



Briefing on the latest HMRC's Official Statistics on the furlough support scheme.

Melisa Wickham, Liam Oldfield, Adama Lewis, GLA Economics

17th December 2020



Background and Methodology



Coronavirus Job Retention Scheme (CJRS)

Background and context

In response to Covid-19 the Government introduced two significant employment support schemes aimed at preventing large rises in unemployment and longer-term labour market scarring:

1. [Coronavirus Job Retention Scheme \(CJRS\)](#) - for employees (PAYE)
2. [Self-Employment Income Support Scheme \(SEISS\)](#) - for the self-employed

GLAE has analysis on previous releases and other labour market analysis on our [COVID-19 labour market analysis page](#).

CJRS policy changes

There have been a number of changes to the operation the CJRS, which can impact uptake of the scheme (see [slide six](#) for full timeline:

- From 1 July 2020, employers had the flexibility to bring furloughed employees back to work part time.
- Employers have the flexibility to decide the hours and shift patterns of their employees – with the government continuing to pay 80% of salaries for the hours they do not work (until 1 September).
- From 1 September 2020, the government supported 70% of salaries for the hours for hours not worked, with Employers contributing 10%.
- The government announced a further extension of CJRS to 30 April, returning to the earlier scheme settings paying 80% of usual wages with no employer contribution required.



Notes on the data

These official statistics published by HMRC are directly and primarily based on administrative data from CRJS claims. This is the sixth release and the data in this release refers to **claims made for period up to 31 October based on claims that had been submitted to HMRC by 30 November.**

- The data for July onwards is incomplete as claims relating to these months may still be filed. The figures for July onwards should therefore be considered preliminary results and will be revised in the next release.
- Because these statistics draw on administrative data, they provide a more comprehensive picture of the CJRS than other existing forms of data (i.e. surveys) on furloughing.
- HMRC provide a geographical breakdown of CJRS claims based on the residential address information that HMRC holds for employees. This does not directly translate to the employee's usual place of work, or employer's centre of operations which may be in a different region.
- There are small, but not insignificant, proportions of 'unknowns' within the breakdowns. Differences in the proportion of unknown observations are due to the matching of CJRS claims to other HMRC data sources.
- Industrial breakdowns may not reflect the true operational activities of those on furlough as it reflects the operation of the business rather than the workers activities. This may slightly distort the full picture of the types of workers on furlough.
- **Earlier releases had provided cumulative totals for regions. All data reported here is of a snapshot at a given point in time.**



