

London labour market update

Christopher Rocks and Adama Lewis, GLA Economics

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Summary of latest labour market data

- **Payrolled employees** living in London down by 223,000 or 5.4% from the previous year, double the rate of decline recorded on average nationally.
- **Unemployment rate** for the three months ending February 2021 rose to 7.2%, up 2.7 percentage points on the previous year (up 0.9 percentage points across the UK).
- **Employment rate** fell to 74.5% over the same period, 2.3 percentage points lower than for a year earlier (1.4 percentage points lower across the UK)
- **Economic inactivity rate** edged up on the previous quarter but remains close to record lows in London.

Coronavirus and measuring the labour market

- The ONS has published its latest [labour market update](#) covering Labour Force Survey data for the three months to February 2021. This release 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 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.
- The chart on the [last slide](#) shows the data reported in the latest ONS update (dark bars) alongside their different reference periods and count dates (white text) and the main dates for coronavirus social distancing and lockdown related measures.

The number of employees in **London** has declined more steeply than across the **UK**

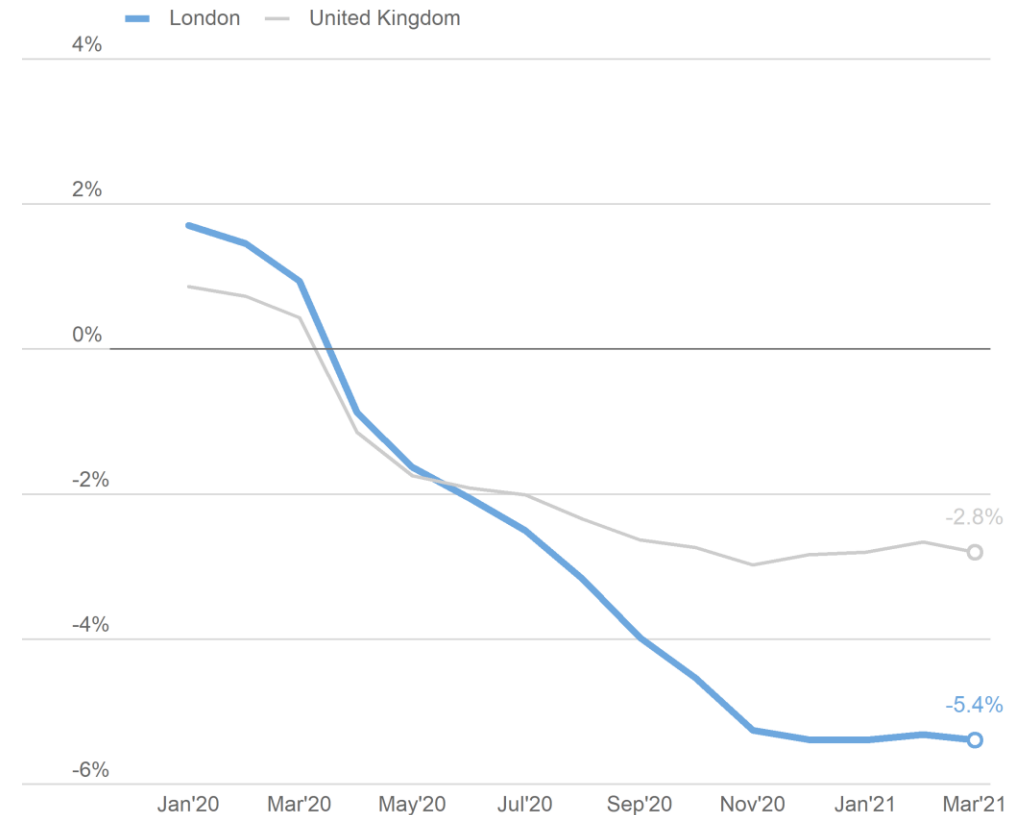
The count of payrolled employees from HMRC's Pay As You Earn (PAYE) RTI dataset offers the best single measure of resident labour market trends:

- Early estimates indicate that there were 3.9 million payrolled employees living in London in March 2021, the lowest level since May 2016.
- Comparing March 2021 with March 2020, that number has declined by almost 223,000 or 5.4% – almost double the rate of decline for the UK as a whole (2.8%).
- Comparing with the previous month, there was a small decline in the number of employees paid through payroll in March (down by 10,000 or 0.3%). This was in-line with national trends (-0.2%).

