



# 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 unemployment rate in the **capital** saw a record rise this quarter and the employment rate continued to fall, although it remains higher than last year. For **London**, comparing the three months to October 2020 with the previous quarter:

- The employment rate fell 1.4pp to 75.2%.
- The unemployment rate rose 1.2pp to 6.3%.
- The economic inactivity rate rose 0.6pp to 19.8%.

**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:

- The number of claims in **London** has increased by 167% (309,000) since March – higher than the **UK** increase (115% ).
- The 25–29 age group saw the largest year on year increase in claims (+237%). All age groups in **London** experienced a larger proportional increase than their **UK** counterparts.
- Among boroughs, Newham recorded the largest year on year change (+18,460).
- Among parliamentary constituencies, West Ham claims increased by most compared to the same period last year (+9,790), followed by East Ham and Tottenham.

It is worth noting that **recent analysis** by the Resolution Foundation suggests that around 61% of new UC claimants are either working, receiving furlough pay, or receiving an SEISS grant, according to Understanding Society data.

## Summary of latest labour market data (2)

Experimental monthly estimates of employees and wages using HMRC PAYE data are now available at the regional level.

- Since February 2020, the number of paid employees fell by 819,200 in the **UK**, with 213,800 of these employees living in **London** – the largest fall across UK's nations and regions.
- In the three months to November the number of paid employees in London fell 1.4% relative to the previous quarter.
- Median pay fell between February 2020 and May 2020 but has now rebounded. Median pay in **London** was 3.5% higher in November than February, in-line with the 3.4% increase seen for the **UK** as a whole.

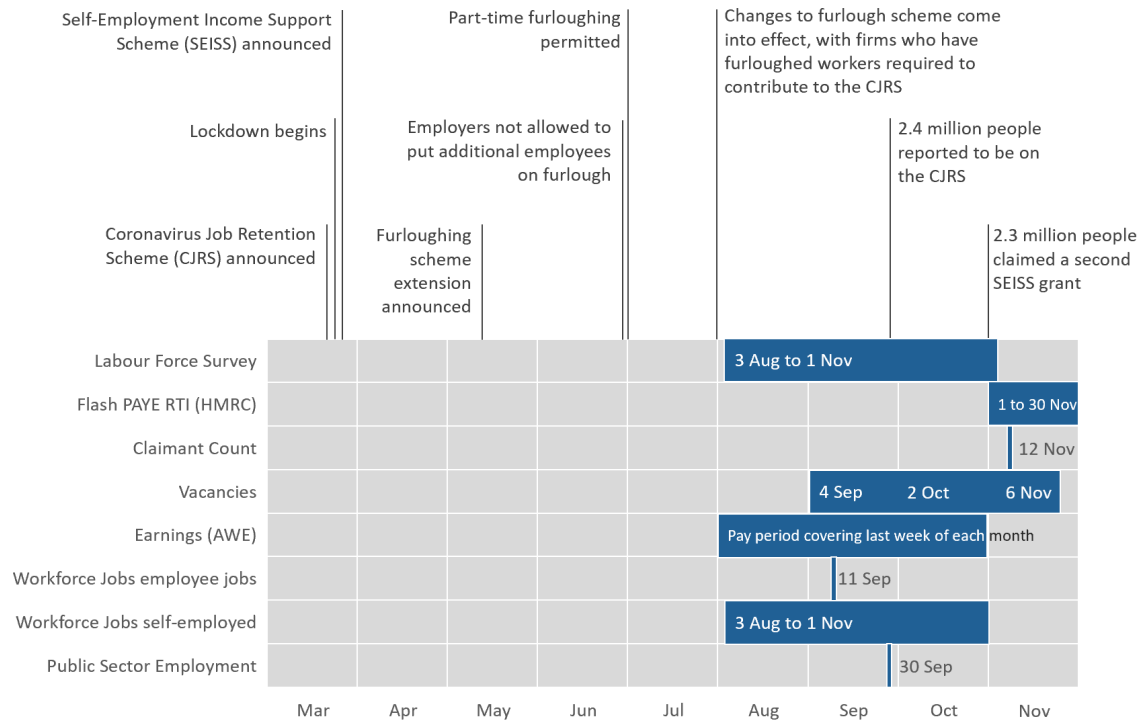
ONS has published **UK** data on hours worked, redundancies and vacancies:

- Between May to July 2020 and August to November 2020, total actual weekly hours worked increased by a record 104.9 million hours (12.3%).
- Redundancies for the October quarter rose by a record 251,000 on the year to a record high of 370,000.
- For September to November 2020, there were an estimated 547,000 job vacancies. Vacancies are rising, but remain well below the pre-COVID period, now 39.4% lower than a year ago.

