

Central London Recovery Tracker – June 2022

Small decline in unemployment but an increase in inactivity in London

The unemployment rate continued to fall from its pandemic peak. London’s unemployment rate was estimated at 4.8%, down 0.1pp on the quarter and down 1.8pp from a year earlier. However, the unemployment rate in the capital remains far higher than the UK average of 3.8%.

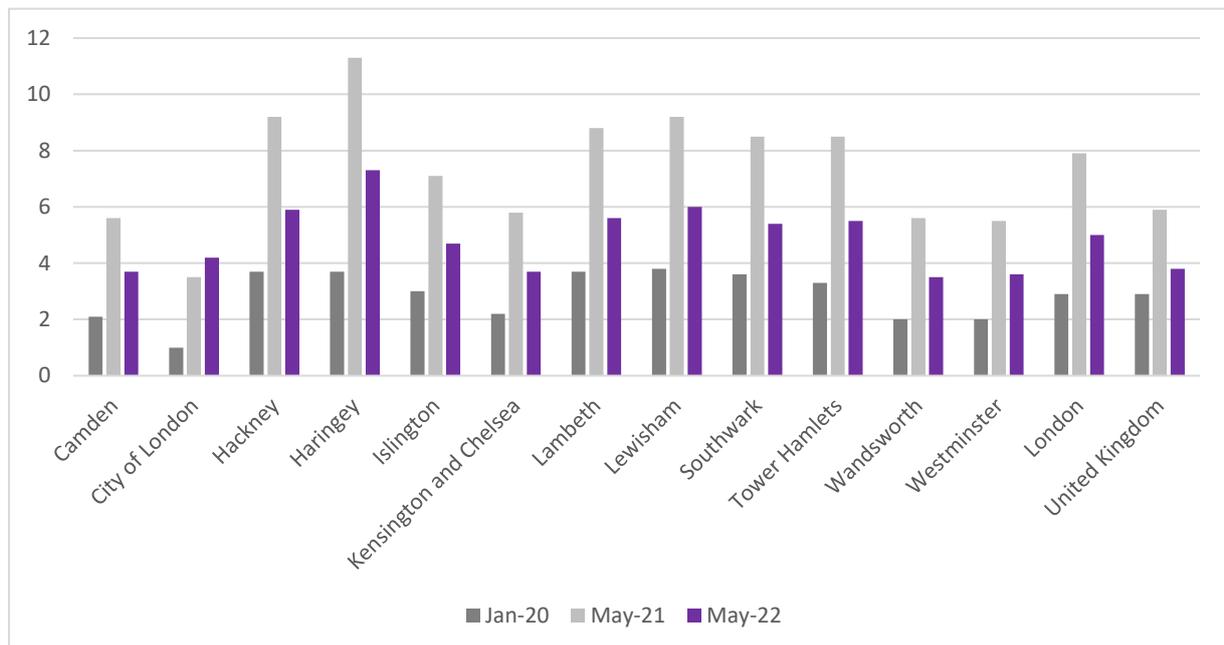
London’s inactivity rate (the measure of those not looking and/or not available to work) was estimated at 20.9%. This was up 0.8pp on the previous year and up 0.6pp on the previous quarter but remains lower than the UK-wide estimate of 21.3%.

The claimant count continues to decline but remains above pre-pandemic levels

As figure 1 shows below, the number of residents claiming unemployment-related benefits is continuing to decline in every central London borough.

Whilst the claimant count remains far higher than pre-pandemic levels in each central London borough, there has been a significant fall in every local authority in the sub region over the last 12 months.

Figure 1 – The claimant count continues to decline
Claimant count as a proportion of adults aged 16 – 64



Source: [NOMIS](#)

Londoners are feeling the cost of living crisis

Londoners are suffering from a growing cost of living crisis. Inflation recently hit 7.9% - the highest levels in over three decades – and it is set to grow further still.

