

London Labour Market Update

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Summary of latest labour market data

- **Payrolled employees** rose by around 51,800 or 1.3% between July and August 2021 (almost double the previous monthly increase) but remain 1.8% below pre-pandemic (February 2020) levels.
- **Unemployment rate** estimated at 6.0% for the three months ending July 2021, down 0.5 percentage points (pp) on the quarter but up 0.8pp on the same period in the previous year (and above the UK average of 4.6%).
- **Employment rate** estimated at 74.9%, up by 0.5pp on the previous quarter but down 1.3pp from a year earlier.
- **Workforce jobs** increased by 75,000 or 1.3% between the first and second quarter of 2021 (a second consecutive quarter of growth) but remain 172,600 or 2.8% below its pre-pandemic peak (December 2019).



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 July 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.

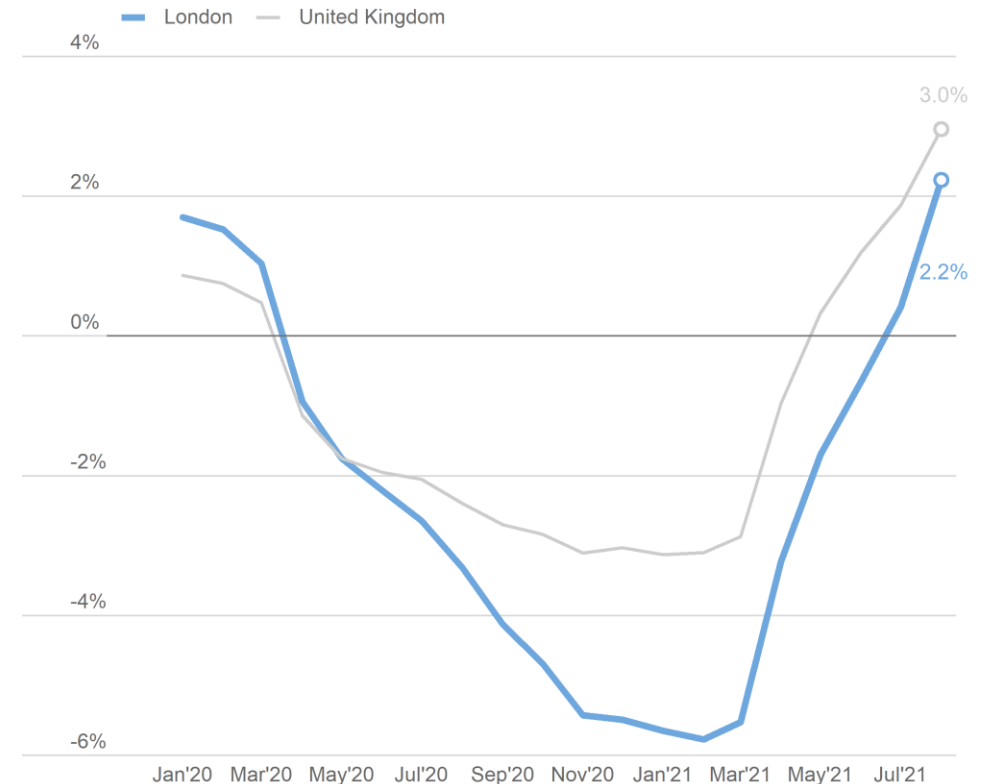
Payrolled employees in **London** rose sharply on the previous month but remain below February 2020 levels

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 4.08 million payrolled employees living in London in August 2021, an increase of around 51,800 or 1.3% since July. This was the largest monthly increase on record since the London series began in July 2014.
- The number of payrolled employees living in London is now around 89,000 higher than in August 2020, a 2.2% rise. This compares to 3.0% annual growth across the UK between August 2020 and August 2021 (see chart).
- However, the number of payrolled employees in London is still down on its pre-pandemic peak (February 2020) – by 73,500 or 1.8%. While in most other UK regions numbers of payrolled employees are now above pre-pandemic levels.

