

# Quick briefing on the correlation across London between HMRC's latest furlough estimates and other statistics

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*This quick analysis has been prepared under challenging circumstances and to short timescales to inform key policy issues. When using outputs from this analysis you should be aware of the following caveats:*

- *The analysis is not intended to be comprehensive or exhaustive. It is a snapshot analysis of key data as it pertains to London.*
- *The analysis does not represent the full body of evidence on which Mayoral Policies are or will be based.*

*Given these limitations, we would advise that our outputs are triangulated with other sources of information and analysis to develop a rounded statistical picture of any specific policy issues.*

## Notes and methodology

- This briefing analyses furlough rates across London (by constituency and local authority) based on GLAE calculations. For the purpose of this analysis, we define and calculate furlough rates using the latest HMRC CRJS statistics and take the relevant proportion of all 16-64 in employment in the 2019 APS (which includes self-employed who are not eligible for the CRJS specifically).
- To establish correlations and relationships between the prevalence of those on furlough and other factors we use a series of graphs including scatter plots to analyse these patterns.
- We also test the sensitivity of the correlations to definitions e.g. looking at BAME proportions against a range of metrics (such 16-64 economically active, 16-64 in employed, all in employment etc...). They are not all presented here.
- It is worth noting that whilst we associate some factors with higher levels of furlough rates, this is not an indication of causation or an explanation of furlough rate patterns.

# Furlough rates vary different across the **capital**

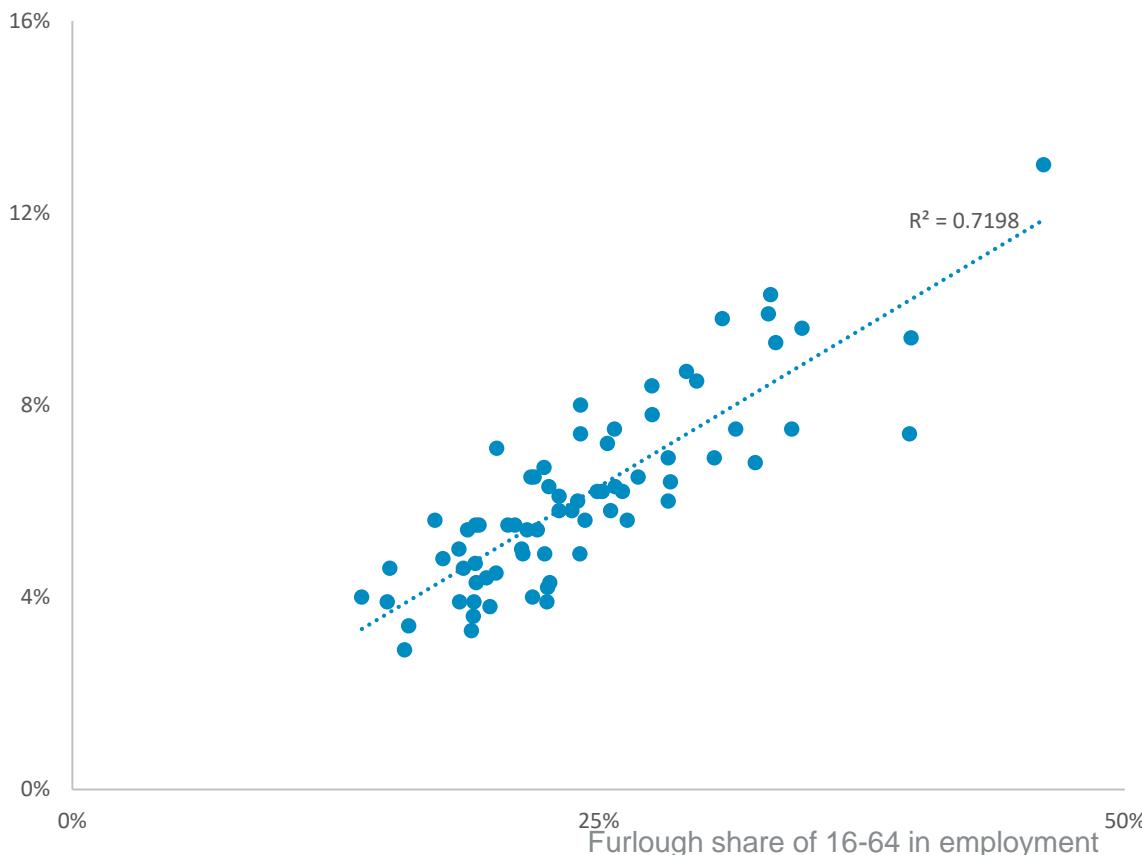
The share of 16-64 of workers that are on furlough varies significantly across local authorities and parliamentary constituencies in London, as the local authority with the highest share (Hounslow – 32%) of workers (16-64) has double that of the local authority with the lowest (Camden – 16%).

