

London Labour Market Update

Adama Lewis and Nick Jacob, GLA Economics

August 2021



Summary of latest labour market data

- **Payrolled employees** up by almost 30,000 or 0.7% on the previous month (the fifth consecutive month of growth), bringing the number of payrolled employees in London close to levels seen in June 2020.
- **Unemployment rate** estimated at 6.4% for the three months ending June 2021, down 0.5 percentage points (pp) on the quarter but still up 1.5pp on the same period in the previous year (and above the UK average of 4.7%).
- **Employment rate** estimated at 74.7%, up slightly on the previous quarter (0.2pp) but still down on the year (1.2pp).
- **Claimant count rate** estimated at 7.3%, flat on the previous month and ending three consecutive months of decline.



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 June 2021. This briefing presents the latest headline estimates for London.
- Estimates from the LFS have been produced using new population weights and a change in weighting methodology. Our [July labour market update](#) discussed the impact of reweighting on key indicators.
- Please also 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.

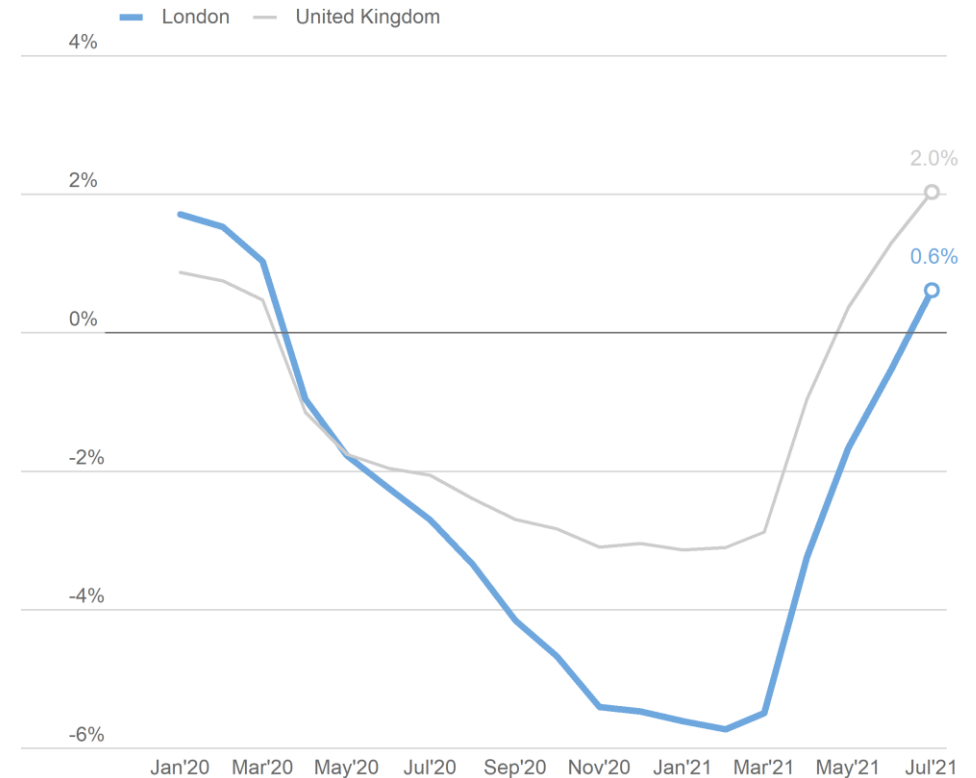
Payrolled employees in **London** now at similar levels to a year ago, but still lagging the UK recovery

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 around 4.02 million payrolled employees living in London in July 2021.
- Compared to June, the number of employees paid through payroll rose by almost 30,000 or 0.7%. This was the fifth consecutive month of growth in London.
- The total number of payrolled employees living in London is now around 24,700 higher than in July 2020, a 0.6% rise. This compares to a 2.0% rise in payrolled employees across the UK between July 2020 and July 2021 (see chart).
- These trends continue to put London behind the UK, where payrolled employees are now just 0.7% below the pre-pandemic peak, compared to London which is 3.0% below.
- The decline in London since the February 2020 peak of 124,300 payrolled employees accounts for nearly 62% of the total UK loss of 201,300 in that period.