Compared to the March quarter before lockdown restrictions began, workforce jobs fell by 3.8% (229,000). By industry, comparing September 2020 to March 2020:

- Professional, scientific, and technical activities had the largest absolute fall in jobs, down 47,300.
- Arts, entertainment & recreation fell most in relative terms, down 13.2% (28,000), with Accommodation & food service activities seeing the second largest fall, down 9.5% (43,500).

# ONS headline indicators now capture the lockdown period



Data for headline indicators cover up until the end of October. This covers the period when a number of government lockdown measures aimed at protecting businesses and jobs were in place. However, they still do not show the full impact of Covid-19 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 October and it does not account the latest policy and labour market developments. 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 starting to fall

In the three months to October 2020, **London's** 16-64 employment rate was estimated at 75.2%. This was down 1.4 percentage points (pp) on the previous quarter, although still up 0.4pp from a year earlier.

For the **UK**, the employment rate was estimated at 75.2% – down 0.5pp on the quarter and 0.9pp on the year. Among the nations and regions:

- The quarterly fall in London was among the largest. The North East had the largest fall (-2.1pp) and Scotland had the largest increase (1.4pp).
- But **London** also recorded the largest increase relative to the previous year (0.4pp) – slightly ahead of the North East and Scotland (0.3pp).

Men drove the quarterly decline in employment levels in London. Employment among men fell by 61,000 compared to a fall of around 34,000 for women. This continued the trend observed in the previous update.

Employment rates by age are not seasonally adjusted, so comparisons are made against the previous year:

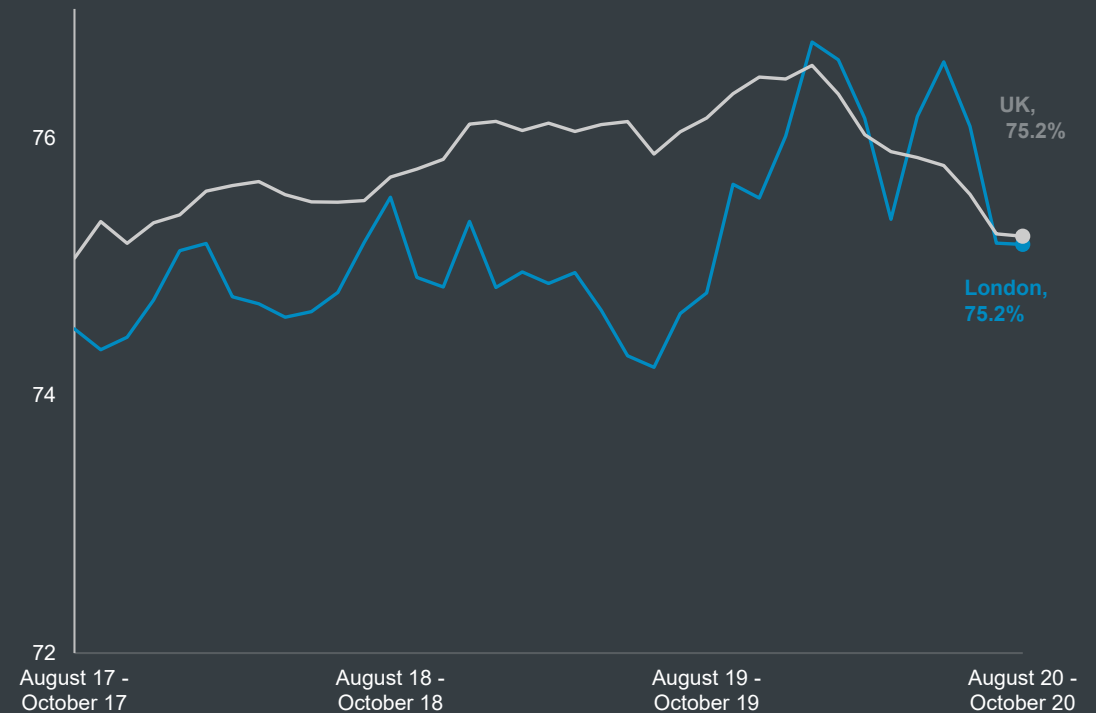
- There were falls in the employment rate for those aged 16-24 (-6.4pp) and 35-49 (-0.8pp). The largest fall was for men aged 16-24 (-11.9pp).
- The 25-34 age group saw the largest increase in the employment rate (2.7pp), led by a 4.0pp increase for women aged 25-34.
- The 18-24 group showed the biggest difference between men and women – down 10.9pp for men and up 1.7pp for women.