Payrolled employees, change on previous year

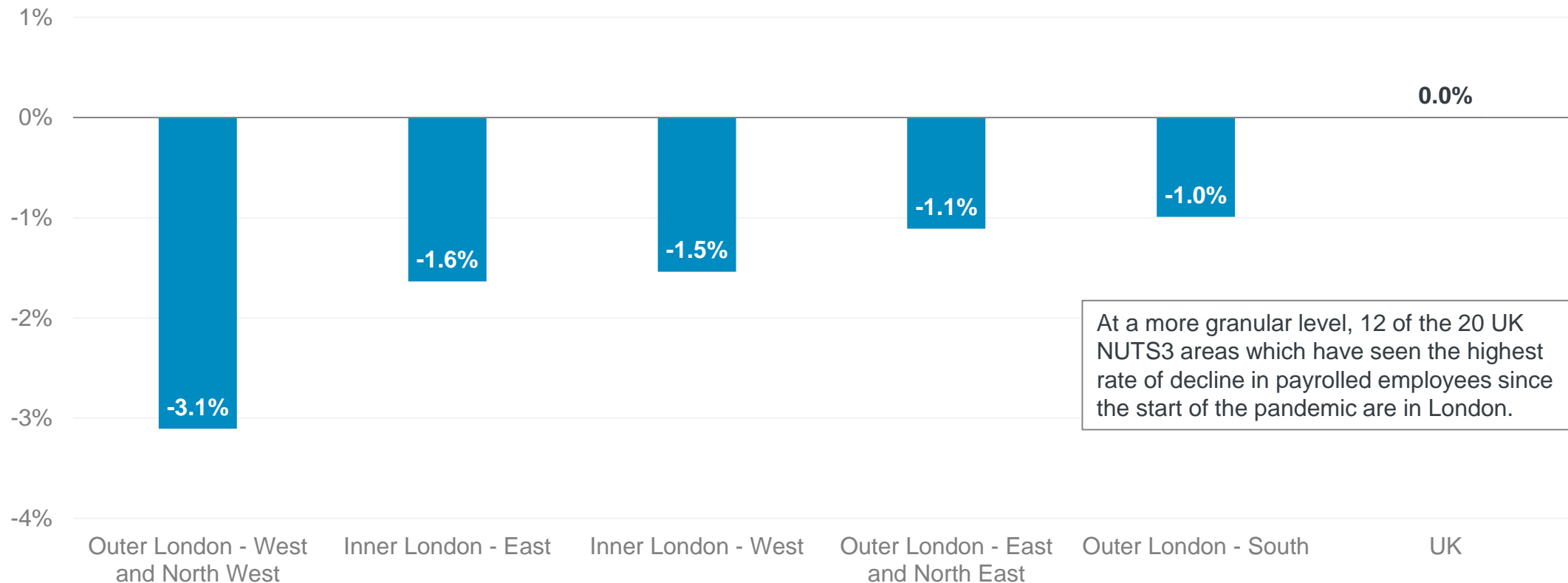
Latest data for period August 2021



Looking since the onset of the pandemic, numbers of payrolled employees are still below February 2020 levels across **London**

