



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 employment rate in the capital is the highest since the record began while unemployment has started to increase. Overall this suggests that the Government support has been mitigating the impact of COVID-19 on the labour market.

For **London**, in the three months to July 2020 compared against the previous quarter:

- The employment rate increased by 0.7 percentage points (pp) to 77.0%.
- The unemployment rate was 5.0% - up 0.3 pp.
- The economic inactivity rate fell to 18.9% (-0.9pp).

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 that in **London**:

- The number of claims has increased by 161% (298k) since March – higher than the **UK** increase (121%).
- Between July and August the number of claims in the **capital** went up by around 18.8k, the highest increase across **UK** regions.
- Workers aged 25-29 in saw the largest year on year increase in claims (+247%). 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 (+17.4k).
- Among parliamentary constituencies, West Ham claims increased by most compared to the same period last year (+9.4k), followed by Tottenham and East Ham.

However, 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)

Updated Workforce Jobs data shows that in the second quarter of 2020 in **London:**

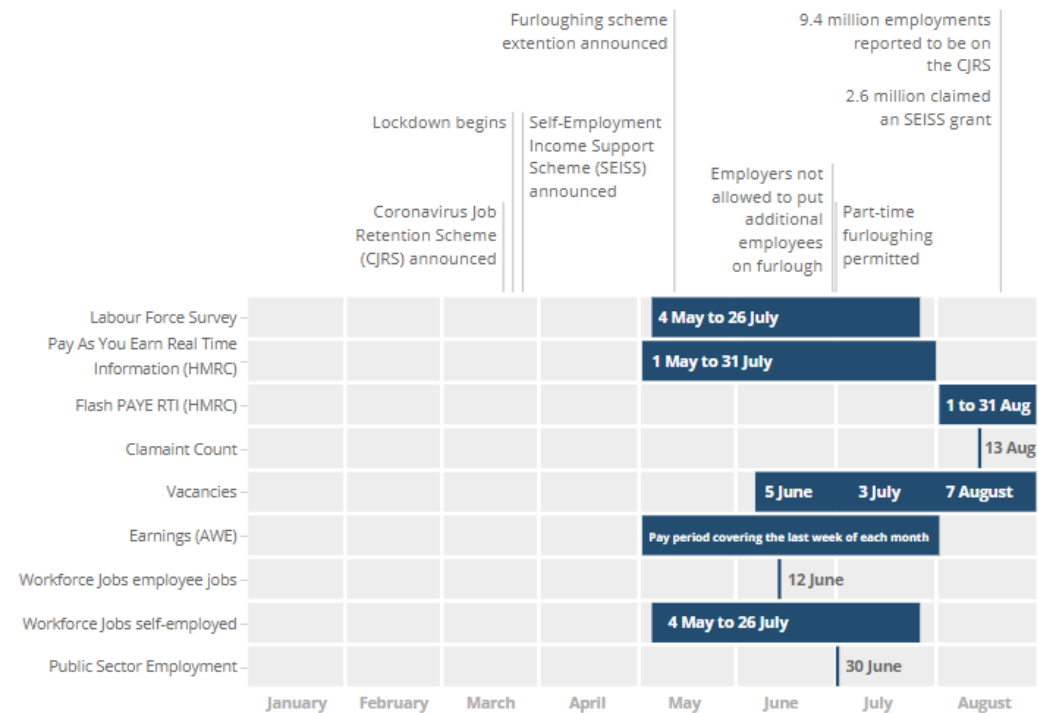
- There were 6.02 million jobs. This marks a fall of 104,000 or 1.7% on the previous quarter – the largest fall across all UK regions, and higher than the decline for the UK over the same period (-0.1%).
- The fall on the quarter in self-employment jobs (-7.2%) was much higher than the decline for employee jobs (-0.9%)
- In terms of sectors, Real Estate Activities saw the highest annual growth in jobs (+44,300), whereas Professional services saw the largest decline (-43,000).