Here we will explore the relationship between the proportion of workers on furlough and other factors such as:

- Ethnicity (as a proportion of 16-64 economically active)
- Ethnicity and sex (as a proportion of all people 16-64)
- Deprivation (using the 2019 Index of Multiple deprivation scores by local authority)
- Claimant Count (as a % of change in 16+ proportion of economically active adults from May 19)

# There is a clear relationship between furlough rates and areas that have seen the greatest rises in claimant count shares

Claimant count proportions (as a share of change in 16+ proportion of economically active adults from May 19) against furlough rates (as a share of 16-64 in employment) by parliamentary constituency

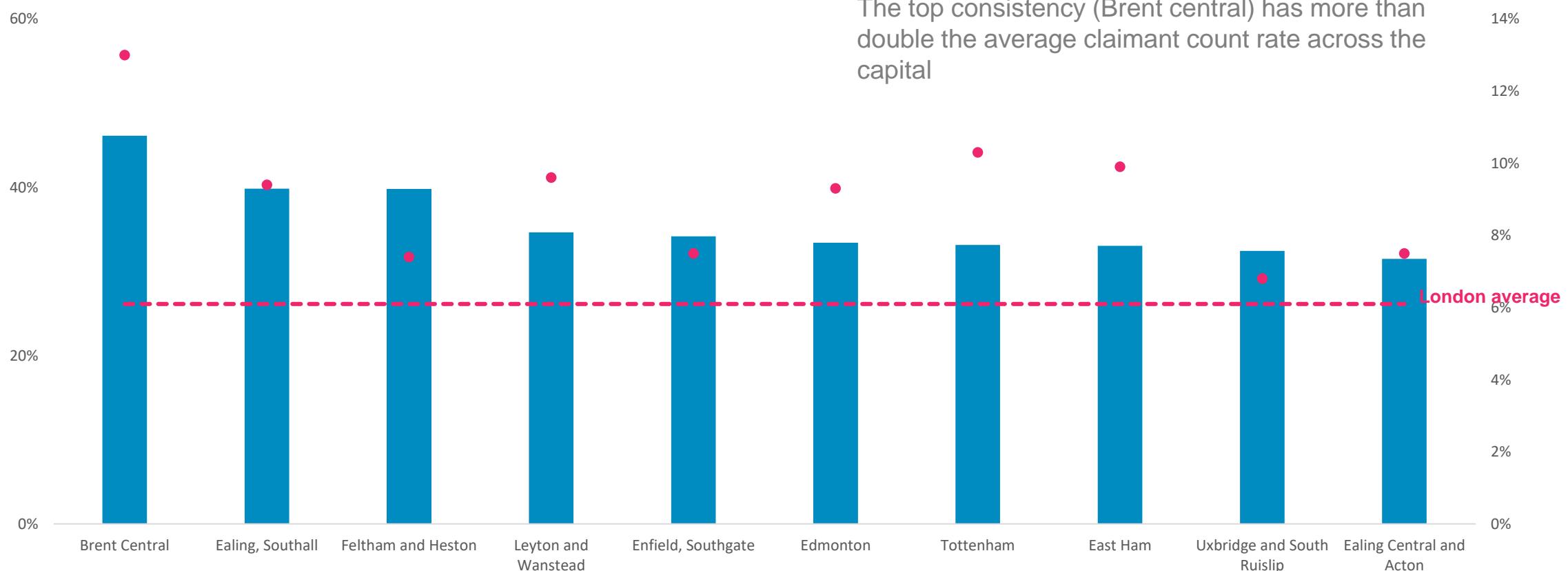


- Furlough can be used as a proxy for jobs at risk as it is a temporary intervention to prevent unemployment. However, the claimant count is a proxy of actual unemployment
- If we analyse the relationship between the claimant count proportions and furlough rates, they illustrates a positive relationship between the two factors.
- *These Claimant Count statistics relate to 14 May 2020. Enhancements to Universal Credit as part of the UK government's response to the coronavirus mean 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. We are not able to identify to what extent people who are employed or unemployed have affected the numbers.*
- *Note we use a slightly different count rate here to account for the recent changes in economically active adults. We would caveat that Universal Credit can potentially be claimed by those in work on low income and/or furlough.*

Source: DWP claimant count, HMRC CJRS Statistics, ONS APS

# All top 10 constituencies with the highest furlough rates have a claimant count above the London average

**LHS: Furloughed rates** (as a % of 16-64 in employment) and **RHS: respective claimant count rate** (as a % of change in economically active)