Source: ONS Labour Force Survey 2020

## Employment rate (% of working age population)

**London** Sampling variability  $\pm 1.2\%$

**UK** Sampling variability  $\pm 0.5\%$



# Unemployment rate sees record rise

The unemployment rate for **London** residents aged 16 and over was estimated at 6.3% in the three months to October 2020. This was up 1.2pp from the previous quarter and 1.8pp from a year earlier. This is the largest quarterly increase in unemployment **London** has seen since the series started in 1992, the next closest increase was in 1993 (1.1pp).

The **UK** unemployment rate was estimated at 4.9%, up 0.7pp from the previous quarter and 1.2pp on the year. Among the nations and regions:

- Only Wales (1.4pp) recorded a larger quarterly increase than **London**.
- The largest annual increase in unemployment was in **London**, followed by the South West and East Midlands (both 1.7pp).

The number of people unemployed in **London** increased by 59,000 relative to last quarter. The estimated level of unemployment among women increased by 46,000, outpacing the increase for men (14,000).

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

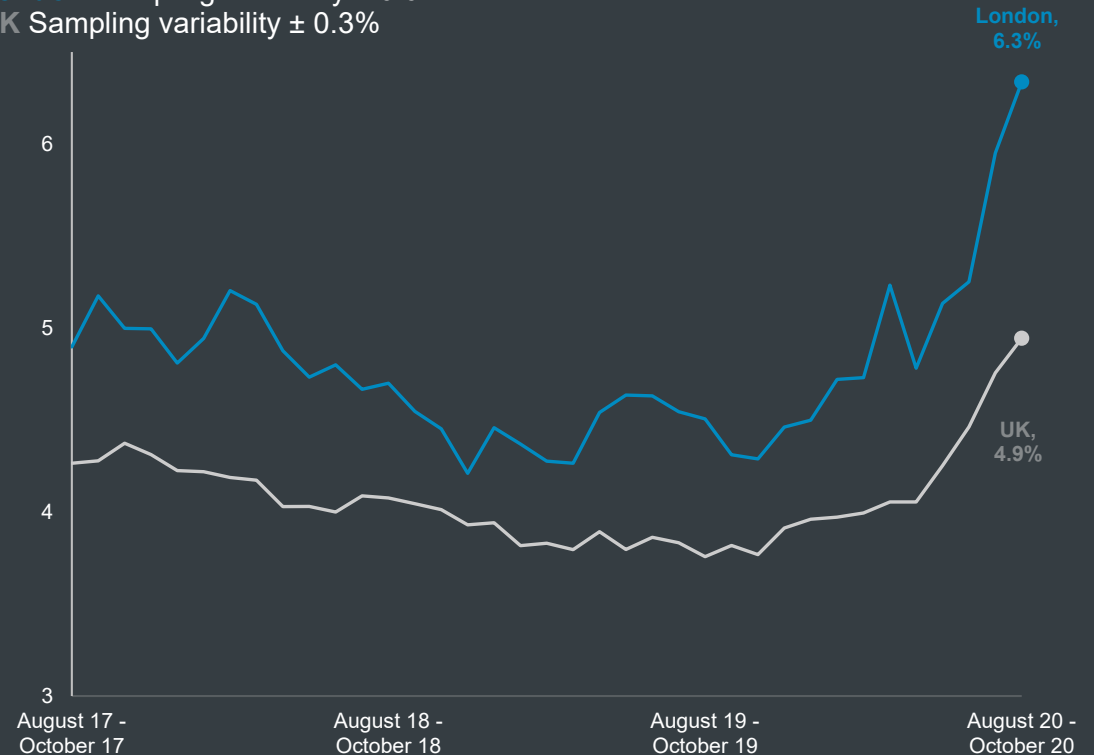
- The largest increases was in the 16-24 age group (up by 5.4pp).
- Most aged groups recorded a rise in unemployment. The smallest increase were in the 35-49 and 50-64 groups (both 1.2pp).
- The unemployment rate for men aged 25-34 increased by 1.5pp to reach 4.5%, while for women in the same age group the rate increased from 3.9% to 6.9%, overtaking the rate for men.