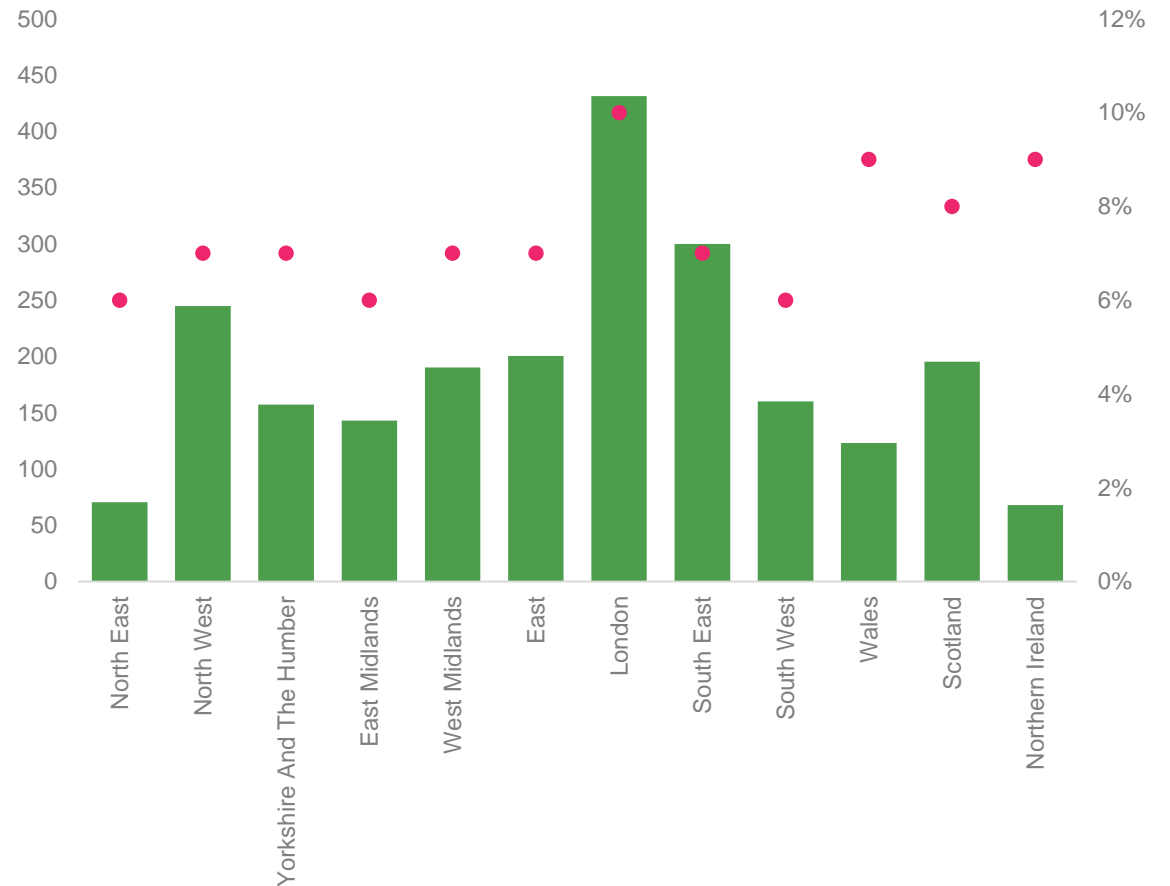
Definitions

1. **Employer** is statistically defined as those on a Pay As You Earn (PAYE) Scheme. In some circumstances this does not map directly to what is commonly understood to be an employer. For example, some organisations operate multiple payrolls and in other situations, a group of companies may pool their payrolls together under one PAYE scheme. However, HMRC take the view that PAYE schemes provides a reasonable proxy for employers for the purposes of this release.
2. **Employment** is defined as a count of anyone who meets the scheme criteria set out within the published guidance and has claimed for CRJS. HMRC have applied this definition in order to simplify the complexities in separating out Office Holders (such as directors) from what are generally considered employees. However, these findings solely report on employees and the CJRS is to be considered separate from the Self-Employment Income Support Scheme (SEISS).
 - If an employee has jobs with more than one employer and has also been furloughed by more than one employer, they will be counted in these statistics once for each employment that has been furloughed.
3. **Take up rates** are calculated as a proportion of all those who are eligible based on their PAYE tax returns information

On 31th October there were 431,200 furloughed employments in London – equivalent to 1 in 10 of all eligible

- As at 31 October, there were 431,200 furloughed employments in **London** and 2.40 million across the **UK**.
- **London** has a total of 4.33 million furloughed employments potentially eligible with a take up rate of 10% - the highest amongst the regions. The **UK** take up rate was 8%.
- All other regions in England had a take up rate between 6% and 7%.
- **London** had 210,000 females and 221,000 males on furlough – both with a 10% take up rate. Across all regions take-up rates between females and males were within 1pp difference.

Absolute CJRS claims (000s, LHS) and take up rates (% , RHS)



Claims are falling, but at a slower rate each month

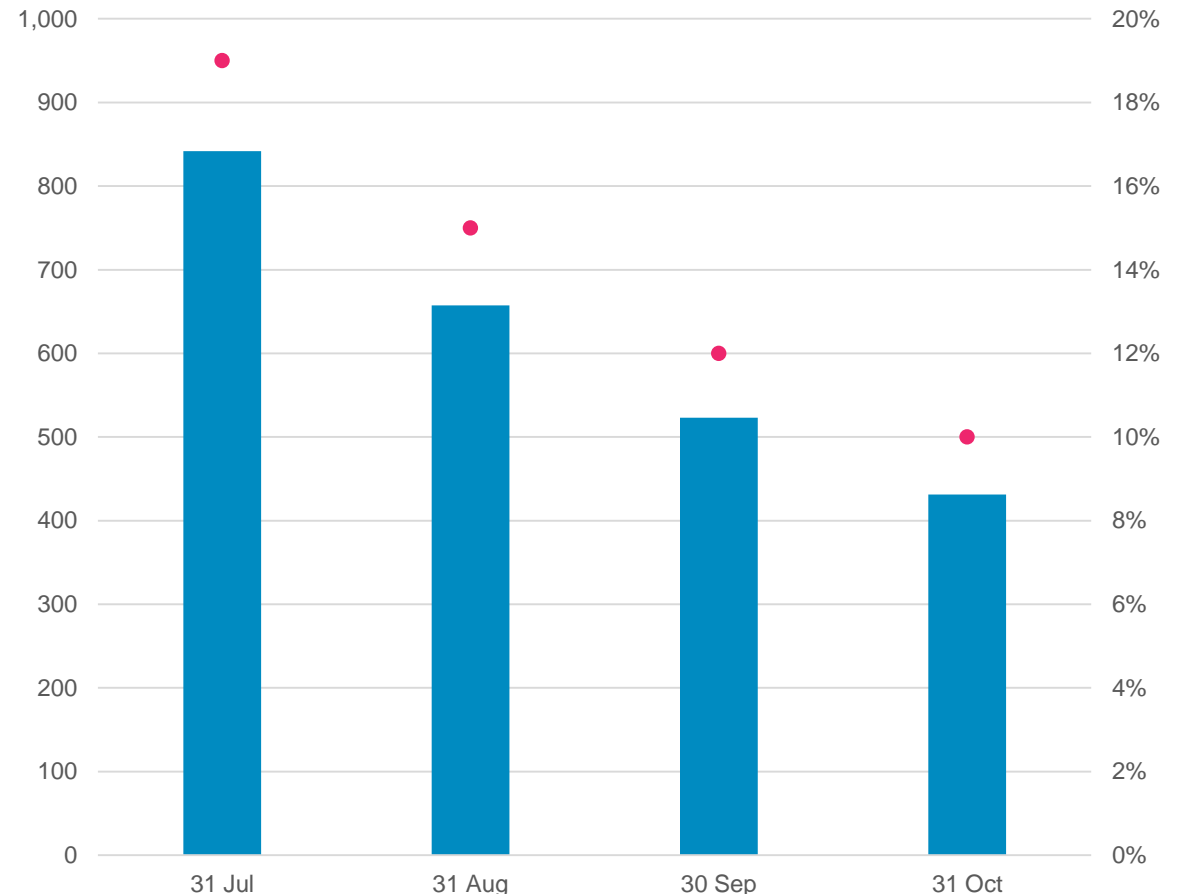
Between 31 October and 30 September:

- London saw the largest absolute fall in claims of any region, down 91,900, translating to a 2pp fall in the take up rate (12% to 10%).
- This represented an 17.6% fall relative to 30 September, among the larger falls compared to other regions, and higher than the 15.6% fall for the UK as a whole.