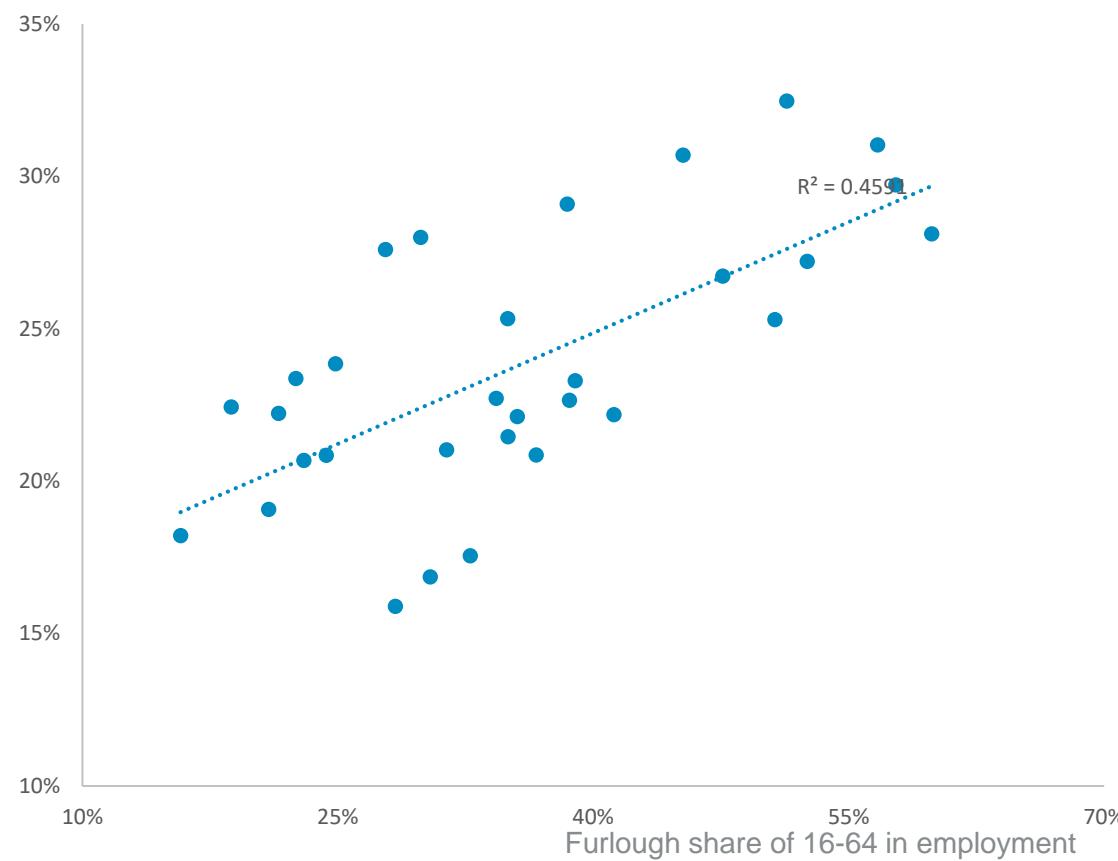


Source: DWP claimant count, HMRC CJRS Statistics, ONS APS

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# There is a positive relationship between furlough rates and BAME proportions by local authority

BAME proportions (as a % 16-64 proportion of economically active adults) by local authority against furlough rates (as a % of 16-64 in employment)

