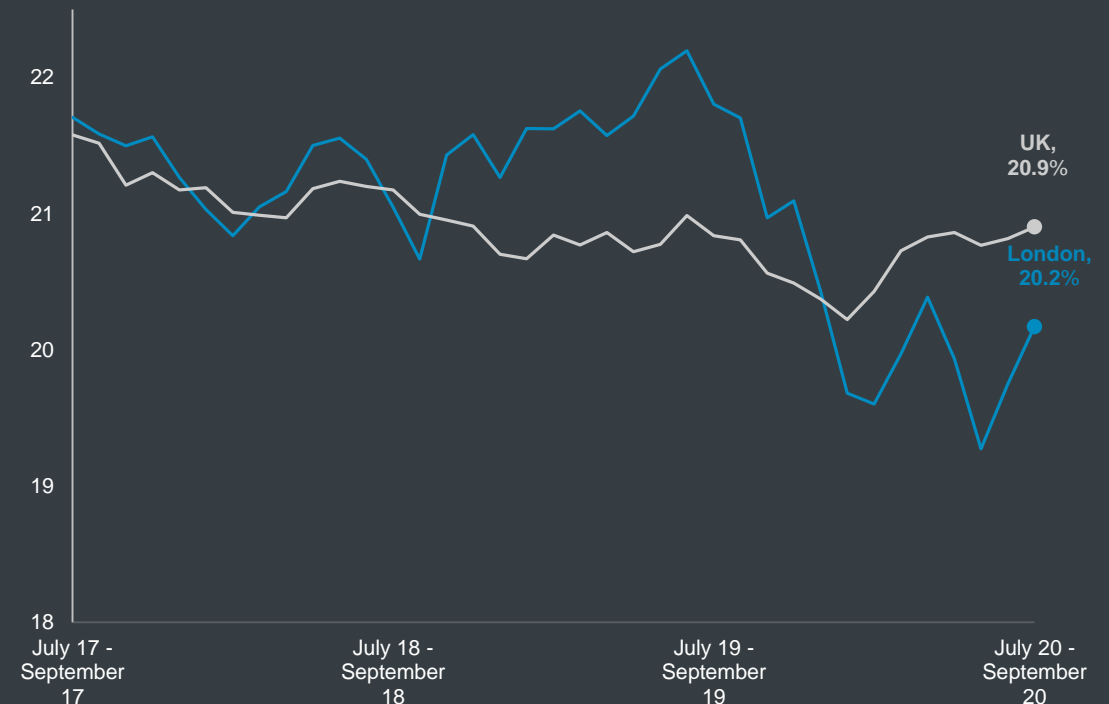
- The 16-24 age group increased most, up 5.2pp, mostly driven by an increase for women.
- The largest fall was in the 25-34 group, down 6.3pp, driven by men, up 8pp

Source: ONS Labour Force Survey 2020

## Economic inactivity (% of working age population)

**London** Sampling variability (not published)

**UK** Sampling variability  $\pm 0.4\%$



# Claimant count in **London** is up 293k on March

Since March 2020, the number of claims by residents aged 16+ in the **capital** has gone up 158% (293,000), reaching a total of 478,000 claims in October (after slight downward revisions from September). This was the highest regional proportional and nominal increase.

In the **UK**, the claimant count has increased by 112% since March (almost 1.4 million in October), but remaining at a relatively steady level since May. The capital accounted for around a fifth of this increase.

Between September and October, the number of claims fell in all UK regions except London (up by 900).

