

London Labour Market Update

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Summary of latest labour market data

- **Payrolled employees** rose by around 42,000 or 1.0% between August and September 2021 but remain 1.2% below pre-pandemic (February 2020) levels.
- **Unemployment rate** estimated at 5.8% for the three months ending August 2021, down 0.8 percentage points (pp) on the quarter but up 0.5pp on the same period in the previous year (and above the UK average of 4.5%).
- **Employment rate** estimated at 74.9%, up by 0.3pp on the previous quarter but down 0.9pp from a year earlier.



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 August 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](#).

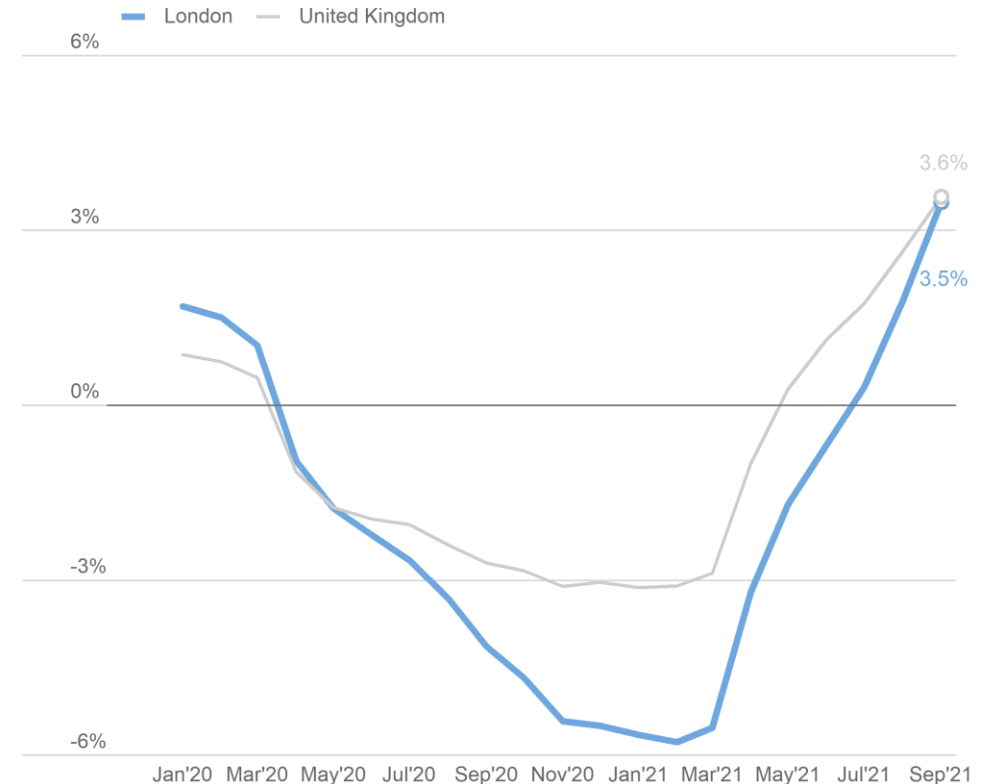
Payrolled employees in **London** rose sharply on the previous month again, yet remain below February 2020 levels

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 4.1 million payrolled employees living in London in September 2021, an increase of around 42,000 or 1.0% since August. This was the largest proportionate increase of any UK region or country.
- The number of payrolled employees living in London is now around 138,000 higher than in September 2020, a 3.5% increase on the previous year. This compares to 3.6% annual growth across the UK between September 2020 and September 2021 (see chart).
- However, the number of payrolled employees in London is still down on pre-pandemic (February 2020) levels – by 47,800 or 1.2%. This compares to a 0.4% increase across the UK on average, with all other regions/countries, except Scotland, now above February 2020 levels.