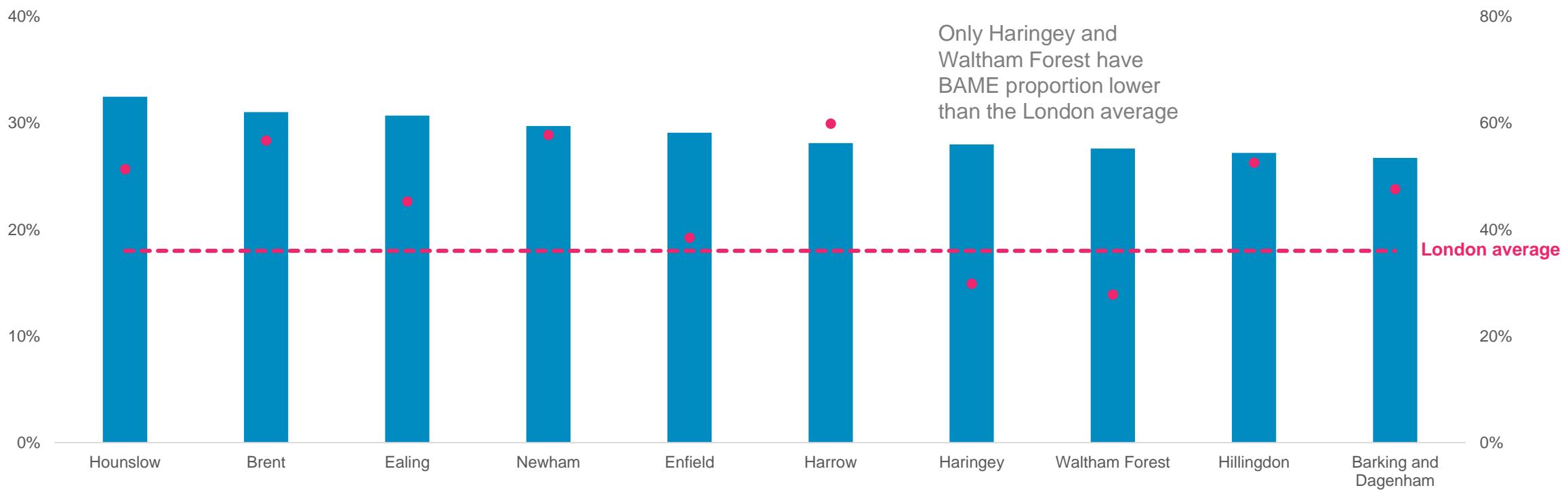


- The chart illustrates that the BAME proportions of the 16-64 economically active by local authority exhibits a positive relationship with furlough rates.
- The higher the BAME proportion, the more likely that the local authority will have a higher furlough rate. A similar pattern also emerged at constituency level.

Source: HMRC CJRS Statistics, ONS APS