The ONS has also published **UK** data on actual hours worked, number of PAYE employees, vacancies and redundancies which overcome some of the data limitations that we discuss in Slide 4. These statistics, mostly available at the UK level only, show that:

- Between February to April 2020 and May to July 2020, total actual weekly hours worked in the UK decreased by 93.9 million to 866.0 million hours. Though still large, the reductions in total hours worked both on the year and the quarter are smaller than last month.
- In August there were 695,000 fewer **people in paid employment** than in March 2020 and 36,000 fewer than in July 2020.
- The rate of decline in **employee pay growth** slowed in July following strong falls in the previous three months.
- **Redundancies** in the UK have gone up by 58,000 on the year and 48,000 on the quarter, reaching a total of 156,000
- For June to August 2020, there were an estimated 434,000 job **vacancies** in the **UK** (+30% relative to the period April-June).

ONS headline indicators mostly refer to the lockdown period

Data source reporting periods, reference periods and count dates alongside main coronavirus (COVID-19) dates



Data for headline indicators cover up until the end of July. This is the first time that the data covers a time when some of the coronavirus (COVID-19) lockdown measures were eased.

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 July and it does not account the latest policy and labour market developments. For example it will not capture job losses that have happened since employers had to start contributing to the costs of furloughed workers at the start of August. 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** is still high by historical standards

In the three months to July 2020, **London's** 16-64 **employment rate** was estimated at 77.0%. This was up by 0.7pp on the previous quarter, 2.7 pp on the year and the highest since records began in 1992.

For the **UK**, the employment rate was estimated at 76.5%, up by 0.1pp on the quarter, placing **London's** increase among the top regions:

- The North East, Yorkshire and the Humber, and the West Midlands all saw quarterly increases between 0.7pp and 1pp – positioned in the top group with London. **London** and the North East also had the highest annual increases.
- While the East Midlands and the South West saw falls of over 1pp in the quarter and the annual fall for the South West was nearly 3pp.

Looking at the changes in employment in the **capital** by gender shows that women made up 70% of the quarterly increase, up 34,000 for women and 14,800 for men. This reverses the trend from the March to May and April to June periods, where employment fell, driven by falls for women.

Employment rates by age are not seasonally adjusted, so comparisons are against the previous year. The employment rate in **London** for those aged 16-24 fell slightly, but increased for all other groups:

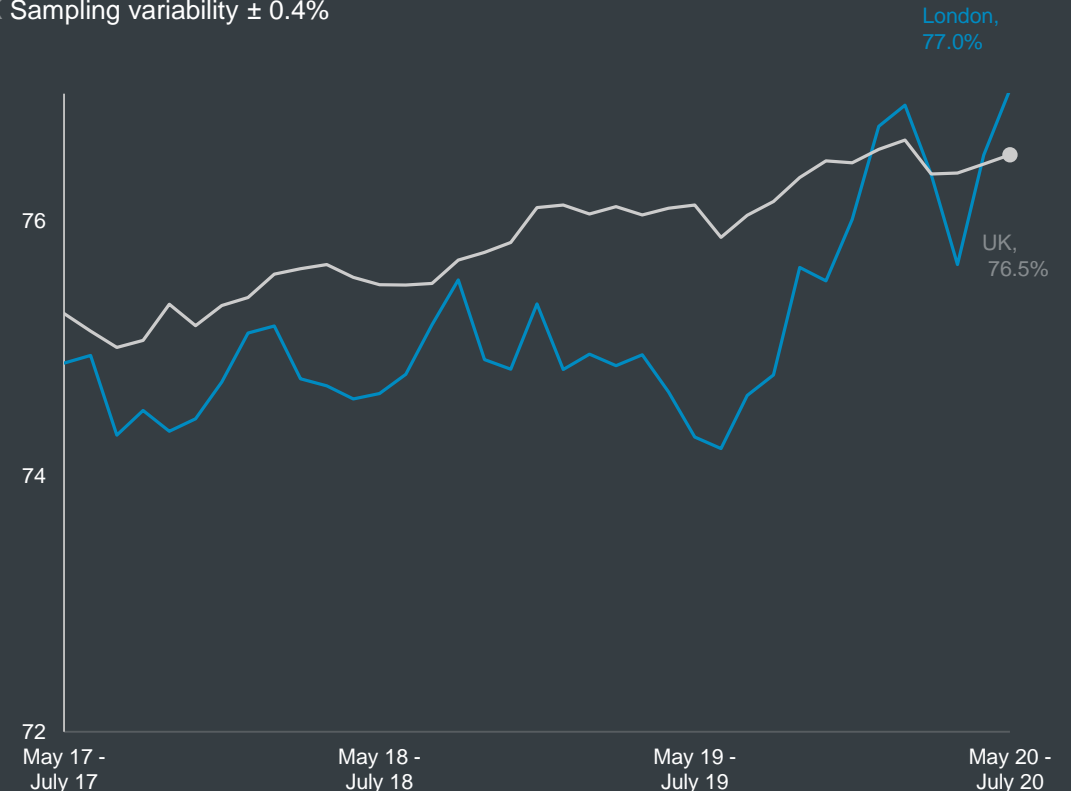
- The 25-34 age group saw the largest increase, up 5.6pp.
- For the 16-24 group, the rate fell for women but increased for men.
- For the 35-49 group, the rate fell for men but increased for women.