Payrolled employees, change on previous year

Latest data for period July 2021



The annual rate of growth in payrolled employees remains relatively weak in all parts of London, especially in Outer London – West and North West

Payrolled employees, change on previous year by NUTS2 region

Latest data for period July 2021



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

Looking since the onset of the pandemic, the numbers of payrolled employees are also still below February 2020 levels across **London**

Payrolled employees, change since February 2020 by NUTS2 region

Latest data for period July 2021



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

Employment rates in **London** and the **UK** look more stable in recent quarters but remain down on the previous year

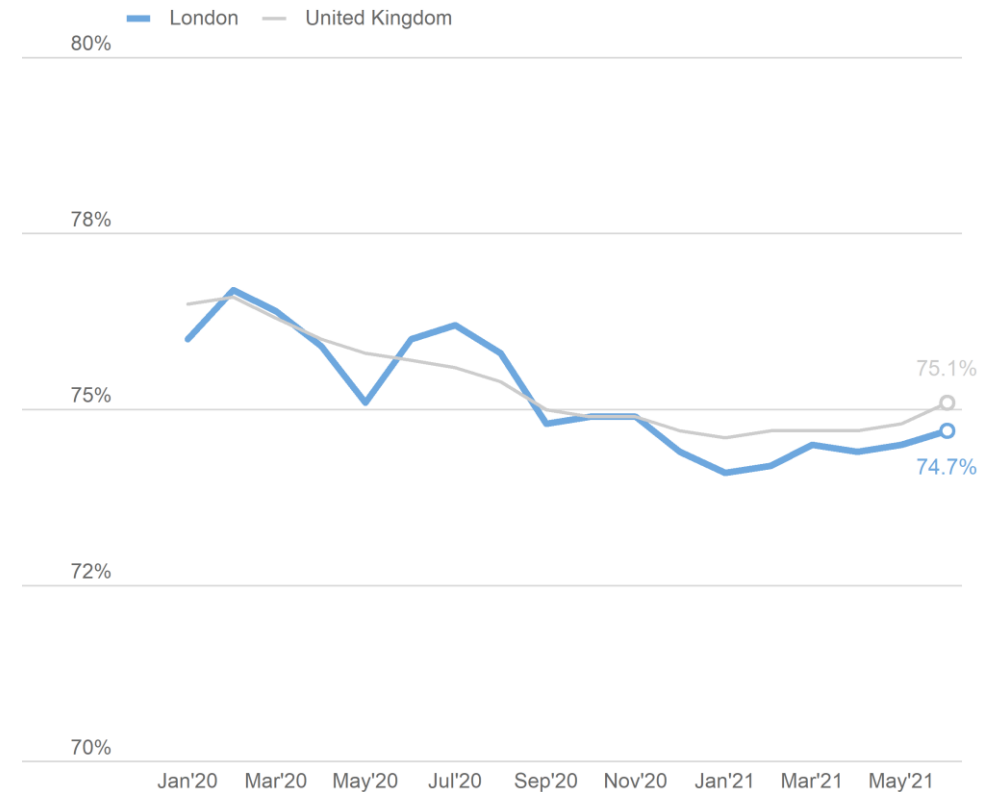
Employment measures the number of people aged 16 and over in paid work and those who had a job that they were temporarily away from. The employment rate is the proportion of people aged between 16 and 64 years who are in employment.

For April to June 2021:

- The 16-64 employment rate in **London** was estimated at 74.7%. This was up 0.2 percentage points (pp) on the previous quarter but still down 1.2pp from a year earlier.
- The overall **UK** employment rate was estimated at 75.1% – up on the quarter by 0.3pp and down 0.7pp on the year.

