

# London labour market update

Adama Lewis, GLA Economics

May 2021



## Summary of latest labour market data

- **Payrolled employees** living in London down by 109,000 or 2.7% from the previous year, three times the rate of decline recorded on average nationally.
- **Unemployment rate** for the three months ending March 2021 rose to 6.8%, up 2.0 percentage points on the previous year (up 0.8 percentage points across the UK).
- **Employment rate** fell to 74.8% over the same period, 1.8 percentage points lower than for a year earlier (1.2 percentage points lower across the UK).
- **Economic inactivity rate** is virtually unchanged on the year 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 March 2021. This briefing summarises 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.

# Compared with April 2020, the number of employees in **London** is down by 2.7%

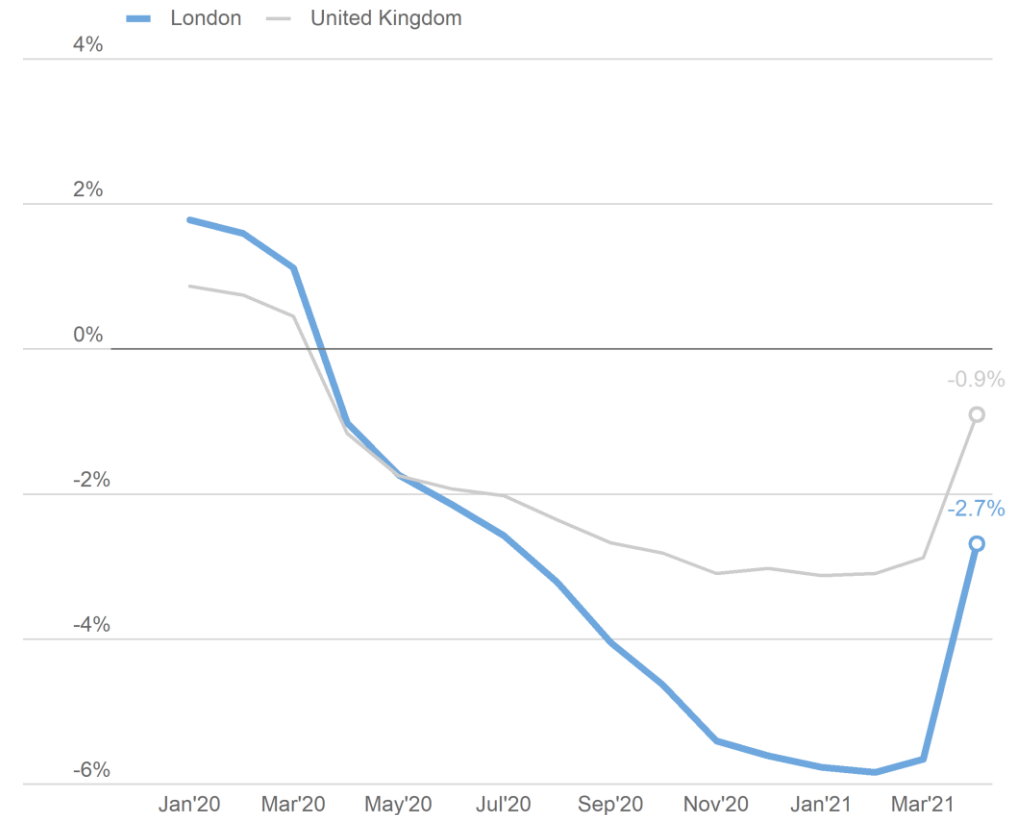
The count of payrolled employees from HMRC's Pay As You Earn (PAYE) RTI dataset offers the best single measure of resident labour market trends:

- Early estimates indicate that there were 3.95 million payrolled employees living in London in April 2021.
- Comparing April 2021 with April 2020, that number has declined by almost 109,000 or 2.7% – this is three times the rate of decline for the UK as a whole (0.9%).
- Comparing with the previous month, there was a rise in the number of employees paid through payroll in April (up by 33.7k or 0.9%). This was higher than the monthly rise seen across the UK (0.3%).

