

Central London Recovery Tracker – September 2021

Central London’s labour market is recovering – but at a slower pace

The latest labour market data suggests central London is recovering from the pandemic, but that the pace remains behind that of the rest of the UK.

Figure 1 below shows real time information from PAYE data on payrolled employees in central London and across the UK. These figures include workers who are still on furlough. It shows that across the UK, employment had exceeded pre-pandemic levels, with 0.9% more people in payrolled employment across the UK in August 2021 compared to February 2020. However, there were 21,300 fewer central London residents in payrolled employment in August compared to pre-pandemic levels, equivalent to a decline of 1.5%.

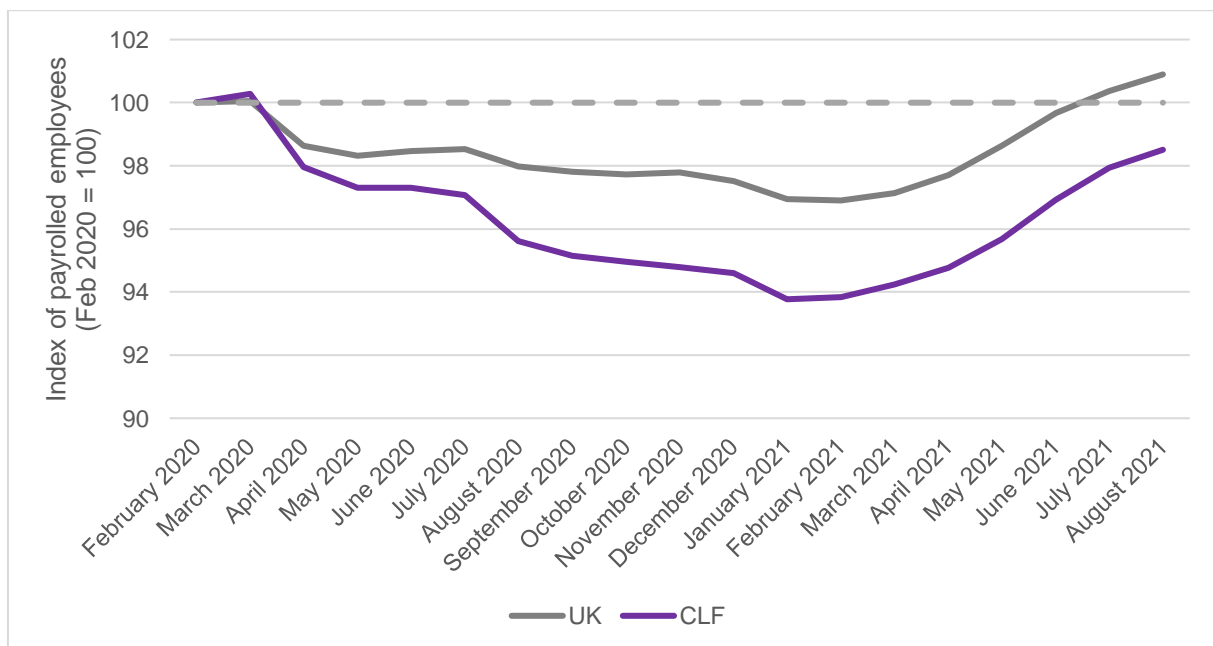
In some boroughs, the number of residents in payrolled employment remained further below pre-pandemic levels including Kensington and Chelsea (-2.8%), Haringey (-5.6%), and the City of London (-13.6%).

Similarly, data on vacancies suggest the capital’s economy is recovering, but at a slower pace than the UK overall. Figure 2 below highlights ONS data on online job vacancies provided by Adzuna. On 10th September, there were 9.5% more job adverts across London compared to the average for February 2020, before the pandemic hit. However, across the UK as a whole there were 20.9% more job vacancies.

Data from the [Recruitment and Employment Confederation](#) (REC) provided by Emsi shows that the number of job vacancies in London in the last week of August remained 14.9% below the first week of March. Across the UK as a whole, the number of vacancies was 2.5% higher than pre pandemic levels.