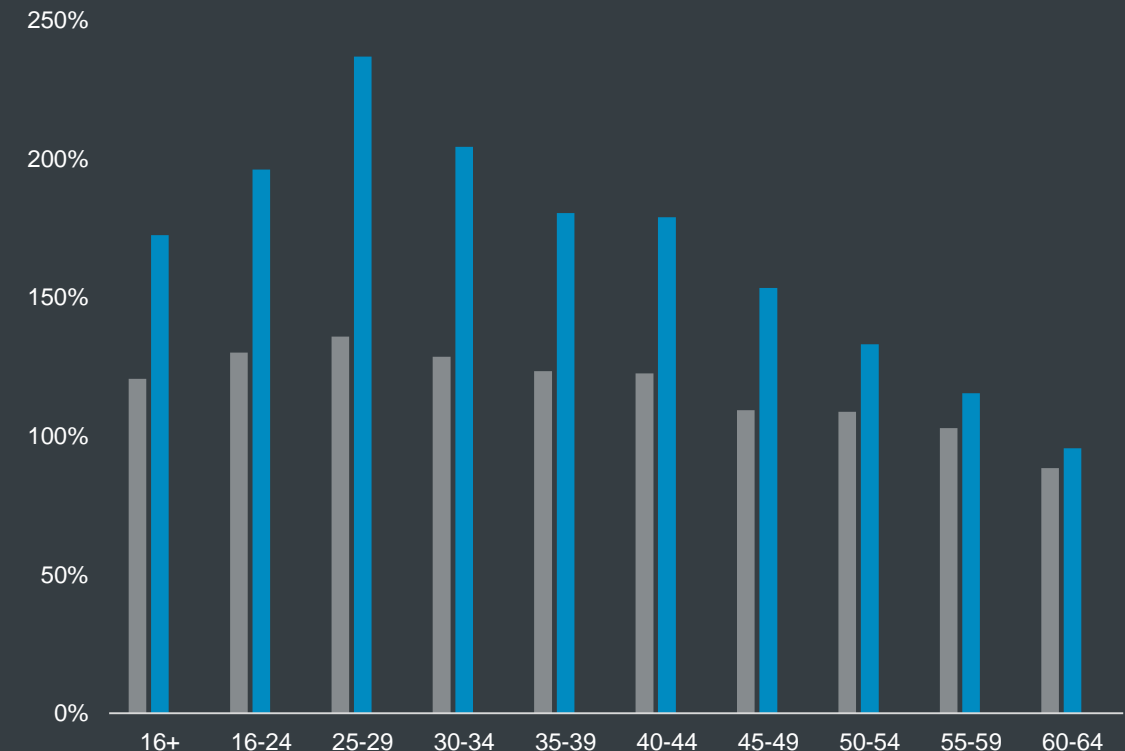
Looking at claims by gender in the **capital**:

- Claims by men increased by 167% (169,600) compared to March – although there were 1,000 fewer claims relative to September.
- Claims by women rose by 148% (123,600) compared to March – with an increase of 1,800 compared to September.
- Overall, women accounted for 42% of the increase in claims since March in London, a higher share than in other UK regions.

Looking at claims by age group for October 2020 relative to last year, workers 25-29 saw the largest proportional increase in the **capital** (237%), followed by the 30-34 age group (204%). All age groups in **London** saw a larger proportional increase than their UK counterparts (see chart).

Source: ONS Labour Market Statistics

Claimant count change (%) by age groups, October 2019 – October 2020, **UK** and **London**



Note that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed.



# Newham saw the largest increase in the number of claims

Within **London** local authorities, Newham had the largest year on year change (+17,400). Richmond upon Thames had the smallest increase (+3,800) (excluding the City of London). See chart for more details.

Looking at the data by parliamentary constituency:

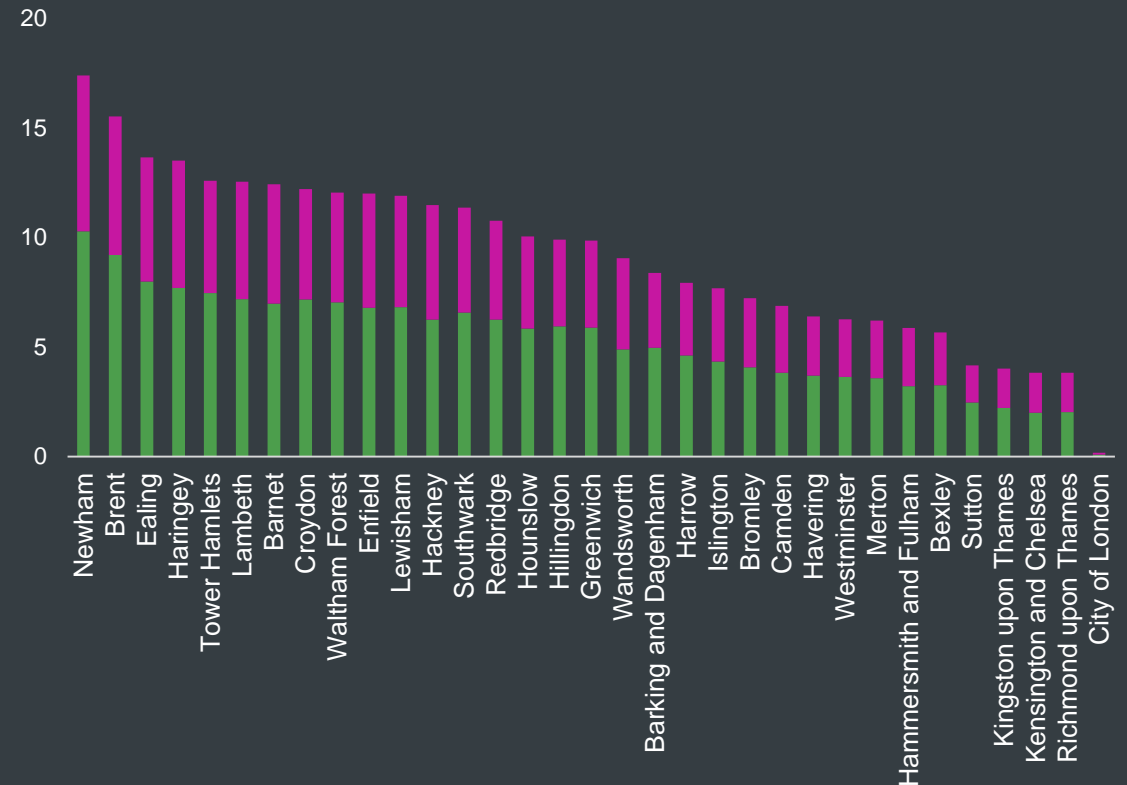
- West Ham had the largest year on year increase (+12,800), followed by Tottenham (+11,900), and Brent Central (+11,600). Old Bexley and Sidcup had the smallest increase (+2,300).
- Tottenham saw the largest year on year increase in the share of working age residents claiming benefits (+8.4pp), followed by Brent Central (+8.0pp) and East Ham (+7.4pp). Richmond Park saw the smallest increase (+2.9pp) over the same period (excluding City of London & Westminster).

Looking at the number of claims by parliamentary constituency and age:

- Ilford North saw the largest increase in the number of claims by 18-24 year old residents, followed by East Ham and Old Bexley and Sidcup.
- West ham, Tottenham, and East Ham saw the largest increases in claims by 25-49 year old residents.
- Brent Central had the largest increase in claims by residents aged 50+, followed by Tottenham and West ham.

Source: ONS Labour Market Statistics

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



Note that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed.

# Top 5 Parliamentary constituencies by increase in claims

Change in number of claims and % of 16-64 residents claiming unemployment benefits, October 19 – October 20, by parliamentary constituency and age, Top 5/Bottom 5

Top 5										
Ranking	16+		18-24		25-49		50+		% of 16-64 residents	
1	West Ham	12,775	Ilford North	200	West Ham	7,185	Brent Central	3,045	Tottenham	8.4
2	Tottenham	11,895	East Ham	195	Tottenham	6,365	Tottenham	2,865	Brent Central	8
3	Brent Central	11,570	Old Bexley and Sidcup	145	East Ham	6,230	West Ham	2,780	East Ham	7.4
4	East Ham	10,845	Brent North	140	Brent Central	5,920	Croydon North	2,550	Ealing, Southall	6.8
5	Croydon North	10,045	Beckenham	115	Poplar and Limehouse	5,480	East Ham	2,270	West Ham	6.8
Bottom 5										
Ranking	16+		18-24		25-49		50+		% of 16-64 residents	
69	Wimbledon	2,960	Croydon Central	-650	Sutton and Cheam	1,600	Ruislip, Northwood and Pinner	680	Twickenham	3.1
70	Ruislip, Northwood and Pinner	2,780	Camberwell and Peckham	-780	Ruislip, Northwood and Pinner	1,410	Wimbledon	640	Sutton and Cheam	3.1
71	Orpington	2,480	Bermondsey and Old Southwark	-835	Orpington	1,250	Orpington	630	Beckenham	3
72	Beckenham	2,405	Croydon North	-840	Old Bexley and Sidcup	1,180	Beckenham	620	Richmond Park	2.9
73	Old Bexley and Sidcup	2,310	Hammersmith	-855	Beckenham	1,140	Old Bexley and Sidcup	555	Cities of London and Westminster	2.7

Source: ONS Labour Market Statistics. Note that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed

# The number of employees in **London** is falling

Experimental monthly estimates of employees and wages using HMRC PAYE data are now available at the regional level.