An age breakdown is available at the UK level. This indicates that around 54% of the fall in UK payrolled employees between March 2020 and March 2021 has been among employees aged under 25.

Payrolled employees, change on previous year

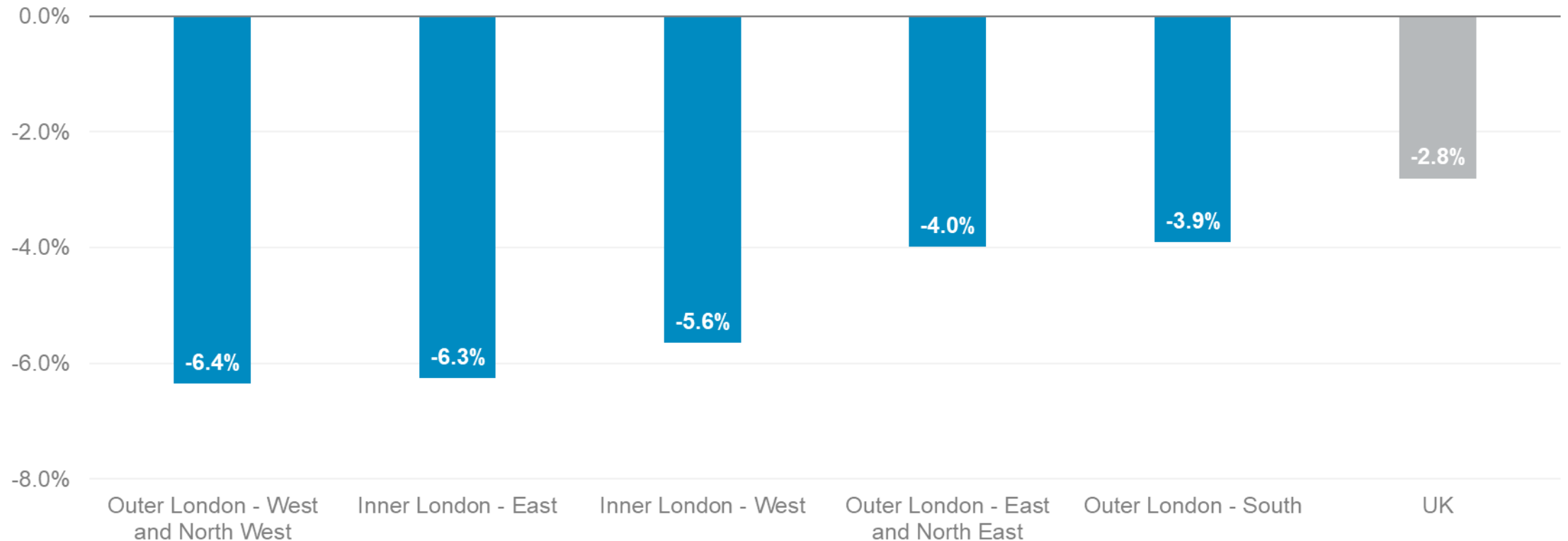
Latest data for period March 2021



The decline in payrolled employees in the last year has been widespread across the capital