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 is now rising

The **unemployment rate** in the **capital** was 5.0% in the three months to July 2020, up 0.3pp from the previous quarter and year.

The **UK** unemployment rate was estimated at 4.1%, up 0.2pp from the previous the quarter and 0.3pp up on the year.

The number of people unemployed in **London** increased by 21,000 relative to last quarter (up 9.1%). This increase was split relatively evenly between men and women, 11,000 and 10,300 respectively, and men and women had similar increases in their unemployment rates (between 0.3pp and 0.4pp).

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

- The rate fell 0.4pp for the 50-64 group but increased for all other age groups.
- The largest increases were in the 16-24 and 25-34 age groups, up 1.2pp and 1.0pp respectively.
- Increases in the 16-24 and 25-34 groups were driven by increases in the rate for women.

Source: ONS Labour Force Survey 2020

Unemployment rate (% of economically active)

London Sampling variability $\pm 0.9\%$

UK Sampling variability $\pm 0.2\%$



London's inactivity rate continues to fall

In the three months to June 2020, the rate of **economic inactivity** in **London** (the proportion of 16 to 64 year olds not in work and not looking for or not able to work) was 18.9%, down 0.9 pp on the previous quarter and down 3.1pp on the year.

This decrease in inactivity was somewhat expected, as more people previously classified as inactive transitioned to unemployment. However, there were positive signs that many have also transitioned into employment.

The **UK's** rate of economic inactivity was slightly higher at 20.2%, down 0.3 pp on the previous quarter and 0.6pp on the year.

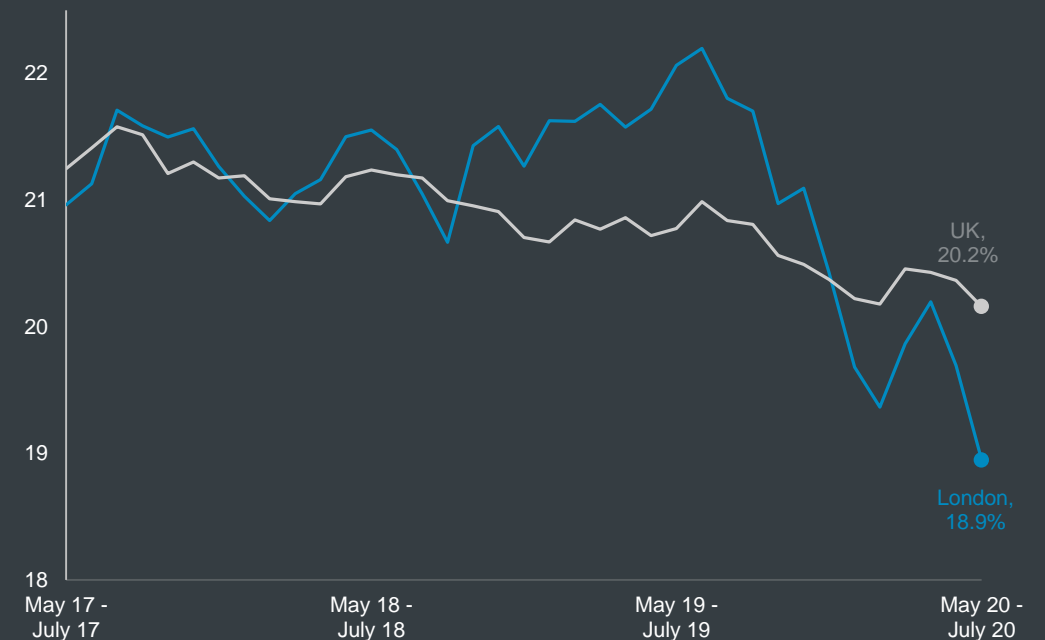
Looking at the changes in inactivity by gender in the **capital** shows women accounted for 67% of the decrease (-36,200).