Figure 1 – The number of payrolled employees in central London remains below pre-pandemic levels

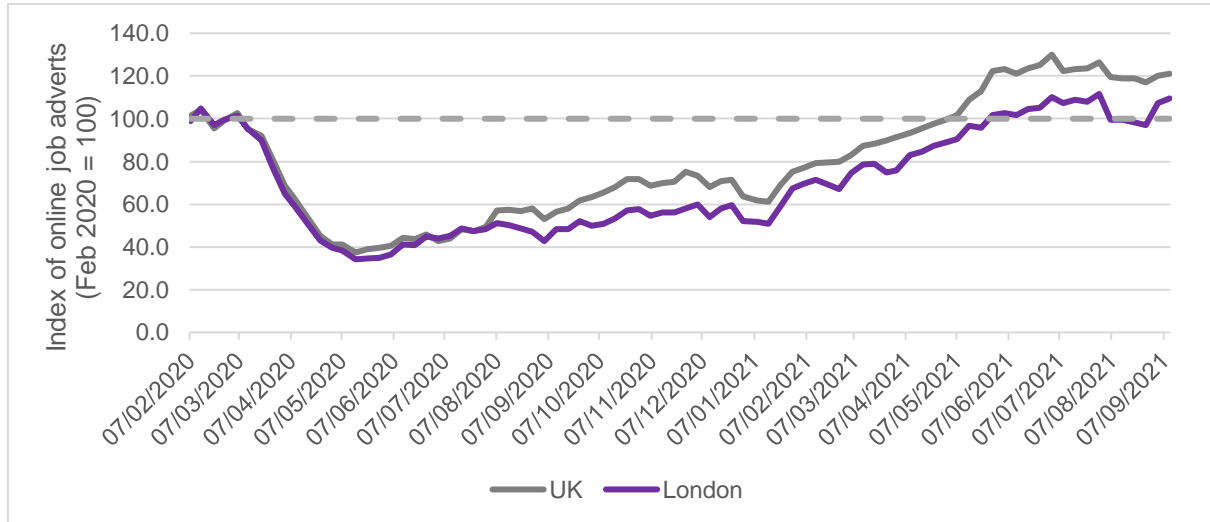
Payrolled employees, Feb 2020 – Jul 2021



Source: [ONS](#)

Figure 2 – Online vacancies in London have recovered to pre-pandemic levels

Index of online job adverts, Feb 2020 weekly average = 100



Source: [ONS](#)

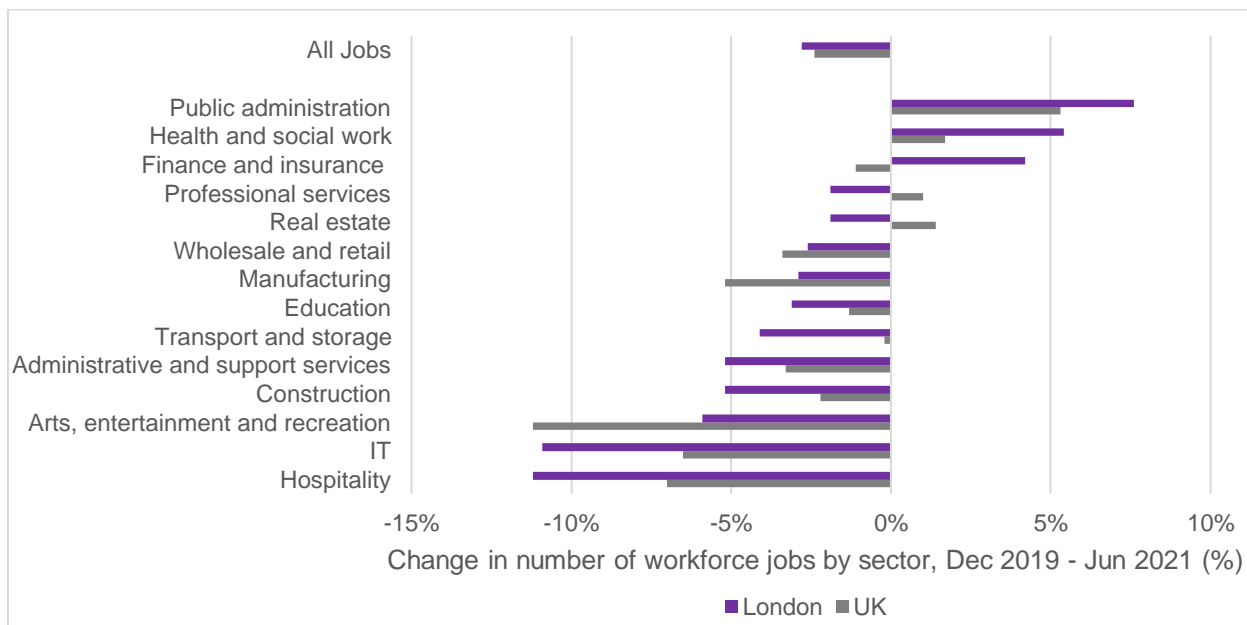
The extent of the recovery in the capital varies significantly by sector