Payrolled employees, change on previous year by NUTS2 region

Latest data for period March 2021



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

London employment rate fall exceeds the UK average

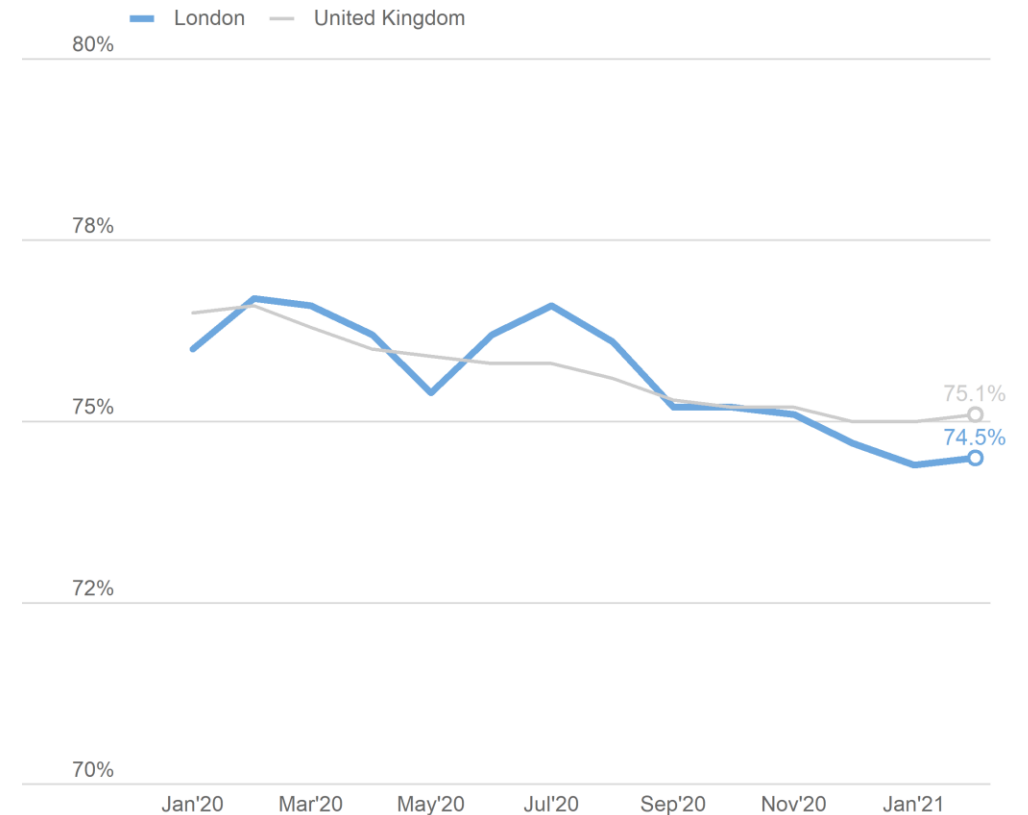
Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For December 2020 to February 2021:

- The 16-64 employment rate in **London** was estimated at 74.5%. This was down 0.6 percentage points (pp) on the previous quarter and down 2.3pp from a year earlier.
- The overall **UK** employment rate was estimated at 75.1% – down 0.1pp on the quarter and down 1.4pp on the year.

Employment rate (% of working age population)

Latest data for period Dec 2020-Feb 2021



Source: ONS Labour Force Survey. Note: the margin of error for employment rate estimates is +/- 1.4% for London and +/- 0.5% for the UK.

London unemployment rate continues to rise more quickly than in other parts of the UK