Since 31 July:

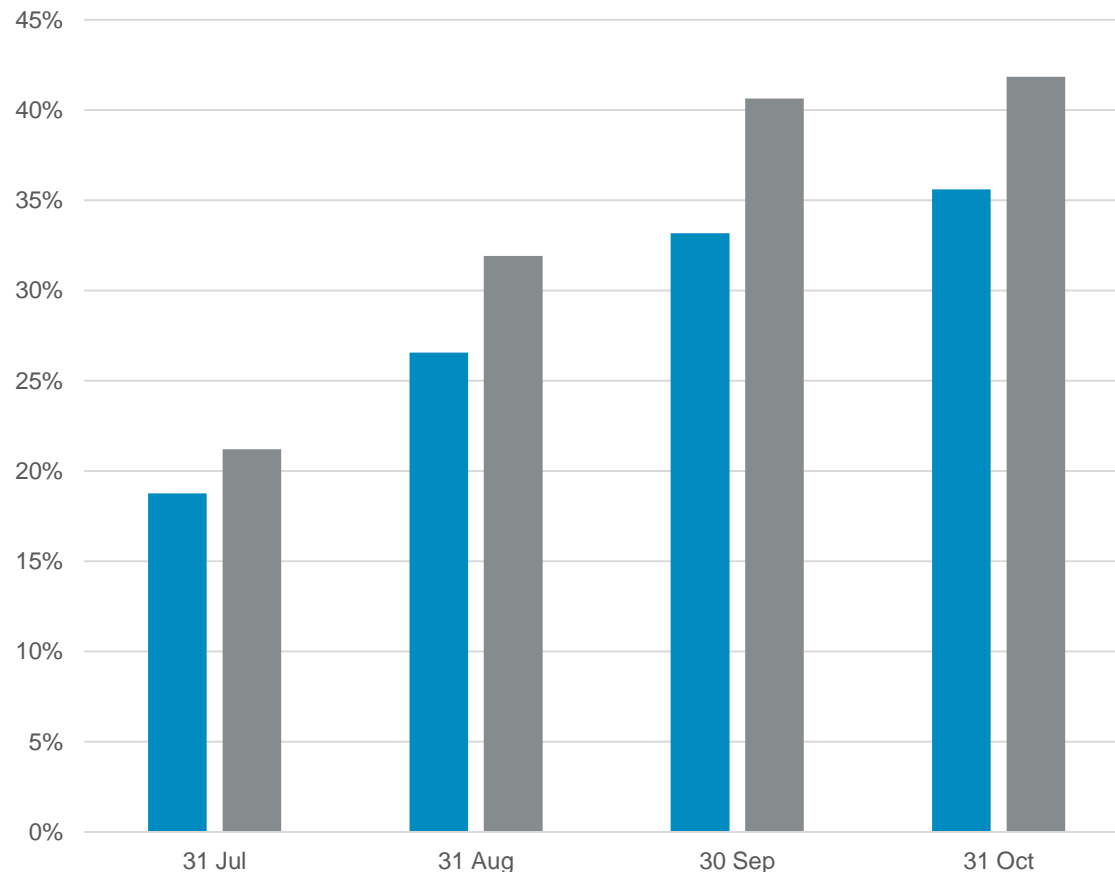
- The number of claims in London has fallen by 410,700 (or 49%).
- London's proportional fall was smaller than most regions, with the South West falling most, down 61% to have a take-up rate of 6% in October 31.
- There has been a slower rate of decline each month in the number on furlough in all regions.

Absolute CJRS claims (000s, LHS) and take up rates (% , RHS)



London still has the lowest proportion partially furloughed, despite a 6 percentage point increase

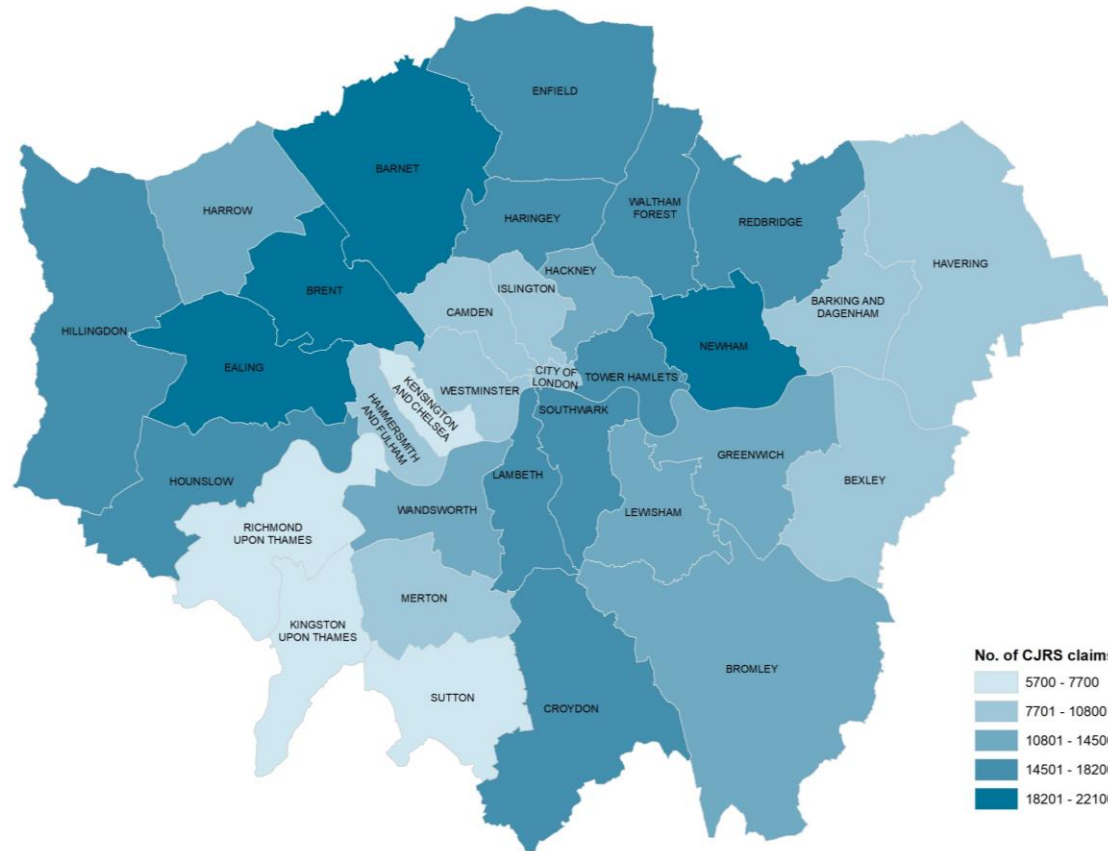
CJRS partially furlough shares **London** and the Rest of UK