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

- The largest decrease was for the 25-34 age group, down 6.8pp to a rate of 6.6%. 60% of the fall in this group was attributable to women. This large fall in economic inactivity for women 25-34 coincided with increases in the employment rate and unemployment rate.
- There was a decrease of 7.6pp in the rate for men 65+, coinciding with a 7pp increase in the employment rate for that group.
- The 16-24 age group saw the smallest decrease, down 0.6pp to 48.7%.

Source: ONS Labour Force Survey 2020

Economic inactivity (% of working age population)
London Sampling variability (not published)
UK Sampling variability $\pm 0.4\%$



The overall claimant count in **London** is up 298k on March

Since March 2020, the number of claims by residents aged 16+ in the **capital** has gone up by 161% (298,340), reaching a total of 483,480 claims. After the South East (+162%), this was the highest regional proportional increase. In the **UK**, the claimant count has increased by 121% (almost 1.5 million) since March. The **capital** accounted for around a fifth of this increase.

Between July and August, the number of claims increased across all **UK** regions, totalling 73,730. The number of claims in **London** increased by 18,850 – the highest in the UK and accounting for quarter of the national increase in claims.

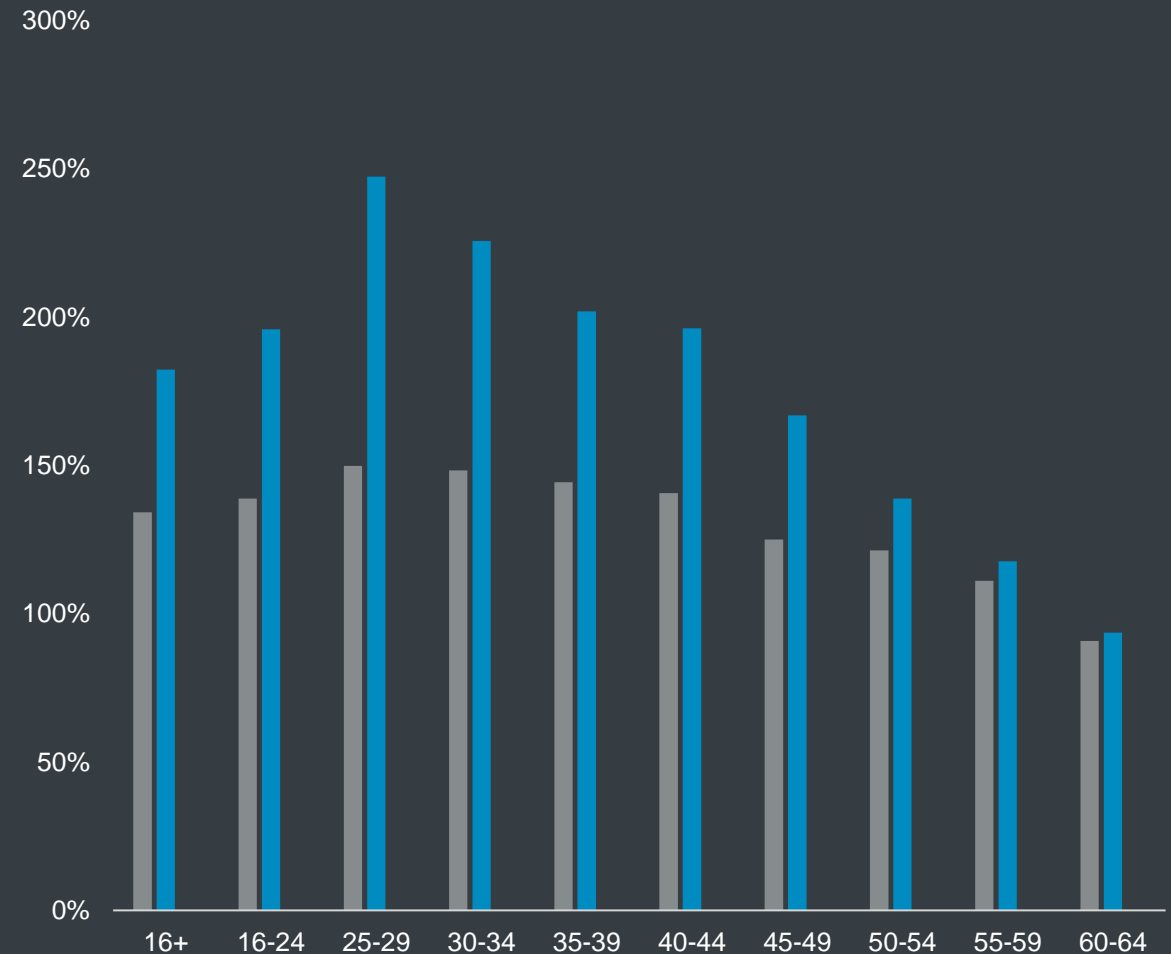
Looking at claims by gender in the **capital**:

- Claims by men increased by 173% (175,795) compared to March – 6% (10,940) of this increase was seen between July and August.
- Claims by women rose by 147% (122,360) compared to March, with 6% (7,910) occurring between July and August.
- Overall, women accounted for 41% of the increase in claims in **London**. This was higher than in other UK regions.

Comparing August 2020 against August last year, workers aged 25-29 saw the largest proportional increase in claims in the **capital** (247%), followed by the 30-34 (226%) age group. All age groups in **London** experienced a larger proportional increase than their **UK** counterparts (see chart).

Source: ONS Labour Market Statistics

Claimant count change (%) by age groups, August 2019 - August 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**, Newham was the local authority with the largest year on year change (+17,440). Kensington & Chelsea had the smallest increase (+3,880) (excluding the City of London).

Looking at the data by parliamentary constituency shows that:

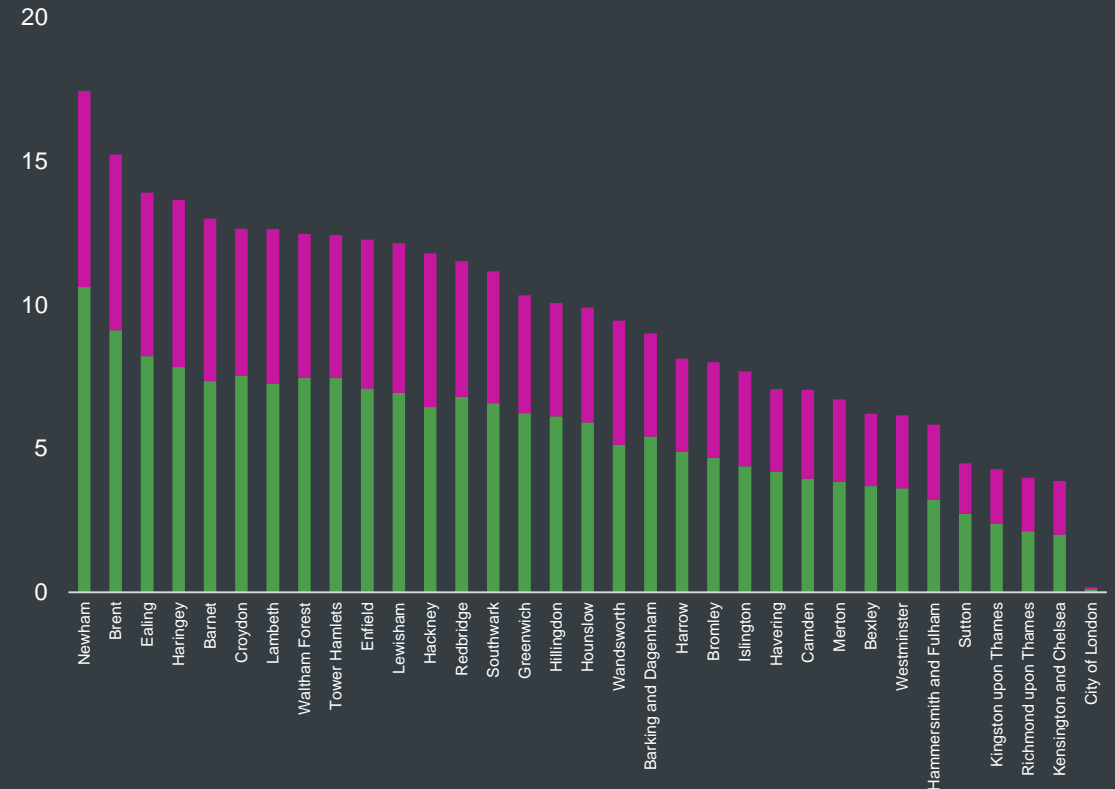
- West Ham had the largest year on year increase (+9,400), followed by Tottenham (+8,430), and East Ham (+8,045). Orpington had the smallest increase (+1,870).
- Tottenham saw the largest year on year increase in the share of working age residents claiming benefits (+8.5pp), followed by Brent Central (+7.8pp) and East Ham (+7.3pp). Chelsea and Fulham saw the smallest increase (+3.4pp) over the same period (excluding City of London & Westminster).

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