An age breakdown is available at the UK level. This indicates that around 56% of the fall in UK payrolled employees between April 2020 and April 2021 has been among employees aged under 25.

## Payrolled employees, change on previous year

Latest data for period April 2021



All parts of **London** experienced a relatively sharp decline on the year compared to the UK as a whole

### Payrolled employees, change on previous year by NUTS2 region

Latest data for period April 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

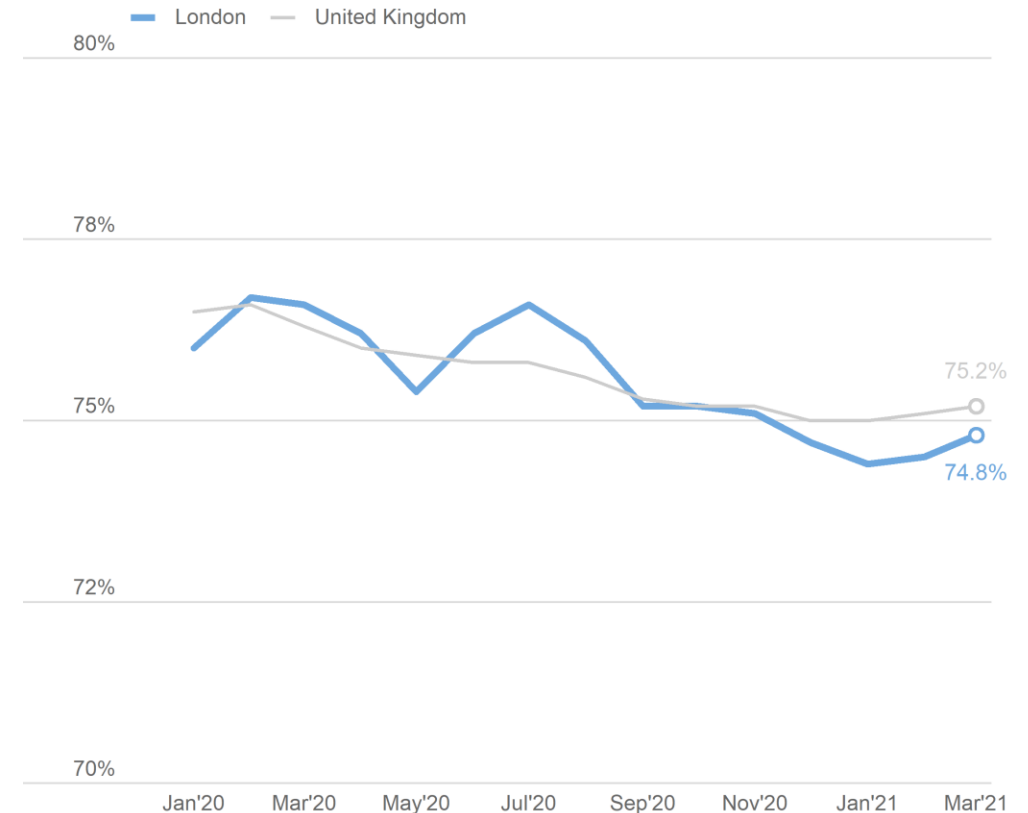
Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For January to March 2021:

- The 16-64 employment rate in **London** was estimated at 74.8%. This is up 0.1 percentage points (pp) on the quarter but down 1.8pp from a year earlier.
- The overall **UK** employment rate was estimated at 75.2% – up 0.2pp on the quarter and down 1.2pp on the year.