Source: ONS Labour Force Survey 2020

## Unemployment rate (% of economically active)

**London** Sampling variability  $\pm 0.6\%$

**UK** Sampling variability  $\pm 0.3\%$



# London's inactivity rate rises but remains low

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.

In the three months to October 2020, the rate of economic inactivity in **London** was 19.8%. This was up 0.6pp on the previous quarter, but down 1.9pp on a year earlier and still low relative to historical averages.

The **UK's** rate of economic inactivity was slightly higher at 20.8%. This was unchanged from the previous quarter.

The level of economic inactivity in **London** increased by 37,000 on the previous quarter. There were large differences by gender, with an increase of 62,000 for men and a fall of 26,000 for women. At 24.1%, the economic inactivity rate for women fell to a record low since 1992.

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

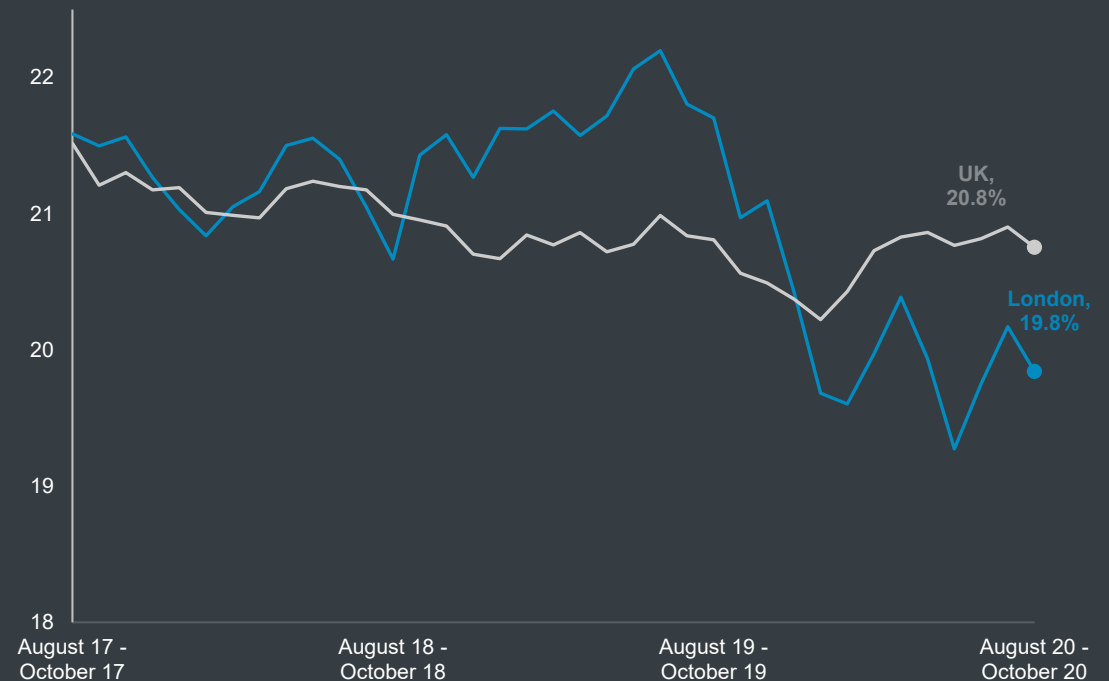
- The 16-24 age group recorded the largest increase (up 4.6pp). This was driven by a 10.6pp increase in inactivity among men aged 16-24.
- The largest fall was in the 25-34 group (down 5.3pp). This was led by a fall in the rate of inactivity for women in this group (down 7.7pp).

Source: ONS Labour Force Survey 2020

## Economic inactivity (% of working age population)

**London** Sampling variability (not published)

**UK** Sampling variability  $\pm 0.4\%$



# Claimant count in **London** is up 293k on March

Since March 2020, the number of claims by **London** residents aged 16 and over has gone up 167% (309,000), reaching a total of 494,000 claims in November. This was the highest regional proportional and nominal increase during this time period.

In the **UK**, the claimant count has increased by 115% since March (over 1.4 million in November). The capital accounted for just over a fifth of this increase. Between September and October, the number of claims fell in all UK regions but this reversed in November when claims in all regions rose.