Payrolled employees, change on previous year

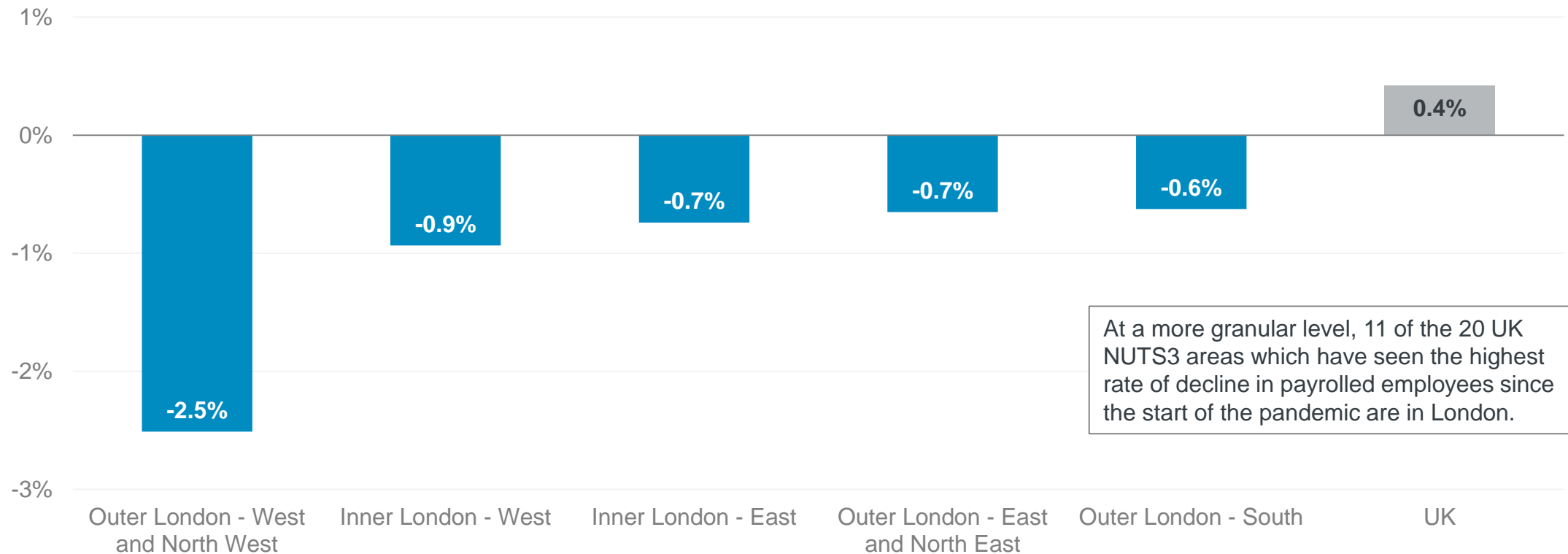
Latest data for period September 2021



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 September 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 remains close to the **UK** rate

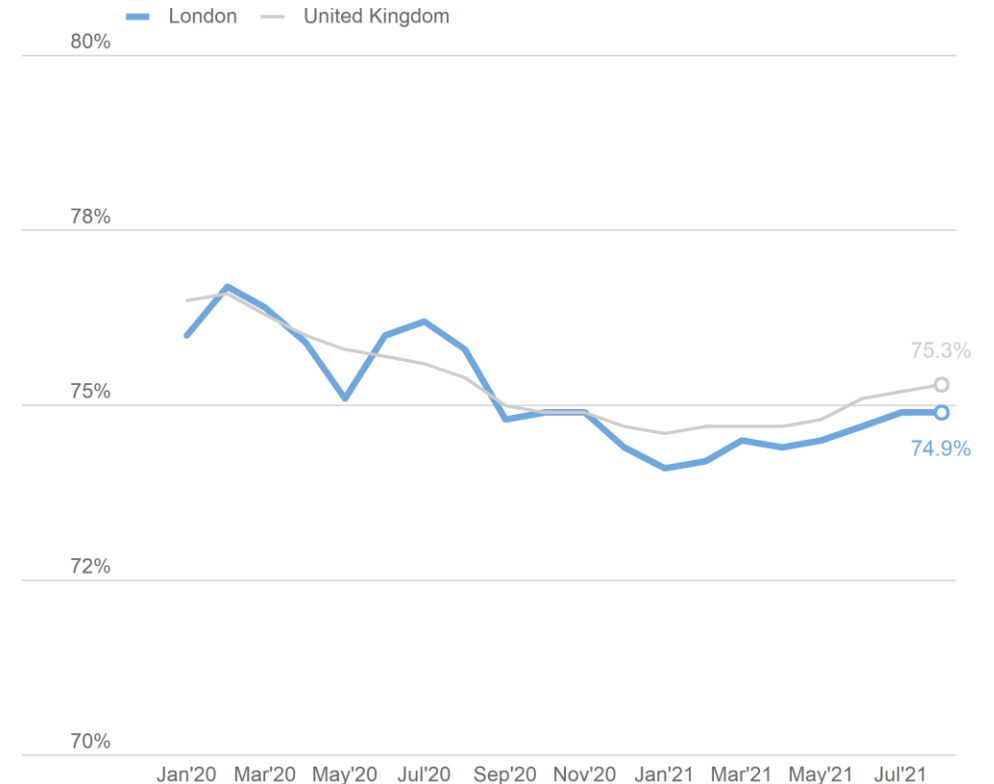
Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For June to August 2021:

- The 16-64 employment rate in **London** was estimated at 74.9%. This was up 0.3 percentage points (pp) on the previous quarter but still down 0.9pp from a year earlier.
- The overall **UK** employment rate was estimated at 75.3% – up 0.5pp on the quarter and down 0.1pp on the year.

Employment rate (% of working age population)

Latest data for period Jun 2021-Aug 2021



Source: ONS Labour Force Survey. Note: the margin of error for employment rate estimates is +/- 1.5% for London and +/- 0.1% for the UK.

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

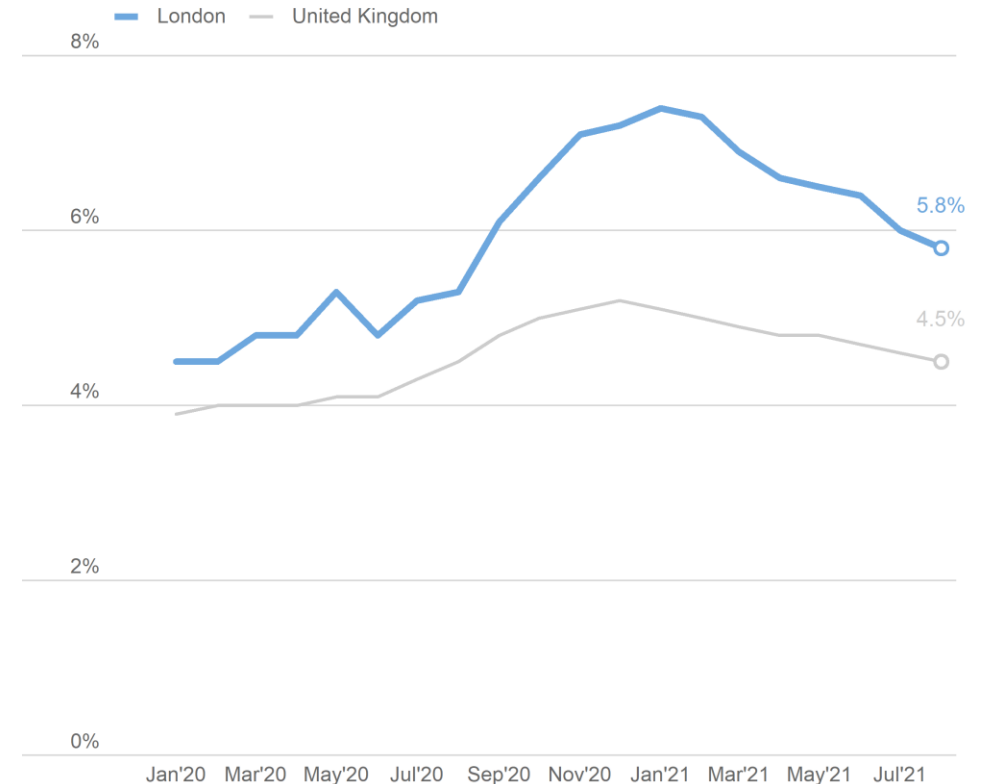
Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

For June to August 2021:

- The unemployment rate for **London** was estimated at 5.8% – down 0.8pp on the quarter and up 0.5pp from a year earlier.
- The **UK** unemployment rate was lower at 4.5% – down 0.4pp from the previous quarter and down 0.1pp on the year.