- The share of **London's** partially furloughed grew 2.4pp from 30 September to reach 35.6% at 31 October.
- London has the smallest share of partially furloughed of any region, with all others above 40%. The share for the **rest of the UK** (excluding **London**) rose 1.2pp in the month to be 41.8% at 31 October.
- On July 31, **London** had the lowest share of partially furloughed - 18.8% relative to 21.2% for the **rest of the UK**. The difference in shares widened between **London** and the **rest of the UK** to a peak difference of 7.5pp at 30 September. This gap narrowed slightly in 31 October to 6.2pp.
- *Note that 2.8% of furloughed employments across the UK at 31 October do not have flexibility status related to a particular region.*

Newham, Barnet and Ealing have the highest number of CJRS claims in the capital

Map of CJRS claims by local authority

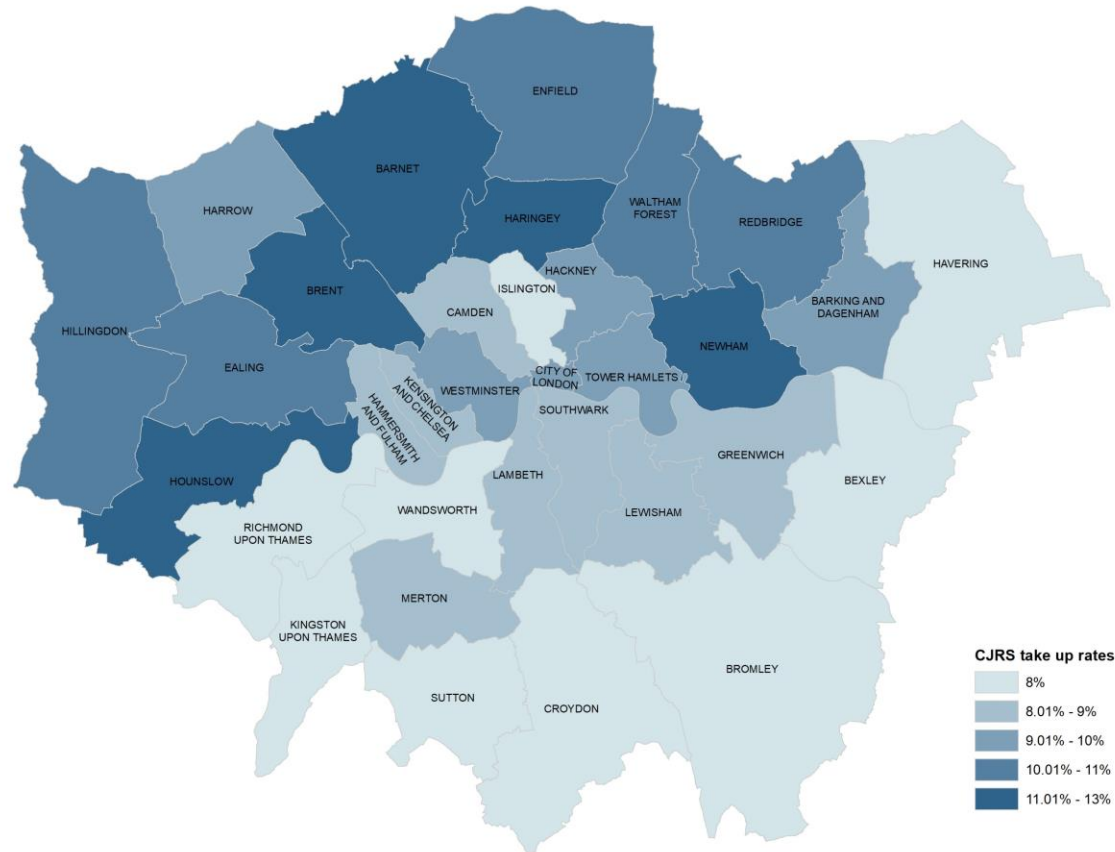


For furlough claims at 31 October:

- Newham (22,100), Barnet (20,900) and Ealing (20,600) had the highest absolute number of claims in **London**.
- Roughly half of the top 25 areas in the country were **London** local authorities.
- Kensington and Chelsea (5,700), Kingston upon Thames (6,800) and Richmond (7,500) had the lowest number of claims in **London**.