### Employment rate (% of working age population)

Latest data for period Jan 2021-Mar 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 fell slightly on the quarter after steep rises in previous periods

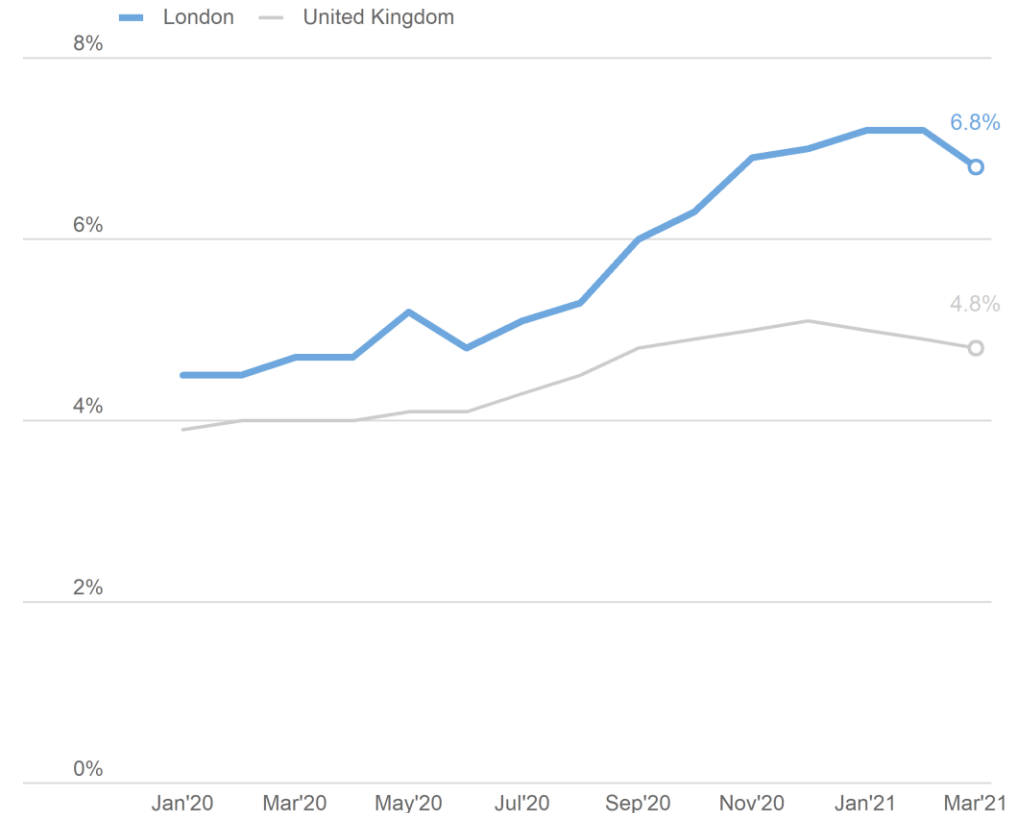
Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

For January to March 2021:

- The unemployment rate for **London** was 6.8% – down 0.2pp on the quarter and up 2.0pp from a year earlier.
- The **UK** unemployment rate was estimated at 4.8%, down 0.3pp from the previous quarter and up 0.8pp on the year.

### Unemployment rate (% of economically active)

Latest data for period Jan 2021-Mar 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