While the total number of jobs in the capital has been recovering, it remains below pre-pandemic levels. In June 2021 – the latest month for which data are available – there were 172,000 fewer jobs in the capital compared to December 2020, a decline of 2.8%. Over the same period the number of jobs across the UK had declined by 2.4%.

The number of jobs in hospitality (-11.2%) and IT (-10.9%) had seen the biggest falls in the capital, whereas employment in public administration (7.6%), health and social work (5.4%) and finance and insurance (4.2%) were higher in June 2021 than pre-pandemic.

Figure 3 – Changes in employment levels vary significantly by sector

Percentage change in number of jobs by sector, Dec 2019 – June 2021



Source: [ONS](#)

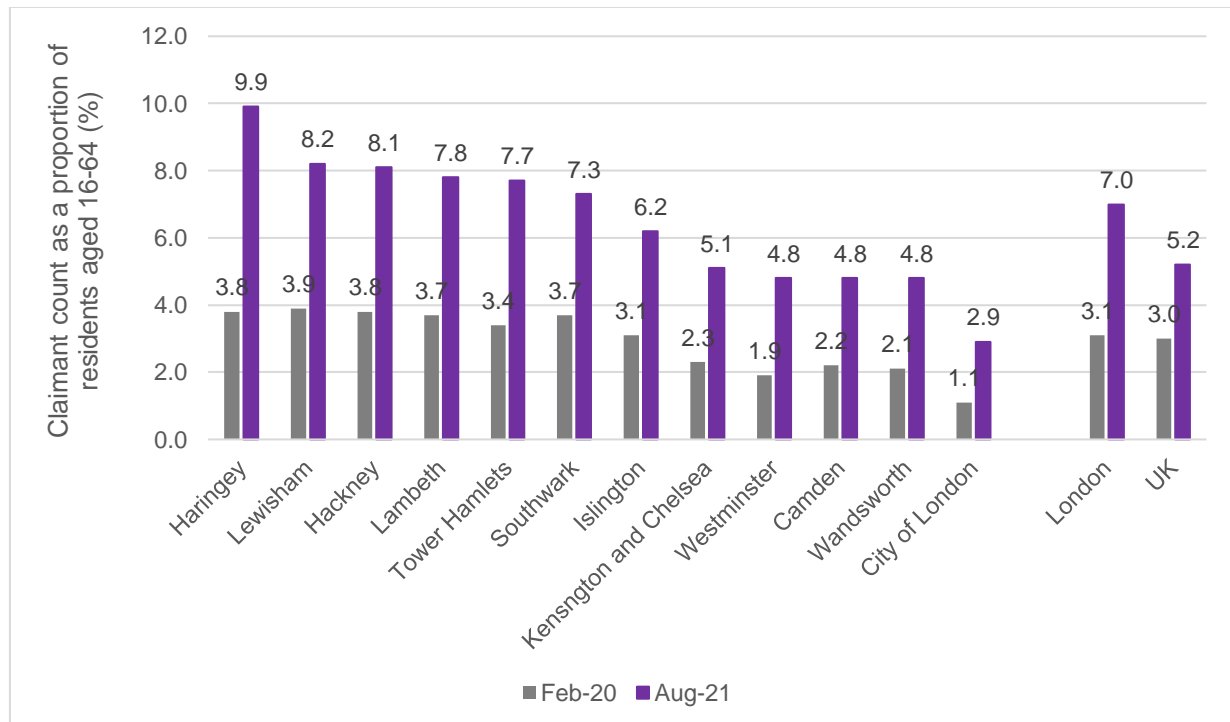
Unemployment is falling in central London but it remains higher than nationally

The number of residents claiming unemployment related benefits continues to fall across central London. Every local authority in central London saw a decline in the claimant count over the last month, and over the last quarter.

