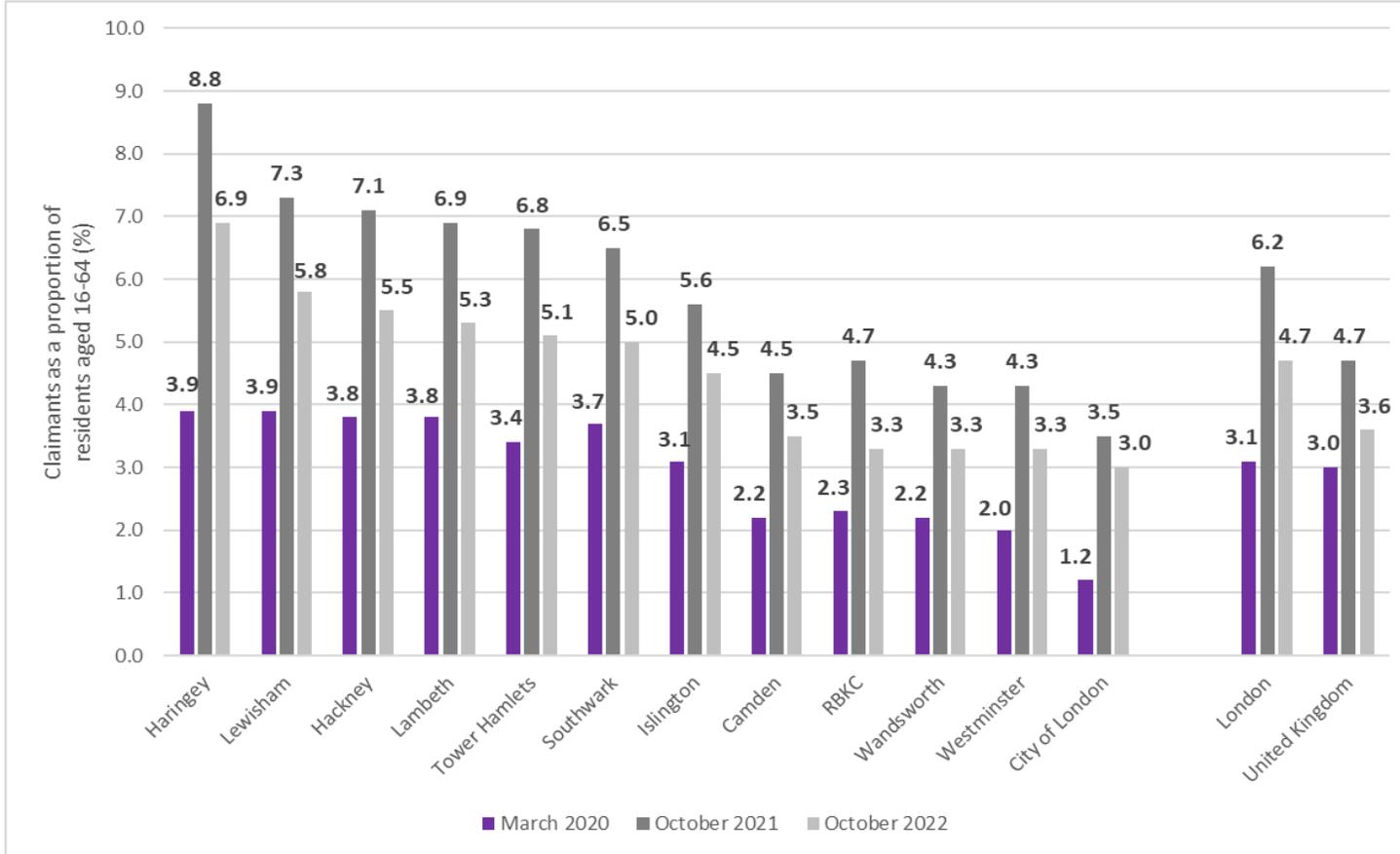


# Central London RECOVERY TRACKER

**November 2022**

# Unemployment continues to fall

**Figure 1: Claimant rate in central London – March 2020 – October 2022**



Unemployment in the capital continues to fall. The unemployment rate stands at 4.2%, down 0.4 percentage points on the quarter and 1.4pp from last year. However, unemployment in London is the second highest of any region, and significantly higher than the UK average (3.6%).

The number of central London residents claiming unemployment related benefits has decreased by 31,000 or 23% over the last 12 months. However, there are still 35,000 more claimants in central London than in March 2020 on the eve of the pandemic.