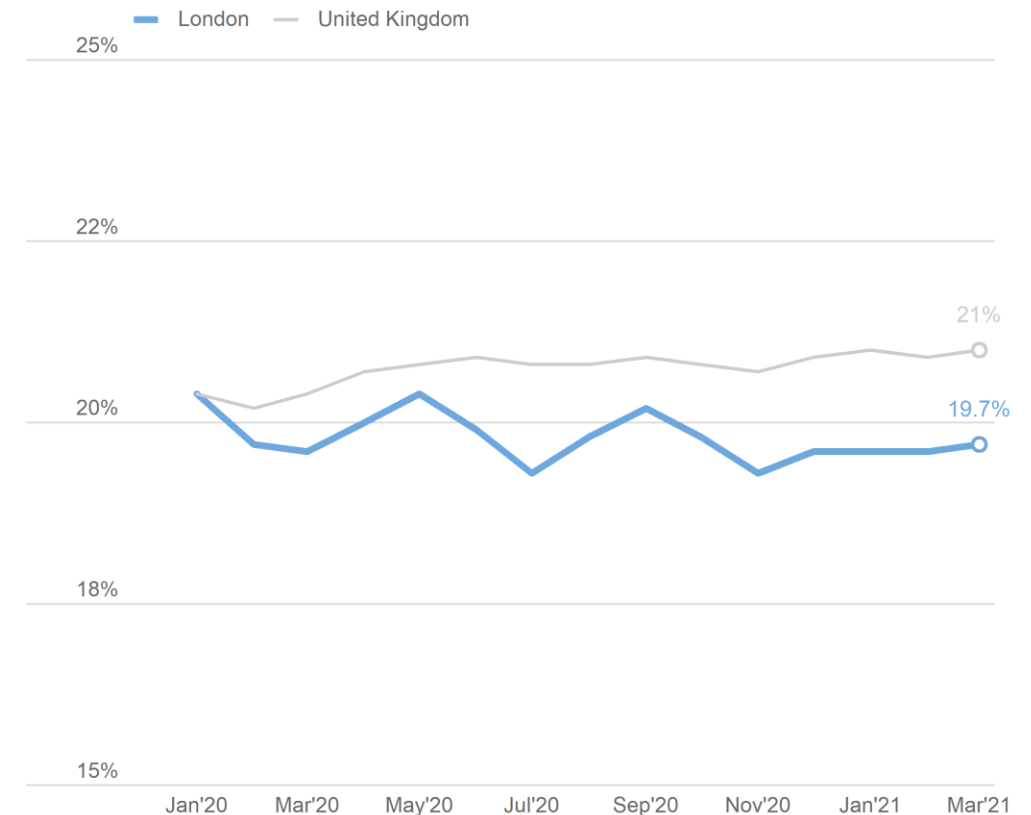
The economic inactivity rate is the proportion of 16 to 64-year olds not in work and either not looking for or unable to work.

For January to March 2021:

- The rate of economic inactivity in **London** was 19.7%. This was up 0.1pp on both the previous quarter and on the year.
- The **UK** rate of economic inactivity remained slightly higher at 21.0%. This was up 0.1pp on the previous quarter and up 0.6pp compared with the previous year.

### Economic inactivity (% of working age population)

Latest data for period Jan 2021-Mar 2021



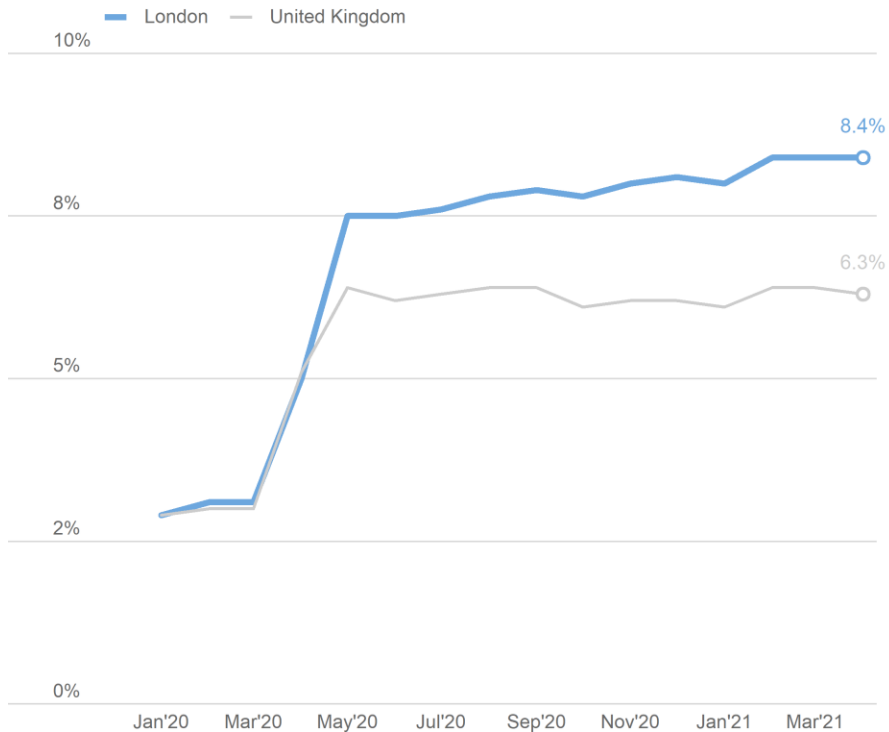
Source: ONS Labour Force Survey. Note: the London margin of error is not published for economic inactivity rates, the UK margin is +/- 0.4%.