# 8 of the top 10 local with the highest furlough rates have BAME proportions above the London average

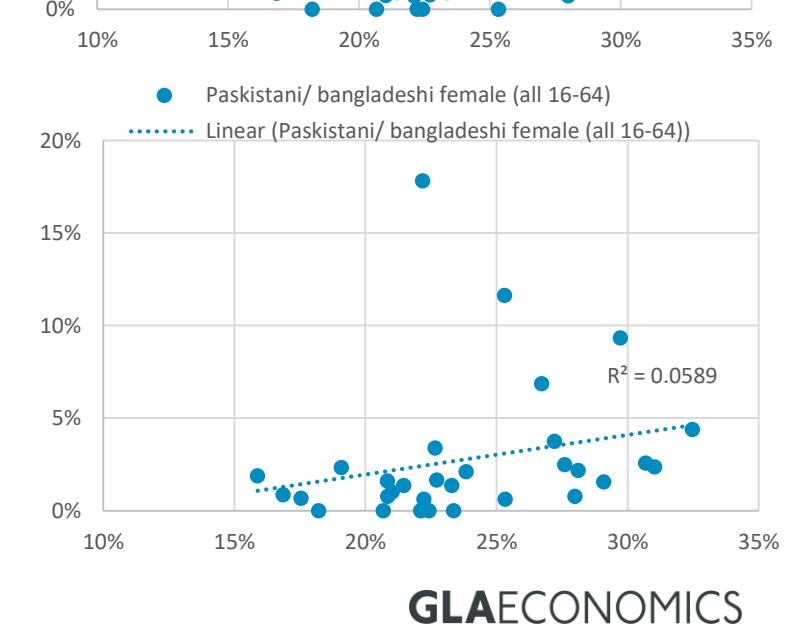
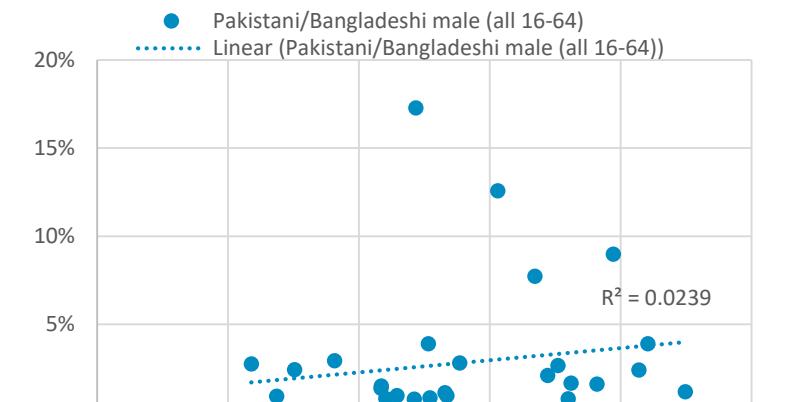
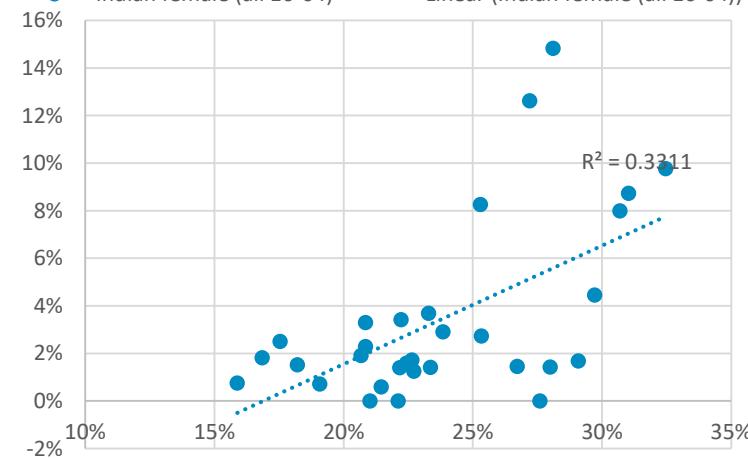
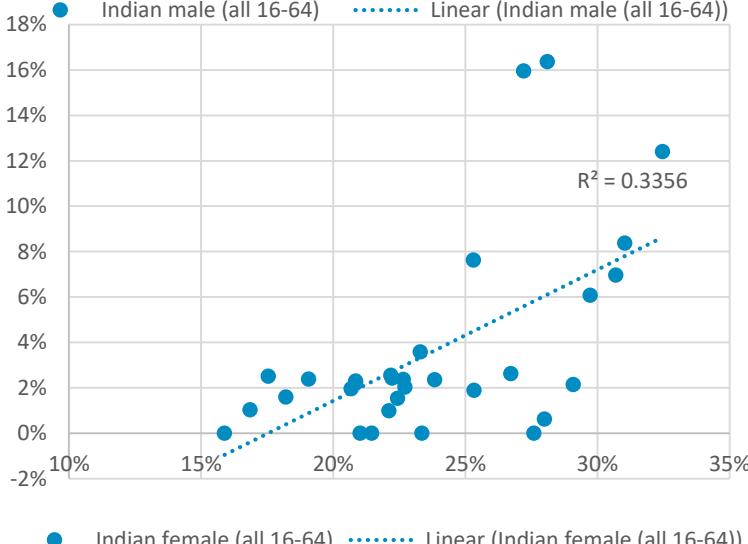
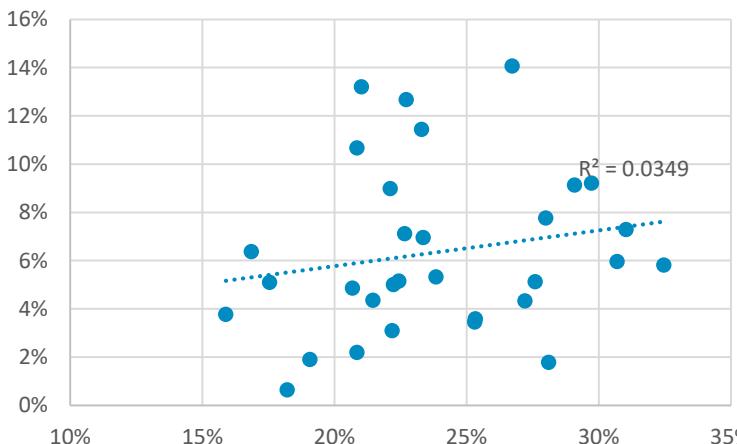
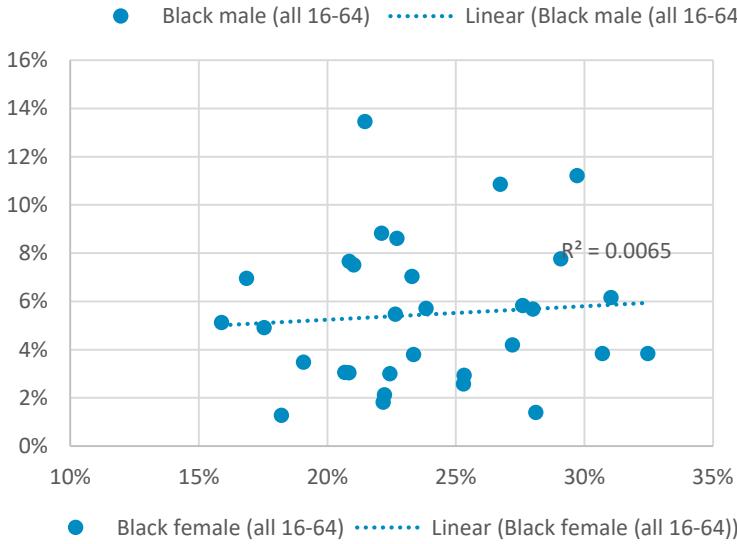
**LHS: Furloughed rates** (as a share of 16-64 in employment) and **RHS: respective BAME proportion** (as a share of 16-64 in economically active)