- West Ham saw the largest increase in the number of claims by 18-24 year old residents, followed by East Ham and Tottenham.
- The same parliamentary constituencies also 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 West Ham and Tottenham.

Source: ONS Labour Market Statistics

Year on year change in claimants for August 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, August 19 – August 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	9,400	West Ham	1,560	West Ham	6,195	Brent Central	1,700	Tottenham	8.5
2	Tottenham	8,430	East Ham	1,395	Tottenham	5,630	West Ham	1,640	Brent Central	7.8
3	East Ham	8,045	Tottenham	1,255	East Ham	5,220	Tottenham	1,540	East Ham	7.3
4	Brent Central	7,785	Brent Central	1,155	Brent Central	4,930	East Ham	1,435	Walthamstow	7.1
5	Ilford South	6,300	Barking	1,140	Bethnal Green and Bow	4,260	Ilford South	1,215	West Ham	6.9
Bottom 5										
Ranking	16+		18-24		25-49		50+		% of 16-64 residents	
69	Sutton and Cheam	2,210	Orpington	370	Bexleyheath and Crayford	1,370	Old Bexley and Sidcup	450	Carshalton and Wallington	3.4
70	Ruislip, Northwood and Pinner	2,190	Chelsea and Fulham	360	Ruislip, Northwood and Pinner	1,355	Orpington	435	Sutton and Cheam	3.4
71	Old Bexley and Sidcup	2,010	Cities of London and Westminster	355	Old Bexley and Sidcup	1,155	Ruislip, Northwood and Pinner	430	Orpington	3.4
72	Beckenham	1,930	Wimbledon	355	Beckenham	1,100	Beckenham	425	Chelsea and Fulham	3.4
73	Orpington	1,870	Sutton and Cheam	315	Orpington	1,060	Wimbledon	420	Cities of London and Westminster	2.7