Payrolled employees, change since February 2020 by NUTS2 region

Latest data for period August 2021



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

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

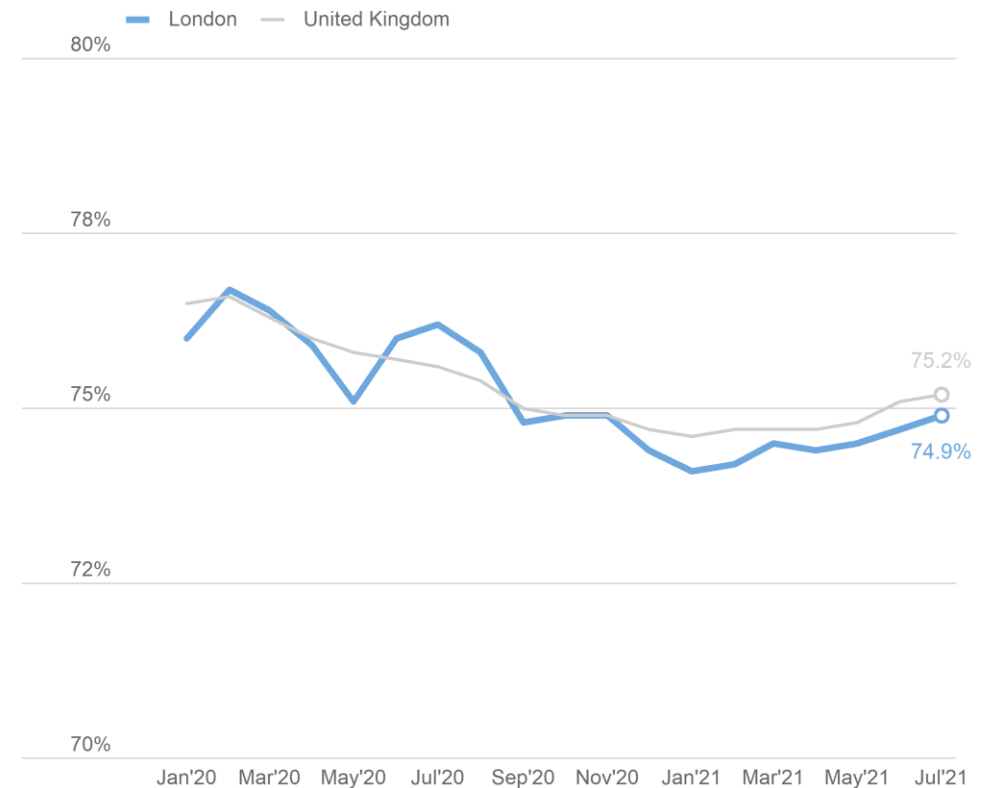
Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For May to July 2021:

- The 16-64 employment rate in **London** was estimated at 74.9%. This was up 0.5 percentage points (pp) on the previous quarter but still down 1.3pp from a year earlier.
- The overall **UK** employment rate was estimated at 75.2% – up 0.5pp on the quarter and down 0.4pp on the year.

Employment rate (% of working age population)

Latest data for period May 2021-Jul 2021



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

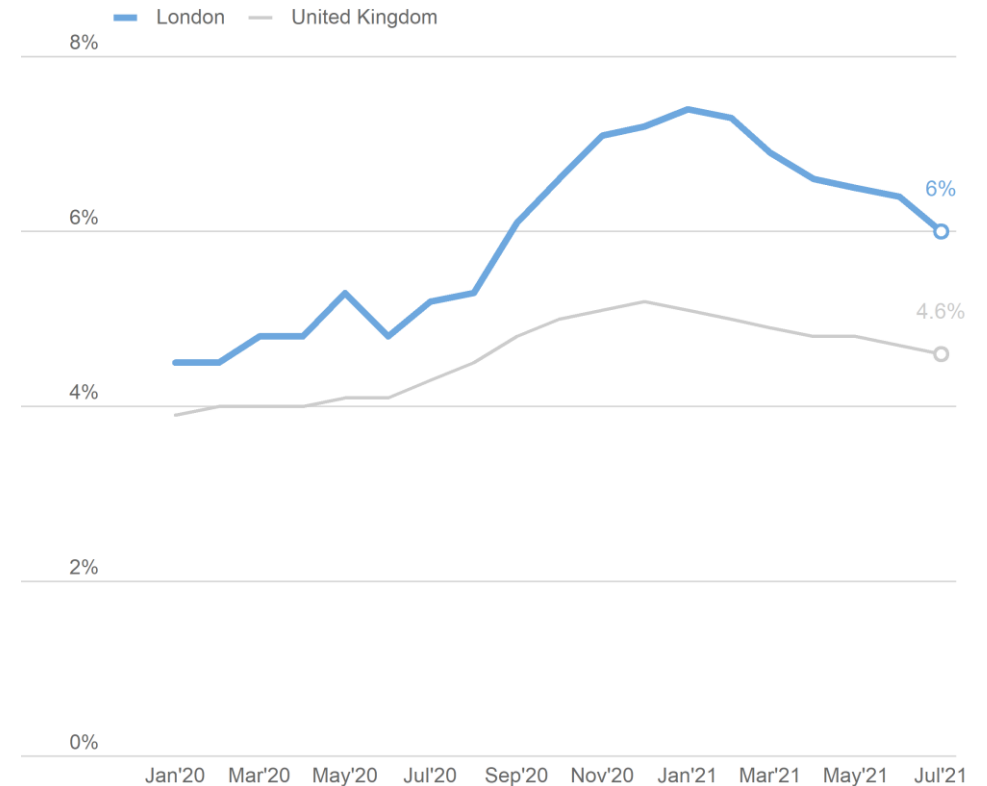
Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