# But economic inactivity up again

**Figure 2: Economic inactivity in London over time – September 2019 to November 2022.**



Source: [ONS](#)

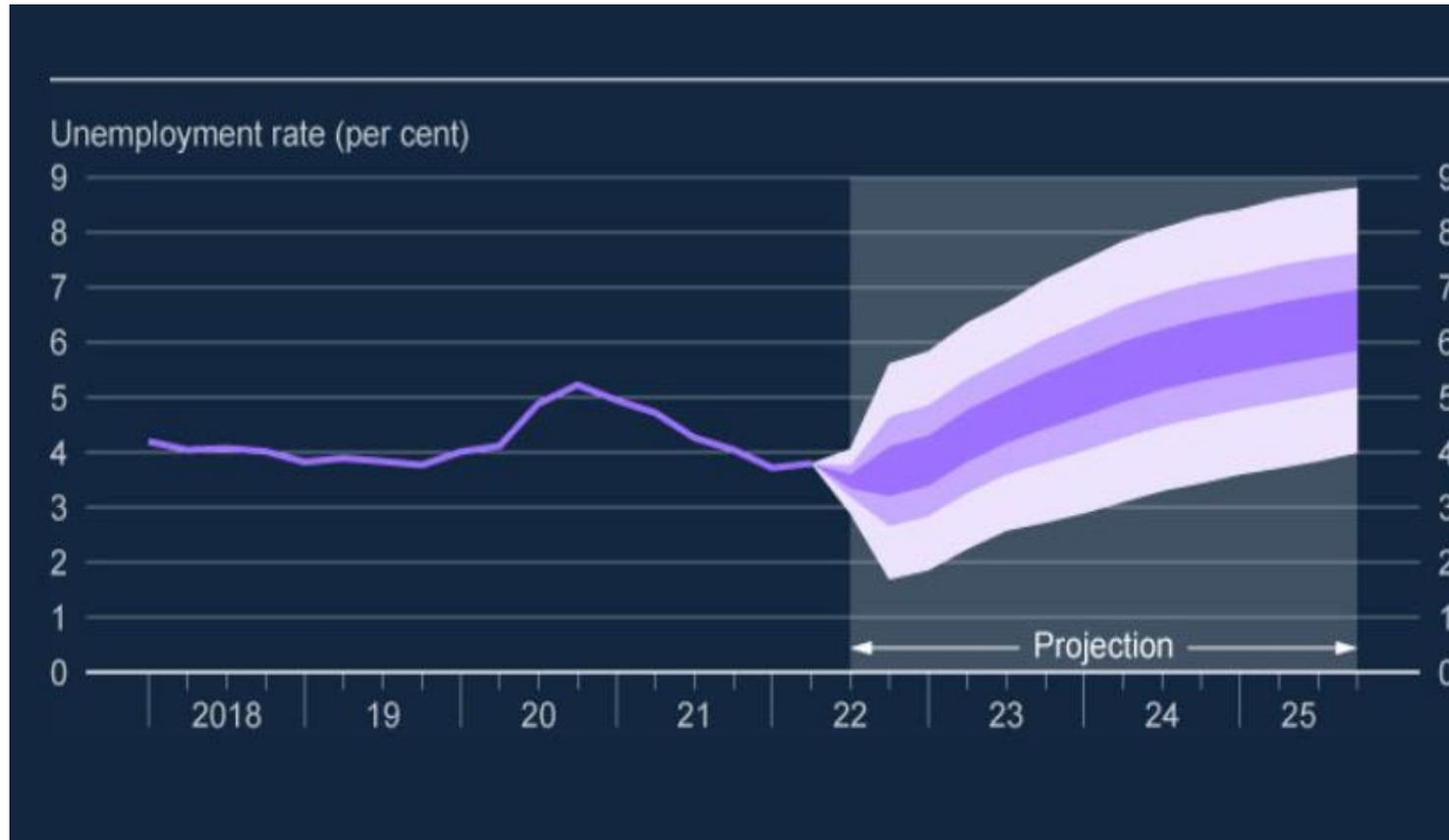
London's economic inactivity rate stands at 21.4%. This is up by 0.1pp on the previous quarter and 1.0pp on the previous year.

However, inactivity in the capital remains marginally lower than the UK average (21.6%).

The rise in inactivity in London and across the UK has been driven by increases in the number of people long-term sick, and in the number of students.