However, as figure 4 below shows, the proportion of residents claiming unemployment related benefits remains higher than the national average in 7 out of 12 central London boroughs. The claimant count rate remains particularly high in Haringey (9.9% of residents aged 16-64), Lewisham (8.2%), and Hackney (8.1%).

Figure 4 – The claimant count is higher than UK average in central London

Claimant count as a proportion of residents aged 16-64, Feb 2020 and Aug 2021



Source: [ONS](#)

Use of furlough continues to fall as the end of the scheme approaches

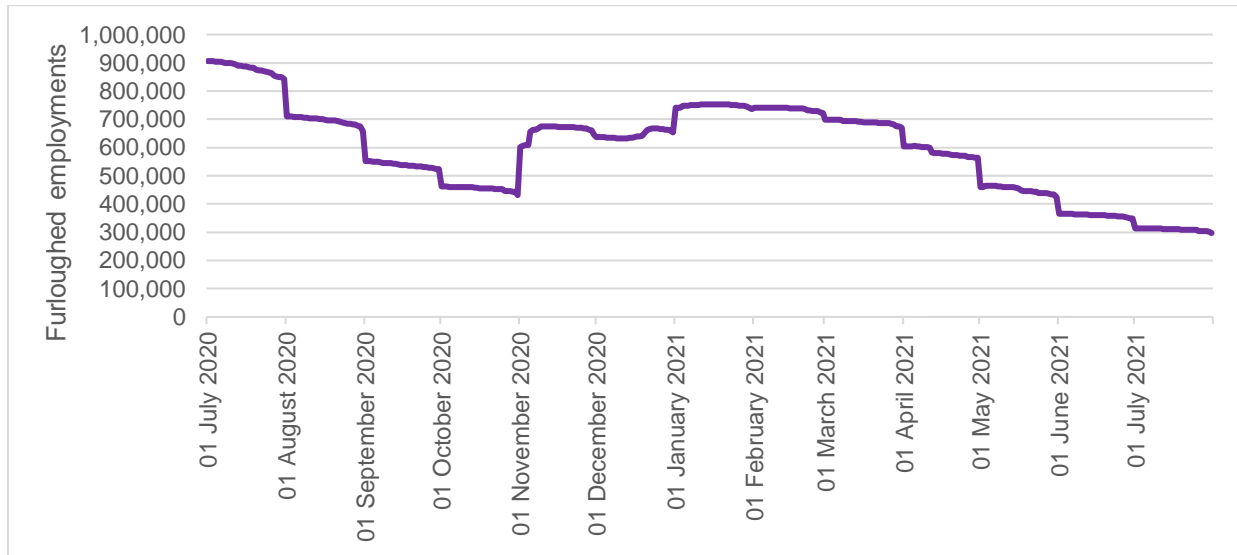
The Coronavirus Job Retention Scheme – which has helped protect hundreds of thousands of jobs in the capital – is due to end on 30th September.

As we approach the end of the scheme the number of furloughed jobs continues to fall. Figure 5 below shows the number of furloughed jobs across the capital as a whole had fallen from 735,600 on 31st January to 297,100 on 31st July. Over the same period the number of furloughed jobs in central London declined from 233,600 to 90,100.

However, while the number of furloughed jobs in central London continues to decline, use of the furlough scheme remains significantly higher in the sub-region than the national average. As figure 6 below shows, 6.8% of eligible employments in central London were still on furlough at the end of July, compared to just 5.4% across the UK. The use of furlough is particularly high in Haringey (8.8%) and Westminster and the City of London (8.5%).