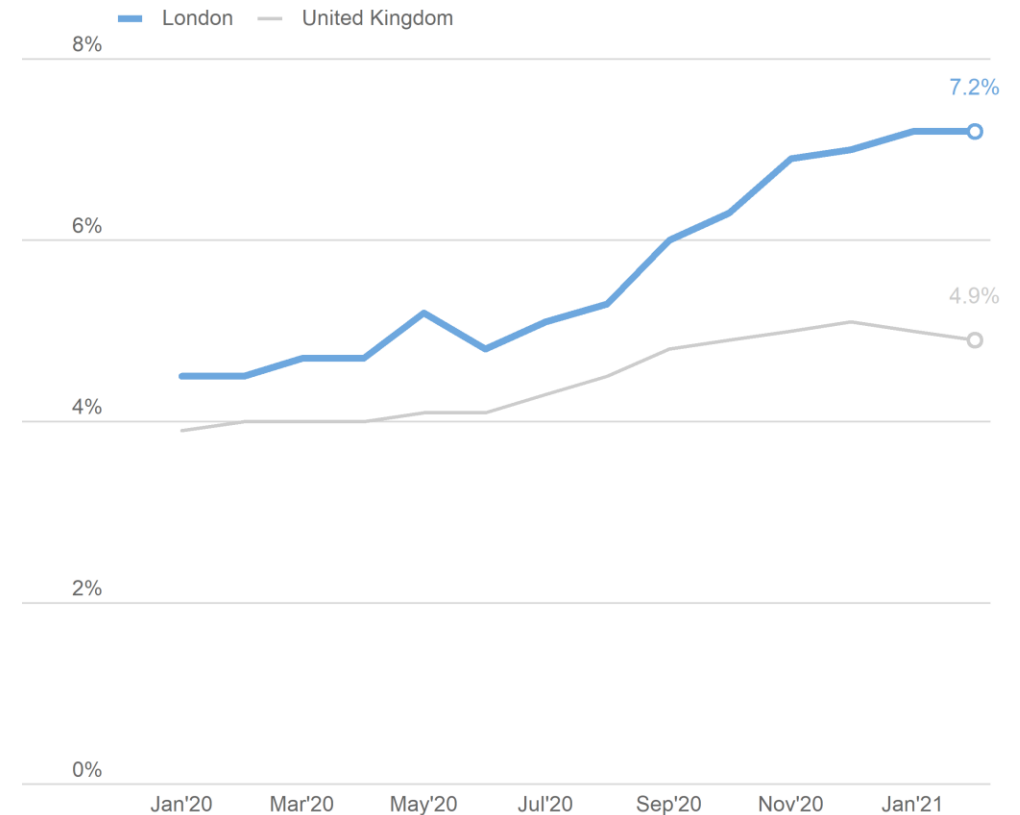
Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

For December 2020 to February 2021:

- The unemployment rate for **London** was 7.2% – up 0.3pp on the quarter and 2.7pp from a year earlier. The annual change is a joint-record increase for London (since 1992) and was higher than in any other UK nation or region.
- The **UK** unemployment rate was estimated at 4.9%, down 0.1pp from the previous quarter and up 0.9pp on the year.

Unemployment rate (% of economically active)

Latest data for period Dec 2020-Feb 2021



Source: ONS Labour Force Survey. Note: the margin of error for unemployment rate estimates is +/- 1% for London and +/- 0.3% for the UK.