For May to July 2021:

- The unemployment rate for **London** was estimated at 6.0% – down 0.5pp on the quarter and up 0.8pp from a year earlier.
- The **UK** unemployment rate was lower at 4.6% – down 0.3pp from the previous quarter and up 0.3pp on the year.

Unemployment rate (% of economically active)

Latest data for period May 2021-Jul 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 was virtually unchanged on the quarter but is up on the year

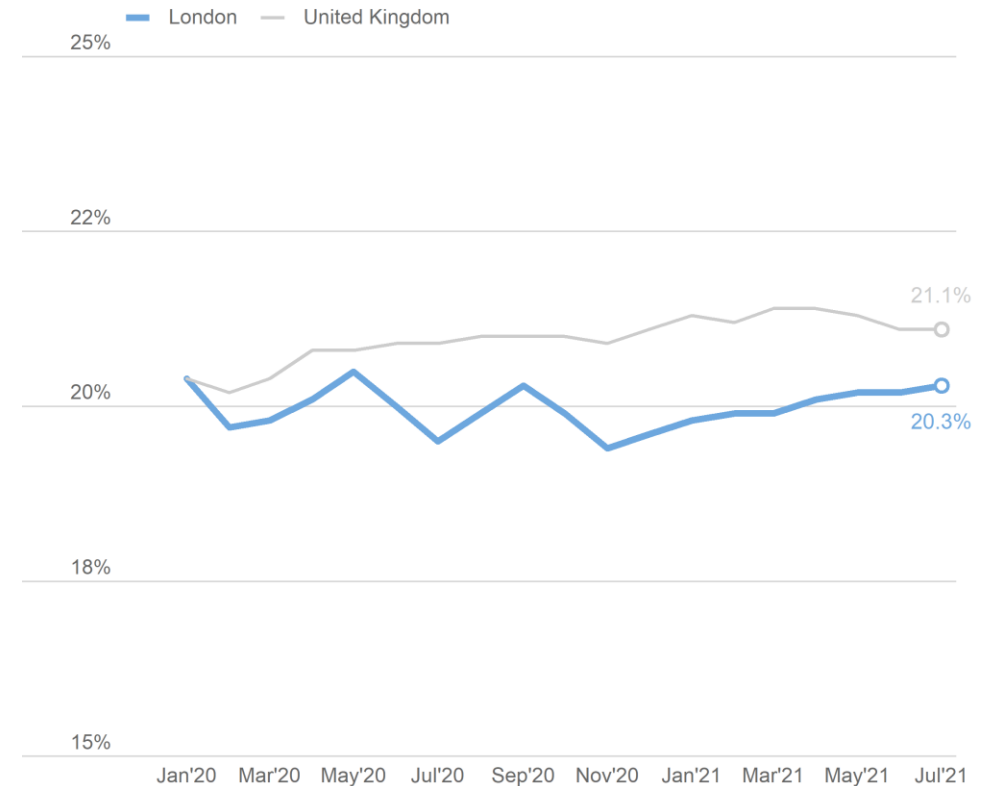
The economic inactivity rate is the proportion of 16 to 64-year olds not in work and either not looking for or unable to work.