Figure 5 – Nearly 300,000 jobs were furloughed in the capital at the end of July

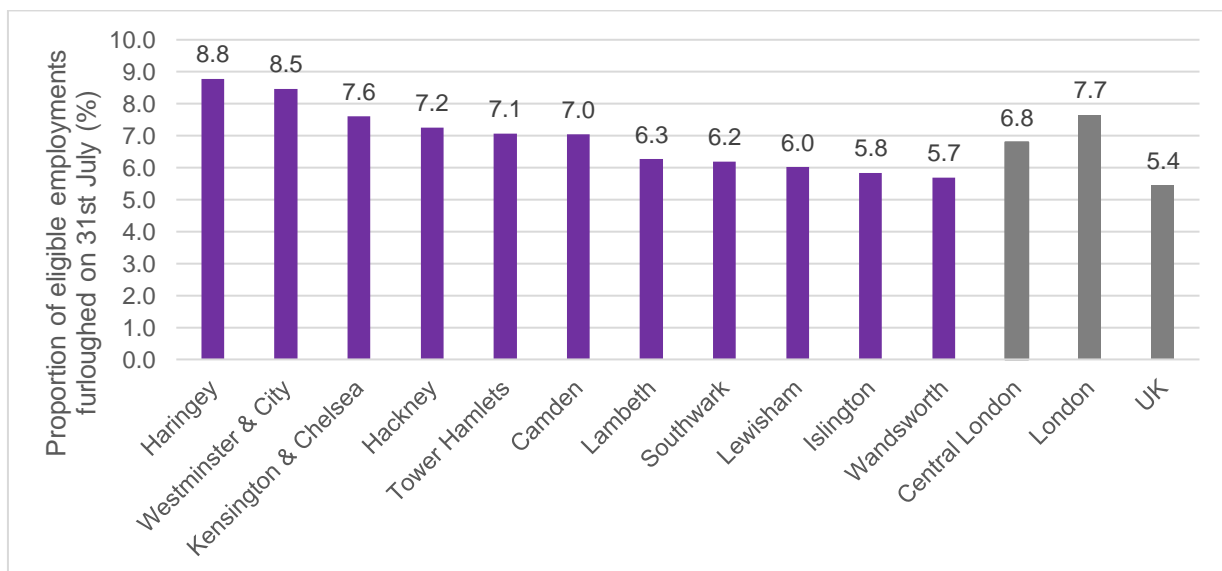
Furloughed employments in London, Jul 2020 – Jul 2021



Source: [HMRC, 2021](#)

Figure 6 – Use of furlough remains higher in central London

Proportion of eligible employments furloughed in central London, Jul 31st



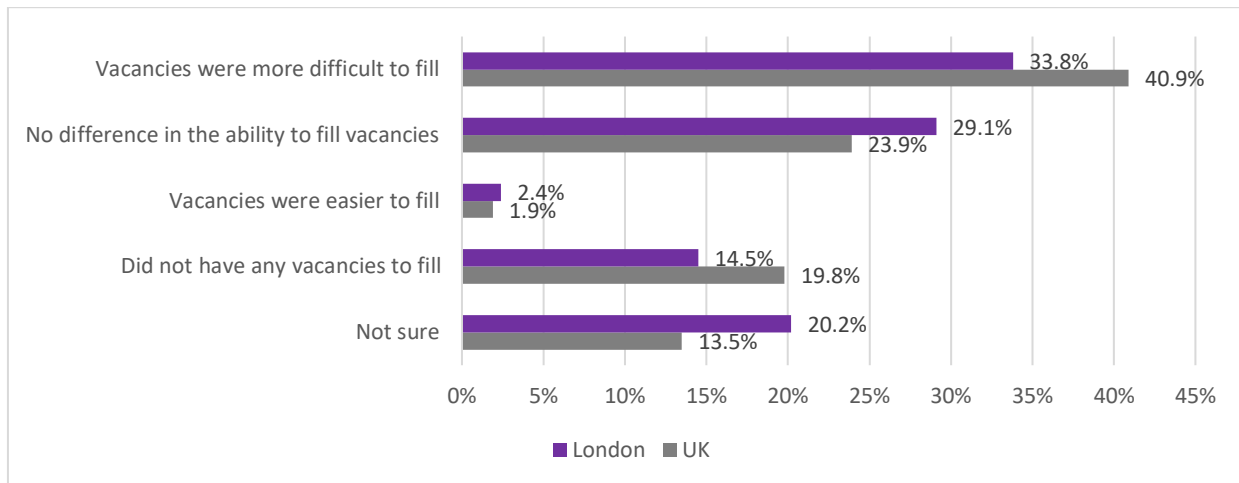
Source: [HMRC, 2021](#)

Many London businesses are struggling to recruit, with Brexit being a significant factor

Alongside higher levels of unemployment, the capital increasingly faces skills shortages too. As the economy has reopened, many businesses in London have faced challenges in recruiting the workers they need. As figure 7 below shows, one in three (33.8%) businesses in the capital say that vacancies in the last month were more difficult to fill compared to normal expectations for this time of year, slightly below the national figure (40.9%).