Hounslow, Newham and Barnet now have the highest take up rates in the capital by local authority in the latest data

Map of CJRS take up rates by local authority

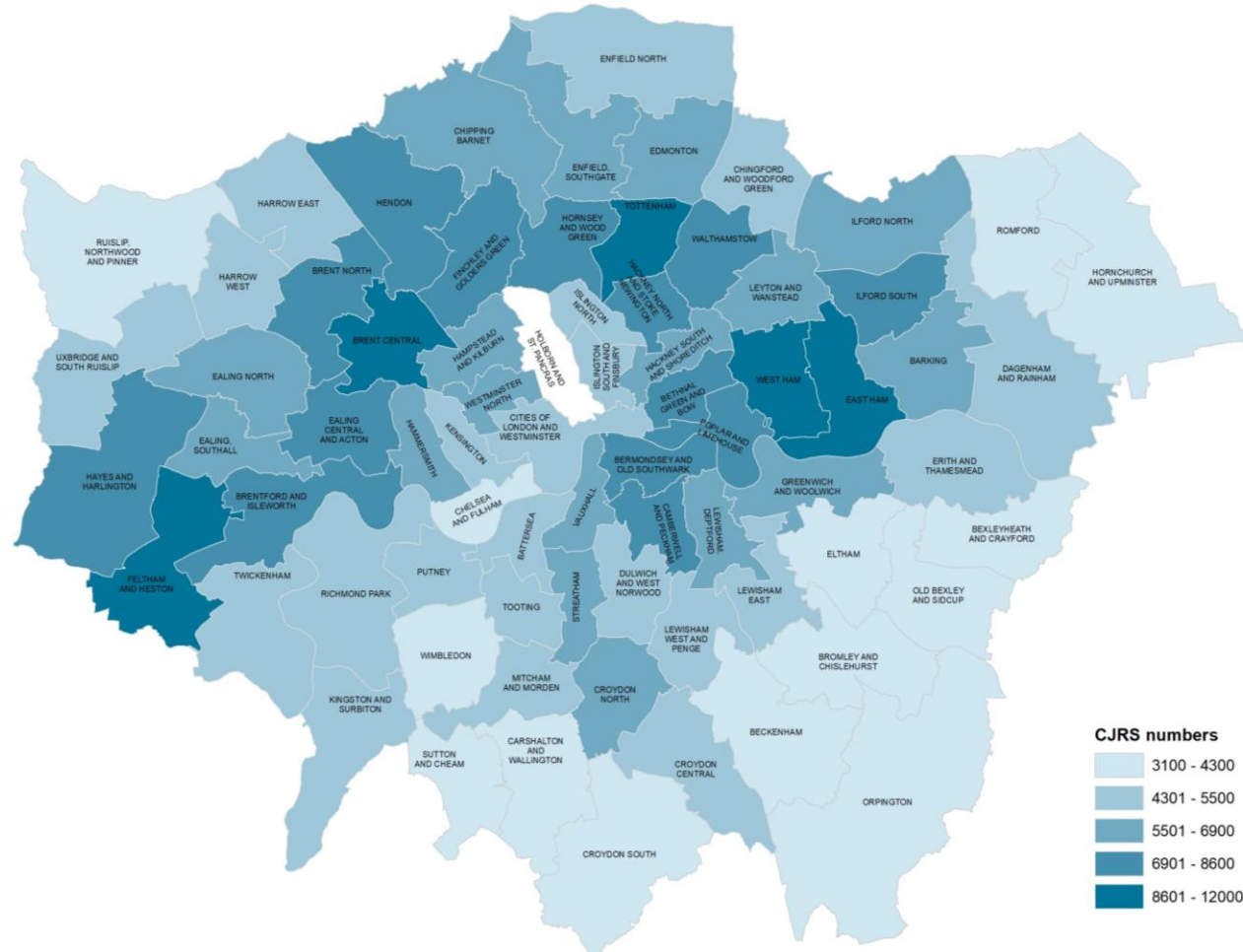


For take up rates at 31 October:

- 10 local authorities had take up rates higher than the overall **London** take up rate of 10%, with Hounslow and Newham the highest at 13% followed by Barnet (12%).
- Hounslow and Newham also had the highest take up rates of any local authority in the UK.
- On the other hand, Wandsworth, Sutton and Richmond upon Thames, had the lowest take up rates across the capital with a take up rate of 8%.

West Ham, East ham and Feltham & Heston now have the highest furlough levels in terms of constituency