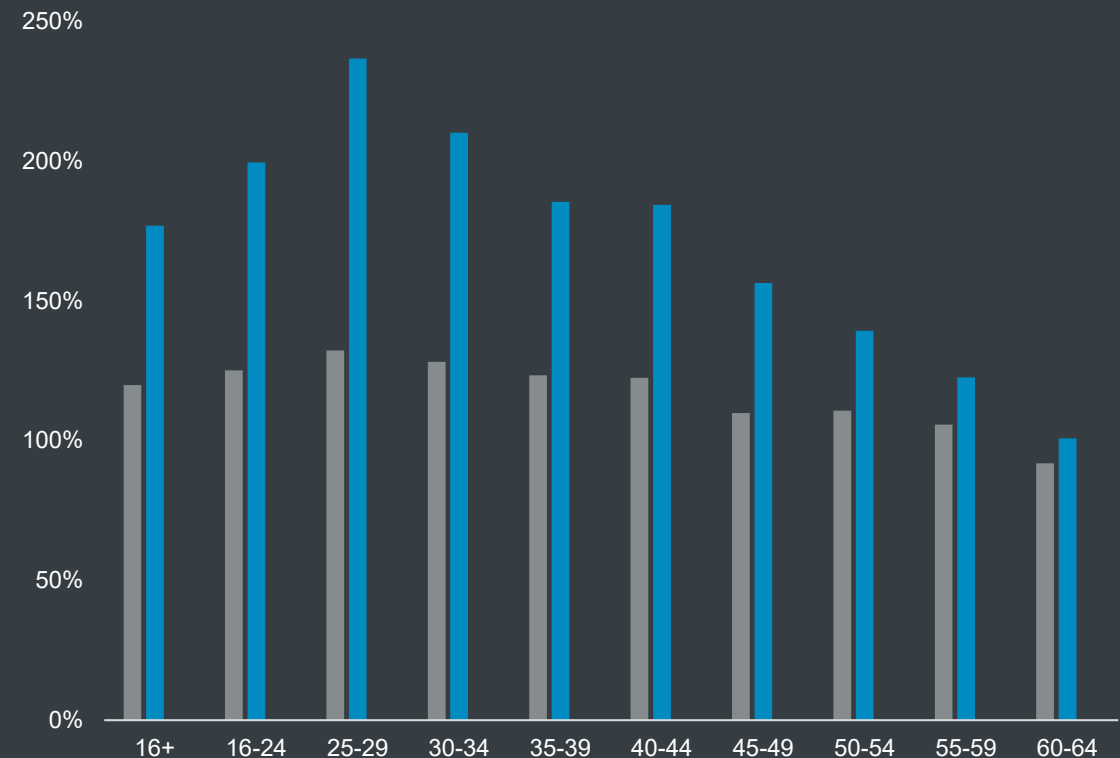
Looking at claims by gender in the **capital**:

- Claims by men increased by 176% (178,500) compared to March – with 12,800 more claims in the November month.
- Claims by women rose by 156% (130,400) compared to March – with an increase of 9,900 in November.
- Overall, women have accounted for 42% of the increase in claims since March in London, a higher share than in other UK regions.

Looking at claims by age group for November 2020 relative to last year, workers 25-29 saw the largest proportional increase in the **capital** (237%), followed by the 30-34 age group (210%). All age groups in **London** saw a larger proportional increase than their UK counterparts (see chart).

Source: ONS Labour Market Statistics

Claimant count change (%) by age groups,  
November 2019 – November 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** local authorities, Newham had the largest year on year change (+18,460). Richmond upon Thames had the smallest increase (+3,880) (excluding the City of London). See chart for more details.

Looking at the data by parliamentary constituency:

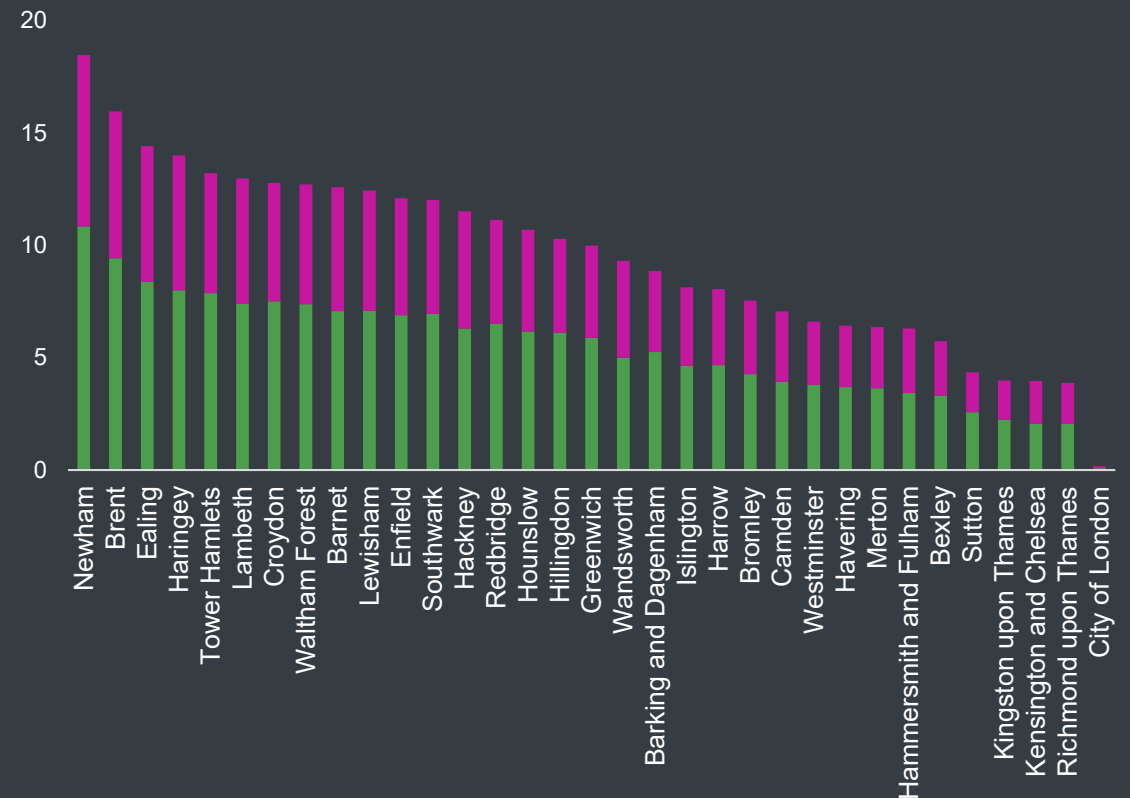
- West Ham had the largest year on year increase (+9,790), followed by East Ham (+8,670) and Tottenham (+8,660). Orpington had the smallest increase (+1,810).
- Tottenham saw the largest year on year increase in the share of working age residents claiming benefits (+8.8pp), followed by Brent Central (+8.1pp) and East Ham (+7.8pp). Richmond Park saw the smallest increase (+2.8pp) over the same period (excluding City of London & Westminster).

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

- West Ham saw the largest increase in the number of claims by 18-24 year old residents, followed by East Ham and Tottenham.
- West Ham also had the highest increase among 25-49 year old residents, but the following two changed order, with Tottenham second, and East Ham third.
- Brent Central recorded 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 November 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, November 2019 – November 2020, 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	9,785	West Ham	1,685	West Ham	6,375	Brent Central	1,735	Tottenham	8.8
2	East Ham	8,670	East Ham	1,600	Tottenham	5,640	West Ham	1,720	Brent Central	8.1
3	Tottenham	8,655	Tottenham	1,380	East Ham	5,505	Tottenham	1,640	East Ham	7.8
4	Brent Central	8,135	Brent Central	1,290	Brent Central	5,110	East Ham	1,570	Ealing, Southall	7.4
5	Poplar and Limehouse	6,695	Poplar and Limehouse	1,250	Poplar and Limehouse	4,420	Feltham and Heston	1,395	Walthamstow	7.2
Bottom 5										
Ranking	16+		18-24		25-49		50+		% of 16-64 residents	
69	Sutton and Cheam	2,110	Orpington	385	Bexleyheath and Crayford	1,215	Ruislip, Northwood and Pinner	440	Twickenham	3.2
70	Ruislip, Northwood and Pinner	2,015	Ruislip, Northwood and Pinner	375	Ruislip, Northwood and Pinner	1,195	Beckenham	425	Sutton and Cheam	3.2
71	Beckenham	1,830	Chelsea and Fulham	370	Orpington	1,025	Old Bexley and Sidcup	405	Beckenham	3.2
72	Old Bexley and Sidcup	1,820	Sutton and Cheam	355	Old Bexley and Sidcup	995	Orpington	400	Richmond Park	2.8
73	Orpington	1,810	Wimbledon	350	Beckenham	975	Wimbledon	375	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 employees in **London** is falling

Experimental monthly estimates of employees and wages using HMRC PAYE data are now available at the regional level.