Figure 7 – One in three London businesses are finding vacancies more difficult to fill

Ability to fill vacancies compared to expectations for this time of year, 23 Aug – 5th Sept

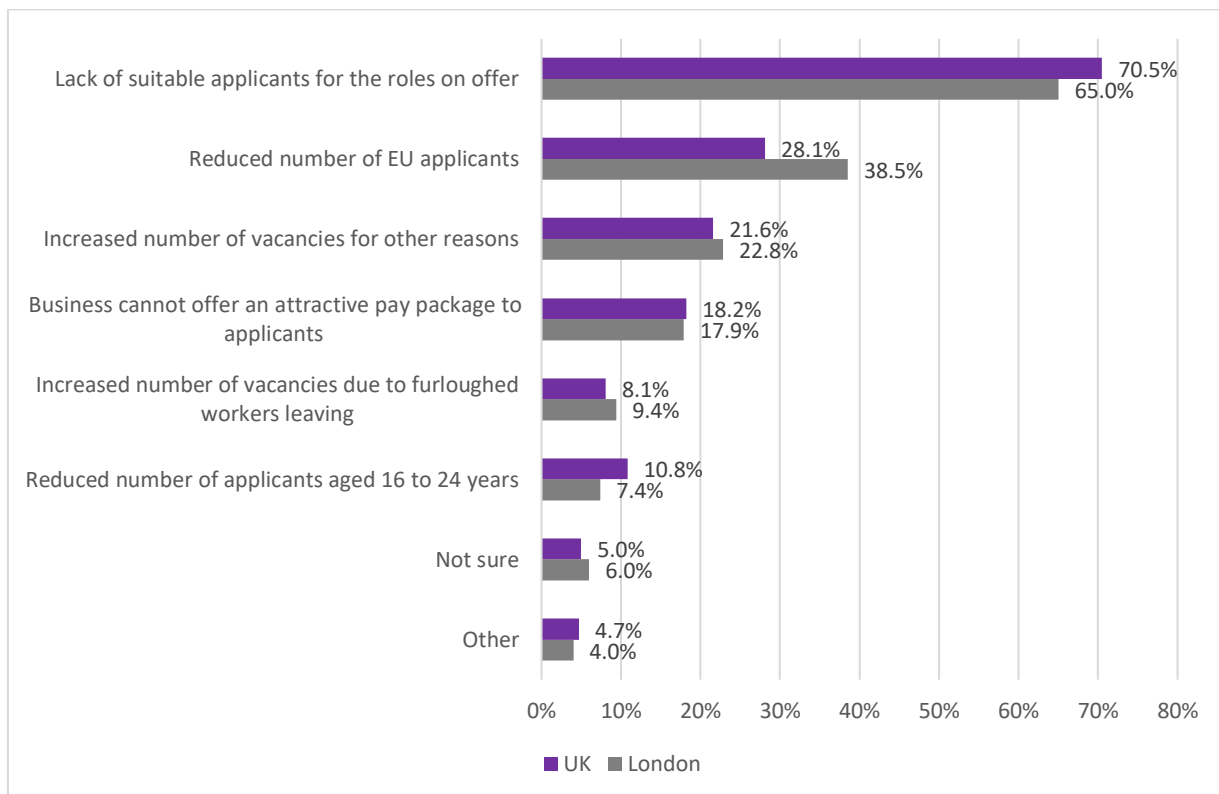


Source: [ONS](#)

Businesses in London were more likely to cite the lack of EU applicants for vacancies as a barrier to recruitment. As figure 8 below shows, four in ten (38.5%) businesses who found it more difficult to recruit said that reduced number of EU applicants was a factor, compared to three in ten (28.1%) across the UK as a whole. This suggests that changes in migration patterns following Brexit are a particular challenge to businesses in London accessing the workers they need.