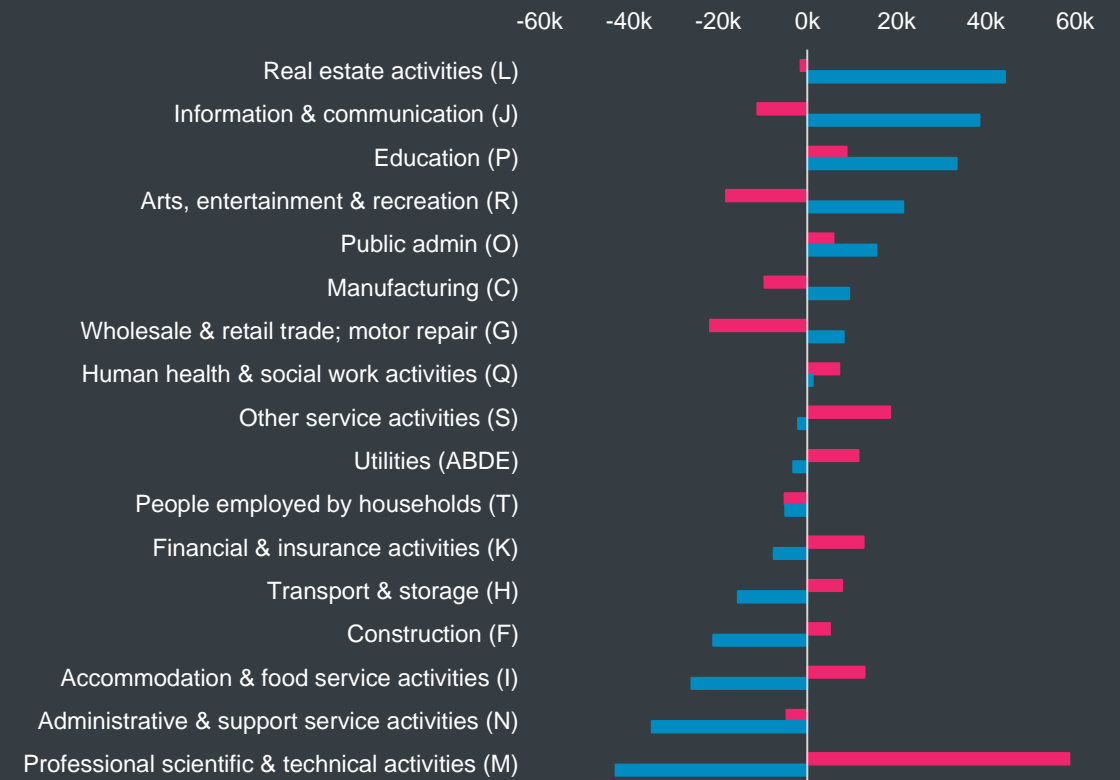
Source: ONS Labour Market Statistics. Note that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed

The number of jobs in the **capital** fell in Q2

- Provisional data on workforce jobs shows that in the second quarter of 2020 there were 6.02 million jobs in **London**, after a fall of 104,000 or 1.7% on the previous quarter. This was the largest quarterly fall across all UK regions, and higher than the overall decline for the **UK** over the same period (-0.1%).
- Looking at jobs by type shows that self-employment jobs (-7.2%) in **London** saw a larger proportional fall than employee jobs (-0.9%).
- By sector, the jobs data for **London** (see chart) shows that:
 - Real Estate Activities saw the highest annual growth in jobs (+44,300), followed by Information & Communication (+38,600), and Education (+33,450).
 - Professional services saw the largest fall (-43,000), followed by Administrative and support activities (-34,900), and Accommodation & food service activities (-26,000).