# Unemployment is forecast to increase significantly

Figure 3: Bank of England unemployment projections



Source: [Bank of England](#)

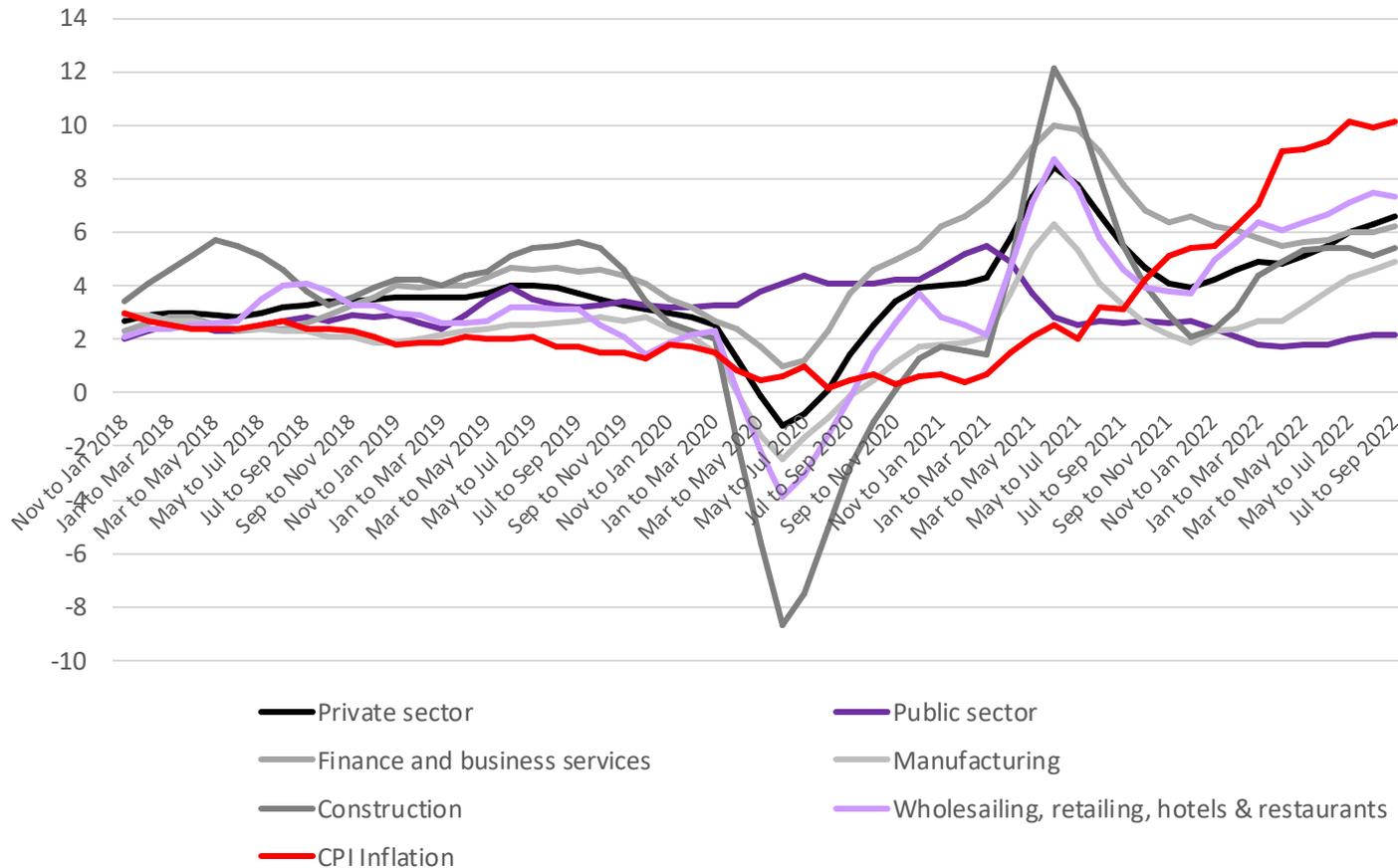
The UK has entered a recession, and unemployment is expected to increase.

The OBR forecasts unemployment will peak at 4.9% in Q3 2024. If this figure was replicated across the capital, it would mean an additional 35,000 unemployed Londoners.

The Bank of England forecasts unemployment will peak at 6.4% in Q4 2025. This would represent an additional 111,000 unemployed Londoners.