Employment rate (% of working age population)

Latest data for period Apr 2021-Jun 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 higher than for the UK as a whole

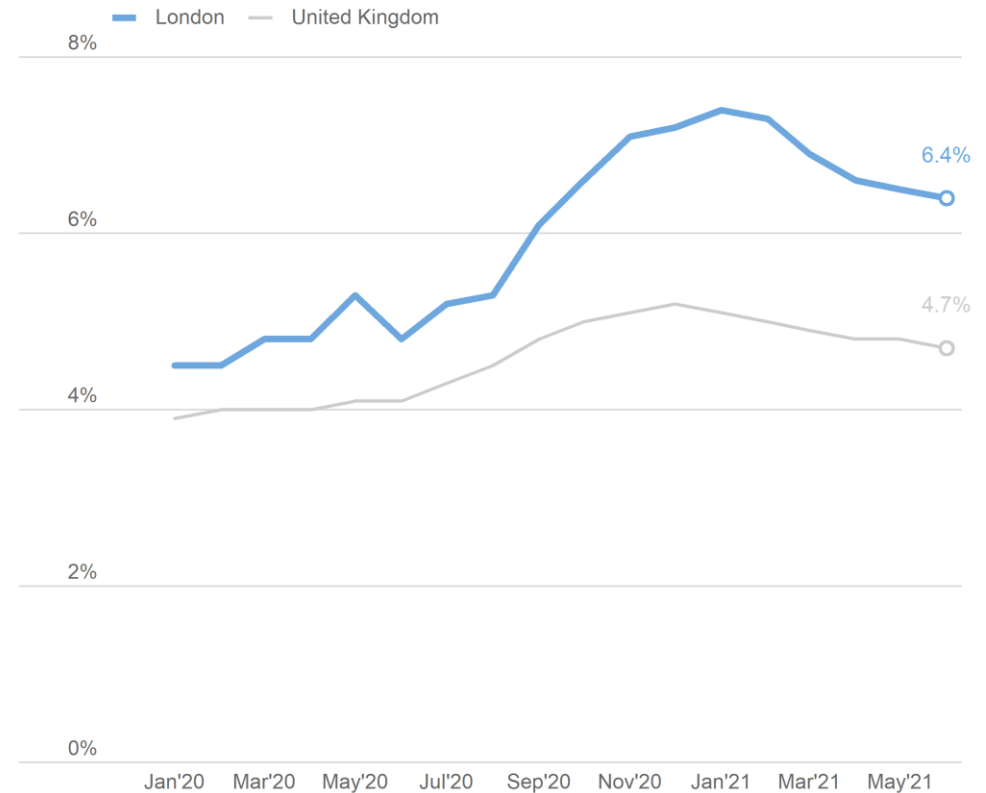
Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is the proportion of the economically active population who are unemployed.

For April to June 2021:

- The unemployment rate for **London** was 6.4% – down 0.5pp on the quarter and up 1.5pp from a year earlier.
- The **UK** unemployment rate was lower at 4.7% – down 0.2 pp from the previous quarter and up 0.6pp on the year.

Unemployment rate (% of economically active)

Latest data for period Apr 2021-Jun 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 increased marginally on the quarter and is virtually unchanged on the year