For May to July 2021:

- The rate of economic inactivity in **London** was estimated at 20.3%. This was up 0.1pp on the previous quarter and up 0.7pp on the year.
- The **UK** rate of economic inactivity was 21.1%. This was down 0.3pp on the previous quarter and up 0.2pp on the previous year.

Economic inactivity (% of working age population)

Latest data for period May 2021-Jul 2021

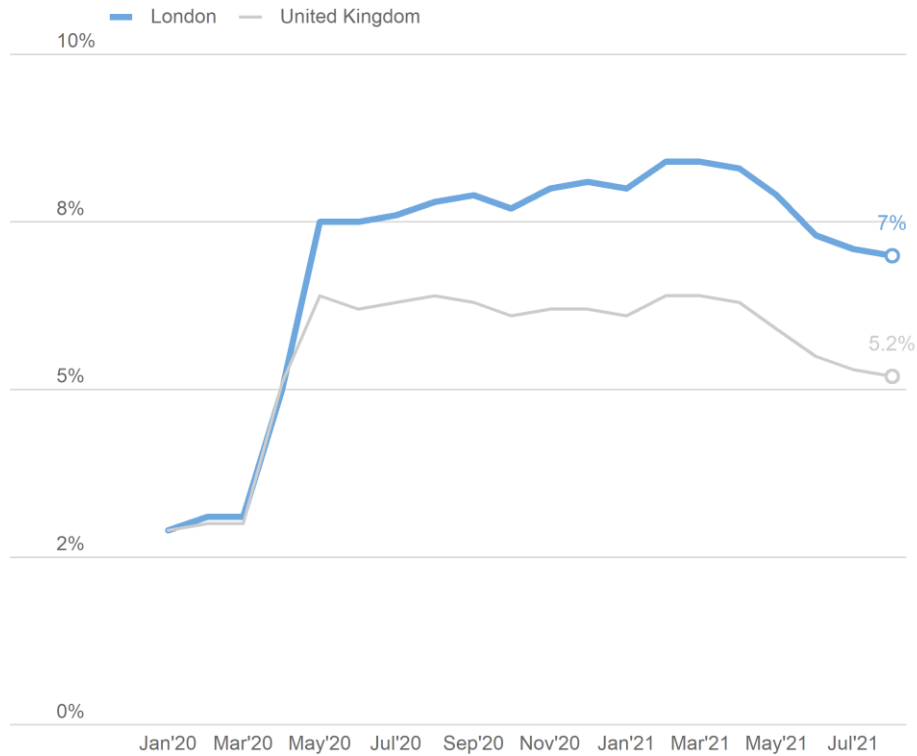


Source: ONS Labour Force Survey. Note: the London margin of error is not published for economic inactivity rates, the UK margin is +/- 0.4%.

The share of residents claiming unemployment related benefits in **London** declined marginally in August and remains above the UK average

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

Latest data for period August 2021



Year-on-year percentage change in claimant count

Latest data for period August 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.

Workforce jobs in **London** rose for the second consecutive quarter

The Workforce Jobs series provides quarterly estimates of the number of jobs in the UK and is the ONS' preferred source of jobs broken down by region of workplace and industry.