Figure 8 – London businesses are more likely to cite lack of EU applicants

Factors accounting for greater difficulty in filling vacancies among businesses that found vacancies more difficult to fill, 23rd Aug – 5th Sept



Source: [ONS](#)

Mobility in central London is increasing – but it remains well below pre-pandemic levels

Data from Google show that mobility within central London is continuing to recover, but that it remains well below pre-pandemic levels.

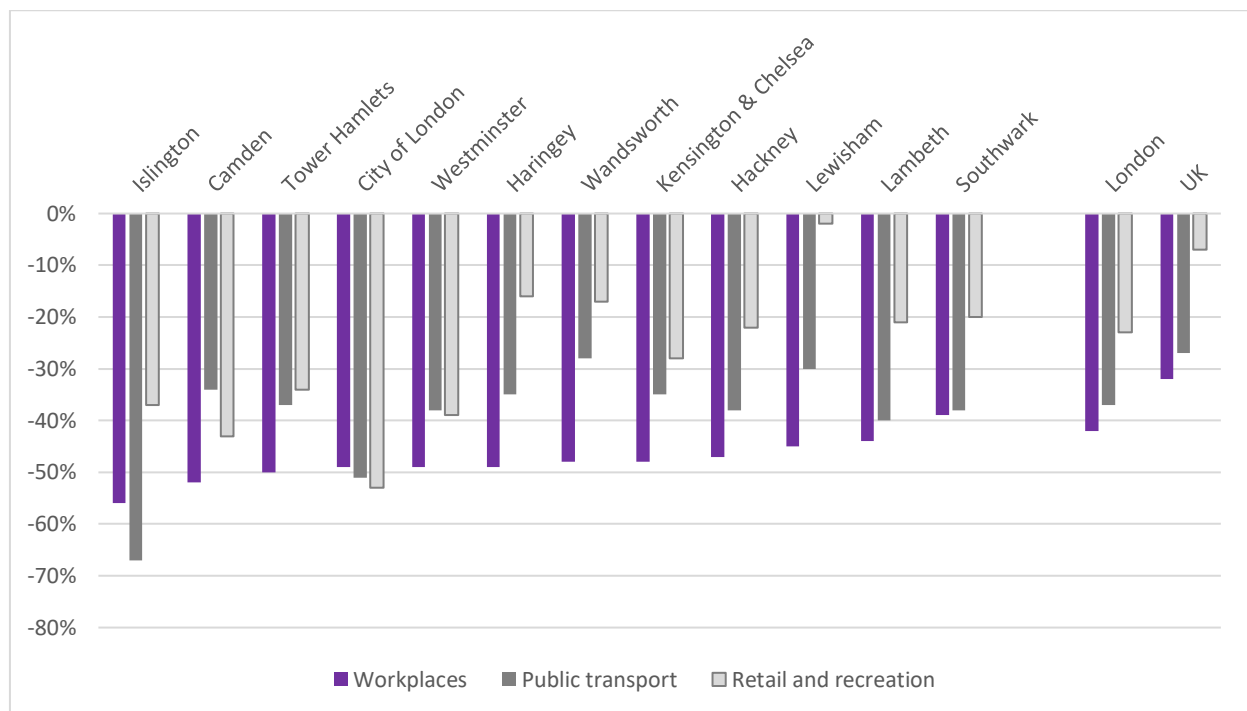
Use of public transport has increased significantly in central London in last two months. Mobility relating to public transport was 39% lower than pre-pandemic levels on average in September across the 12 central London boroughs, compared to 48% below in July.

Mobility relating to workplaces had increased more slowly. Mobility relating to workplaces across the 12 central London boroughs was still 48% below pre-pandemic levels on average in September, compared to 51% below in July. Mobility relating to retail and recreation in September was 28% below pre-pandemic levels on average in September, compared to 32% below in July.

As figure 9 below shows, across each of these areas – workplaces, public transport and retail and recreation – mobility across central London is lower than both the capital as a whole and the UK.

Figure 9 – Mobility in central London is increasing but remains well below pre-pandemic levels

Mobility data in July 2021 compared to baseline of Jan-Feb 2020, [Google](#)



Source: [Google](#)