CJRS claims by parliamentary constituency

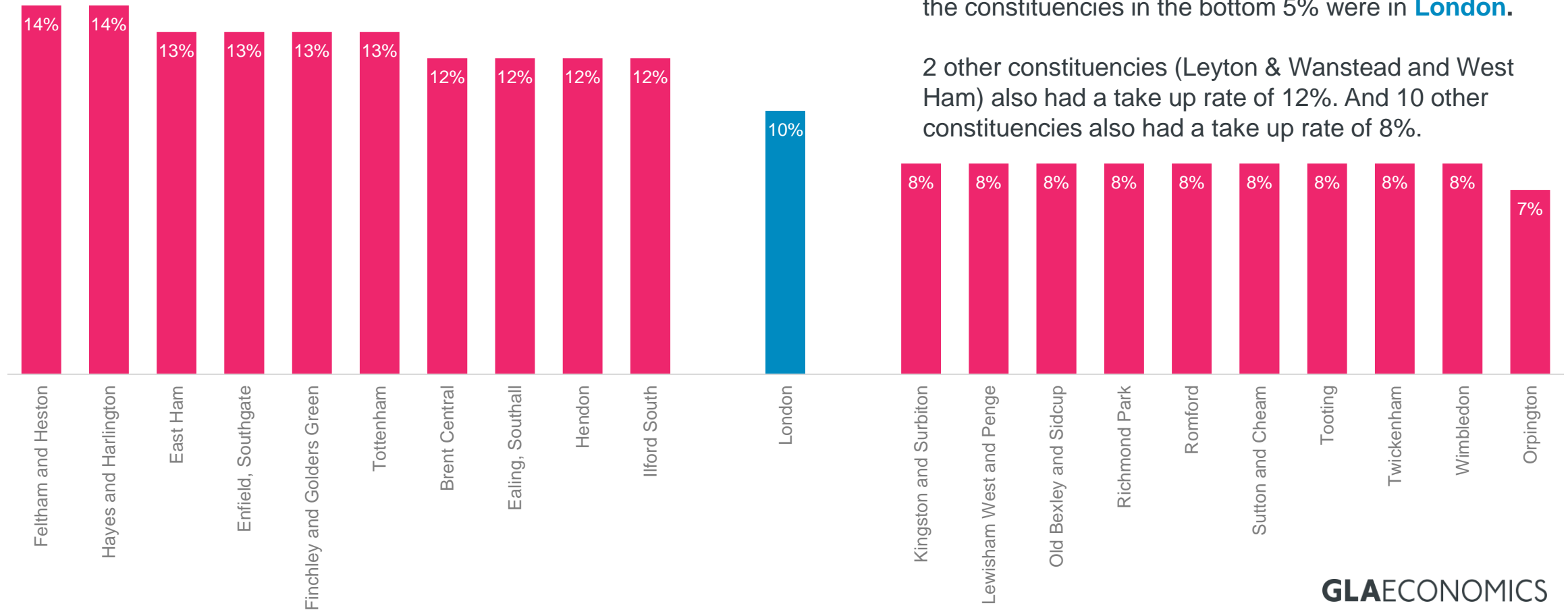


For furlough claims at 31 October:

- West Ham remains the parliamentary constituency with the highest *number* of CJRS claims with 12,000 claims (12% take up rates)
- This is now followed by East ham and Feltham & Heston both with 10,100 claims and 13% and 14% take up rates respectively. These were also the top 3 constituencies in the UK by numbers furloughed.
- Orpington (3,100), Old Bexley and Sidcup (3,400) and Bexleyheath & Crayford (3,400) had the fewest claims.

73% of the top 5% of constituencies in terms of take up rate are in London

Top and bottom 10 London take up rates by parliamentary constituency

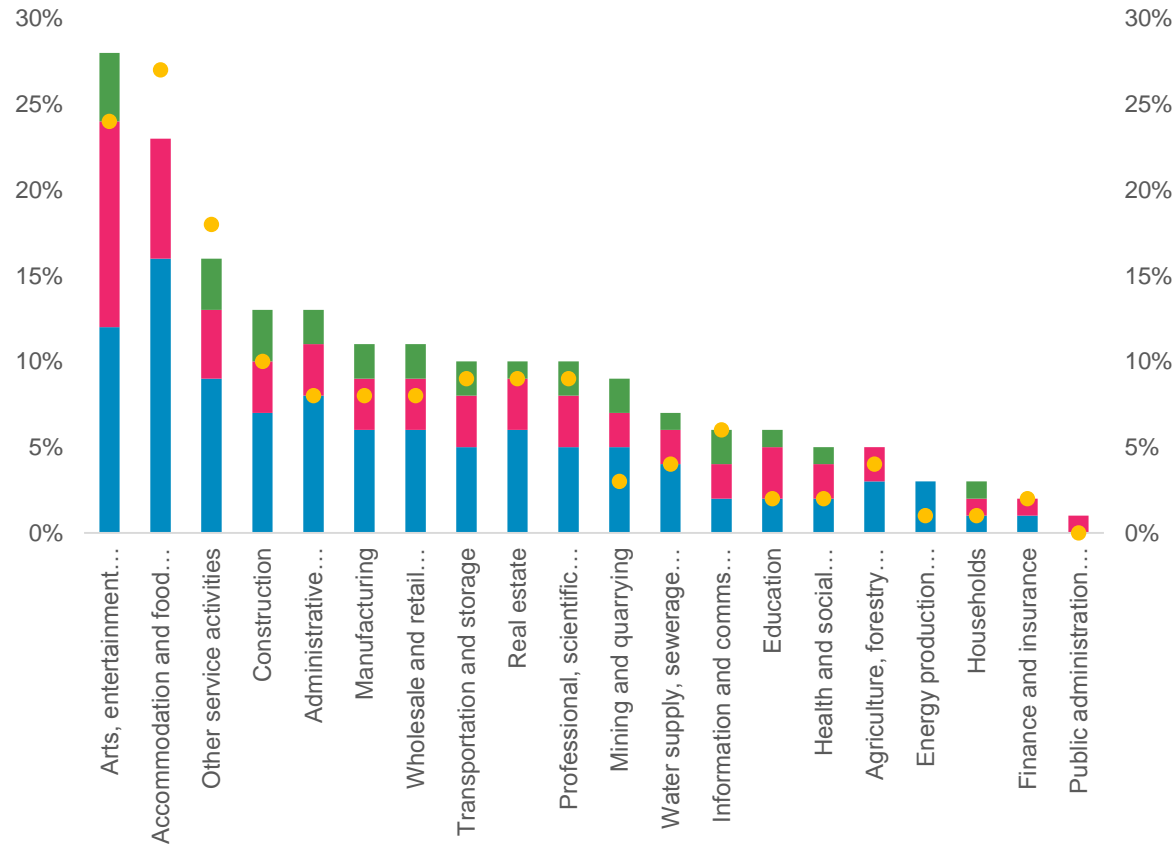


A majority (73%), 24 out of the 33 top constituencies (top 5%) in terms of take up are in **London**, yet none of the constituencies in the bottom 5% were in **London**.

2 other constituencies (Leyton & Wanstead and West Ham) also had a take up rate of 12%. And 10 other constituencies also had a take up rate of 8%.