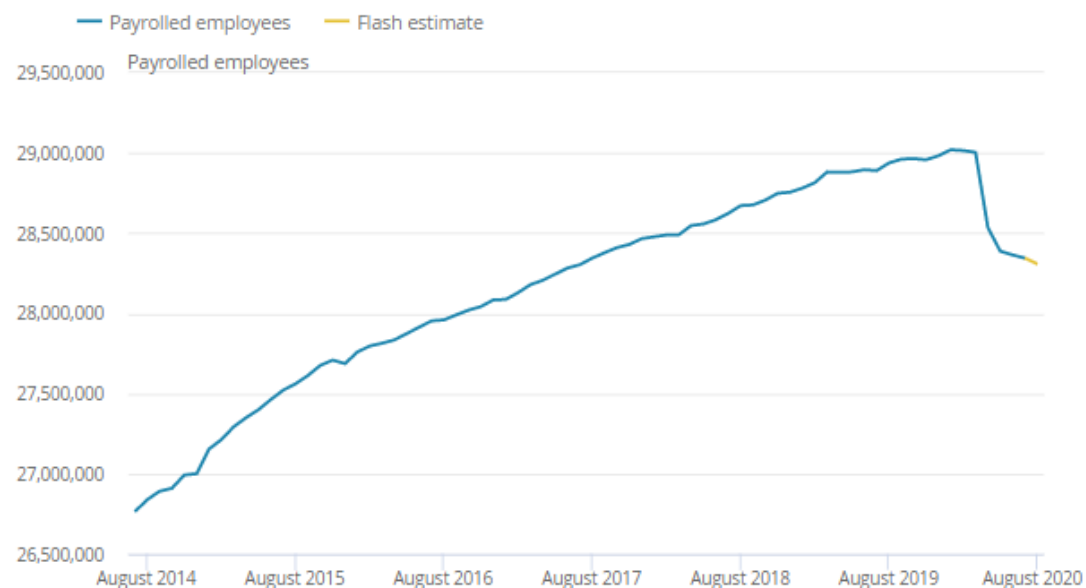
Source: ONS Workforce Jobs

Jobs growth in London by sector, **last 12 months** (2019-20 Q2) and **previous 12 months** (2019-19 Q2)



Across the UK the number of people in paid employment continues to fall

Payrolled employees, seasonally adjusted, UK, July 2014 to August 2020



Source: HM Revenue and Customs – Pay As You Earn Real Time Information

ONS has published data on actual hours worked, number of employees on payroll, pay, redundancies and vacancies:

- Between February to April 2020 and May to July 2020, **total actual weekly hours worked** in the **UK** decreased by 93.9 million to 866.0 million hours. Though still large, the reductions in total hours worked both on the year and the quarter are smaller than last month, with the May to July period covering a time when some of the coronavirus (COVID-19) lockdown measures were eased.
- Experimental monthly estimates of paid employees in the **UK** using HMRC PAYE data show that in August there were 695,000 fewer people in paid employment than in March 2020 and 36,000 fewer than in July 2020. **ONS analysis** suggests that the fall in paid employment in the last three months is driven by lower than usual inflows, rather than higher outflows.
- The rate of decline in **employee pay growth** slowed in July following strong falls in the previous three months. As some employees return to work, nominal regular pay growth has turned positive for May to July 2020 after being negative in the three months to June 2020.
- **Redundancies** in the UK have gone up by 58,000 on the year and 48,000 on the quarter, reaching a total of 156,000. This is the highest level since 2009, but still considerably lower than in 2008.
- For June to August 2020, there were an estimated 434,000 job **vacancies** in the **UK**. This was 30% higher than the record low in the April-June period. **ONS analysis** suggests that this increase is mainly driven by small businesses taking on new staff to meet COVID-19 guidelines.

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

May 2020 - July 2020	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter	Change on Year	Latest Estimate	Change on Quarter	Change on Year	Latest Estimate	Change on Quarter	Change on Year	
Employment										
London	4,880	52 ▲	248 ▲	77.0	0.7 ▲	2.7 ▲				
UK	32,979	-12 ▼	202 ▲	76.5	0.1 ▲	0.4 ▲				
Unemployment										
London	256	21 ▲	31 ▲	5.0	0.3 ▲	0.3 ▲				
UK	1,398	62 ▲	104 ▲	4.1	0.2 ▲	0.3 ▲				
Economically Inactive (16 - 64)										
London	1,158	-54 ▼	-181 ▼	18.9	-0.9 ▼	-3.1 ▼				
UK	8,352	-118 ▼	-235 ▼	20.2	-0.3 ▼	-0.6 ▼				

**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+.*