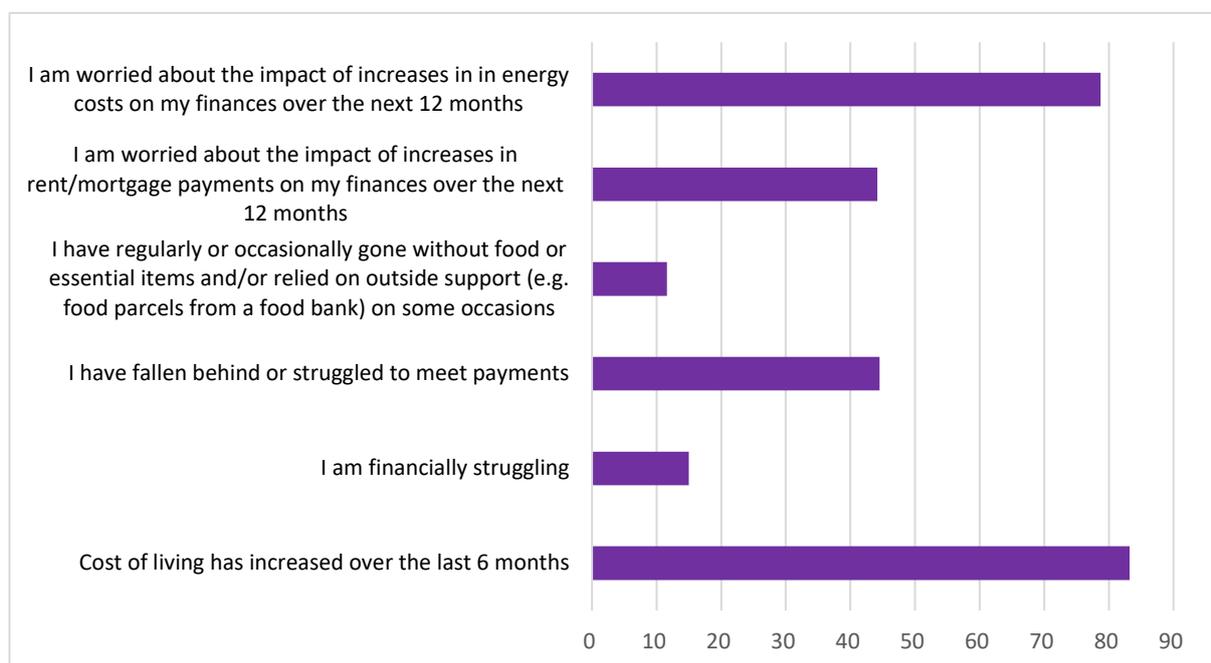
Recent polling from the GLA shows that over 80% of respondents have seen a rise in the cost of living over the last 6 months, and 44% have fallen behind or are struggling to meet payments. Some groups of Londoners including 18-24 year olds (51%) and Asian and Black

residents (65% and 56% respectively) were particularly likely to say they are struggling to keep up with payments.

Much of the cost of living pressures is being driven by a rapid increase in energy prices. Four in five (79%) Londoners said that they were worried about the impact of increases in their energy costs over the next year.

Government recently announced a £15 billion cost of living support package for people facing cost of living pressures, on top of the doubling of the Household Support Fund at the Spring Budget. However, there remain questions as to whether this support will be sufficient to meet the scale of the challenge.

Figure 2 – Four in ten Londoners are worried about the increase in their energy costs
Polling commissioned by the GLA on public attitudes and behaviours in relation to the cost of living – May 2022



Source: [GLA](#)

The cost of living crisis set to slow the capital's recovery

While the capital's economy has been bouncing back strongly from the pandemic, growth in London is expected to slow significantly in the coming year as the cost of living crisis squeezes household spending in the capital.

The [GLA's London Economic Outlook](#) forecasts that GVA growth in the capital is set to decline from 4.5% this year as the economy re-opened to 1.6% next year.

Household expenditure in London is forecast to grow, but household income is expected to fall this year due to rising inflation. As rising prices cause a drag on households' real spending power, demand will suffer, with a particular impact on industries reliant on consumer spending.