All sectors across the UK saw a decline in take-up rates

UK CJRS falls in take up rates by sector (pp, LHS) for **August**, **September** and **October** (combined show overall fall since 31 July) and **take up rate in October (RHS)**

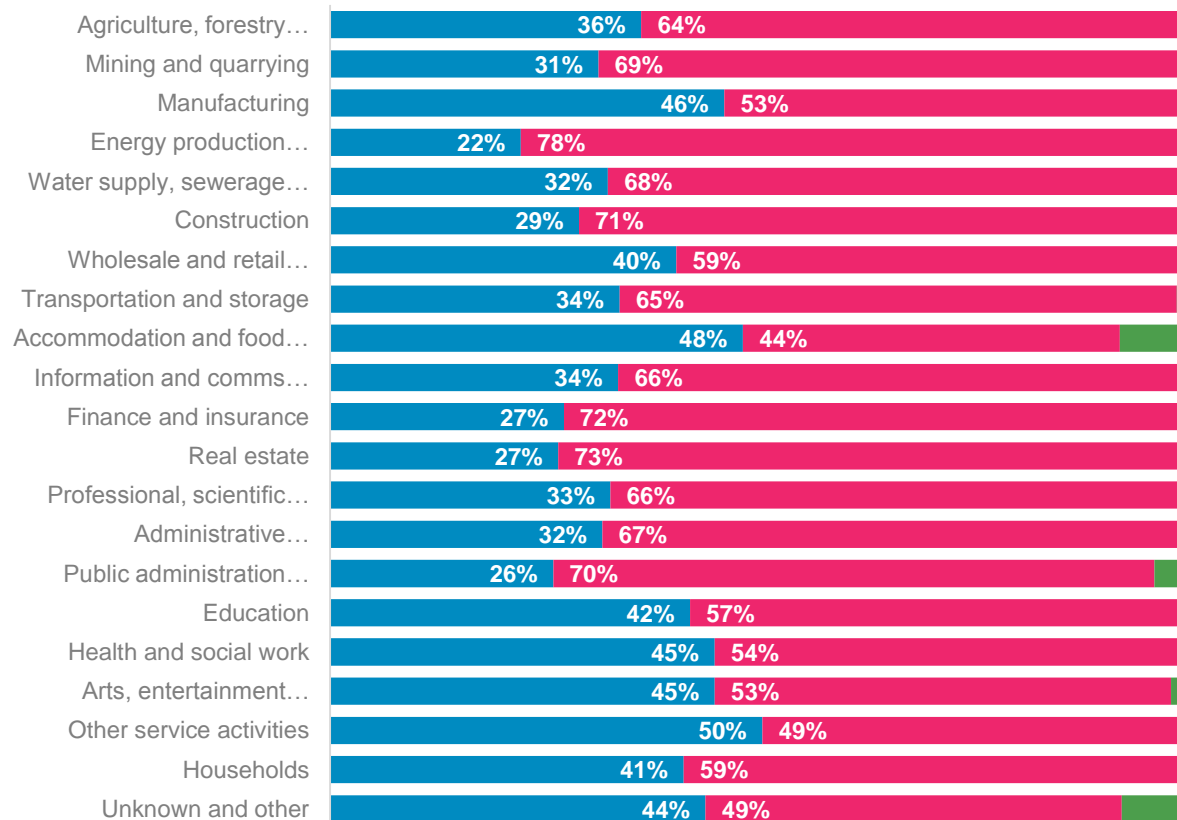


- For the **UK**, Arts, entertainment & recreation saw the biggest decline in take up rate over October (down 4pp, green band in chart), and the highest overall fall since 31 July (28pp, total height of bar in chart). With the fall this month, it now has the second highest take up rate, at 24% (after having the highest at end of September).
- After seeing the largest monthly fall in take up rate between 31 July and 31 August (blue band in chart), Accommodation and food services saw no change in take up rate over October, and now the highest rate of any sector (27%).
- Consistent with a slower rate of decline in people leaving furlough, monthly falls in take up rate have generally become smaller in each sector since 31 July.

Note that these industry breakdowns reflect the operations of the business rather than the operations of individual workers. Regional sectoral breakdowns are no longer available.

Partial furlough common in Accommodation and food services

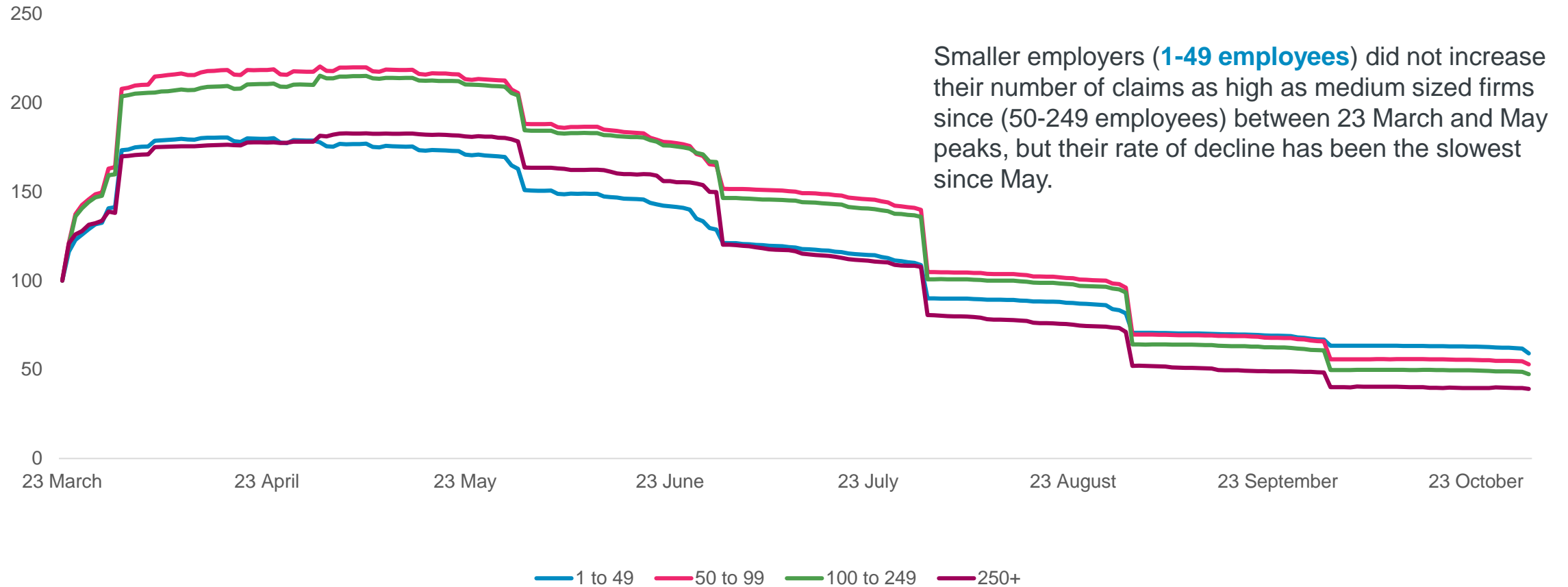
CJRS fully furloughed, partially furloughed or unknown shares for the UK at 31 October