London inactivity rate remains below the UK level

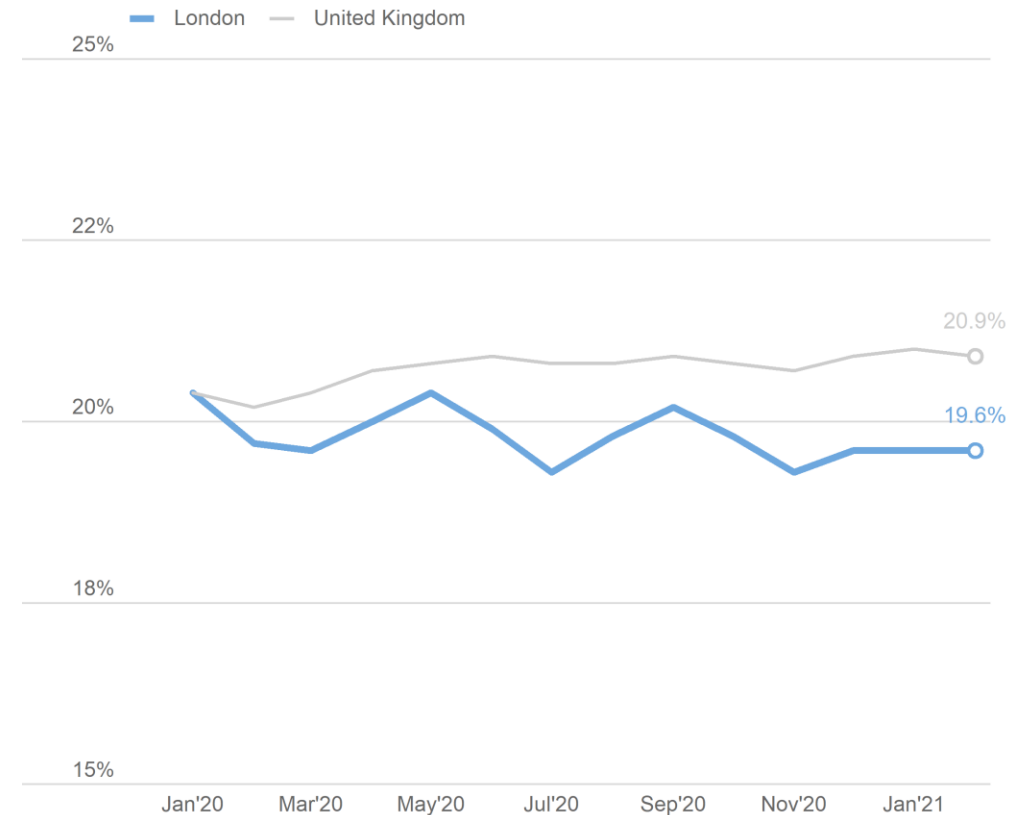
The economic inactivity rate is the proportion of 16 to 64-year olds not in work and either not looking for or unable to work.

For December 2020 to February 2021:

- The rate of economic inactivity in **London** was 19.6%. This was up 0.3pp on the previous quarter and unchanged on the year.
- The **UK** rate of economic inactivity remained slightly higher at 20.9%. This was up 0.2pp on the previous quarter and up 0.7pp compared with the previous year.

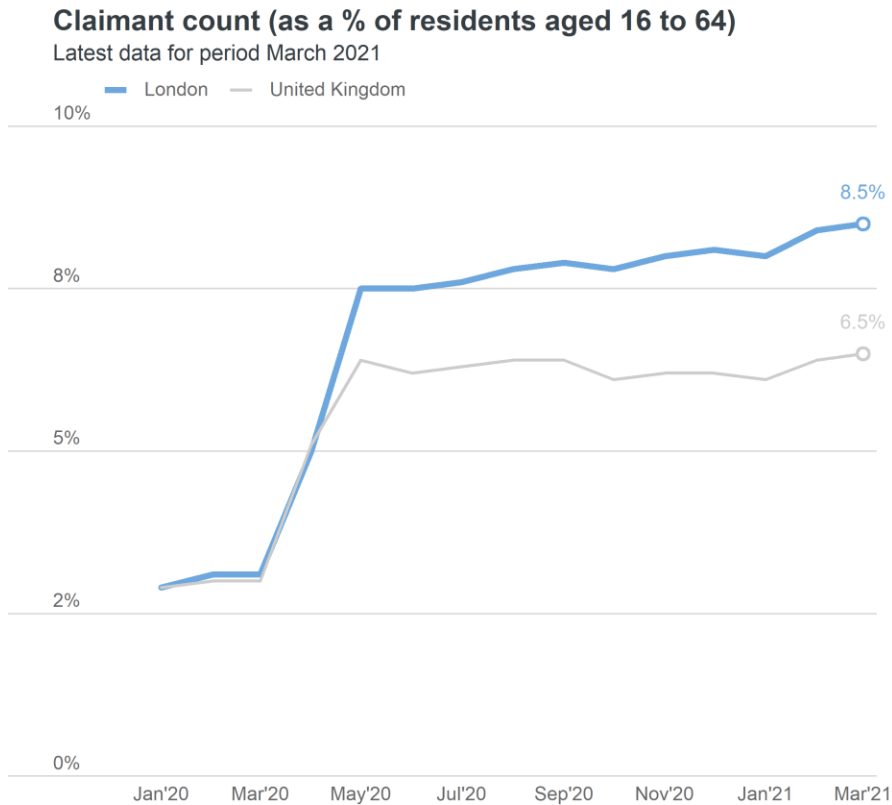
Economic inactivity (% of working age population)