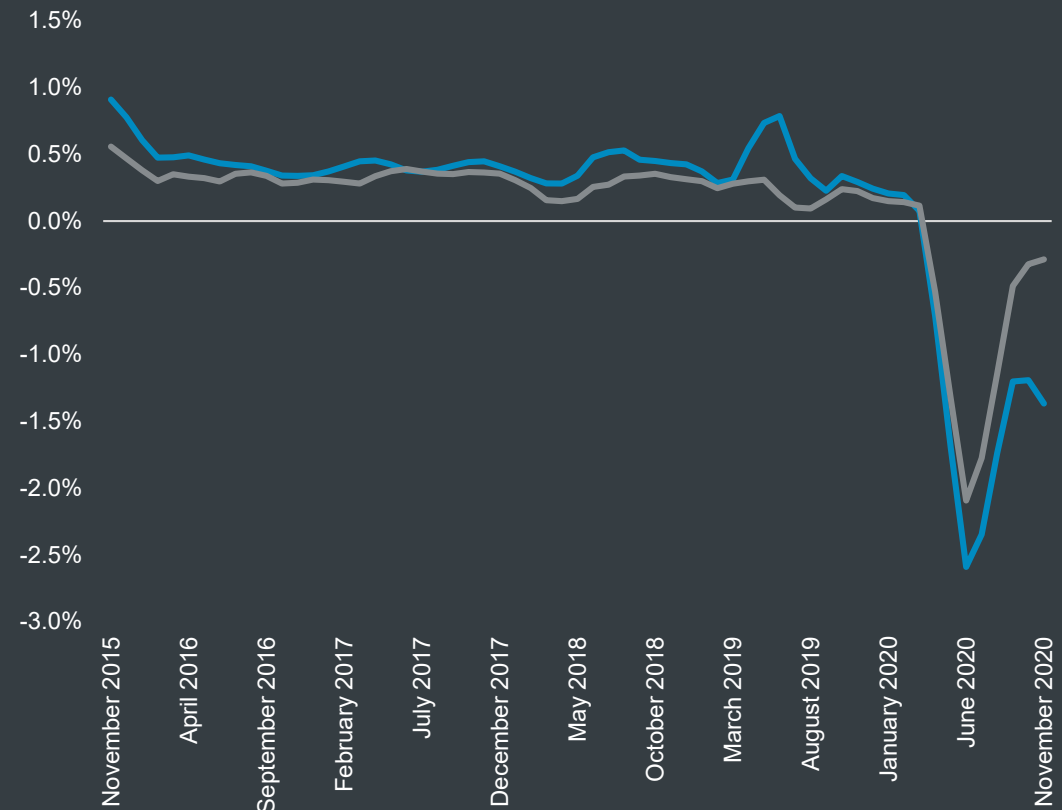
- Between February 2020 and November 2020, the number of paid employees fell by 819,200 across the **UK** as a whole.
- Around 213,800 of these employees were living in **London** – the single largest fall across the UK's nations and regions.
- In the three months to November 2020, the number of paid employees living in London fell by 1.4% relative to the previous quarter. This compared to a 0.3% fall across the UK (see chart).
- Median pay fell in all regions between February 2020 and May 2020 but has now rebounded. Median pay in **London** was 3.5% higher in November than in February, and 3.4% higher across the **UK**.

ONS has published **UK** level data on hours worked, redundancies and vacancies:

- Between May to July 2020 and August to November 2020, total actual weekly hours worked increased by a record 104.9 million hours (12.3%).
- Redundancies for the October quarter rose by a record 251,000 on the year to a record high of 370,000.
- For September to November 2020, there were an estimated 547,000 job vacancies. Vacancies are rising, but remain well below the pre-COVID period, now 39.4% lower than a year ago.

Source: HM Revenue and Customs PAYE Real Time. Note: Estimates are based on where people live.