Unemployment rate (% of economically active)

Latest data for period Jun 2021-Aug 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 rose on the quarter and is also up on the year

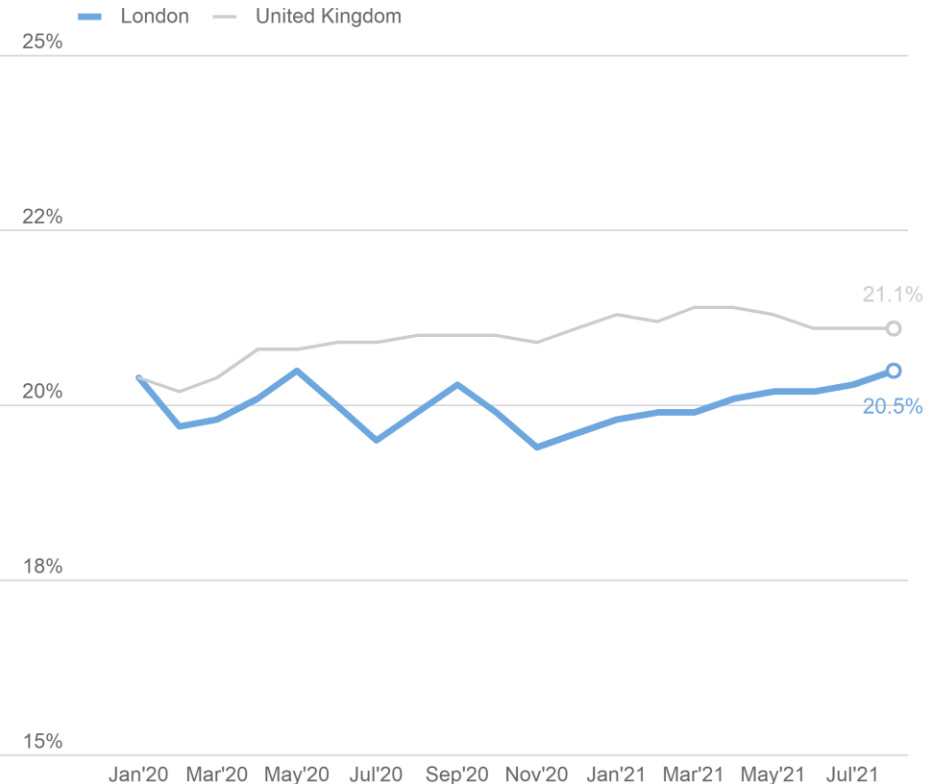
The economic inactivity rate is the proportion of 16 to 64-year olds not in work and either not looking for or unable to work.

For June to August 2021:

- The rate of economic inactivity in **London** was estimated at 20.5%. This was up 0.3pp on the previous quarter and up 0.5pp on the year.
- The **UK** rate of economic inactivity was 21.1%. This was down 0.2pp on the previous quarter and up 0.2pp on the previous year.

Economic inactivity (% of working age population)