Latest data for period Dec 2020-Feb 2021

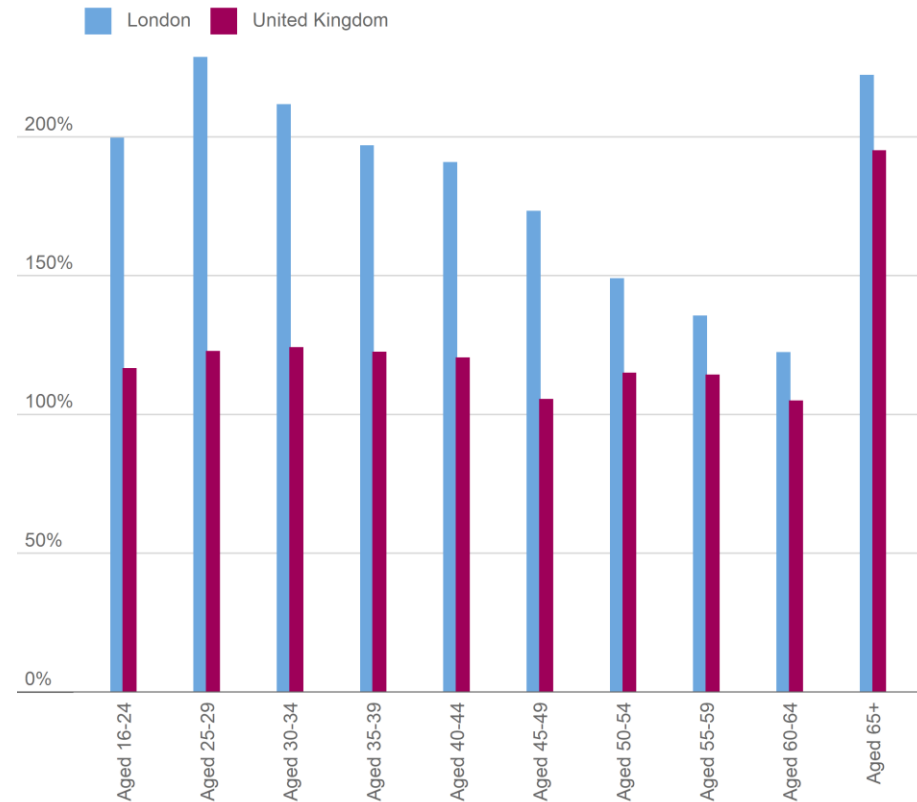


Source: ONS Labour Force Survey. Note: the London margin of error is not published for economic inactivity rates, the UK margin is +/- 0.4%.

The number of **Londoners** claiming unemployment related benefits has increased across all age groups, especially among younger residents



Year-on-year percentage increase in claimant count
Latest data for period March-2021