Source: HMRC CJRS Statistics, ONS APS

# Further breakdowns suggest a clear correlation between local authorities with a higher proportion from an Indian background and higher furlough rates

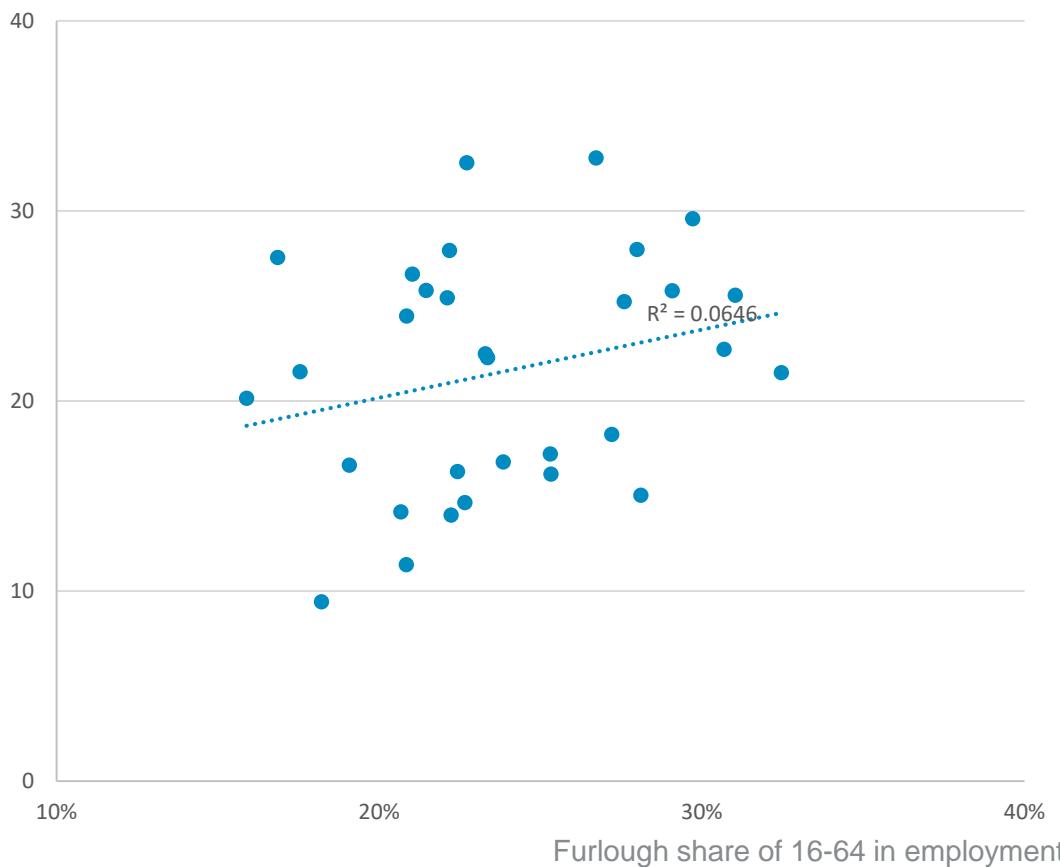
Note here we take the proportion of everyone of working age (16-64) to provide greater granularity



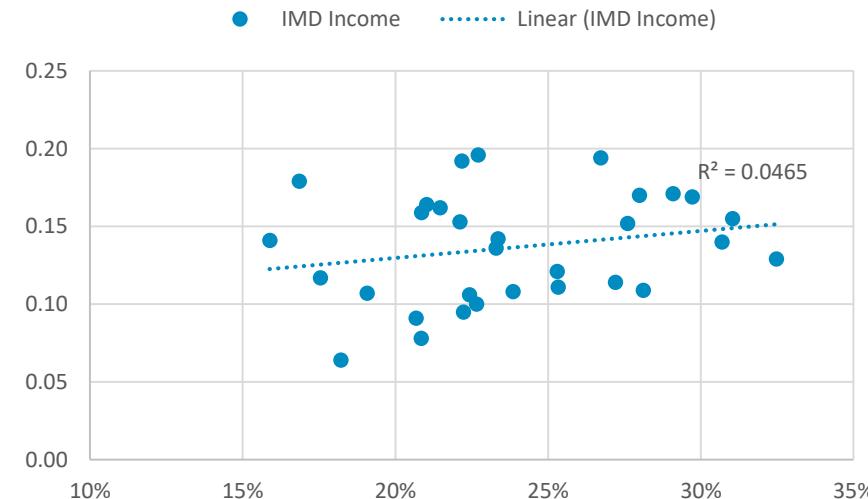
Source: HMRC CJRS Statistics, ONS APS

# Deprivation also shows a positive relationship with furlough rates, albeit relatively weak

IMD Score by local authority against furlough rates (as a % of 16-64 in employment)