# The number of **Londoners** claiming unemployment related benefits has stabilised in the last month with no change in the headline claimant rate

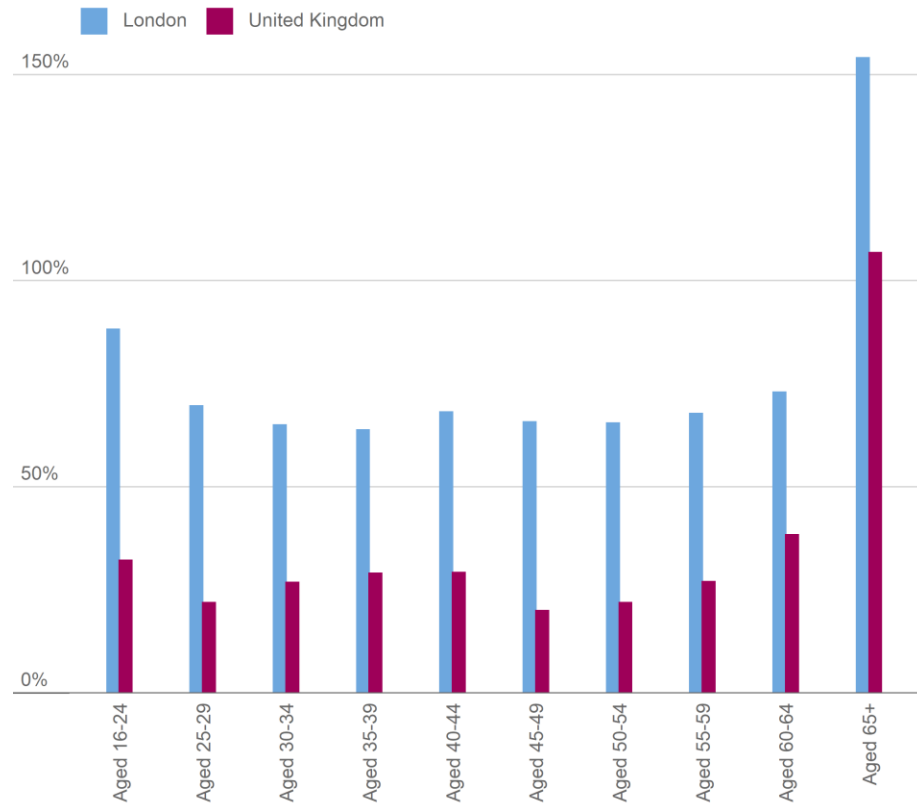
### Claimant count (as a % of residents aged 16 to 64)