International visitors are recovering but remain well below pre-pandemic

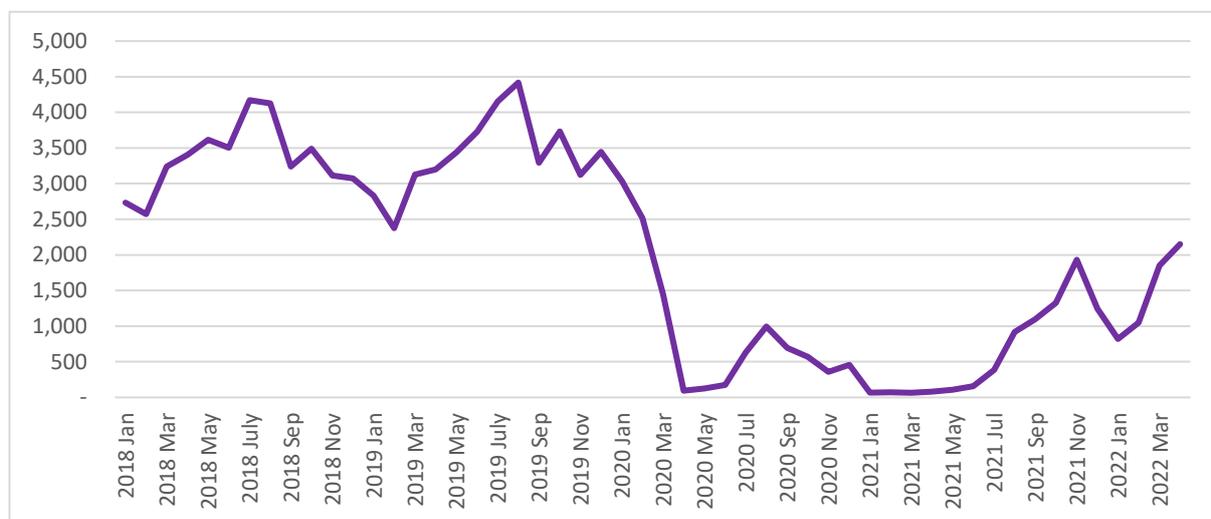
The pandemic led to a huge decline in international visitors to the capital, and numbers remain significantly below pre-pandemic levels.

In April 2022 there were an estimated 2.2m visits to the UK. This figure was over 20 times higher than the 81,000 visits in April 2021, but it remained a third lower than the figure for April 2019 before the pandemic hit.

The GLA forecast at the start of 2022 projected that London would not reach 2019 levels of international tourism until 2025/26.

Figure 3 – Overseas visits to the UK are recovering but remain below pre-pandemic levels

Overseas visits to the UK (thousands)



Source: [ONS](#)

Concern that ‘Lost Londoners’ in 2021 census will impact on funding

The first results of the 2021 census were released this week.

Boroughs in central London are among areas that showed both the highest increase and the highest decrease in population in the UK. Tower Hamlets saw the greatest population growth over the decade (22.1%) while Kensington & Chelsea saw the biggest decline (-9.5%). Westminster (-6.8%) and Camden (-4.6%) also saw large declines in population.

However, due to the timing of the Census – during the third national lockdown and shortly following Brexit – the number of Londoners is likely to have been significantly undercounted. There are concerns that many residents – particularly students, young people and migrants from the EU – may have temporarily left the capital, and not included in the census.

GLA analysis of ONS mid-year estimates (most recent are the 2020 mid-year estimate released in June 2021) and GLA projected population figures show a potential undercount of 94,000 from Census 2021.

This potential undercount could have serious implications for funding for local authorities and other public services. The census, and the mid-year estimates that are based on these figures, are used as the basis for grant allocation to local authorities. The tens of thousands of ‘lost Londoners’ could lead to London boroughs missing out on much needed funding.

Figure 4 – Census 2021 results for London show large decreases for some central London boroughs

First results from Census 2021, population change for London boroughs from Census 2011



Source: [ONS](#)