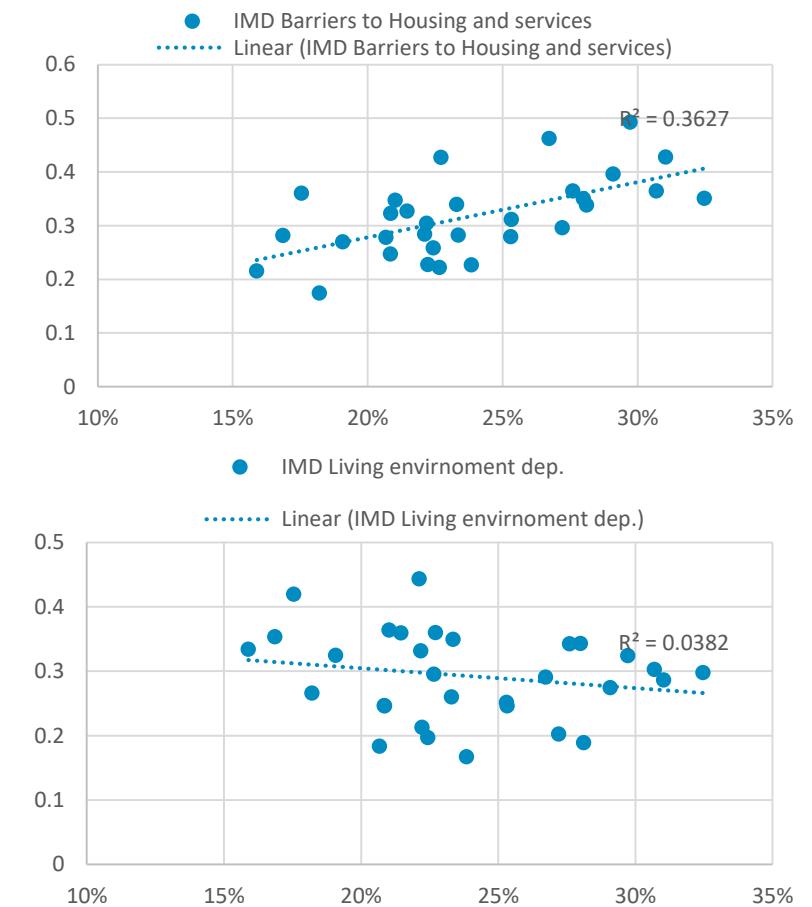
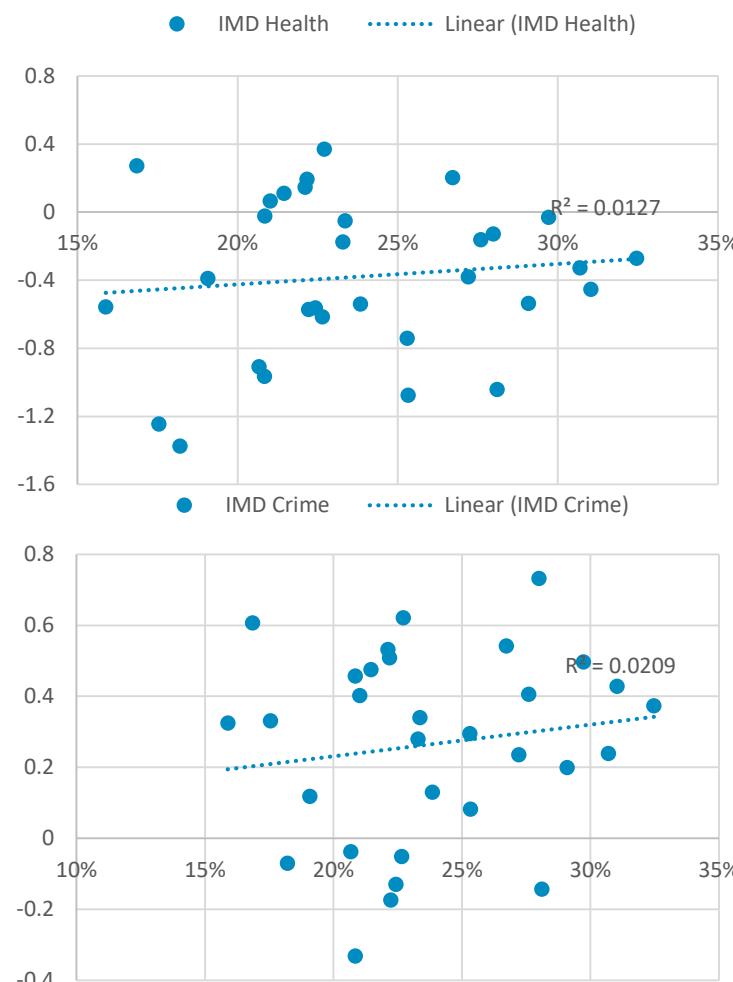
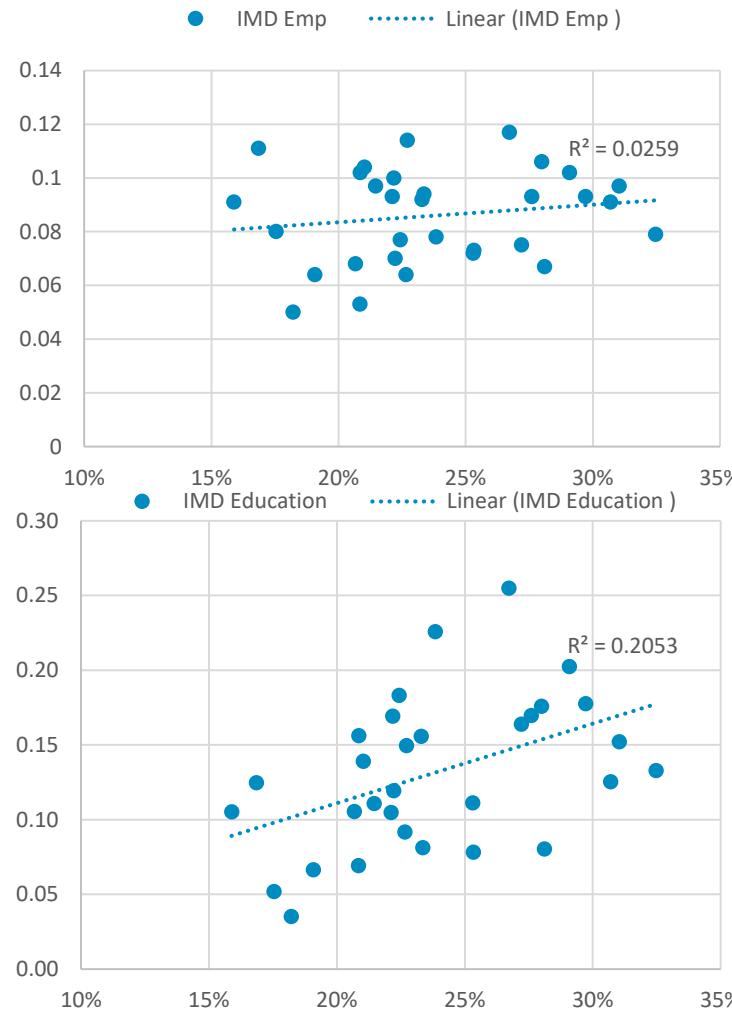