Latest data for period April 2021



### Year-on-year percentage increase in claimant count

Latest data for period April-2021



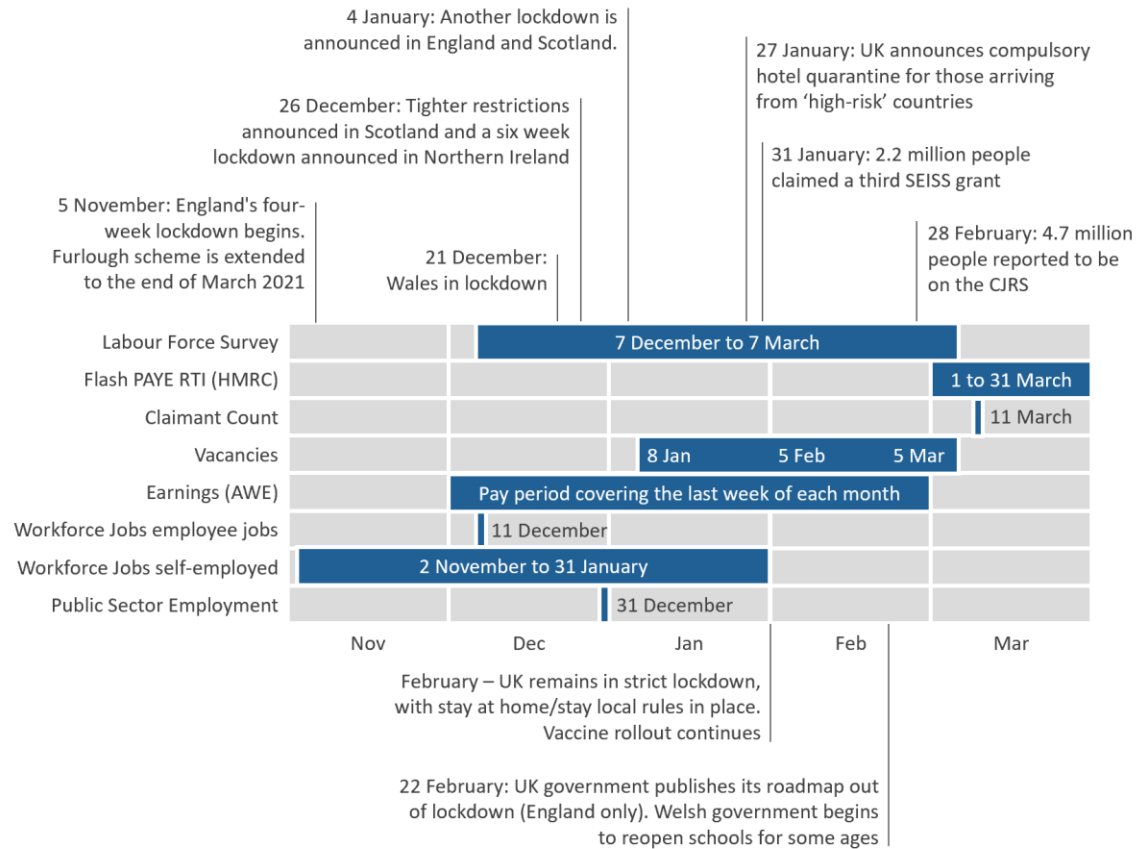
Source: ONS Claimant Count by sex and age (NSA). Note: an increasing number of people recently became eligible for unemployment-related benefit support, although still employed. Changes in the claimant count will not be due wholly to changes in unemployment.

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

Headline estimates for January - March 2021	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
<b>Employment</b>										
<b>London</b>	4,755	-10	▼	-115	▼	74.8	0.1	▲	-1.8	▼
<b>UK</b>	32,476	84	▲	-529	▼	75.2	0.2	▲	-1.2	▼
<b>Unemployment</b>										
<b>London</b>	345	-11	▼	104	▲	6.8	-0.2	▼	2.0	▲
<b>UK</b>	1,623	-121	▼	258	▲	4.8	-0.3	▼	0.8	▲
<b>Economic inactivity (16 - 64)</b>										
<b>London</b>	1,210	9	▲	14	▲	19.7	0.1	▲	0.1	▲
<b>UK</b>	8,712	48	▲	255	▲	21.0	0.1	▲	0.6	▲

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