- The share on partial furlough fell between 30 September and 31 October in all but five sectors.
- Accommodation & food services fell 3.4pp but still has one of the highest shares on partial furlough, at 48.1%. This is a positive sign for the sector, given it has the highest take up rate, at 27%.
- The largest increases were in Households (18.1pp), Education (6.3pp), and Arts, entertainment & social work (6.1pp).
- Increases in the share on partial furlough were smaller over October than in the previous two months.
- *Note that there are small proportions of claims which vary by sector whereby info on flexible furlough is not known.*

Smaller employers seeing a slower rate of decline in numbers on furlough since May peaks

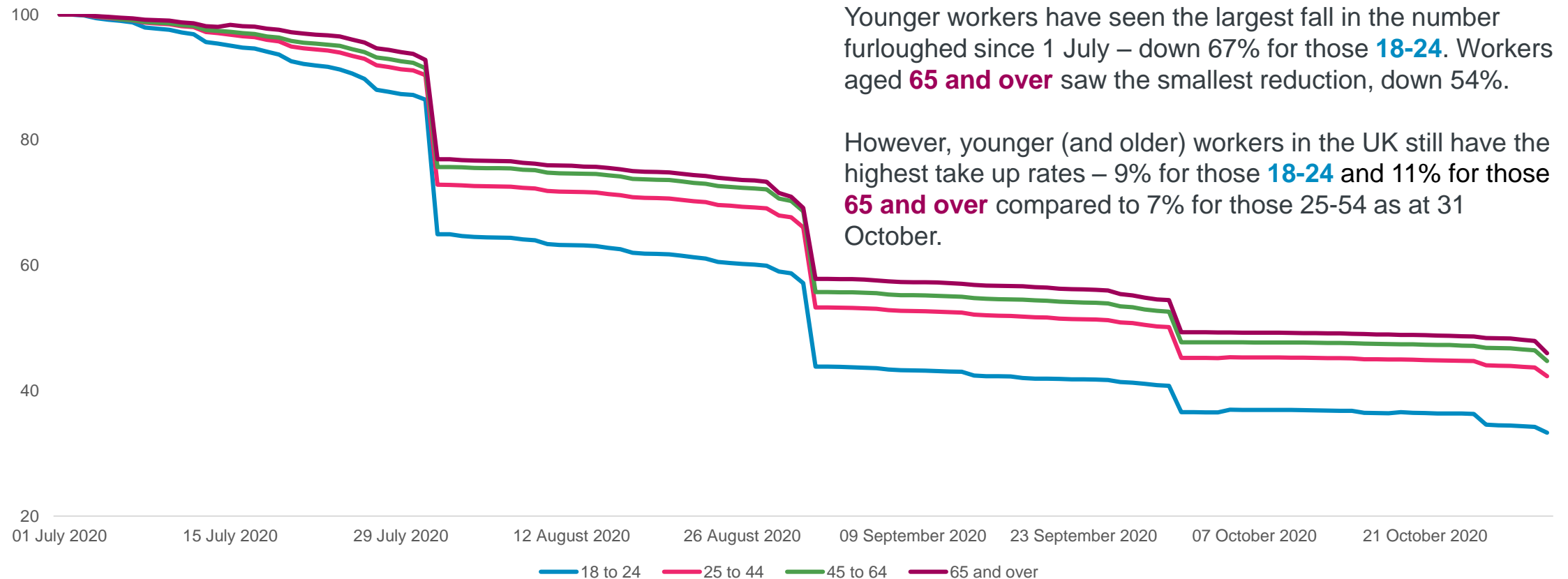
CJRS trend in the number of claims by size of employer since beginning of lockdown for the UK (Index 23 March = 100)



Note that the index captures the overall trend by employer size relative to the start of lockdown and does not depict level of CJRS claims, in addition to this a drop in claims could also be due to redundancies rather than return to work

Younger workers are seeing a slightly quicker decline in the number of employments furloughed since July

CJRS trend in furlough by age bracket for the UK (Index 1 July = 100)



Note: falls in numbers furloughed for younger workers can indicate either a transition back to work or a transition out of work, losing attachment to their previous employer. [Resolution Foundation](#) shows that in September compared to February, a larger share of younger workers are no longer in work relative to other age groups.