- The Index of multiple deprivation (IMD) score appears to have some positive relationship with furlough rates by local authority.
- To delve deeper, we also look at the sub-categories of the IMD, starting with income below.



Source: HMRC CJRS Statistics, MHCLG Index of Multiple Deprivation, ONS APS

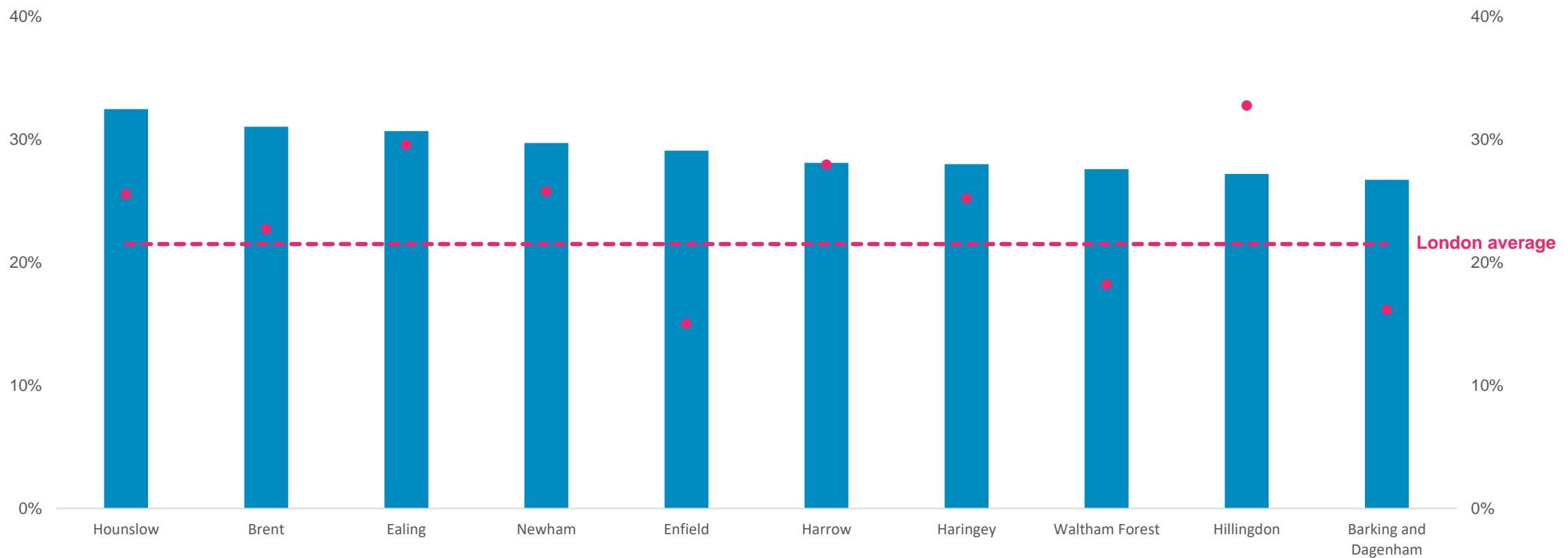
# Education and barriers to housing deprivation scores show the strongest correlation to higher furlough rates



Source: HMRC CJRS Statistics, MHCLG Index of Multiple Deprivation, ONS APS

# 7 of the top 10 local authorities with the highest furlough rates have relatively high IMD scores compared to London's average

**LHS: Furloughed rates** (as a share of and 16-64 in employment) and **RHS: respective IMD Score**



Source: HMRC CJRS Statistics, MHCLG Index of Multiple Deprivation, ONS APS

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