# Pay continues to fall behind inflation

**Figure 4: Annual growth in average weekly earnings by sector and inflation in Great Britain - Jan 2018 to Sep 2022**



Source: [ONS](#)

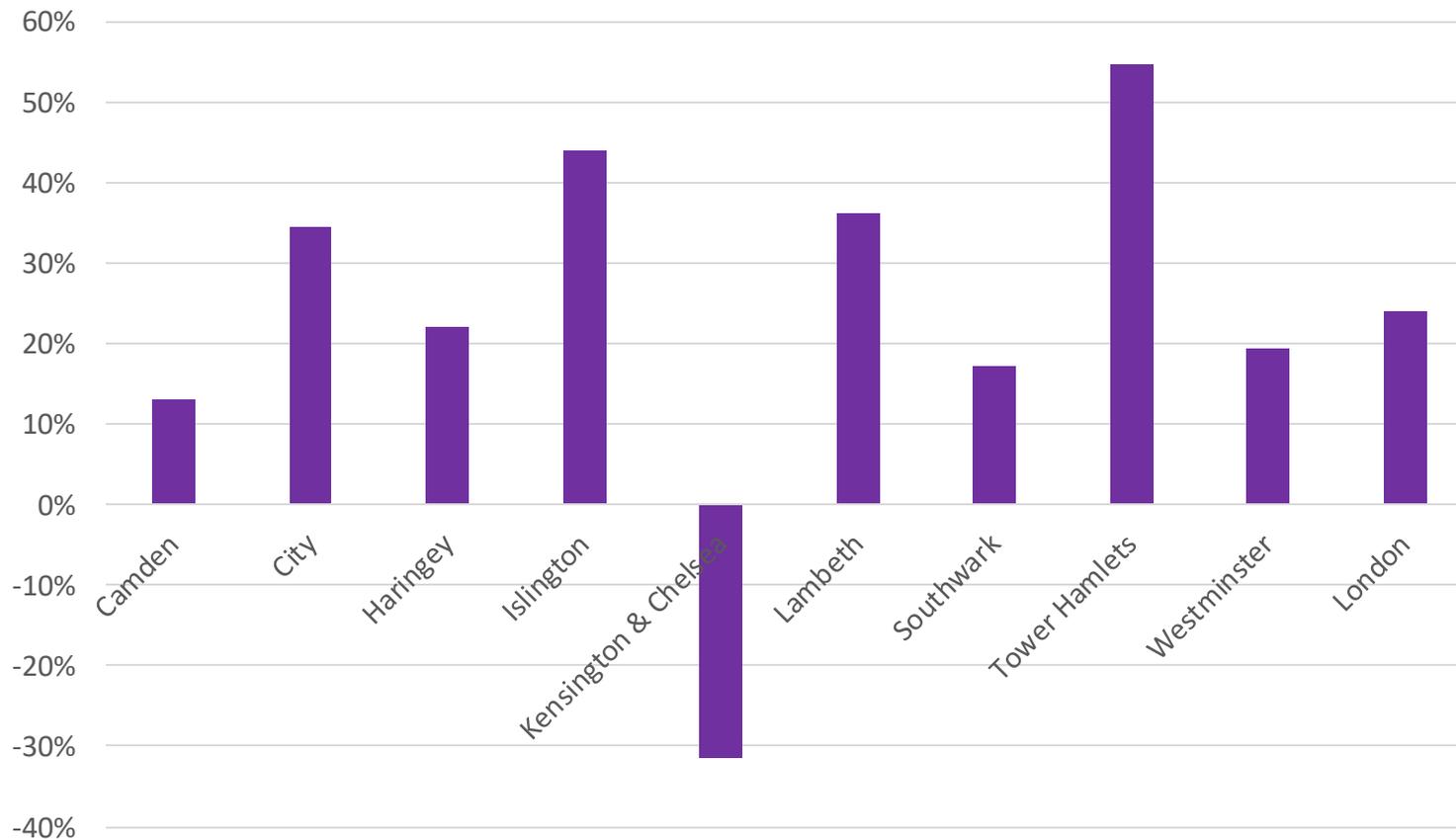
Inflation hit 11.1% in November, a 41 year high, and pay is falling behind. Average pay growth was 6.6% for the private sector in September, and 2.2% for the public sector.

The Government recently increased the National Living Wage to £10.90. The increase of 8.1% was the largest ever, yet it remains £1.95 below the London Living Wage.

Recent analysis by the Living Wage Foundation found there were 575,000 jobs paying below the London Living Wage in the capital in 2022, with the number forecast to jump next year.

# Rough sleeping on the rise as housing crisis deepens

**Figure 5: Change in rough sleeping – Sept 2021 – Sept 2022**



London's housing crisis is escalating, and we are seeing an increase in rough sleeping.

Private rents increased by 16% last year, contributing to an increase in rough sleeping in London.

There were 3,628 people sleeping rough in London between June and September 2022. This figure is up 24% on the year, with the increase higher in Tower Hamlets (55%) and Islington (44%).

Source: [Chain reports, GLAE](#) \*Data unavailable for London Boroughs of Hackney, Lewisham and Wandsworth