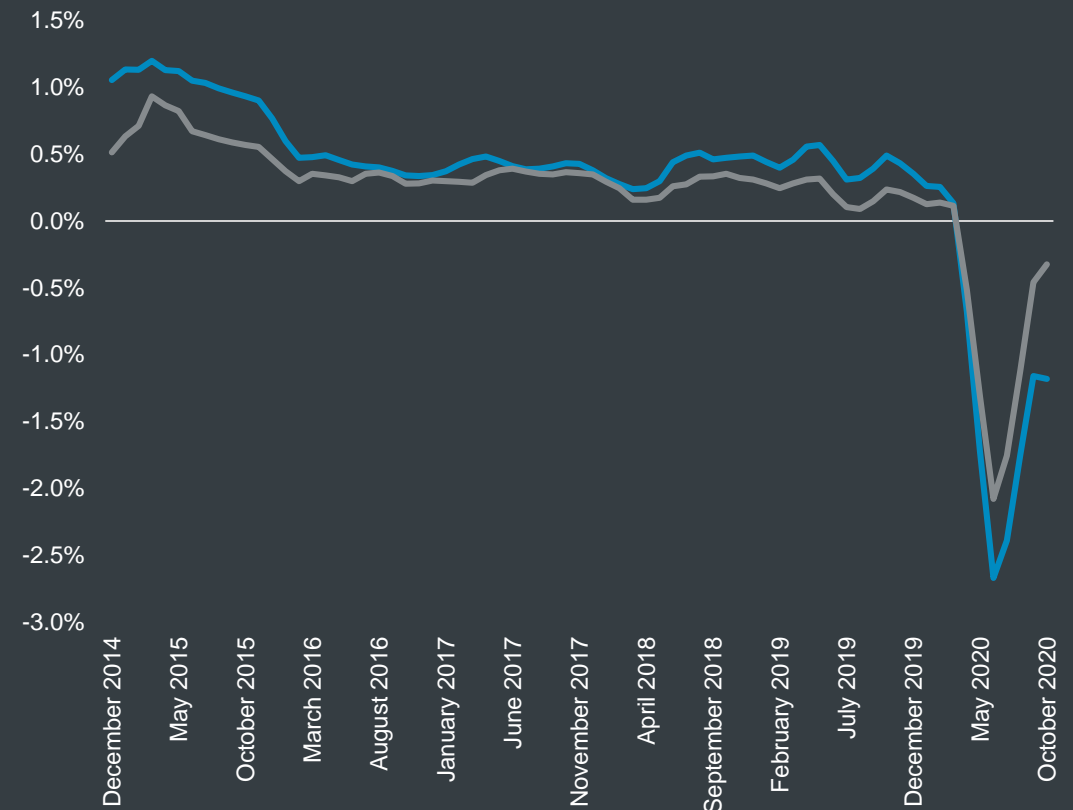
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Source: HM Revenue and Customs PAYE Real Time. Note: Estimates are based on where people live.

Employee growth, quarterly percentage change, **UK** and **London**



# Summary of headline indicators for **London** and the **UK**

July 2020 - September 2020	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
<b>Employment</b>										
London	4,765	-39	▼	92	▲	75.2	-1.0	▼	0.5	▲
UK	32,507	-164	▼	-247	▼	75.3	-0.6	▼	-0.8	▼
<b>Unemployment</b>										
London	301	60	▲	79	▲	6.0	1.2	▲	1.4	▲
UK	1,624	243	▲	318	▲	4.8	0.7	▲	0.9	▲
<b>Economically Inactive (16 - 64)</b>										
London	1,234	17	▲	-91	▼	20.2	0.2	▲	-1.6	▼
UK	8,662	21	▲	46	▲	20.9	0.0	▲	0.1	▲

*\*All figures are seasonally adjusted. Rates are based on working age (16 – 64 male and female), except for the unemployment rate which is age 16+.*