Employee growth, quarterly percentage change  
**UK** and **London**



# Falls in jobs widespread across industry groups

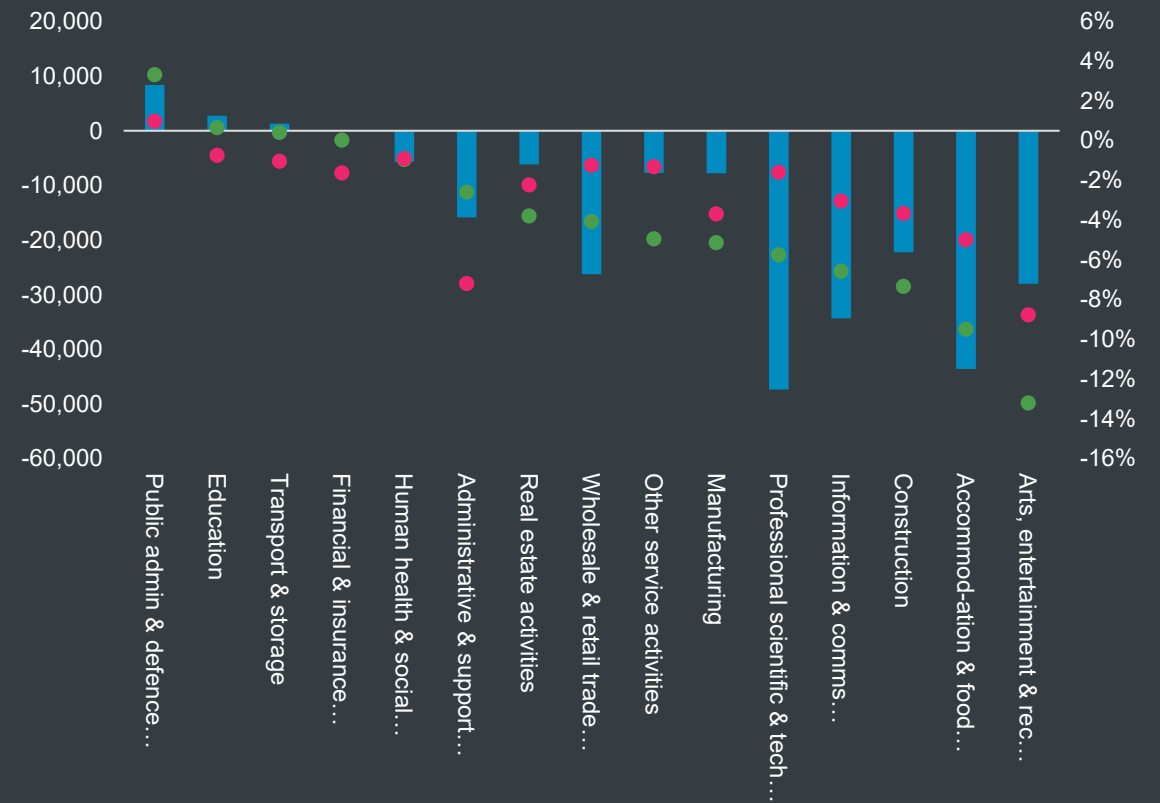
The number of workforce jobs in **London** fell by 1.6% (98,000) in the past quarter to 5,900 in **London**. Compared to the March quarter before lockdown restrictions began, workforce jobs fell by 3.8% (229,000) in **London** and 2.6% for the **UK** as a whole.

There has been significant variation in the change in jobs by industry between March and September. Note – the following comparisons exclude industries with fewer than 20,000 jobs in **London** in September:

- Professional, scientific, and technological occupations had the largest absolute fall in jobs, down 47,300.
- Arts, entertainment & recreation fell most in relative terms, down 13.2% (28,000). Accommodation & food service activities saw the second largest fall, down 9.5% (43,500). These falls were far larger in **London** relative to the **rest of the UK** (see chart).
- Falls were widespread, with increases in only four industries in **London** – Public administration & defence, Education, Transport & storage, and Financial and insurance activities
- Public administration & defence increased by most, up 3.3% (8,400).

Source: ONS Labour Market Statistics

Change in workforce jobs by industry between September and March quarters 2020 (absolute difference London, % difference London, % difference rest of UK RHS)



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

August 2020 - October 2020	Number (16+, thousands)					Rate*				
	Latest Estimate	Change on Quarter		Change on Year		Latest Estimate	Change on Quarter		Change on Year	
<b>Employment</b>										
London	4,756	-95	▼	66	▲	75.2	-1.4	▼	0.4	▲
UK	32,522	-144	▼	-280	▼	75.2	-0.5	▼	-0.9	▼
<b>Unemployment</b>										
London	322	59	▲	100	▲	6.3	1.2	▲	1.8	▲
UK	1,692	241	▲	411	▲	4.9	0.7	▲	1.2	▲
<b>Economically Inactive (16 - 64)</b>										
London	1,215	37	▲	-105	▼	19.8	0.6	▲	-1.9	▼
UK	8,602	-2	▼	-4	▼	20.8	0.0	▼	-0.1	▼

*\*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+.*