Latest data for period Jun 2021-Aug 2021

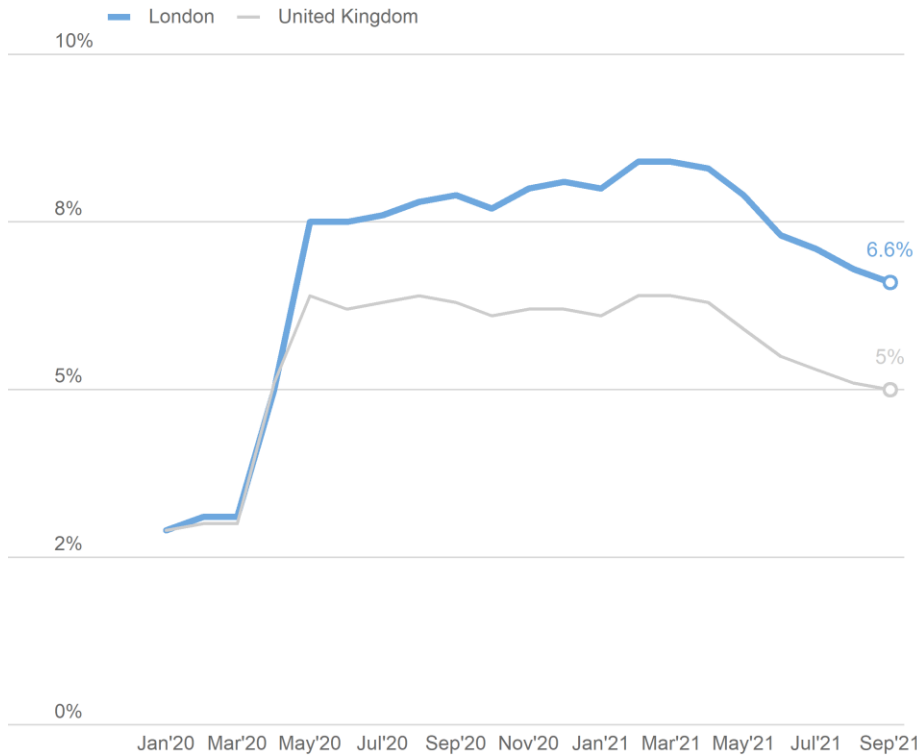


Source: ONS Labour Force Survey. Note: the London margin of error is not published for economic inactivity rates, the UK margin is +/- 0.4%.

The share of residents claiming unemployment related benefits in **London** declined in September but remains well above the UK average

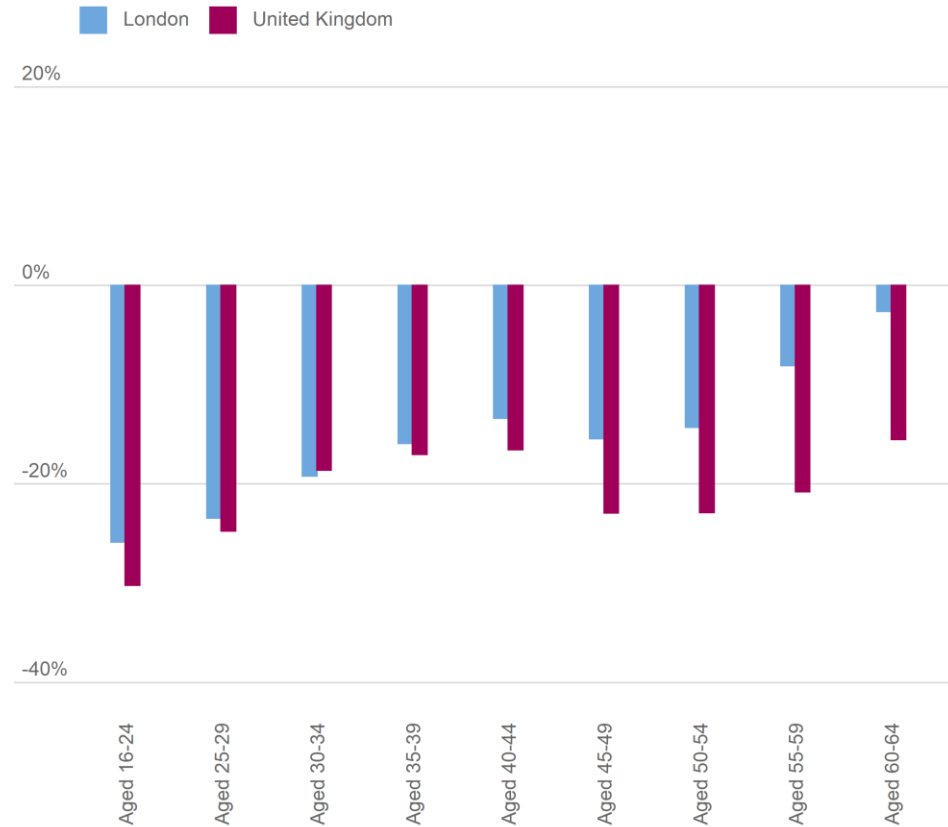
Claimant count (as a % of residents aged 16 to 64)

Latest data for period September 2021



Year-on-year percentage change in claimant count

Latest data for period September 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 June - August 2021	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
Employment										
London	4,758	33	▲	-37	▼	74.9	0.3	▲	-0.9	▼
UK	32,416	235	▲	-49	▼	75.3	0.5	▲	-0.1	▼
Unemployment										
London	292	-38	▼	23	▲	5.8	-0.8	▼	0.5	▲
UK	1,510	-126	▼	-33	▼	4.5	-0.4	▼	-0.1	▼
Economic inactivity (16 - 64)										
London	1,253	17	▲	35	▲	20.5	0.3	▲	0.5	▲
UK	8,715	-91	▼	50	▲	21.1	-0.2	▼	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+.