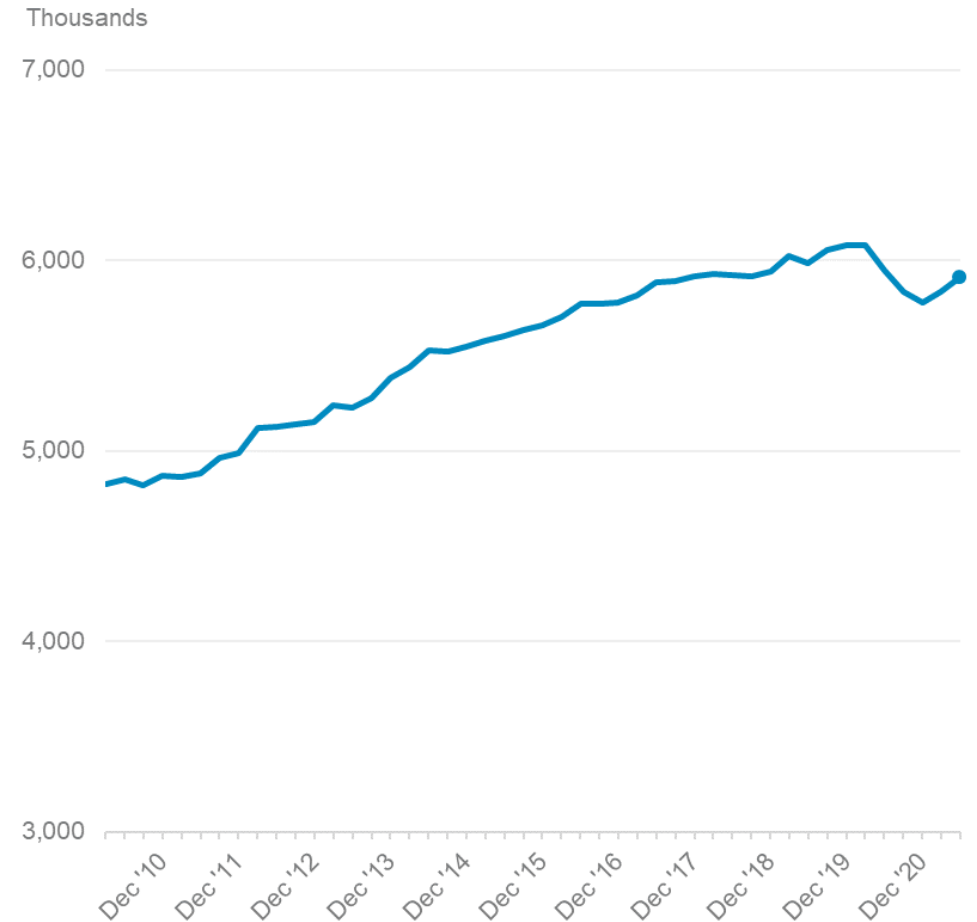
The latest data for June 2021 shows that:

- The total number of workforce jobs in London was estimated at 5.9 million – an increase of almost 75,000 or 1.3% from March 2021. This is the second consecutive quarterly rise in London.
- Despite this recovery, the latest estimate still represents a fall of approximately 172,600 or 2.8% from December 2019 levels (the pre-pandemic peak in London).
- Total jobs includes both employee and self-employment jobs. The latest employee jobs estimate is still 54,500 (-1.0%) below December 2019 levels while self-employment jobs is down by 121,100 (-14.8%).
- By comparison, the total number of workforce jobs at the UK level has fallen by 855,800 or 2.4% since December 2019, and rose by 293,500 or 0.9% between March 2021 and June 2021.

Source: ONS Workforce Jobs. Note: the London margin of error for all jobs is +/- 0.9%, the UK margin is +/- 0.3%.

Total number of Workforce Jobs in London

Seasonally adjusted, latest data for June 2021



Despite recent signs of recovery, jobs in most sectors remain below December 2019 levels

Between December 2019 and June 2021:

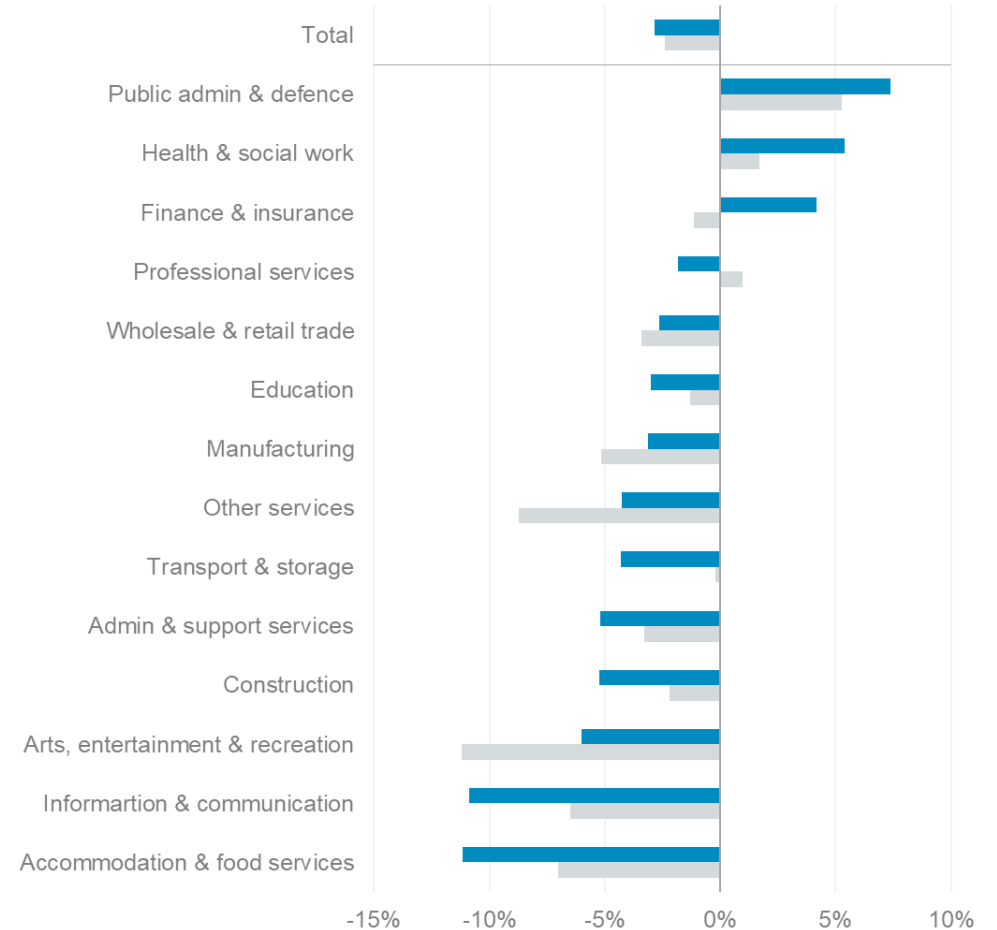
- Accommodation and food recorded the largest percentage fall in jobs in London (51,800 or 11.2%). This was followed by Information and communication (down by 56,100 or 10.9%) and Arts & entertainment (down by 12,300 or 6.0%).
- Three industry groups shown in the chart saw an increase in jobs in London. These are Public administration & defence (up by 18,600 or 7.4%), Health and social work (up by 32,100 or 5.4%) and Finance & insurance (up by 17,00 or 4.2%).

Most industry groups saw a rise on the quarter between March and June 2021:

- The rate of growth was relatively strong in Construction (up by 37,400 or 13.8%) and Arts & entertainment (up by 15,000 or 8.4%).
- The rate of decline was highest in Other services (down by 13,000 or 7.8%) and Transport & storage (down by 18,100 or 5.6%).

Source: ONS Workforce Jobs. Note: the London margin of error for all jobs is +/- 0.9%, the UK margin is +/- 0.3%.

Percentage change in Workforce Jobs by selected industry groups between December 2019 and June 2021
Seasonally adjusted, London and UK



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

Headline estimates for May - July 2021	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
Employment										
London	4,762	34	▲	-70	▼	74.9	0.5	▲	-1.3	▼
UK	32,357	183	▲	-202	▼	75.2	0.5	▲	-0.4	▼
Unemployment										
London	306	-27	▼	42	▲	6.0	-0.5	▼	0.8	▲
UK	1,550	-86	▼	81	▲	4.6	-0.3	▼	0.3	▲
Economic inactivity (16 - 64)										
London	1,240	8	▲	48	▲	20.3	0.1	▲	0.7	▲
UK	8,711	-121	▼	75	▲	21.1	-0.3	▼	0.2	▲

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+.