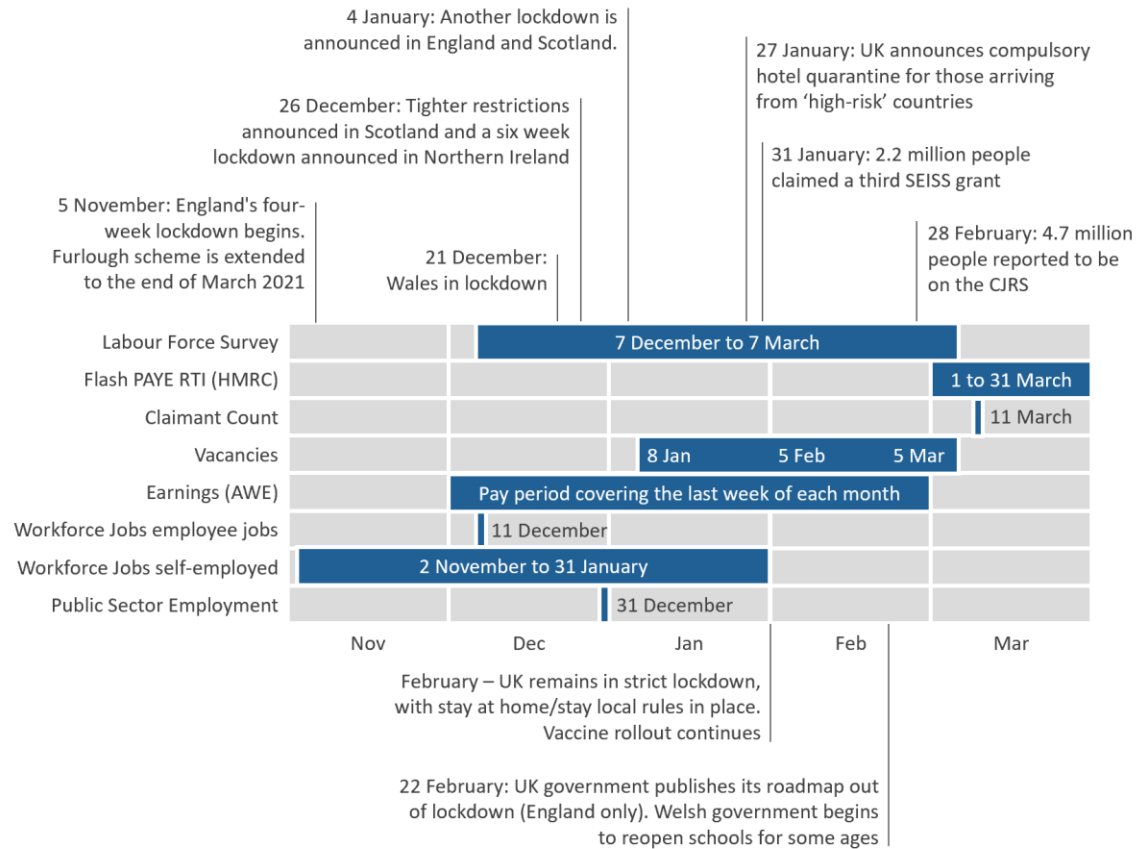
Source: ONS Claimant Count by sex and age (NSA). Note: an increasing number of people recently became eligible for unemployment-related benefit support, although still employed. Changes in the claimant count will not be due wholly to changes in unemployment.

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

Headline estimates for December - February 2021	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
Employment										
London	4,736	-42	▼	-129	▼	74.5	-0.6	▼	-2.3	▼
UK	32,430	-73	▼	-643	▼	75.1	-0.1	▼	-1.4	▼
Unemployment										
London	366	11	▲	137	▲	7.2	0.3	▲	2.7	▲
UK	1,675	-50	▼	311	▲	4.9	-0.1	▼	0.9	▲
Economic inactivity (16 - 64)										
London	1,205	23	▲	5	▲	19.6	0.3	▲	0.0	◆
UK	8,673	80	▲	303	▲	20.9	0.2	▲	0.7	▲

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+. LFS responses are weighted to official population projections. As the current projections are 2018-based they are based on demographic trends that pre-date the COVID-19 pandemic. The rates published from the LFS remain robust but levels and changes in levels should be used with caution.

Impact of the main coronavirus (COVID-19) dates on labour market data sources



Significant events leading up to November 2020;

- 20 March 2020: Coronavirus Job Retention Scheme (CJRS) announced
- 23 March 2020: Lockdown begins
- 26 March 2020: Self-Employment Income Support Scheme (SEISS) announced
- 12 May 2020: Furloughing scheme extension announced
- 30 June 2020: Employers not allowed to put additional employees on furlough
- 1 July 2020: Part-time furloughing permitted
- 1 August 2020: Changes to furlough scheme come into effect, with firms who have furloughed workers required to contribute to the CJRS
- 31 October 2020: Extension to CJRS and SEISS announced