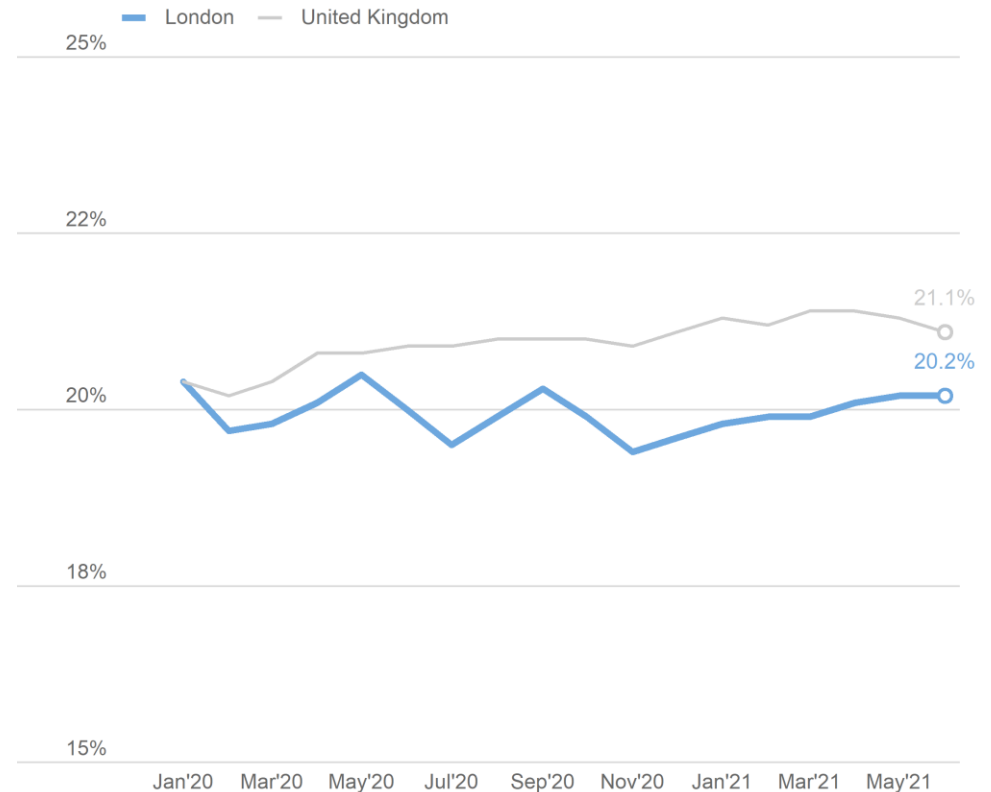
The economic inactivity rate is the proportion of 16 to 64-year olds not in work and either not looking for or unable to work.

For April to June 2021:

- The rate of economic inactivity in **London** was 20.2%. This was up 0.3pp on the previous quarter and up 0.1pp on the year.
- The **UK** rate of economic inactivity was estimated at 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 Apr 2021-Jun 2021

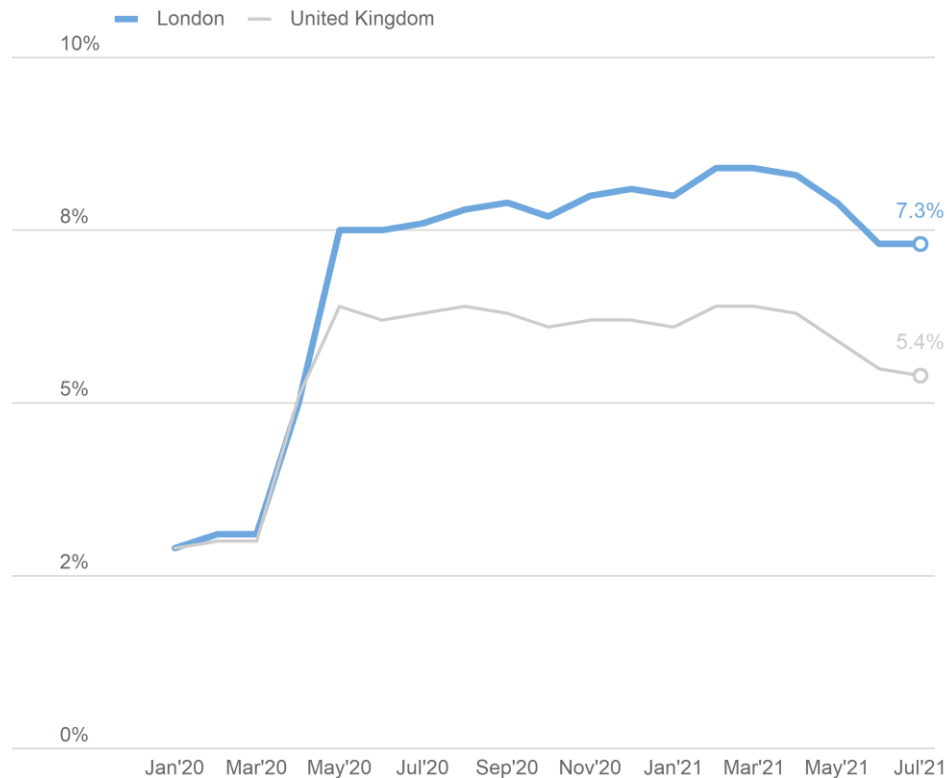


Source: ONS Labour Force Survey. Note: the London margin of error is not published for economic inactivity rates, the UK margin is +/- 0.4%.

The share of residents claiming unemployment related benefits stopped falling in **London** for the first time since April

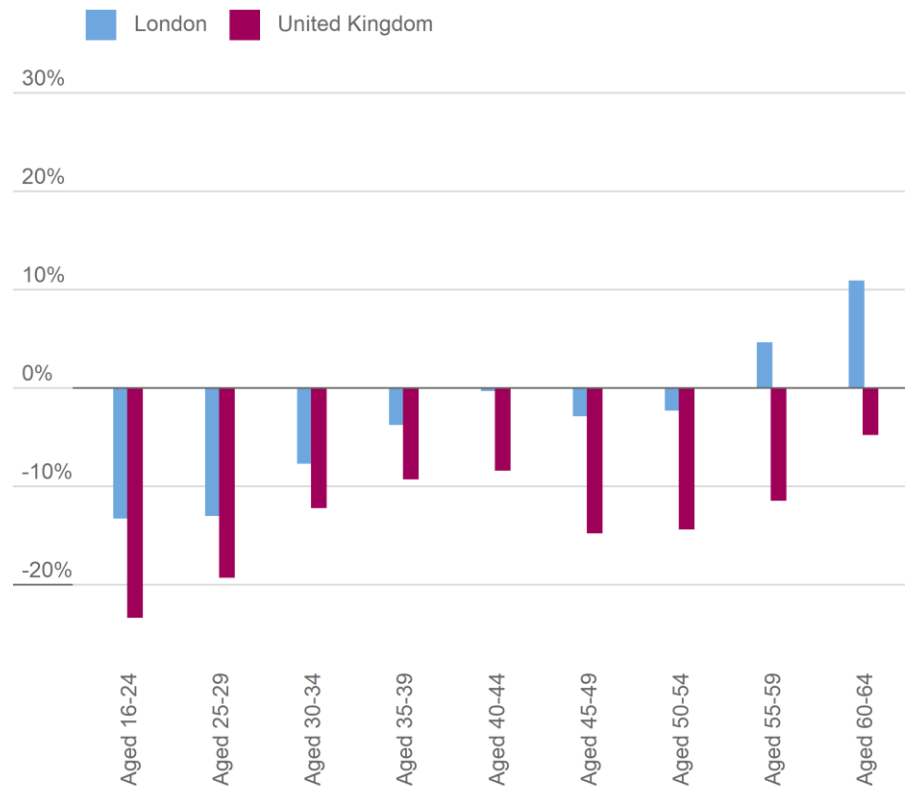
Claimant count (as a % of residents aged 16 to 64)

Latest data for period July 2021



Year-on-year percentage increase in claimant count

Latest data for period July-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 April - June 2021	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
Employment										
London	4,733	18	▲	-56	▼	74.7	0.2	▲	-1.2	▼
UK	32,276	95	▲	-329	▼	75.1	0.3	▲	-0.7	▼
Unemployment										
London	322	-27	▼	79	▲	6.4	-0.5	▼	1.5	▲
UK	1,600	-53	▼	193	▲	4.7	-0.2	▼	0.6	▲
Economic inactivity (16 - 64)										
London	1,234	19	▲	11	▲	20.2	0.3	▲	0.1	▲
UK	8,727	-96	▼	82	▲	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+.